



**OFFICIAL REPORT**

**OF THE**

**STATES OF DELIBERATION**

**OF THE**

**ISLAND OF GUERNSEY**

**HANSARD**

**Royal Court House, Guernsey, Friday, 30th October 2015**

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**The Clerk to the States of Deliberation**

S. M. D. Ross, Esq. (H.M. Senior Deputy Greffier)

**Absent at the Evocation**

Miss M. M. E. Pullum, Q.C. (H.M. Comptroller)  
Deputy E. G. Bebb, (*relevé à 12h 32*); Deputy K. A. Stewart (*indisposé*);  
Deputy D. B. Jones, (*indisposé*); Deputy A. H. Brouard (*relevé à 9h 44*)

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# States of Deliberation

*The States met at 9.30 a.m.*

[THE DEPUTY BAILIFF *in the Chair*]

## PRAYERS

*The Senior Deputy Greffier*

## EVOCAATION

## CONVOCAATION

**The Senior Deputy Greffier:** Billet d'État XVIII of 2015. To the Members of the States of the Island of Guernsey, I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 28th October 2015 at 9.30 a.m. to consider the items contained in this Billet d'État which have been submitted for debate.

## Procedural – Dates of future sittings

5       **The Deputy Bailiff:** Well, Members of the States, we are 48 hours late but we are just about to start the October meeting and the first thing that I wish to do, if I may, is to put three procedural motions to you in respect of the meetings to be convened in January, February and March next year.

10       As you are all aware, the February and the March meetings are being brought forward to accommodate States' business before the States rise prior to the General Election next April. The Chief Minister has written to the Presiding Officer to request that the Presiding Officer convene those meetings on Tuesdays to start rather than Wednesdays and that the Friday can be used as the fourth day. I will not read the whole letter out to you but I will summarise it. It says: 'We have got an awful lot to do.' (*Laughter*)

15       So the first procedural motion is in respect of January and it is that a meeting of the States should be convened for Tuesday 26th January 2016 and notwithstanding Rule 33(c) shall, if required, continue on the three following days. Is there anyone who wants to speak on any of these motions or can I just put them to you? Those in favour; those against.

*Members voted Pour.*

20       **The Deputy Bailiff:** I declare that motion carried and the convening notice will therefore be the Tuesday. Similarly for February, it will be Tuesday, 16th February, rather than Wednesday 17th. Those in favour; those against.

*Members voted Pour.*

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

And for March the proposal is to convene the March meeting on Tuesday 8th March 2016 in the same way. Those in favour; those against.

*Members voted Pour.*

25 **The Deputy Bailiff:** Duly carried.

The Chief Minister, Deputy Le Tocq.

30 **The Chief Minister (Deputy Le Tocq):** Sir, Deputy Fallaize and I would also request that you put a motion to the States that the November meeting and December meetings, although they are already... the Billet has been published, that we similarly meet on the Tuesdays of those weeks. I think there is a written copy somewhere of a motion that we need to do that.

35 **The Deputy Bailiff:** Well, Members of the States, the meeting for next month has already been convened, as has, this morning at least, the meeting for the 9th December. I take the view that this requires a suspension of the Rules because the Rules say that the meeting has already been convened by the Presiding Officer.

So the first motion I am going to put to you is that those Rules relating to the convening of the meetings in the Rules of Procedure should be suspended for the purposes of moving this motion under Article 7.1 of the Reform (Guernsey) Law 1948 as amended.

40 Does anyone wish to speak in respect of the proposal to suspend the Rules? No, I will put that to the vote then. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that we will suspend the Rules. So Chief Minister you are going to move this motion. Are you going to speak on it at all or have you said what you want to say?

45 **The Chief Minister:** I think the arguments are exactly as you put them before for the January, February and March meetings. We have got a lot to get through and therefore I already informed Members of the Assembly that this would be put to them today, hopefully. So please do so.

Thank you.

50 **The Deputy Bailiff:** I understand this is being seconded by Deputy Fallaize, formally, if that is necessary.

**Deputy Fallaize:** Yes, sir.

55 **The Deputy Bailiff:** Deputy Lowe, you were rising.

**Deputy Lowe:** Thank you, sir, yes, I am.

60 This is setting a precedent here because the Billets have already been published. It is fine to do it for January, February and March because the Billets have not been published yet, so therefore it is in the public domain that the States' meeting will be held on the Wednesday, Thursday and the Friday.

65 And of course you then have the facility which is marked in your diaries to then continue in two weeks' time after that. So for the public, who are aware that the Billet has been published and it is out in the public domain, I believe we should stick with the Wednesday and we should continue to have – as it has been published... I have no problem if the Billets that have not been published before but as we have and it has been said previously that we have the date of two weeks later, that we should stick with that, sir, and we should reject this Proposition.

**The Deputy Bailiff:** Deputy Le Clerc, followed by Deputy Fallaize.

70 **Deputy Le Clerc:** Sir, it was just a point of clarification because the November meeting... the two weeks after would be our main December meeting in any case and if you look at the diary the December meeting would then fall in Christmas week. So I do not think on this occasion it is possible to have the roll-over dates.

**The Deputy Bailiff:** Deputy Fallaize.

75

**Deputy Fallaize:** Thank you.

80 Deputy Lowe makes a strange point because we have had a Billet convened weeks ago for a meeting of the States to take place; this is the Billet that we are going to consider today, which convened a meeting for 9.30 a.m. and 12 hours ago or whenever it was, Deputy Lowe was proposing that we should come in at 9 a.m. or 8.30 a.m.! (**Several Members:** Hear, hear.) So we can do it at 12 hours' notice but we cannot do it at a month's notice. (*Interjection*)

**Deputy Lowe:** Would you like to give way?

85 **Deputy Fallaize:** Not really. (*Laughter*)

**Deputy Lowe:** Then I will do a point of correction, sir.

**The Deputy Bailiff:** A point of correction, Deputy Lowe.

90

**Deputy Lowe:** The 9.30 a.m. is for the Wednesday and, in case Deputy Fallaize has lost the date of the day, we are actually Friday; so people who would have arrived here on Wednesday would still be sitting here knowing that we have not actually started this until Friday. (*Laughter*)

95 **The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** But they would have been turning up, eagerly awaiting our deliberations at 9.30 a.m. and we would have started at 9 a.m. They would have missed that vital first half an hour! (*Laughter*)

100 Sir, the serious point is that if the States choose to meet 24 hours earlier than the Billet is convened for, there is around a month's notice to advise the public and that seems to me sufficient for the States to communicate that they are meeting on the Tuesday rather than the Wednesday.

105 And, in view of the point that Deputy Le Clerc makes, because of the December meeting having to be held earlier, that is another reason for the States to support this motion and I hope Members do.

Thank you, sir.

110 **The Deputy Bailiff:** No-one else wishes to speak. Chief Minister, do you wish to say anything else in reply?

**The Chief Minister:** I have nothing further to add, sir.

115 **The Deputy Bailiff:** I am going to put these to you separately, as I did with the three for next year, Members of the States. So the first is that the meeting of the States already convened for Wednesday, 25th November 2015, shall instead commence at 9.30 a.m. on Tuesday 24th November.

Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that motion duly carried. And, secondly, that the meeting  
120 convened for Wednesday, 9th December this year shall instead commence at 9.30 a.m. on  
Tuesday 8th December.

Those in favour; those against.

*Members voted Pour.*

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

**Deputy Langlois:** Sir, I think that I would like to propose, as a procedural motion, that we  
125 actually should actually take the Social Security debate today as early as possible in the Agenda  
for operational pragmatism reasons. It has to go through... Sorry, it has to... Of course it does not  
have to go through, I realise that! (*Laughter*) I did not say that, sir; that was a small slip! It has to  
be debated today because of getting the rates sorted out for January.

**The Deputy Bailiff:** When are you suggesting that the report should be taken, as the first  
130 report or before Questions and Statements?

**Deputy Langlois:** I would prefer to see it before Statements and Questions. (*Interjections*)

135

**The Procureur:** So long as we can do the legislation first.

**The Deputy Bailiff:** Yes, Mr Procureur. That is why I was clarifying with Deputy Langlois.

140 So the proposal is, at the moment, that we deal with legislation first, the annual uprating  
report, Benefit and Contribution Rates for 2016, from the Social Security Department next and  
then we resume the order that would be normal under Rule 9 of the Rules of Procedure.

**Deputy Dorey:** Sir, I do not agree with that. I think we have a procedure where Questions and  
145 Statements come first. They are an important part of States' business and there is a very real  
chance that we will not get to them today and I think that would be a gross mistake.

Sir, the Social Security report has been debated in previous years, because of the Budget, in  
the roll-over mid-November days and Social Security have coped with that; they know there is a  
risk of that happening, by putting it in the October Billet. It used to be in the September Billet but  
they have moved it from there.

150 But I do not think we should change our procedures in terms of Question Time and  
Statements.

**The Deputy Bailiff:** Deputy Fallaize.

155 **Deputy Fallaize:** Sir, I do have some sympathy with what Deputy Langlois is suggesting,  
because clearly the Social Security matters need to be resolved today, but I do think that being  
that this is the last day of this meeting, it would be very unfortunate if we were to get to 5.30 p.m.  
or the end of the day, without having allowed a period for Questions; because it does seem to  
me... Statements are perhaps a bit different. Members making Statements may decide to defer  
160 theirs, but I do think that a Member's right to ask Questions of Departments is sufficiently  
important.

Certainly, it would be a good idea to take the Social Security report as the *first* report to be  
debated, but – just as a suggestion – if we are not finished by the end of the day, if the States  
were to sit until 6.30 p.m. we would have effectively bought an extra hour – or if we only had an



165 hour for lunch we would have bought an extra hour – and Social Security would have just as much  
time as they would otherwise, without us having to postpone those Questions, which probably will  
not take longer than 45 minutes to an hour in any event.

**The Deputy Bailiff:** Well, Members of the States, before I call anyone else, can I just revise  
170 what I said earlier, which is that I am minded to do this in two stages. The first is to put a motion  
to you that the report be taken first and the second to put a motion to you that it be taken  
immediately after legislation and before Statements and Questions, so that there will be a two-  
step process. I am doing that as much as anything to try to curtail further debate on what we do.  
Does anyone want to speak before I put that first motion to you?

175 Deputy Brouard, do you need to be *relevé*?

**Deputy Brouard:** Please, sir.

**The Deputy Bailiff:** Well, the first motion I am going to put to you is that the report from the  
180 Social Security Department be taken first, immediately after legislation is dealt with, but otherwise  
in the ordinary order.

Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I am going to declare that carried.

The second motion I am going to put to you –

185

**A Member:** Can we have it recorded, sir? (**Several Members:** Oh, no!)

**The Deputy Bailiff:** This is simply to take the report before the reports of the Policy Council.

190 **Deputy Fallaize:** I do not think that all Members understood that vote. I did not. I thought that  
was a motion to take it immediately after legislation, before Questions and Statements. I think  
that motion would be carried by a big majority, sir, if you put it again.

**The Deputy Bailiff:** If I had not been clear enough I apologise, but I thought that I had made  
195 it clear that it was: Rule 9 is going to apply, otherwise we are going to bring the Social Security  
Department policy letter up the agenda.

That is the motion. So it will go: Statements, Questions, legislation; then it will be the Social  
Security Report, then it will be Appointments and then it will be Policy Council Reports.

Those in favour; those against.

*Members voted Pour.*

200 **The Deputy Bailiff:** Please shout louder next time! (*Laughter*)

The second motion is the one that Deputy Langlois really wants put, which is that we take the  
Social Security Department's report next and before any other business.

Those in favour; those against.

*Members voted Contre.*

**The Deputy Bailiff:** I will declare that lost.

**STATEMENTS**

**Past and future work of the States –  
Statement by the Chief Minister**

205 **The Deputy Bailiff:** The Chief Minister wishes to make two Statements.  
Chief Minister, the first Statement, please. Deputy Le Tocq.

**The Chief Minister (Deputy Le Tocq):** Thank you, sir.

210 Mr Deputy Bailiff, as the term of this Assembly nears its end, I believe it is an opportune time  
to reflect on what has gone by and also to look forward to what is to come, both for the  
remainder of this term and beyond.

215 The Policy Council is mandated to be responsible for co-ordination of the work of the States  
and is often criticised for not providing adequate leadership or communication. As such, we feel  
that this is an appropriate juncture to take stock of where we are and also to take a sober view of  
what lies ahead so that appropriate action can be taken expeditiously and that we prepare our  
successors for the new term.

220 The States have had to face many challenges over the past three and a half years, and there  
will be more to come. We have begun the process of transforming the delivery of many services  
and this will need to continue. Over the past few years we have amassed a great deal of research  
and information on key social policy issues. For example, we have been developing the Children  
and Young People's Plan and have also been working on a Supported Living and Ageing Well  
Strategy. Alongside this, we have been carrying out a fundamental review of the benefits system.

225 There are of course many other relevant ongoing work streams – too many to list, in fact, but I  
am sure you will agree that the scope of our work this term has been far reaching. As a  
consequence, there remain a number of extremely complex and important issues that will have to  
be debated before the end of this political term.

230 However, we must also acknowledge that in many ways what we have done so far is the easy  
bit. We have scoped issues, devised policies and made plans. We will, I hope, agree some more  
plans before April next year. Whilst we can justifiably be proud of the legacy we are leaving, what  
comes next is arguably much more difficult.

The next Assembly will need to consider the implementation of these plans, many of which will  
be transformational in keeping with the Chief Executive's framework for Public Service Reform  
which the Assembly endorsed in September. This would inevitably mean a great deal of work,  
coupled with high expectations.

235 Without wishing to paint too black a picture, I cannot stress enough that in setting the agenda  
for the next four years, the next Assembly must be mindful of the need to be realistic about  
timescales for delivery and resources needed to deliver. To underestimate either of those factors  
will result in failure. Nobody wants to fail and failure is certainly not inevitable. In fact, success is  
well within our grasp in so many ways provided we put realism at the heart of our future decision-  
making.

240 A new Policy and Resource planning process will start soon after the next Government is  
formed. We need to ensure that, in producing a much needed Government service plan, all of the  
initiatives and associated work streams are very carefully prioritised across the whole organisation.  
This will ensure that policy development and implementation are closely aligned with strategic  
objectives.

245 Doubtless, there are some very difficult decisions to be made. The reality is that in the context  
of the current state of public finances and a working population that is set to shrink, funding  
services is becoming ever more challenging. Many of the new services proposed will be more  
expensive than those in place today. The States cannot deliver a long wish list, no matter how  
attractive some of the items might seem when considered in isolation. A piecemeal approach will  
250

not work; the Assembly must look at the whole landscape and decide not only what must be advanced but also, inevitably, what will have to be cut back.

To do this, States' Members must be brave and must make decisions with a view to the long-term future. This Assembly has already accepted the need to make difficult political decisions in support of the Chief Executive's agenda for reform and this acceptance must be carried forward past next year's election.

We have laid solid foundations for change and are on the brink of transforming much of our service delivery. Careful prioritisation now, coupled with courageous decision-making, will ensure that we face the future in good shape. The process will, doubtless, be uncomfortable but the long term rewards are potentially huge; and it is those rewards, rather than the short-term gains, that must drive future decisions.

**The Deputy Bailiff:** Does anyone have any questions for the Chief Minister arising out of that Statement?

Deputy Gollop.

**Deputy Gollop:** Yes, thank you, sir.

Is the Chief Minister implicitly determined to see that senior civil service resources are perhaps redirected away from some operational areas to ensure that there are a sufficient number, calibre and quantity of policy officers to deliver, in a timely manner, those strategies that have been outlined?

**A Member:** Hear, hear.

**The Deputy Bailiff:** Chief Minister.

**The Chief Minister:** Yes, that is certainly a major part of the sort of reforms that need to take place. I think in the past where we have lacked courage or tended to work in isolated silos across the States, we need to recognise that we own these issues and, therefore, we need to get the right quality of staff focused on the right issues and not running round doing things that perhaps in the past... The sort of jack of all trade approach that used to be the case is no longer appropriate.

So I would agree wholeheartedly with Deputy Gollop's assessment.

**The Deputy Bailiff:** Deputy De Lisle.

**Deputy De Lisle:** Sir, I wanted to ask the Chief Minister why, perhaps, he had not communicated the work agenda earlier to the States, rather than leaving it to the very end of the session? And whether, in fact, it points up perhaps in future sessions whereby perhaps that communication is made much earlier on?

**The Deputy Bailiff:** Chief Minister.

**The Chief Minister:** I am not too sure what Deputy De Lisle is getting at, but I was not communicating an agenda that is not already in play because of the work of this Assembly and our decisions that we have made. But, having said that, this Assembly was slow to endorse a Government Service Plan process and as a result of that we are living with the sorts of situations that I painted before.

All I am saying – as I have often said – is that it requires courage for us and for our successors in the new term to take that forward and to do that expeditiously, so that there is an agenda with key indicators marked in that costed agenda and we can keep to those things in a realistic framework; rather than perhaps a more piece meal way in which we worked in this Assembly and

in the past, in approving things but having unrealistic timeframes and sometimes unrealistic or even non-existent resource allocation towards those particular plans and strategies.

305 **The Deputy Bailiff:** Deputy Luxon.

**Deputy Luxon:** Sir, would the Chief Minister agree with me that the idea of making a Statement similar to the one he has just made on an annual basis, to set the agenda but also to reflect on progress, would be a very useful aid both for States' Members but, more importantly, bearing in mind the Transformational Reform agenda that both politically and from the executive we are following, publishing the Statement so that members of the community can absolutely understand as well the intent, would be a very useful thing to do?

315 **The Deputy Bailiff:** Chief Minister.

**The Chief Minister:** Yes, I do agree with that view. In fact, I think it is incumbent upon my successor and the successors of the Policy Council to put in place those sorts of mechanisms for communication and information and assessment of how we are on work streams on a far more regular basis, rather than responding when things perhaps have slowed down or lacking resources.

320 I have attempted during my time in office – and will continue to do so – to meet with individuals, because there is an element of which our internal communication with States' Members – there is a lot of email traffic but I do not count emails as the only form of communication – but our means of informing one another of where we are and meeting and listening to our concerns – *that* needs to be improved as well.

325 And I am hopeful, along with my colleagues on the States' Review Committee, that the new structure will enable my successor and the successors of the Policy Council to have the time and resources to give to that sort of internal communication as well, of course, the very important external communication to our community that we serve.

330 **The Deputy Bailiff:** Deputy Trott.

**Deputy Trott:** Thank you, sir.

335 Would the Chief Minister agree with me that the number one priority of this and future Assemblies should remain the maintenance of a strong economy?

**The Deputy Bailiff:** Chief Minister.

340 **The Chief Minister:** I do, because a strong economy will drive, for example – and it is only example, but a very important example – all the social policy reforms and agendas that we want to improve – absolutely essential! But that does not mean that because we need a strong economy that we do not talk about, focus on or plan for those sorts of social, environmental and other issues that are part of a good and robust Government Service Plan that needs to be owned by, and kept to, by this Assembly in the future.

345

**Requête in insurance for defective new buildings –  
Statement by the Chief Minister**

**The Deputy Bailiff:** There are no further questions so I invite the Chief Minister to move on to his second Statement in respect of a requête.

**The Chief Minister (Deputy Le Tocq):** Sir, as Members of the Assembly may be aware, Deputy Perrot submitted a requête to the Policy Council dated 30th September 2015. This was also signed by Deputies Le Lièvre, Sherbourne, Fallaize, Conder, Green and Stewart. The Prayer of the Requête proposed that the States charge the Environment Department with the responsibility for investigating and reporting to the States on the feasibility of introducing legislation that would afford better protection for buyers of new-build residential accommodation in the event of structural defects arising in their properties.

At its meeting on 12th October the Policy Council unanimously agreed the subject matter merited action by the States, but the investigation proposed did not obviously fall within the mandate of any particular Department, including the Environment Department. Ministers therefore agreed that, with the *requérants* consent, the Policy Council and its successors would take responsibility for the investigation to be conducted as early as practicable during the next States' term, in conjunction and close consultation with the most relevant States' Department and Committees.

Having been so notified, I am pleased to report that Deputy Perrot and his fellow *requérants* have agreed to withdraw this Requête from the Billet d'État for January 2016.

**The Deputy Bailiff:** Deputy Lester Queripel.

**Deputy Lester Queripel:** Thank you.

Sir, could I just ask the Chief Minister to please clarify the definition of 'as early as practicably possible' in the term of the new Assembly? Because this is a major issue to people who purchased new builds.

In St Peter Port we have got more than one complex where people have suffered the financial ramifications of having to endure shoddy workmanship. So I think this is crucial. And what criteria will the Policy Council use to determine how much of a priority this is against other issues?

Thank you, sir.

**The Deputy Bailiff:** The Chief Minister to reply to the questions.

**The Chief Minister:** Sir, whether the Requête went forward or not, the answer would be the same and 'practicably possible' is as practicable as we can be, given the framework of the work that needs to be done. It is my anticipation that it probably will be the Committee for Environment and Infrastructure, along with the Committee for Economic Development, that will be instructed and co-ordinated by the Policy and Resources Committee that would take this forward.

Bearing in mind all the changes that need to take place in that, it is not going to happen immediately, by any stretch of the imagination. However, by admitting that this is work that is essential and it should happen, it certainly will feature early on in terms of the delegated responsibilities that are given to those Committees – if I have anything to do with it, but who knows; I cannot control that. All I can do is make a Statement of fact as to how the Policy Council currently has responded to the Prayer of this Requête, and that is what I have done.

**The Deputy Bailiff:** Deputy Perrot.

395 **Deputy Perrot:** Could I ask the Chief Minister please – by the way I thank him for the Statement – if the work in relation to this non-Requête will proceed as slowly as the work on my Requête related to Enduring Powers of Attorney; and if he has a moment, could he tell us about the progress of that?

Thank you.

400 **The Deputy Bailiff:** Chief Minister to reply to the first part of that question.

**The Chief Minister:** Yes. Sir, I would very much hope that the work on this will happen much more quickly because of the acknowledgement by a wider cross section of people of the need for movement and change in respect of the matter, and that is about all I can say at this present juncture.

405

## Questions for Oral Answer

### **Policy Council work streams – Update, transfer to new committee, proportionate budget allocations**

**The Deputy Bailiff:** Well, Members of the States, we will now move to Question Time. The first set of Questions are by Deputy Gollop, to the Chief Minister.  
Deputy Gollop.

410 **Deputy Gollop:** Thanking you, sir.

Question 1: could the Chief Minister, on behalf of the Policy Council, update Members as to whether work streams on the States' Asset Management Plan and Government Service Plan can be updated to the Assembly in detail prior to March 2016?

415 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister (Deputy Le Tocq):** I am just finding my reply.

420 **The Deputy Bailiff:** Well, your time is running out already! *(Laughter)*

**The Chief Minister:** Sorry, sir.

I am pleased to confirm that the work is ongoing in both these areas. It is intended that a full update of the Strategic Asset Management Plan will be given to the current Assembly in 2016.

425 The process for developing a new Government Service Plan, although it is not referred to as such, is effectively set out in the next policy letter in the States' Review Committee on the organisation of States' affairs.

430 Given that the content of any new plan is a matter for the next Assembly to determine, the Policy Council does not intend to give any updates on this matter prior to March 2016. Rather, it will continue with its preparations for the new plan in line with whatever direction is given by the States in November, in terms of the process to be followed.

**Deputy Gollop:** My supplementary would be –

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

435 **Deputy Gollop:** Thanking you, sir.

The Assembly actually endorsed the principles of the Asset Management Plan and we approved the development of a Government Service Plan as the corporate mechanism for allocating resources available to the States. So why has at least the initial Resolutions not been fully implemented in the last two years?

440

**The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** In both cases, sir, it was inevitable that extra resources would be needed, because otherwise we would be using staff who were already involved in a number of other things on a regular basis. And so when the States chose not to provide those resources, the result was that it could not happen and be progressed at the speed at which perhaps many of this Assembly would have wanted, sir.

445 So it is simply a matter – as I mentioned in my Statement earlier – that those resources need to be in place if we are to move on those key strategic plans.

450

**The Deputy Bailiff:** Deputy Gollop, to pose his second Question please.

**Deputy Gollop:** Thanking you, sir.

455 Is the Policy Council actively working on a Staff Resource Project Management Plan for an orderly transfer of the Policy Council work streams to the new proposed Policy and Resources Committee?

**The Deputy Bailiff:** The Chief Minister to respond.

460 **The Chief Minister:** Sir, I think Deputy Gollop for this question. It is a very important one.

All Departments, including the Policy Council, have to consider how to transition from the current organisational structure to the new one; and work is indeed ongoing in this respect. However, it is important to bear in mind that it is not given that what the Policy Council does today will be done by the Policy and Resources Committee tomorrow. As part of the change process, the Policy Council is looking across the entire organisation in order to scope the future workload of the Policy and Resources Committee.

465 Treasury & Resources naturally plays a key role in this important piece of work, but all Departments must contribute if the transition is to be smooth. Furthermore, this matter cannot be considered in isolation from the new Policy and Resource Plan. Development of the new plan will require the States to prioritise a number of work streams and it cannot be taken as read that what is being pursued now will necessarily be afforded a high priority in the future.

470 Another key factor, particularly in terms of resourcing, is the process of the Public Service Reform. This has already been endorsed by the States and will inevitably have an impact on how the States' Committees function in the future. Therefore, it is anticipated that work on this will be incremental and there will not necessarily be the clear end point.

475 What I can say, however, is the Policy and Resources Committee will be ready to support the newly-elected Deputies from day one.

**The Deputy Bailiff:** A supplementary is it, Deputy Gollop?

480

**Deputy Gollop:** Yes, please. Thank you, sir.

What kind of support will the Policy and Resources Committee be able to give the newly-elected Deputies from day one, when initially it will not exist politically and will have to cohere?

485 **The Deputy Bailiff:** The Chief Minister to reply.

490 **The Chief Minister:** Well, obviously, in terms of the staffing and the handover documents that we are very keen are put together, so that newly-elected Deputies are well aware of their responsibilities and the responsibilities of the new committees, that work is ongoing and will be in place.

**The Deputy Bailiff:** Deputy Gollop, to pose his third Question to the Chief Minister.

495 **Deputy Gollop:** Is the Policy Council actively working in conjunction with the Treasury & Resources Department and indeed all the other Departments, on ensuring proportionate budget allocations are carried forward. For example, the mix of Treasury in policy-based cost centres that will be part of the new Policy and Resources body?

500 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** Treasury & Resources is leading on this piece of work, as set out in the Budget Report which we have just considered. Paragraph 4.1 of that report said that once the detailed responsibilities of the committees are determined, appropriate budgetary adjustments will be made, 2016 cash limits restated to reflect the new structure and the accounts for 2016 onwards will be prepared on this new basis.

I trust this will reassure Deputy Gollop this matter is definitely in hand.

**The Deputy Bailiff:** Deputy Soulsby.

510 **Deputy Soulsby:** Yes, I would like to know from the Chief Minister whether any consideration has been given to laying the revised Budget to the States in the next term?

**The Deputy Bailiff:** The Chief Minister to reply.

515 **The Chief Minister:** That has been considered, certainly, and I think it needs to be borne in mind with the amount of workload that is currently there, whether that is achievable in that respect, but I would refer you to the Treasury Department if you want greater detail on that.

### **University of the Channel Islands – Progress update**

520 **The Deputy Bailiff:** There are no further supplementaries, so we will turn to the second set of questions, also to the Chief Minister, this time to be put by Deputy Conder.  
Deputy Conder.

**Deputy Conder:** Thank you, sir.

Before placing my questions, could I advise the Assembly that I am a Member of Bournemouth University's board of directors.

525 My first question, sir: in November 2013 the Assembly approved the States' Report entitled 'States support for the concept of a Guernsey-based university of the Channel Islands'; that report included the statement:

'In its first phase, planned for October 2014, the proposed University of the Channel Islands will initially be organised into three schools...'

The proposers had previously advised States' Members that the first 50 post graduate students would be recruited for an October 2014 start. In response to questions to him in September 2014



530 and in his statement to the Assembly on 26th November 2014, the Chief Minister advised the  
Assembly that developers had indicated that the university was now unlikely to open until  
October 2016.

535 Given that the 2015-16 academic year has now commenced and potential students should  
now be considering their application for university entry in October 2016, would the Chief  
Minister advise –

**The Deputy Bailiff:** Your time is up I am afraid, Deputy Conder. Can you answer what has  
been put so far, Chief Minister?

540 **The Chief Minister (Deputy Le Tocq):** I understand that Deputy Conder was going to ask...

**The Deputy Bailiff:** You cannot do that.

545 **The Chief Minister:** Okay. Well, he has not really asked any questions so far, so –

**The Deputy Bailiff:** Well, let's move to the next Question then. One of the problems is there is  
too long a preamble to that question, Deputy Conder.

550 **Deputy Conder:** Yes, sir. Would the Chief Minister advise how many meetings of the University  
Liaison Group took place in 2014 and 2015 to date?

**The Deputy Bailiff:** The Chief Minister to reply.

555 **The Chief Minister:** There have been a total of seven Policy Council University Liaison Group  
meetings since January 2014; six occurred in 2014 and one in 2015.

**The Deputy Bailiff:** Do you have a supplementary question, Deputy Conder?

**Deputy Conder:** Yes, thank you, sir.

560 In the light of all our concerns regarding the resource stretch in respect of Members of the  
Policy Council and senior civil servants, does the Chief Minister consider that the time devoted to  
the University Liaison Group in the last two years has been well spent and represents good value  
for money?

565 **The Deputy Bailiff:** The Chief Minister to reply.

570 **The Chief Minister:** Yes, I do think so, sir, because we have not unnecessarily met if the  
progress has been very slow; and the progress has been slower than expected, so we have not  
given resources – whether staff resources or our own resources – towards that. Hence, I  
mentioned that we have only had one meeting this year.

**The Deputy Bailiff:** Deputy Kuttelwascher.

575 **Deputy Kuttelwascher:** Just a supplementary, sir. Does the Chief Minister think that this whole  
issue of a Channel Island University is an issue which is actually now dormant?  
Thank you, sir.

**The Deputy Bailiff:** The Chief Minister to reply.

580 **The Chief Minister:** I do not think it is actually quite dormant, but it may end up like that.

585 We are in a situation where the private group – because it was a private enterprise right along – has been in negotiation for some time with possible intake for next year. As yet, there has not been any conclusion to that and we said all along that it was worth investigating because if it was able to start then it would be proved potentially that this could grow from a very small intake in one, perhaps, particular faculty.

But at the moment that is not the case. In answer to his question specifically, that may well be the case in a few months' time.

590 **The Deputy Bailiff:** Deputy Conder, is it another supplementary? Yes.

**Deputy Conder:** During the meetings of the University Liaison Group that have occurred, as detailed in the Chief Minister's reply, has the group explored the practical and policy implications of the proposals on the population, with particular regard to accommodation, employment and issues of contingency arrangements which were defined as priorities for the liaison group in paragraph 12.9, sub-paragraph 2, of the October 2013 report?

**The Deputy Bailiff:** The Chief Minister to reply.

600 **The Chief Minister:** Yes, there have been members of both the Home Department and staff members of the Housing Department as well that have been involved in the process. So those things have been considered.

**The Deputy Bailiff:** Deputy Conder, to put his next Question to the Chief Minister – Question 3.

605 **Deputy Conder:** Will the Chief Minister advise how many meetings took place between the University Liaison Group and representatives of Susan Jackson Associates in 2014 and 2015 to date?

610 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** Between 2014 and 2015 the Policy Council University Liaison Group has met with representatives of Susan Jackson Associates on four separate occasions. Two of these involved physical attendance at a meeting and two comprised attendance by telephone conference call.

**The Deputy Bailiff:** A supplementary, is it, Deputy Conder?

**Deputy Conder:** Yes, sir.

620 In the light of the Chief Minister's reply, could I ask if he is aware that Susan Jackson Associates' websites currently makes the following assertions:

'It is anticipated that the University Channel Islands will commence in September 2017. The new university will now incorporate a new Medical School. The new Medical School will carry out world class research and will teach both Undergraduate and Post graduate students.'

If he is aware of that claim, has he shared the good news regarding the medical school with his HSSD Minister? *(Laughter)*

625 **The Deputy Bailiff:** Chief Minister, are you able to reply to that Question?

**The Chief Minister:** I am not particularly able to answer specifics. However, that very suggestion of the proposal of a medical faculty is the very one that we anticipated might be able to start sooner than others.

630

**The Deputy Bailiff:** There are no other supplementary questions, so I invite Deputy Conder to pose his next Question to the Chief Minister.

635

**Deputy Conder:** The 2013 report stated that a key feature of the university will be partnerships forged with the most eminent academic establishments in the UK, Europe and globally. In his statement of November 2014, the Chief Minister stated:

'The private sector developer has informed us that they have made good progress with developing links with universities, not just in Europe but further afield, that would be interested in the opportunity.'

Is the Chief Minister aware if any such partnerships having been concluded to date?

640

**The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** I am not aware of any such partnerships with international universities having been finalised.

645

**The Deputy Bailiff:** Is this a supplementary, Deputy Conder?

**Deputy Conder:** Thank you to the Chief Minister.

The 2013 report stated the university aims in due course to become a member of the UK's most prestigious group of universities, known as the Russell Group, which included universities such as Cambridge, Oxford and the London School of Economics.

650

Does the Chief Minister know if any of those named institutions have been approached by Susan Jackson Associates and does he believe that the aspirations for the University of the Channel Islands to join their ranks is still a realistic proposition?

655

**The Deputy Bailiff:** Chief Minister to reply.

**The Chief Minister:** I am aware of a member of the Russell Group Universities having been approached by Susan Jackson Associates and that work is ongoing on working out their partnership.

660

**The Deputy Bailiff:** Deputy Conder, to pose his next Question to the Chief Minister, please.

665

**Deputy Conder:** The 2013 report stated that the proposing organisation will seek £10 million working capital for the first five years. Funds will be raised in a number of ways, including potentially direct investment by high net worth individuals in Guernsey. In his November 2014 statement, the Chief Minister stated, 'the developer has had less success as yet in securing either private sector or philanthropic sources of funding'.

Without providing specific details, can the Chief Minister advise in the broadest terms as to whether any funding has been secured to date?

670

**The Deputy Bailiff:** At this stage the Liaison Group understands that the developer has *not* been successful in securing sufficient funding to commence operations.

**The Deputy Bailiff:** A supplementary question, Deputy Conder?

675 **Deputy Conder:** In paragraph 14.1 of the 2013 report it stated the States has neither asked to contribute to the funding or management or governance of the institution. In the light of the absence of secured private sector funding, as detailed in the Chief Minister's statement, does that statement still apply?

680 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** It still does at the moment, sir, yes.

685 **The Deputy Bailiff:** Deputy Conder, to pose his final Question to the Chief Minister on this topic.

**Deputy Conder:** Proposition 2 of the 2013 States' report directs the Policy Council and any departments that may be affected by the concept set out in this report, to report back to the States should they have any reason to consider that any significant policy changes are required in order for a Guernsey-based University of the Channel Islands to develop along the lines described in this report.

Can the Chief Minister advise us whether any department has indicated that it intends to make such a report?

695 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** To date, sir, no departments have indicated that they are intending to submit any policy letters to address any policy changes in order for a Guernsey-based University of the Channel Islands to develop along the lines described in the original policy letter.

700 **The Deputy Bailiff:** A supplementary from Deputy Conder first.

**Deputy Conder:** Given that none of the potentially affected departments have identified potential policy changes, consequent upon the establishing of a University of the Channel Islands in Guernsey, which might perhaps have included housing, population control, student facilities, health care and transport, would the Chief Minister conclude that none of the potential effects of departments ever considered this to be a serious proposition?

710 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** No. In fact, the Department, of which Deputy Conder is actually Deputy Minister of, still consider this to be a realistic proposition, bearing in mind that the types and opportunities for this type of university education have rapidly – and still are rapidly changing in the world, so it still exists on the table as an option.

715 **The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Thank you, sir.

720 Now that it has been established that the initiative is not so much dormant as dead, (*Laughter*) does the Chief Minister believe that the continued endorsement – implicitly or otherwise – of the States has the potential to inhibit the possible development of higher and further education by education institutions which are already operating in Guernsey? And, if so, would it not be better for the States to remove its endorsement from the particular initiative about which Deputy Conder has been asking questions?

725 **The Deputy Bailiff:** The Chief Minister to reply.

730 **The Chief Minister:** Sir, I am given to believe – for example, by the Education Department, whom one might consider to be the most affected by a private initiative of this sort – that actually if this particular initiative were to start, it would complement, and not necessarily inhibit or cause problems for, the proposals on tertiary and further education.

735 With regard to other departments, again, until we know exactly what shape it would take, even in the first instance – which might be quite small – we cannot make any of those sorts of judgements. But our anticipation is still that it is an option that would help complement existing work done by the departments in Guernsey and certainly offer to Guernsey an opportunity to encourage people to come and study here in Guernsey, which might then have positive benefits on the rest of the economy.

**The Deputy Bailiff:** Deputy De Lisle.

740 **Deputy De Lisle:** Sir, the Minister indicated earlier to questioning that economic development was very important to this Island. Has the Chief Minister, through the Policy Council, assessed the economic impact of this proposal and the opportunity for diversification of the economy?

745 **The Deputy Bailiff:** The Chief Minister to reply.

750 **The Chief Minister:** Because of the stage and the slowness in the development of these proposals – again, not a States initiative, but one which we are monitoring very closely – it is impossible at this juncture to be absolutely certain of the effect that it will have. But right at the very beginning with the policy letter, we believe that it could have a positive economic effect in diversifying our economy and what it offers, in a similar way that such universities are having, for example, in Gibraltar, which has just recently launched its own university campus.

**The Deputy Bailiff:** Deputy De Lisle.

755 **Deputy De Lisle:** Sir, a further supplementary. Does that not mean that the Policy Council should pursue this particular initiative in order to refine those impacts with regard to the Island economy?

760 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** There is an argument to be had – and I believe some of my Ministers do feel that – that this sort of initiative should be perhaps taken up and owned by the States. But we are not in a position at this current stage to do that.

765 **The Deputy Bailiff:** Deputy Conder.

**Deputy Conder:** Thank you, sir.

770 Would the Chief Minister agree with me that this initiative continues to be a distraction which inhibits the ability of our own potential tertiary institution to work with other potential partners and to seek for itself, university college or university technical college status, which existing partners or other potential partners are likely to engage with us when the existing initiative is still apparently live?

775 **The Deputy Bailiff:** The Chief Minister to reply.

**The Chief Minister:** Sir, as I hinted at earlier, I can only go by the information that I am given by Deputy Conder's own department, and that is that it is not a hindrance and in fact, at this stage

at the moment, it could be complementary and a help. So the information that I am given is that that is not the case.

780 Were we more developed then perhaps there would be issues that would need to be addressed, but I do not think we are at that stage and I do not think it qualifies to be termed 'a distraction'.

**Sea defence repairs –  
Fermain Bay and L'Ancrese East projects**

**The Deputy Bailiff:** I now invite Deputy Spruce to pose the first of his Questions to the Minister of the Environment Department.

785 Deputy Spruce.

**Deputy Spruce:** Thank you, sir.

In July 2014, as part of the Capital Portfolio debate, the States gave delegated authority to T&R to open capital votes up to £2 million in relation to the Environment Department's 2014 emergency storm damage repair project. The initial request included urgent repairs to the sea walls at Vazon Bay, Fermain Bay and L'Ancrese East. At the time of finalising the 2016 Budget Report, only £640,000 of that £2 million capital allocation has been spent.

790  
795 Could the Minister of the Environment Department please confirm that you are aware that the Treasury & Resources Department still await the outline business case for the Fermain Bay and L'Ancrese East projects and that your Department has been advised that the outline business cases for both these projects should be submitted before the year end?

Also, are you aware that if not submitted by the year end, as previously prioritised projects, it will not need to be resubmitted but will have to be reassessed if they have not progressed since they were approved?

800

**The Deputy Bailiff:** The Minister to reply, Deputy Burford.

**Deputy Burford:** Thank you, sir.

805 Deputy Spruce asked two Questions. In response to the first part, it is not strictly true to say that Treasury & Resources awaits the outline business case for these two projects. Proposals for coastal projects more urgent than L'Ancrese East and Fermain were submitted to Treasury & Resources and these works were tended, but they were not permitted to proceed in advance of a strategic outline programme setting out all of the coastal works requiring attention.

810 The department has now improved the strategic outline programme and discussed this with Treasury & Resources. Outline business cases for the various projects will proceed in priority order.

815 As regards the second part, the department was not previously advised that the OBC's must be submitted before the year end, but we are aware of the reference to it in paragraph 5.24 of the Budget Report, along with the subsequent letter of clarification from the T&R Minister, which I understand is the means T&R adopted to advise all project managers of this requirement.

However, I would point Deputy Spruce to paragraph 5.5 of the Budget which refers to T&R using delegated authority in respect of urgent or emergency works i.e. the requirement for outline business cases before year end does not appear to be absolute.

820 **Deputy Spruce:** A supplementary question, sir.

**The Deputy Bailiff:** A supplementary question, Deputy Spruce.

825 **Deputy Spruce:** I am afraid that I must take issue with your suggestion that it is not true that T&R were awaiting outline business cases for L'Ancrese East and Fermain Bay sea defence repairs. It was July 2014 when this Assembly agreed funding for these two projects as part of a £2 million request from your Department for emergency works.

830 As you have just said, T&R have stated in the Budget report that they will use their delegated authority for urgent or emergency works. Please confirm why your Department have failed to progress these two projects during the last 15 months, especially as this Assembly accepted your request for emergency funding?

**The Deputy Bailiff:** Deputy Burford to reply.

835 **Deputy Burford:** Thank you, sir.

840 Since that time significantly more works have come on to our priority list that need doing and we have presented Treasury & Resources with a full priority list of a total of £5 million worth of coastal defence work that needs undertaking; and it is a fact that L'Ancrese East and Fermain are at the bottom of this list in terms of urgency and priority.

**Deputy Spruce:** Question 2, sir –?

**The Deputy Bailiff:** A supplementary question, Deputy Fallaize.

845 **Deputy Fallaize:** Sir, I just wondered if Deputy Burford could advise the States: under the Department's current plans, current timetable and current expenditure approved or allocated, when does she envisage the necessary repairs will be made to L'Ancrese East?

**The Deputy Bailiff:** The Minister to reply.

850

**Deputy Burford:** Thank you, sir.

I think that is something that will be covered in Deputy Spruce's subsequent questions, but with those being at the bottom of the list it will either be 2017 or 2018.

855 **The Deputy Bailiff:** Deputy St Pier.

**Deputy St Pier:** Sir, is the Minister able to advise whether her Department, even with the assistance of States' Property Services, would actually be in a position to scope this project to tender and then oversee all of the projects and deal with them all at the same time?

860

**The Deputy Bailiff:** Deputy Burford to reply.

865 **Deputy Burford:** Sir, Deputy... St Pier (*Laughter*) asked a question about the speed of implementing the list of projects. I am afraid I very much doubt it. The engineering support the department has reduced over the years, with fewer engineers being spread more thinly over many areas.

The department only has one officer in this area and coastal defences are only a small part of their job. If all projects were to be pushed through in a significantly reduced timescale then a dedicated contract manager and additional support from SPS would be required.

870 Furthermore, there is unlikely to be sufficient stone mason and specialist contracted capacity in the Island to do all of the outstanding works in one season – necessitating bringing in outside labour.

875 It is important, however, to state that defences are monitored and that vulnerable sections are repaired from the department's routine capital and that those sections will not need redoing when the entire wall is repaired.

**The Deputy Bailiff:** Deputy St Pier.

880 **Deputy St Pier:** Sir, is the Minister able to briefly outline how her department have prioritised the particular projects and, therefore, where these two projects sit in the overall scale of what she is attempting to deal with?

**Deputy Burford:** Thank you, sir.

885 In reply to the question about prioritisation, priority is set according to the urgency of the works. A wall falling down or about to fall is urgent and the strategic importance of the urgent work is also assessed and taken into account.

890 An urgent wall will not take priority if it does not protect anything of great importance. Defences protecting areas of the east coast with the inter-harbour route, utilities, housing, commerce and industry will be of the highest strategic importance. Defences protecting areas of the west coast where there are roads, utilities, housing and commercial properties will be the next areas of strategic importance.

895 Priority is worked out using a waiting formula taking various factors into account to arrive at a number; the higher the number, the higher up the priority list the project is. By way of example, Longstore wall scores 2,400 while L'Ancrese scores 200. None of this means that L'Ancrese should not and will not be addressed; it simply places it in priority order.

**The Deputy Bailiff:** Deputy Soulsby.

900 **Deputy Soulsby:** Sir, yes, I would like to follow up on Deputy Fallaize' question regarding L'Ancrese and would like to –

905 **The Deputy Bailiff:** Is this properly a supplementary question arising out of the *Answer* to the original Question rather than...? That is why I paused with Deputy St Pier, because it did not arise out of the Answer given about: 'was the department aware of submitting outline business cases?' That is the Question and that is the Answer. It is not a general issue about what is going to be done and when. There are other Questions that might be more appropriate for that.

**Deputy Brehaut:** Sir, may I ask a supplementary?

910 Both Deputy Spruce and, in her Answer, the Minister referred to sea defences. Could the Minister confirm to this Assembly that the Fermain Wall is a Napoleonic defence not a defence against the sea, and that the Pembroke sea wall is a German anti-tank wall and not a defence against water inundation, which I think might be the concern that members of the public have?

Neither of these defences are there to prevent inundation from water; one of them certainly did not exist before the occupation.

915 **The Deputy Bailiff:** I am not going to allow that supplementary question to be put, for the same reason that I have just described. Are there any supplementaries about the submission of business cases? If not, then I will ask Deputy Spruce to put his next Question.

920 **Deputy Spruce:** I think some supplementaries will be able to be possible following my next two Questions.

925 As the Fermain Bay and L'Ancrese East sea wall damage represents a very real health and safety risk for all beach users and are two of the Islands most popular beaches, could you please confirm whether your department intends to complete the repair of these sea defences before the summer of 2016, and whether health and safety risk to the beach users, the population, figure in your ranking criteria?

**The Deputy Bailiff:** Deputy Burford, the Minister, to reply.



**Deputy Burford:** Thank you, sir.

930 The strategic outline programme that I previously referred to sets out in order of priority the strategic sea defences and other sea walls that need attention. Naturally, that prioritisation takes into account the health and safety risk issues. Defences at the top of the priority list are protecting our inter-harbour route and our west coast main roads. A breach in these defences would put roads, utilities and many properties at risk.

935 The department is therefore continually monitoring these coastal defences. The capital sum required for all of the coastal defences, as well as the two sea walls that Deputy Spruce refers to, is more than £5 million.

How far down the list the department proceeds in any one year depends on the funds released by T&R, the speed with which they release those funds, the capacity of contractors to carry out the work and the capacity of Treasury & Resources own engineers to oversee those works.

940 L'Ancrese East anti-tank wall and Fermain sea wall carry minimal risks to the Island's strategic infrastructure than the prioritised coastal defence works and so are currently ranked at the bottom of the list. The soft cliff at Fermain has not deteriorated since the 2014 storms. The likelihood of these two sea walls being completed in 2016 is therefore low.

945 **Deputy Spruce:** A supplementary question please, sir.

**The Deputy Bailiff:** A supplementary, Deputy Spruce, yes.

950 **Deputy Spruce:** Your department has ranked the repointing of the inter-harbour and west coast sea walls higher than the existing sea defence failures at L'Ancrese East and Fermain Bay – and I understand that, but both these bays are major tourist beaches and local beaches popular to the Island's community.

955 Given the very real health and safety risks associated with these sea wall failures, could you please explain why these two rebuild projects cannot be completed in parallel with other sea wall pointing projects? And please also confirm when you intend to carry out these repairs, especially given the importance of these two very popular beaches to the Island community?

**The Deputy Bailiff:** Deputy Burford to answer Deputy Spruce's two supplementary questions.

960 **Deputy Burford:** Thank you.

I think I answered some of that in Deputy Spruce's Questions already and it has also come out in answers to other supplementaries. On the health and safety point, we are well aware and the walls are constantly monitored – both the soft cliff and the anti-tank wall where, if there is any reinforcing bar or anything evident, that is removed to make sure that it is not a risk to the public.

965 I would repeat that we would intend to get to these two particular sea walls in 2017 or 2018 and, as a personal view, I completely understand and agree with Deputy Spruce's desire to see these two walls addressed, in particular from an aesthetic point of view and from a tourism point of view. However, it would be irresponsible to address them ahead of more urgent work.

970 **The Deputy Bailiff:** Deputy Soulsby.

**Deputy Soulsby:** Hopefully I can ask this one, sir.

975 In terms of prioritisation for Fermain Bay, has the Department considered the extra costs that are likely to be incurred the longer the repairs are made and the worst we have... the winter to come, the likely affect that will have on the sea wall?

**The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Thank you and I thank Deputy Soulsby for her question.

980 We are continually monitoring Fermain and, as I mentioned in a previous response, the soft cliff has not actually moved significantly since 2014, so we do not consider that there is a likelihood of any major failure that would increase, significantly, the cost of repairing that wall.

**The Deputy Bailiff:** Deputy Laurie Queripel.

985

**Deputy Laurie Queripel:** Thank you, sir.

Bearing in mind there is a crack at the base of the L'Ancrese wall which is deepening over time, with greater potential to undermine the land and common beyond, could not some interim work be carried out to minimise further damage i.e. the strategic placing of rock armour?

990

Thank you, sir.

**The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Thank you, sir.

995

With the issue of undermining at L'Ancrese, we are looking at managing L'Ancrese on a natural re-alignment to the pre-war line of the coast. All the information the department has, including evidence before the anti-tank wall was built, is that the common will not experience flooding until 50 or 100 years in the future, and that is if predicted sea level rise occurs. Future works to landscape the narrow valleys to achieve a level of protection would address the flood risk more sustainably than works at the beachhead.

1000

If permitted, a natural beach head of sand dunes and shingle will form just to the rear of the current anti-tank wall which was constructed in front of the natural and historic beachhead. The department will continuously monitor the anti-tank wall and cut away any exposed reinforcing bar and remove any boulders presenting a risk on the beach.

1005

At a point just east of the rock outcrops a return in the wall could be installed to ensure that the west side of the wall is not lost. So, under that project plan, I do not agree with Deputy Queripel that the risks he states are real.

Thank you.

1010

**The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Sir, it is alarming that the L'Ancrese East only has 200 points, which presumably are the 200 bonus points that sea defences in the Vale would automatically receive. *(Laughter)*

1015

But, sir, we are slightly at cross purposes because it is fully understandable that the Environment Department has to prioritise its sea defence budget according to strategic need. I am not arguing that, but the L'Ancrese East wall, for which the department is responsible, is crumbling, it is a very serious safety risk to beach users and therefore whatever budget it would come out of, would the Minister please redouble her department's efforts to maintain this wall for which the department is responsible, in advance of the summer of 2016?

1020

**The Deputy Bailiff:** Deputy Burford to reply.

1025

**Deputy Burford:** Yes, I will give an undertaking to Deputy Fallaize. The department intends to have the outline business cases on all of the walls, including L'Ancrese and Fermain, to Treasury & Resources as soon as possible, in order that any possible opportunity to accelerate the programme can take place.

1030

**The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Sir, but I am not really seeking for the programme to be accelerated, I am not questioning the Environment Department's long-term plan for L'Ancrese. What I am saying is: there is a wall there at the moment, however it got there, and it is not being maintained in an appropriate condition, it is a safety risk to beach users.

1035 Therefore, would the department please ensure, in advance of next summer when it will be used by thousands of beach users, that the wall is repaired or put into the necessary condition to ensure that it is no longer a safety risk to beach users – even if it does not score sufficiently highly in terms of the strategic sea defence budget?

1040 **The Deputy Bailiff:** Minister, are you able to answer that question?

**Deputy Burford:** Yes, sir.

1045 We will, as I have already said, continually monitor the wall from a health and safety viewpoint, but the idea of repairing the wall simply does not fit in to the long-term plan for the wall which is to actually remove the wall to allow a natural beach head to develop.

**Deputy Spruce:** Another supplementary on that point, sir.

**The Deputy Bailiff:** Deputy Spruce, a supplementary.

1050

**Deputy Spruce:** Given the answer that Deputy Burford has just given, we now know the real reason why the Environment Department are failing to do anything about the health and safety issues at L'Ancrese East. It would appear that the department wants to eventually let the whole wall fall down and remove it.

1055 Now, I want to ask the Environment Department Minister whether she has personally visited that beach and that wall on a regular basis, because there are voids big enough to put a cow in, let alone a child; and people and children crawl around in those voids and those gaps, and we get continuous complaints and issues raised by our parishioners about the safety of that wall?

1060 **The Deputy Bailiff:** Deputy Burford to reply.

**Deputy Burford:** Thank you, sir.

1065 I have indeed visited the beach on several occasions, as have all of the board members in fact on Environment and as do the staff and engineers, in order to monitor any openings or changes that we feel need to be addressed in terms of health and safety.

Thank you.

**The Deputy Bailiff:** Deputy Spruce, to pose his final Question to the Minister of the Environment Department.

1070

**Deputy Spruce:** This is my final Question, sir, but most of it has been covered already – but my supplementary has not. *(Laughter)*

1075 I note from the Budget Report on page 38 – the Capital Reserve, section 5, clauses 5.4 and 5.5 – that your department has now advised T&R Department that you will require a sum of £5 million to complete all the sea defence projects that remain outstanding. Could you please confirm over what timeframe these essential works will be completed?

**The Deputy Bailiff:** The Minister to respond.

1080 **Deputy Burford:** Thank you, sir.

It has been our intention to complete some of those works this year. We tendered the works but learnt that in the absence of the full strategic outline programme we were unable to take them forward.

1085 We have, however, in the interim carried out works to those most urgent areas requiring repair at Perelle and Fort Grey during 2015, with those works being funded out of the department's revenue budgets at a sum of £85,900. We have also carried out ongoing monitoring of all the coastal defences, as well as monitoring the condition of the Fermain soft cliff and the sea wall at L'Ancrese East.

1090 Those works already tendered at Perelle and Fort Grey remain our top priority for 2016. Our objective is to complete some £1.3 million worth of work in 2016, with the rest being undertaken in 2017 and 2018. It should of course be noted that, as a result of future storms, new work would leapfrog existing work on the priority list, depending on its assessed importance.

**The Deputy Bailiff:** Deputy Spruce, a supplementary.

1095 **Deputy Spruce:** Given that response and given the amount of outstanding sea defence works, would you please explain why your department proposed what amounts to a four-year repair plan for *urgent* – and I say *urgent* – coastal defence repairs, and whether there is any intention to reduce the timescale of these urgent works, especially given that you have got the Budget allocation available?

**The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Thank you, sir.

1105 The work is planned over the next three seasons and it should also be noted as well that work cannot be done year-round, it can only be done during periods of good weather when there is longer light and there are not particularly high tides forecast. But the work is planned over the next three seasons and the department will do everything it reasonably can to ensure it is completed within that scale or sooner.

1110 Thank you.

**The Deputy Bailiff:** Deputy De Lisle.

**Deputy De Lisle:** Sir, can I ask a supplementary?

1115 It is with regard to the Perelle and Fort Grey area that the Minister has already related to. Both these areas... we are very pleased in the west that repairs have been conducted, in terms of repointing and so on, on those walls, which have both of course suffered a breach in the past.

1120 But I would like to ask the Minister, with regard to the £5 million that was indicated which is to be appropriated to defence works in the capital budget, will those areas be also part of that monetary capital works investment in order to bolster the sea walls in the west in Perelle and Fort Grey area?

**The Deputy Bailiff:** Deputy Burford to reply.

1125 **Deputy Burford:** Thank you, sir.

It is actually slightly better than that, Deputy De Lisle, insofar as the £2 million that is already approved from Treasury – £650,000 which has been used this year – the remaining £1.35 million will include the works for the two areas that he has highlighted.

1130 **Deputy De Lisle:** I thank the Minister for that, sir, and look forward to the work being done.

**The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Thank you, sir.

1135 I am a little confused because the department's long-term plan is to allow L'Ancrese East to degrade or not to have the anti-tank wall there and that is being put forward as one of the reasons why it does not score highly enough to repair it. But I think the intention, from the Minister's answers, is to repair it in 2017 or 2018.

1140 Now, first of all, could the Minister provide some clarity about that and, secondly, does the Minister know what the cost would be of repairing L'Ancrese East to the extent sufficient to enable the department to remove the signs that are now on that wall which advise people not to use the wall because it is unsafe?

Thank you, sir.

1145 **The Deputy Bailiff:** Deputy Burford, to reply to Deputy Fallaize's two supplementary questions.

**Deputy Burford:** Thank you, sir.

1150 The fact that the plan is to ultimately remove the wall is not why it does not score highly enough to repair it. However, I do not have the figures for how much it might be to effect the work that Deputy Fallaize asks about. I can certainly find that and let him have it. My concern with it would be that we are aware that the wall, albeit slowly, is constantly moving and that any repair work we did would soon be no good and would need to be repaired again and that does not seem like a responsible use of resources, sir.

Thank you.

1155

**The Deputy Bailiff:** Deputy De Lisle.

1160 **Deputy De Lisle:** Can I ask a further supplementary with regard to the £5 million, sir? Is any of the appropriation being placed to resolving the problem of flooding along the front, particularly the businesses that are affected by these high tides that seem to be coming more and more prevalent? Is any of the appropriation laid aside for doing something about that flooding along the seafront?

**The Deputy Bailiff:** Deputy Burford, are you able to answer that?

1165

**Deputy Burford:** Yes, sir.

1170 To the extent that any flooding might be caused by faults or problems with the sea walls, that will be included in the £5 million. However, I think what Deputy De Lisle is referring to is more to do with storm surge issues, and that actually is covered under the separate strategic coastal defence work of the department.

Thank you.

#### **Bus services – Costs and trial of alternative P2 cross-Island route**

**The Deputy Bailiff:** We now turn to the next set of Questions, which are to be put by Deputy De Lisle to the Minister of the Environment Department.

Deputy De Lisle.

1175

**Deputy De Lisle:** Thank you, sir.

These Questions relate to bus services. Sir, given the decision to discontinue the P1 service but to trial an alternative P2 cross-Island route, can the Minister Deputy Burford give assurances that

1180 the services will be cut after three months, should it prove unpopular and thereby avoid continuing the service trial for a whole year, as with the axed P1 service which costs the taxpayer £144,000?

**The Deputy Bailiff:** The Minister of the department, Deputy Burford, to reply.

1185 **Deputy Burford:** Thank you, sir.

I think, to some extent, I replied to that Question last month to Deputy De Lisle's Questions, but in any case, the proposed P2 service would make use of the available resource previously allocated to the P1 service which forms part of the overall resource within the agreed contract sum for the operation of the scheduled and integrated school bus contract with CT Plus. Any subsequent reduction in the overall service provision would need to be agreed with CT Plus under the terms of the existing contract.

1190 As with any proposed new service, it will be necessary to promote the route and it will take time to build up a regular client base. However, the department will carefully monitor the performance of the service and, depending on passenger uptake and the aforementioned contractual requirements, will review the success of the route over the course of this winter.

**Deputy De Lisle:** Can I ask a supplementary question?

**The Deputy Bailiff:** A supplementary question, Deputy De Lisle.

1200

**Deputy De Lisle:** I am trying to get my head around that Answer. Does that mean that the P2 service, unlike the P1 service, will be discontinued after the winter trial, should it prove unpopular in order to save money?

1205 **The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Thank you, sir.

I consider that the six-month period will be sufficient to gain all the information we need as to whether the trial should be continued beyond that point or not. So, while I would not concur with Deputy De Lisle's period of three months, I think the six-month winter period would be adequate and if there is not a reasonable uptake at that point then I do not consider that the service will continue.

Thank you.

1215 **Deputy De Lisle:** Thank you for that answer.

**The Deputy Bailiff:** Further supplementary, Deputy De Lisle?

**Deputy De Lisle:** Can I ask a further supplementary, sir?

1220

**The Deputy Bailiff:** Yes.

**Deputy De Lisle:** Given the failure of the P1 service, would not the money be better spent on a special bus that can be called on by the elderly and disabled who are housebound, to get out and about? They have no other means of getting about as taxis are too expensive for the majority.

1225

**The Deputy Bailiff:** The Minister to respond.

**Deputy Burford:** Thank you, sir.

1230 We did actually consult with the public on suggestions for the use of this particular bus, and I have a great deal of sympathy with Deputy De Lisle's suggestion, but I think realistically, if you consider the length and breadth of the Island, the practicalities of his suggestion would probably mean that we could probably only sort of move half a dozen or so people a day, maybe a few more. But nevertheless it is something the department would be happy to discuss with him in  
1235 further detail.

Thank you.

**Deputy De Lisle:** We would welcome such a service in the west, sir.

1240 **The Deputy Bailiff:** Deputy De Lisle, sit down please!

**Deputy De Lisle:** Thank you.

**The Deputy De Lisle:** Any more supplementary questions? I invite Deputy De Lisle to pose his  
1245 second Question to the Minister.

Deputy De Lisle.

**Deputy De Lisle:** With respect to continuing public concerns over the real cost of the bus service as a whole to taxpayers, can the Minister provide the cost of the service broken down by  
1250 cost elements, since the implementation of the Transport Strategy over 10 years ago, to include buying the fleet of buses, additional buses bought since, the annual subsidy, including that recently negotiated, and fleet maintenance? Are estimates of a total sum of near £64 million correct?

1255 **The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Thank you, sir.

I mean suggesting £64 million, Deputy De Lisle is nearly half right. *(Laughter)* Although a  
1260 breakdown is not available in the form requested, I can confirm that the total cost of the scheduled bus service, including the cost of the integrated school bus service and the purchase of the existing fleet, over the 14 years from 2001 to 2014, was £31.5 million. A further £3.9 million was spent on private hire school buses over the same period.

**The Deputy Bailiff:** A supplementary question, Deputy De Lisle?

1265

**Deputy De Lisle:** Yes, sir, thank you.

Certainly more than half right, sir, according to the totals quoted!

1270 Why is the breakdown not available in the form requested? The totals have been derived so why can the Minister not be open and transparent and provide the breakdown to those numbers which the public would like?

**The Deputy Bailiff:** Deputy Burford.

**Deputy Burford:** Sir, it is just simply, in the format which Deputy De Lisle asked for them, we  
1275 do not have them. However, I have given the total cost and I am very happy again to provide Deputy De Lisle, and indeed all Members, with a breakdown of figures such as we have.

Thank you.

**The Deputy Bailiff:** Deputy Gollop, a supplementary.

1280

**Deputy Gollop:** Would the Minister agree that indeed you do need time and patience to establish bus service improvements; for example, the department has sustained a weekend service to the Airport and the Forest for 18 months compared to a previous department that took the service off after one month?

1285

**The Deputy Bailiff:** The Minister to reply.

**Deputy Burford:** Sir, I would not disagree with Deputy Gollop on anything when it comes to a knowledge of bus routes! *(Laughter)*

### **Waste disposal – Strategy, methods and charges**

1290 **The Deputy Bailiff:** I do not see anyone else rising, so we will move to the next set of Questions which is also by Deputy De Lisle, this time to the Minister of the Public Services Department.

Deputy De Lisle's first Question, please.

1295 **Deputy De Lisle:** Thank you, sir.

These Questions deal with the new Waste Strategy. Why have there been constant delays and extended interim measures in getting on with the new Waste Strategy for solid waste and recycling and providing the projected costs of all elements?

1300 **The Deputy Bailiff:** Deputy Ogier, the Minister of the department, to reply.

**Deputy Ogier:** Thank you, sir.

When the Waste Strategy was agreed in 2012, Public Services was directed to progress a number of work streams and last year it reported back to the States on those, and we were directed to go out to tender for a range of facilities.

1305

We have since introduced kerbside recycling, consulted on, drafted and had approved, the legislation to give effect to the new charges and we are in the final stage of tendering for an operator that will receive our residual waste, in addition to negotiating contracts for new facilities at Longue Hougue for the sorting and processing of waste and recyclables. So we have made continual progress.

1310

Members will recall that initial estimates received to build the new facilities at Longue Hougue were above the Budget approved by the States and we have therefore revisited the original plans for food waste treatment and have been investigating an alternative. That has delayed this element of the strategy implementation which also impacts on other aspects such as introducing new charges which has resulted in the extension of the kerbside scheme. This is a comprehensive, integrated strategy with considerable independency between the different elements and with a number of different parties involved in collections and charging.

1315

We continue to make good progress and, while new infrastructure may not have progressed as quickly as we would have liked, we are managing that.

1320

**The Deputy Bailiff:** Any supplementaries.

**Deputy De Lisle:** Can I ask a supplementary, sir?

1325

**The Deputy Bailiff:** Deputy De Lisle.



**Deputy De Lisle:** I am concerned about the slow progress made. Is not four years' time enough to make decisions and report back to the Assembly with a workable costed strategy?

1330 **The Deputy Bailiff:** The Minister to reply.

**Deputy Ogier:** PSD had hoped to be able to conduct the works within that time. If we look at the previous Waste Strategies they have taken anything from six to eight years. If we look back to 2010 and 2012, six to eight years, that point seems to be a reasonable period. PSD, as I said, had estimated that it would be quicker than this, but due to unforeseen circumstances in the procurement, a re-scoping has been necessary which has added time.

**The Deputy Bailiff:** I invite Deputy De Lisle to pose his second Question.

1340 **Deputy De Lisle:** Thank you, sir.

What are the costs to Guernsey of an in-vessel composter for food and green waste, and what are the economies to this Island in exporting food waste in the future?

**The Deputy Bailiff:** The Minister to reply.

1345

**Deputy Ogier:** We are still in a formal procurement process and therefore it would be inappropriate for us to discuss the details of any cost estimates that have been provided by the bidder group until our negotiations are concluded.

1350 Any future capital expenditure is of course subject to a business case being approved by T&R and all the relevant cost information will form part of that process and will therefore be rigorously assessed and made public at the appropriate time.

**The Deputy Bailiff:** Deputy Spruce, a supplementary.

1355 **Deputy Spruce:** I think Deputy De Lisle asked how much the in-vessel composting proposal – which was removed a couple of months ago... he made a statement in the Assembly – would have cost. I think that was what he was getting at. What was the total capital cost of providing in-vessel composting on Guernsey?

1360 **The Deputy Bailiff:** The Minister to reply.

**Deputy Ogier:** All I can say is, to repeat the advice that I have been given on this, that in the middle of a procurement process our advice has been not to discuss the sums that have been released as a part of that.

1365

**The Deputy Bailiff:** Deputy De Lisle.

**Deputy Spruce:** A further supplementary, sir?

1370 **The Deputy Bailiff:** No Deputy De Lisle, Deputy Spruce, is going to get the next supplementary.

**Deputy De Lisle:** Thank you, sir.

1375 Are not estimates available in the department which could provide an open and transparent answer to the public at this time of estimated costs of an in-vessel composter size-suitable for this Island?

**The Deputy Bailiff:** The Minister to reply.

1380 **Deputy Ogier:** What I will do is, in the light of the Question and the further supplementary on this, I will go back and see if there is anything that we can release on the in-vessel composting costs which are not forming part of this re-scope project.

**The Deputy Bailiff:** Deputy Spruce, a supplementary.

1385 **Deputy Spruce:** I was pleased to hear Deputy Ogier say that because the decision to remove in-vessel composting from the food waste part of the strategy was taken on the basis of cost, so they must know the cost of what that facility was going to be. So it is nothing to do with the tendering or the re-tendering of it; it is known because the decision was taken based on cost. So I cannot see how that can have any commercial interest to anybody because you have taken it off the table. We just want to know what it was going to cost.

**The Deputy Bailiff:** And the question is?

1395 **Deputy Spruce:** That is what my question is: 'what was it going to cost?', which is what Deputy De Lisle asked.

**The Deputy Bailiff:** The Minister to reply.

1400 **Deputy Ogier:** I think the answer came before the question. We will return and see if that information can be made available.

**Deputy De Lisle:** Can I ask a further supplementary, sir.

1405 **The Deputy Bailiff:** A supplementary, Deputy De Lisle.

**Deputy De Lisle:** The States resolved in February 2014 to tender for the construction or the construction and operation of an in-vessel composter. Has the Minister not broken the agreement which was supposed to take place during this year or next?

1410 **The Deputy Bailiff:** The Minister to reply.

1415 **Deputy Ogier:** We believe the strategy included the processing of food waste and if it is not able to be done on-Island we believe it is within the strategy to export it off-Island and deal with food waste in that way. We do not believe that breaks the strategy that has been laid down by the States.

**The Deputy Bailiff:** I invite Deputy De Lisle to pose the third of his Questions to the Minister.

1420 **Deputy De Lisle:** Thank you, sir.  
What will be the estimated cost of the Island waste transfer station at Longue Hougue?

**The Deputy Bailiff:** The Minister to reply.

1425 **Deputy Ogier:** I am afraid that is also part of the current procurement process and, as such, it would be inappropriate to discuss any estimates while the procurement is still ongoing.

**The Deputy Bailiff:** Deputy De Lisle to pose his fourth Question to the Minister.

1430 **Deputy De Lisle:** Sir, given that the public can access the bring banks without charge and yet the department propose to charge for recycling bags, the differential recycling pricing policy

appears to the public quite inconsistent, given the need to encourage kerbside collections in order to improve recycling numbers and attain the new recycling targets.

Can the department reconsider the proposed charge on recycling kerbside blue and white bags, again to obtain consistency with the bring banks?

1435

**The Deputy Bailiff:** The Minister to reply.

**Deputy Ogier:** In the new legislation the charges incorporate a user-pays approach and provides sufficient financial levers to support, incentivise and reward the sort of waste behaviour the strategy is seeking to encourage.

1440

Equally, we need flexibility to ensure that in encouraging good waste behaviour we do not find ourselves in the position of having to load all of our costs on to just refuse bags alone and seeing the cost of those bags rise to levels that might result in unintended consequences. It is about striking the right balance and having the necessary tools to do that.

1445

If we were to put all the costs on to black bag charges there may be an increase in antisocial behaviour, so instead we favour a small charge for recycling bags, albeit much lower than any charge for the black refuse bags, as we felt there should be that balance.

However, this can be reviewed again once we have had final costings and the Law, as drafted, will provide the States with flexibility to use the new charges according to the situation at the time.

1450

**The Deputy Bailiff:** Any supplementaries?

Deputy De Lisle.

1455

**Deputy De Lisle:** I am pleased to learn of the point that Deputy Ogier has just made – that the Department is prepared to review this again – because the pricing appears inconsistent to the public. Why not come out with a consistent pricing policy for recycling bags and bring banks?

**The Deputy Bailiff:** The Minister to reply.

1460

**Deputy Ogier:** Our pricing structure has been before the States and has been agreed by the States. The department believes that a small charge for recycling bags and a higher tariff for the black bags is entirely appropriate. However, we will at all stages review our costings to make sure that we still believe this is the case.

1465

**The Deputy Bailiff:** Right, well, I am going to call an end to Question Time now because it has been going on for just over an hour. I am going to defer the other Questions to later in the meeting.

## Billet d'État XVIII

### I. The Dog Licences (Guernsey) (Amendment) Law, 2015 – Proposition carried

Article I.

The States are asked to decide:

*Whether they are of the opinion to approve the draft Projet de Loi entitled 'The Dog Licences (Guernsey) (Amendment) Law, 2015', and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.*

1470 **The Deputy Bailiff:** We will move on to legislation, please.

**The Senior Deputy Greffier:** Article I, the Dog Licences (Guernsey) (Amendment) Law, 2015.

1475 **The Deputy Bailiff:** Members of the States, you will find this brief Projet de Loi on page 1 in the brochure. Is there any debate on it?  
Those in favour; those against.

*Members voted Pour*

**The Deputy Bailiff:** I declare the Proposition duly carried.

### II. The Renewable Energy (Guernsey) Ordinance, 2015 – Proposition carried

Article II.

The States are asked to decide:

*Whether they are of the opinion to approve the draft Ordinance entitled 'The Renewable Energy (Guernsey) Ordinance, 2015', and to direct that the same shall have effect as an Ordinance of the States.*

**The Senior Deputy Greffier:** Article II, the Renewable Energy (Guernsey) Ordinance, 2015.

1480 **The Deputy Bailiff:** Members of the States, this lengthy Ordinance begins at page 2 in the brochure and runs to page 141. Does anyone wish to debate this matter? No. In that case I will put the approval of the Ordinance to you.  
Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare the Ordinance duly made.

**III. The Seafarer Recruitment and Placement Services  
(Maritime Labour Convention 2006) (Sark) Ordinance, 2015 –  
Proposition carried**

Article III.

The States are asked to decide:

*Whether they are of the opinion to approve the draft Ordinance entitled 'The Seafarer Recruitment and Placement Services (Maritime Labour Convention 2006) (Sark) Ordinance, 2015', and to direct that the same shall have effect as an Ordinance of the States.*

1485 **The Senior Deputy Greffier:** Article III, the Seafarer Recruitment and Placement Services (Maritime Labour Convention 2006) (Sark) Ordinance, 2015.

1490 **The Deputy Bailiff:** Members of the States, this draft Ordinance appears at page 142 in the brochure and runs to page 180. Is there anyone who wishes to debate this matter? In that case I will put the draft Ordinance to you.

Those in favour of approving it; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare the Proposition carried and the Ordinance duly made.

**IV. The Forfeiture of Money, etc. in Civil Proceedings  
(Bailiwick of Guernsey) (Amendment) Law, 2012 (Commencement) Ordinance 2015 –  
Proposition carried**

Article IV.

The States are asked to decide:

*Whether they are of the opinion to approve the draft Ordinance entitled 'The Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) (Amendment) Law, 2012 (Commencement) Ordinance, 2015', and to direct that the same shall have effect as an Ordinance of the States.*

1495 **The Senior Deputy Greffier:** Article IV, the Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) (Amendment) Law, 2012 (Commencement) Ordinance 2015.

**The Deputy Bailiff:** Her Majesty's Procureur.

1500 **The Procureur:** Sir, this Ordinance would have brought the Law into force on the first day of the anticipated States' Meeting – 28th October 2015. So I informally move that that date be changed to 30th October.

**The Deputy Bailiff:** Yes. Will that be seconded please? Chief Minister?

1505 **Chief Minister (Deputy Le Tocq):** I am happy to second that, sir.

**The Deputy Bailiff:** It is proposed to amend the date in clause 1 of this draft Ordinance from Wednesday, when it should have been heard, to today.

All those in favour; those against.

*Members voted Pour.*

1510 **The Deputy Bailiff:** I declare the amendment duly carried and the amended Ordinance I will put to you. Those in favour of making it; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare the Ordinance, as amended, duly made and the Proposition carried.

#### STATUTORY INSTRUMENTS LAID BEFORE THE STATES

**The Companies (Transitional Provisions and Commencement) Regulations, 2015;  
The Investor Protection (Designated Countries and Territories)  
(Amendment) (AIFMD) Regulations, 2015;  
The Sea Fish Licensing (Documents and Notices) (Bailiwick of Guernsey) Regulations, 2015;  
The Air Navigation (Restriction of Flying) (Bailiwick of Guernsey)  
Air Display Regulations, 2015;  
The Air Navigation (Restriction of Flying) (Bailiwick of Guernsey)  
Alderney Royal Aero Club Air Racing Regulations, 2015;  
The Bornement (Fees) Regulations, 2015;  
The Elections (Presence of Candidates at Count) Rules, 2015.**

**The Deputy Bailiff:** Can we just mention the other items of legislation please, Greffier?

1515 **The Senior Deputy Greffier:** Yes, sir.

1520 The following Statutory Instruments are laid before the States: The Companies (Transitional Provisions and Commencement) Regulations, 2015; The Investor Protection (Designated Countries and Territories) (Amendment) (AIFMD) Regulations, 2015; The Sea Fish Licensing (Documents and Notices) (Bailiwick of Guernsey) Regulations, 2015; The Air Navigation (Restriction of Flying) (Bailiwick of Guernsey) Air Display Regulations, 2015; The Air Navigation (Restriction of Flying) (Bailiwick of Guernsey) Alderney Royal Aero Club Air Racing Regulations, 2015; The Bornement (Fees) Regulations, 2015; and The Elections (Presence of Candidates at Count) Rules, 2015.

1525 **The Deputy Bailiff:** Thank you very much, Greffier. We will note that all those Statutory Instruments are being laid at this meeting but there are no motions to annul them this time.

#### SOCIAL SECURITY DEPARTMENT

##### VIII. Benefit and Contribution Rates for 2016 – Debate commenced

Article VIII.

The States are asked to decide:

*Whether, after consideration of the Policy Letter dated 10th August, 2015, of the Social Security Department, they are of the opinion:*

1. That a guideline for the annual uprating of statutory old-age pensions be established, set initially at one third of the real increase in median earnings, with the intention to reduce this to RPIX subject to suitable policies to enhance personal provision being in place.
2. That the Social Security Department be directed to take the above guideline in Proposition 1 into account in its recommendations for the annual uprating of statutory old-age pensions, and to provide the States of Deliberation with detailed reasoning for any recommendation to deviate from it in its annual uprating report.
3. That the Social Security Department be directed to review the guideline for the annual uprating of statutory old-age pensions no later than 2020, having regard to progress made in establishing supporting policies to enhance personal pension provision and the actuarial projections for the Guernsey Insurance Fund at that time.
4. That, from 1st January 2017, the percentage contribution rate for employers be increased by 0.1%, from 6.5% to 6.6%, to fund the additional costs of the new parental benefits.
5. That, from 1st January 2017, the percentage contribution rate for employees be increased by 0.1%, from 6.0% to 6.1%, to fund the additional costs of the new parental benefits.
6. That, subject to Proposition 4 and 5 being approved, from 1st January 2017, the grant from General Revenue to the Guernsey Insurance Fund be decreased from 15% to 14.7% of contribution income.
7. That, for employed persons and employers, the upper weekly earnings limit, the upper monthly earnings limit and the upper annual earnings limit, from 1st January 2016, shall be £2,646, £11,466 and £137,592 respectively.
8. That, for employed persons and employers, the lower weekly earnings limit and the lower monthly earnings limit, from 1st January 2016, shall be £133 and £576.33 respectively.
9. That, for self-employed persons, the upper and lower annual earnings limits, from 1st January 2016, shall be £137,592 and £6,916 per year respectively.
10. That, for non-employed persons, the upper and lower annual income limits, from 1st January 2016, shall be £137,592 per year and £17,290 per year, respectively.
11. That the allowance on income for non-employed people from 1st January 2016, shall be £7,336 per year.
12. That the voluntary contribution from 1st January 2016, shall be £18.95 per week for non-employed people.
13. That the overseas voluntary contribution from 1st January 2016, shall be £90.45 per week for non-employed people and £99.99 for self-employed people.
14. That, from 4th January 2016, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in table 2 in that Policy Letter.
15. That the States approve in principle the entry into a reciprocal agreement on social security with Latvia.
16. That, from 1st January 2016, the prescription charge per item of pharmaceutical benefit shall be £3.70.
17. That, from 4th January 2016, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £193.97 per week.
18. That, from 4th January 2016, nursing care benefit shall be a maximum of £802.55 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £429.87 per week for persons resident in a residential home.
19. That, from 4th January 2016, elderly mentally infirm (EMI) care benefit shall be a maximum of £566.37 per week for qualifying persons resident in a residential home.
20. That, from 4th January 2016, respite care benefit shall be a maximum of £996.52 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly mental infirm rate of £760.34 for persons receiving respite care in a residential home and a maximum of £623.84 per week for persons receiving respite care in a residential home.
21. That, from 8th January 2016, the supplementary benefit requirement rates shall be as set out in tables 15 and 16 of that Policy Letter.

22. That, from 8th January 2016, the weekly benefit limitations for supplementary benefit shall be:

(a) £609.00 for a person living in the community;

(b) £531.00 for a person who is residing in a residential home; and

(c) £761.00 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home or as an elderly mental infirm resident of a residential home.

23. That, from 8th January 2016, the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit shall be £30.37 per week.

24. That, from 8th January 2016, the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit shall be £51.16 per week.

25. That a supplementary fuel allowance of £27.66 per week be paid to supplementary beneficiaries who are householders from 30th October 2015 to 29th April 2016.

26. That the First Schedule to the Supplementary Benefit (Guernsey) (Implementation) Ordinance, 1971 be amended to allow any relievable pension contributions made by a person in that period to be deducted from the net remuneration or profit derived by him from any occupation, for the purpose of calculating that person's weekly earnings in respect of a claim to supplementary benefit.

27. That, from 4th January 2016, the rates of severe disability benefit and carer's allowance and the annual income limits shall be as set out in table 20 of that Policy Letter.

28. That, from 1st January 2016, or as soon as practicable thereafter, there be no new grants of free TV licences for persons aged 75 or over, except to householders in receipt of supplementary benefit, and that householders in receipt of supplementary benefit who have attained pension age continue to receive a free TV licence without upper age limit.

29. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

**The Deputy Bailiff:** We are now going to turn to Article XVIII of the Billet please. Not Article XVIII, Article VIII!

1530 **The Senior Deputy Greffier:** Article VIII, Social Security Department – Benefit and Contribution Rates for 2016.

**The Deputy Bailiff:** I invite the Minister of the Social Security Department, Deputy Langlois, to open the debate.

1535 **Deputy Langlois:** Thank you.

Sir, I am very pleased to present my board's recommendations for benefit and contribution rates, to apply from January next year, and in one case from January 2017.

1540 Now, it is important – and particularly important this year – to remember that this is an annual report. It sets the short-term rates for benefits and contributions which habitually vary from year to year, while being mindful of the longer term policy position.

Members will be hoping that I do not repeat every single detail and figure in this lengthy Report, so I will not disappoint you and will just focus on the headlines.

1545 We are recommending that the contributory benefits are uprated by 1.7% for 2016. That is calculated as in the region of one-third of the way between the June RPIX figure and the 2014 Median Earnings Index.

This is a new uprating policy recommendation for this year and we intend for it to be implemented as a longer term guideline for uprating. We also intend to reduce the annual uprating of pensions to RPIX only from 2025 as a long-term policy, but that will be subject to suitable policies which will enhance personal provision for pensions being in place in time.



1550 This is because our responsibility is to ensure the sustainability of the Social Insurance Fund which would be depleted 10 years earlier if we maintain the current policy of half way uprating. We believe that it would be irresponsible to be anything other than prudent at this time and cautious with such an unknown future. It will be, of course, an option to re-adjust the policy or to vary it on an annual basis if we fall on better times, rather than to raise unrealistic expectations amongst recipients at this time.

1555 The department is also being mindful of forthcoming proposals which may seek to increase contribution rates and general revenue spending. This may be necessary to fund work streams such as SLAWS and SWBIC and the Children and Young People's Plan, to say nothing of our own very modest proposals to fund the new Parental Benefits Packages.

1560 Now to non-contributory benefits. With the exception of Family Allowance and Winter Fuel Allowance, we are recommending increases in line with the June RPIX figure of 1.5% for non-contributory benefit rates, to be funded by General Revenue. For 2016 we are recommending another freeze on Family Allowance. This means that it would stay at the 2013 rate of £15.90 per week, per child. Now, sir, even with this freeze the expenditure in 2016 will be just under

1565 £10 million – the same as in 2015.

We are recommending the freeze for the third year running. This is because of the intention of T&R and SSD, as resolved in the PTR debate, to bring forward proposals to phase out universal benefits. It is the intention to phase out Family Allowance for those not in need, as a universal benefit through gradual reductions of the amount paid to those with higher income. It is my

1570 board's belief that it would be prudent to freeze the payment of Family Allowance in light of this.

If this proposal is approved, this policy will have resulted in a saving of approximately £550,000 during the three-year period from 2014 to 2016 inclusive.

Sir, my board are proposing that there will be no new grants of free TV licenses when people reach the age of 75, except to householders in receipt of Supplementary Benefit, who will

1575 continue to receive a free TV licence from pensionable age. I must stress that those who are already over 75 and in receipt of that benefit will continue to receive free TV licences each year for the rest of their lives, perhaps this is a very apt example of the grandfathering transition arrangement.

The reasoning behind this proposal is that age is not an indicator of low income or a person's ability to pay the licence fee. I could also argue that the provision of a free TV licence, while being a nice-to-have, is not a basic need and, as such, the budget could be better spent elsewhere. (**A Member:** Hear, hear.) That of course may be questioned during a later debate. This is another example of my board's determination to make appropriate changes at a reasonable pace that is fair to the maximum possible number of beneficiaries.

1585 The situation with the Winter Fuel Allowance, which is paid to those receiving Supplementary Benefit, is very different this year. For the last few years it has been wholly linked to the fuel, light and power index. This year, that index has decreased by 7.8% which means that the Winter Fuel Allowance will also be decreased by that percentage, from £30 to £27.66 per week.

Now, we know that the reduction in that index is not necessarily down to heating fuel, but

1590 neither were previous rises solely down to heating fuel. Indexation is the best available approach to making this type of benefit and changes in it consistent.

Members who may be particularly concerned about the decrease in Fuel Allowance should know that in addition to the general allowance, the Supplementary Benefit Law enables the Department to give additional financial support for heating for those with extra needs.

1595 On the topic of pensions, work has been progressing to identify the feasibility of a second pillar pension scheme. A public and industry consultation is almost complete and will inform the proposals, which will be brought to the Assembly for debate in February.

I want to be clear that a secondary pension scheme is not intended to replace the old age pension, but to supplement it, to improve people's personal retirement provision. This would

1600 therefore reduce the burden on the taxpayer that would otherwise arise if we do nothing when some people then fall back on Supplementary Benefit.

1605 Most of all, it will be intended to provide States' persuasion, encouraging people to save more for their retirement in a way that preserves their and their family's rights for those savings, rather than the buffered pay-as-you-go system that applies to the old age pension, where any rights are lost at the end of life. I sincerely hope we will receive the support of the States for that policy letter in February. It will, if it is approved, be one of the more visionary long-term decisions that the States can make.

1610 Staying on the topic of pensions, when calculating a claimant's weekly requirement, the Supplementary Benefit means test policy currently takes into account any pension contributions as available income. These are contributions to private pensions. My board is of the view that this disincentivises claimants from providing for their future and to do so would leave them with a lower disposal income than a claimant who does not make such a provision.

1615 In other words, sir, we currently penalise some people who have tried to be prudent and then fallen on hard times. We are proposing that contributions to occupational and personal pensions are disregarded when assessing a person's weekly earnings in respect of Supplementary Benefit. Whilst this is a particularly difficult figure to estimate, our current estimate is that the cost of this proposal would be in the order of just £19,000 a year.

1620 Members will be aware that, following the Policy Council's report in February 2012, my board is resolved to report back to the Assembly with funding proposals for the new Parental Benefits Package, to be implemented from January 2017. We are recommending that both the employee and employer contribution rates are increased by 0.1% with effect from January 2017. This will bring in £1.14 million.

1625 Now, that is a little bit more income than is required to fund the Parental Benefits 2016 rates. It is a sort of problem of rounding. (*Laughter*) In this particular case, the rounding is a bank error in our favour – as it says on the Monopoly board – and that additional income will make a very minor contribution to reducing the operating deficit of the Guernsey Insurance Fund and we feel that, once again, this will be the prudent way to handle this change.

1630 Linked to this, we are also proposing to decrease simultaneously the general revenue grant to the Guernsey Insurance Fund from 15% to 14.7% of contribution income, in order to keep the amount of the grant approximately the same as at present. Otherwise the grant would increase by approximately £325,000 a year as a result of the increased contribution income.

1635 For 2016 my board are proposing a higher than normal increase in the prescription charge. We usually – I say 'usually', for some time – it has been increased by 10 pence each year. But we are proposing a moderate increase of 30 pence for 2016 leading towards a higher increase in the future, in line with the intentions we expressed in the PTR debate.

1640 We make reference to the intended introduction of a £1 per item prescription charge but we are not yet ready to make that proposal. The ramifications of this, relating to individual circumstances and in particular the individual circumstances of those who have multiple prescription items each month, are still under close investigation and are producing, in my opinion, some surprising results. I believe that this will be debated with an amendment which may be placed today.

1645 I would also like to highlight my board's concerns regarding the affordability of secondary health care. The pressures of an ageing population and increased future demands were considered and anticipated through periodic actuarial reviews and Budget projections. But the sudden and substantial requirement for additional medical consultants, which is currently being debated, initially as a result of the review of maternity services and subsequently from further investigations and reports, had not previously been envisaged or budgeted for.

1650 The secondary healthcare project seeks to address these concerns around affordability, especially with regard to the increase in cost of the contract with the Medical Specialist Group. Whatever the outcome of that project, Social Security anticipates that it will have a very significant effect on the sustainability of the health fund, and hence on future proposals for contribution rates. I therefore think it is important to flag that during this Report, because of our central responsibility of making all funds sustainable.

1655 As I draw to a close, I would like to take this opportunity to comment on the importance of  
return to work policies in relation to controlling benefit expenditure and their value to the  
economy as a whole. My department has continued the very good work started by the previous  
board with regard to the work incentivisation within the Supplementary Benefit Scheme and has  
driven forward these policy changes and implemented them. In fact, you may be interested to  
know that the 2014 year end expenditure on Supplementary Benefit was less than the 2013 actual  
1660 expenditure. I understand that this was the first time in 10 years that Supplementary Benefit  
expenditure has fallen from the previous year.

1665 My department has also reshaped the job centre so that it is even more effective and it has  
better positioned us to work with short-term seekers and, more importantly, long-term job  
seekers, including those people recovering from prolonged illness. The central theme of that  
reform has been to become more aware of employer needs as well as the needs of claimants.

Moving forward, I consider it very important that return to work policies continue to be  
developed and driven forward so that we help as many people as possible to become  
economically active. This will help to control expenditure and will, in turn, benefit the economy as  
a whole. But, most of all, it will benefit the individuals concerned and their families.

1670 Sir, this will be the last occasion on which I am presenting an uprating report, so I will conclude  
this opening speech with remarks very similar to those I made in previous years. In summary, my  
board continues to focus on the evolution of a contributions and benefits system which does  
three things: firstly, it provides a secure safety net for those in need; secondly, it encourages and  
rewards self-reliance, especially among the working age population; and, thirdly, we work to  
1675 ensure that it is perceived as fair by the highest possible proportion of the population, bearing in  
mind that fairness is largely a subjective judgement.

Sir, I ask Members to support our proposals in full.

1680 **The Deputy Bailiff:** Members of the States, there have been a number of amendments that  
have been circulated. The first one I propose to take is that proposed by Deputy Dorey and  
seconded by Deputy Green. So I invite Deputy Dorey if he wishes to place that amendment.

1685 **Deputy Dorey:** Thank you, Mr Bailiff, and can I ask the Deputy Greffier to read out the  
amendment please?

**The Deputy Bailiff:** Greffier.

*The Senior Deputy Greffier read the amendment.*

*Amendment by Deputies Dorey/Green:*

1. *In Proposition 1, to delete all of the text after 'established' and substitute 'set at one third of the  
real increase in median earnings for 2016 and at one half of the real increase in median earnings  
from 2017 onwards.'*

2. *To insert a proposition between Propositions 2 and 3 as follows:*

*'2A. That the Social Security Department be directed to include in that Department's 2016  
recommendations for the annual uprating of statutory old age pensions the required changes to  
contribution rates and a reduction in the grant from General Revenue so that the monetary value  
of the grant is kept at approximately the 2016 level.'*

3. *In Propositions 4 and 5 immediately after 'That' to insert ', subject to Proposition 2A'.*

4. *In Proposition 6 immediately after 'being approved' to insert ', and subject to Proposition 2A'.*

**The Senior Deputy Greffier:** Deputy Dorey.

**Deputy Dorey:** Thank you.

1690 The purpose of this amendment is to change the policy for increasing pensions from the proposal by SSD to increase pensions by a third of the increase in median earnings above prices and then to reduce this to RPIX, subject to suitable policies to enhance personal provision being in place. It is quite clear from the Report and Deputy Langlois' speech that it is expected to be reduced to RPIX increases from 2025.

1695 This is the same policy that was in the Personal Tax, Pensions and Benefits Review that was deleted and replaced by my successful amendment seconded by Deputy Lièvre, which was passed by 26 votes to 20; and I thank the Social Security Department for doing the analysis and including the details in this Report.

1700 This amendment proposes to change the guideline from 2017 so that pensions should increase by a percentage which is half way between the increase in median earnings and prices. For example, if prices are increasing by 3% and median earnings increase by 1.5% more, i.e. 4.5%, then pensions will go up by 3.75%.

1705 This amendment also directs SSD to bring proposals in next year's report for the required changes to contribution rates. We note from the Report that a 1% increase in contributions would be needed.

Although contributions are currently divided with 6% for employers and 40% for employees for the Guernsey Insurance Fund which funds pensions, I would expect a 1% increase to be split 50/50 so that there is a ½% increase in employer's contributions and a ½% increase in employee's contributions.

1710 This of course results in increased expenditure for the States as an employer and has been calculated at £850,000. By giving notice of the likely increase to employers' and employees' contribution rates, it allows them to adjust for it and take into consideration when entering into pay negotiations during the next year for employers and employees.

1715 This amendment also directs SSD to include in next year's report recommendations for resultant changes required to the grant from general revenue, so that it is approximately the same monetary value. The grant is currently 15% of contributions but if those contributions will increase it has been calculated the grant would need to be reduced to 13.6% for it to be the same monetary value.

1720 The Pension Puzzle Report in 2009 identified that contribution rates needed to increase based on a balanced package, to be able to fund pensions. It was proposed to increase employers' contributions by 0.5% and this was unfortunately just defeated at that time. Subsequent to that, in the 2003 report proposed from SSD proposed a similar increase which was not approved and in the 2014 report the Department was going to propose a ½% increase in employers' contribution rate and noted that it would be done from 2016, but it was subject to the Personal Tax and Benefits Review.

1725 These rejections undoubtedly have contributed to the larger increases which are now required in the contribution rates, because if we had increased it from 2009 obviously there would be that additional money which had gone into the fund and it was identified then that it was needed. The very successful Pension Puzzle Consultation in 2008, when 2,908 responses were received, consulted on the increasing contributions by 0.5% and there was a majority in favour of increasing employees' and also employers' contribution rates. It is interesting to note that there was a majority against increasing both of these by 1% – both were in favour of increasing by 0.5%

1730 The policy proposed by this amendment will result in pension increases being at the rate that has become the norm in Guernsey, i.e. uprating pensions annually by the mid-way point between the increase in medium earnings and the increase in prices. This effectively is a compromise between the policy proposed by SSD and Jersey's and the UK's triple lot policy of increases in pensions being the higher of prices or earnings or 2.5%.

1740 The difference in the policies is illustrated by the very significant effect on projected weekly pensions in 2059. If Members turn to page 2787 in the Billet and look at table 1 – the only table on that page – they can see the results of the different policies. Unfortunately, it does not have quite all the details. If the States support SSD's proposed policy the weekly pension in 2059, I

calculated, will be £782 and that is not shown there, but if pensions were to increase in line with earnings, which they would do with a triple lot policy that exists in Jersey and the UK, that would amount to a pension of £1,428 which is £395 more per week than what is proposed by this amendment.

1745

So you can see that this amendment is a compromise. Let me just repeat those figures for pensions in 2059. If they increase with prices, pensions will be, as in the first column, £745 a week based on the projections, as I have said. If you follow SSD's policy they will be £782 per week. This amendment will result in them being £1,033 per week and if they went up with the triple lot policy, as in the UK and Jersey, with earnings, they would be £1,428.

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If you compare the 2059 figure against projected median earnings with this amendment, the pension would be 24.5% of median earnings – that is, with this amendment, 24.5%. With SSD's policy, the pension would only be 18.5% of median earnings. Compare that to the current 34% of median earnings and I think you will see there is a very significant reduction.

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Obviously, it is difficult for us to relate to a situation in 2059, so what does the same situation mean if we apply it to 2014 figures? Under SSD's policy, it would mean a pension equal to 18.5% of median earnings would be £107.85. Under the amendment, it would mean that a pension of 24.5% of current median earnings would be £142.71. The 2014 pension is £196.90. I have used 2014 because that is the last year that we published median earnings and median earnings for 2014 were £582 per week.

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I am sure that if we came with proposals today, it would be totally unacceptable to have a pension of £107.85, but the equivalent to that is, effectively, what we would be doing with this proposal from SSD for the pensioners in the future. This amendment proposes a pension, in today's terms, of £142.71. It is still not a fantastic amount, but we believe it is an acceptable compromise between having a reasonable level of pension and the contributions needed to finance it.

1765

The old age pension should be the foundation of everyone's retirement provision. I think the foundation would be so eroded by SSD's proposals that it will no longer be a foundation for people's future. It is important that people can participate in society and not suffer from relative poverty. We do not want to repeat the errors we made in the past. The 2001 Townsend Report on Poverty concluded that 43% of single pensioner households were suffering from relative poverty and that was one of the reasons for the significant increases in pensions at that time.

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As I said in March, increasing pensions to anything less than earnings will mean that pensioners will become relatively poorer. But SSD's proposals will mean that they become relatively poorer a lot quicker than under this amendment – and, I think, unacceptably. It will inevitably result in pensions having to be topped up by Supplementary Benefit or having to make very significant increases in pensions at that time, and no doubt there will be significant costs to general revenue.

1775

Some might say this is why we need to have secondary pensions but that is not a solution. I will read from a consultation on secondary pensions:

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'Currently those who cannot afford to pay into a scheme or choose not to pay into a scheme and rely on the state pension, and in some cases on Supplementary Benefit, to support them when they enter into retirement.'

In 2012 the Policy Council commissioned a survey to gather information on the amount of private sector pensions in operation, excluding public sector employees. The survey found that 45% of respondents paid into a scheme whilst 55% did not.

Younger people are found to be least likely to be contributing to private pensions. The survey also revealed that people earning less than £20,000 per annum are least likely to be contributing to a private pension, whereas those earning over £30,000 were more likely to contribute.

1785

This clearly shows that, as it is now and as it will be in the future, the poorest cannot afford secondary pensions and they will have to rely on the States' old age pension. Even if they did contribute, to make up the difference between the reduction effectively in the pension, they would have to make very significant contributions.

1790

We should not be following a policy that will lead to our pensioners being in relative poverty and I believe that is the result of the guideline in the Billet. Ideally, we should be increasing pensions in line with earnings, similar to the UK and Jersey. This amendment is a compromise between the contribution rates and the level of pensions. The proposals in the Billet are totally unacceptable and will effectively mean by 2059 the value of pension relative to earnings will almost be half of what it is today.

Please support this amendment.

**The Deputy Bailiff:** Deputy Green, do you formally second the amendment?

**Deputy Green:** Yes, sir, and I reserve the right to speak.

**The Deputy Bailiff:** Deputy Le Clerc.

**Deputy Le Clerc:** Thank you, sir.

As Deputy Dorey has explained, this amendment seeks to increase the guideline for the percentage rise in the old age pension from 2017. As we have explained in our report, the old age pension is a partial income replacement which is expected to be supplemented with an occupational or private pension and savings.

It is easy when talking about the old age pension to think that all pensioners receive the full rate, but in reality only 25% actually receive this maximum sum. This reinforces the point that the old age pension is only a partial income replacement. And actually in the *Press* last week it was saying that pensioners are now wealthier than workers and a study by the Institute of Fiscal Studies says that current pensioners are actually better off than many of those in work, due to final salary schemes.

Through the Personal Tax, Pensions and Benefits Review, Treasury & Resources and Social Security propose that a guideline for the annual uprating of old age pension be established. Set initially at one-third of the real increase in median earnings and reducing to RPIX, subject to suitable policies being in place to improve personal provision.

Following a successful amendment to our Personal Tax, Pensions and Benefits Review Report from Deputy Dorey, our Department was directed to report back in this year's uprating report on the advantages, disadvantages and financial implications of adopting an uprating policy at the midway point between increases in prices and median earnings.

As many of you will know, prior to the Personal Tax, Pensions and Benefits Review, our department's policy had for some years been to increase the old age pension half way between prices and earnings. But the two departments considered this very carefully as part of the Tax Review and agreed that an uprating policy of one-third of the real increase in median earnings was the correct approach in the short term and that the increase should move to RPIX at *some point* in the future. Please note that: 'at some point' in the future.

I am sure we would all like to give pension increases well above RPIX each year, and ideally to match the increases in earnings, but the hard truth is that it is simply not sustainable in the current fiscal climate. We know that half way uprating has become the norm over some years, but the one-third uprating proposed through the Personal Tax, Pensions and Benefit Review proposed again through this report, helps to mitigate the sustainability issue.

Many of you will be aware among several working groups – SLAWS, SWBIC and Children and Young People's Plan – and have some insight into the potential cost envelope of all these very important work streams and what is likely to be contained in reports coming to the States in the next few months. There will be increased demand on both the various Social Security funds as well as the general revenue budget – and this has also been mentioned in the letter from Policy Council attached to our report.

For example, under the SLAWS proposal, the long-term care fund will need funding to deal with the ageing demographic in increasing care costs. We are looking at a potential of ½% to 1%

1845 increase in Social Security contributions. In this report, we are proposing a 0.2% increase for  
maternity benefits. With SWBIC we were almost at the point of knowing the overall cost of  
merging the rent rebate and Welfare Benefit rate, which again will have increased general revenue  
costs.

1850 I would also like to add that we have seen in this year's budget, increasing pressure on the  
Health Insurance Fund as a result of the maternity services review. As outlined by Deputy Langlois,  
further pressure will come on that budget as we are aware that further consultants may be  
required ahead of the renegotiation of the secondary healthcare contract.

Deputy Dorey has not specifically included in this amendment a proposal to increasing  
contributions, although he has mentioned in his speech that there will be potential for increased  
contributions next year and if we look at page 43 of this Report, it gives an indicative rate of  
between 0.8% and 1%.

1855 In the Annual Fiscal Policy Review, Professor Woods and Dr McLaughlin both highlight their  
concern on the sustainability of the funds, even with our decision to increase pension age. On  
page 31 of their report they say:

'Decision makers should be conscious that they will face successive decisions on the old age pension scheme, other  
costs relating to the [Insurance Fund] and the future of the [Long Term Care Fund] and other expenditure... associated  
with providing support services for an increasing number of older people.'

1860 I share with you this information because until we have an accurate picture of all these new  
costs and their potential overall impact on contribution rates, we still believe that one-third  
uprating policy is the correct approach.

For the reasons I have just outlined, I urge Members to oppose this amendment.

Thank you, sir.

**The Deputy Bailiff:** Deputy Lester Queripel, followed by Deputy Ogier.

1865

**Deputy Lester Queripel:** Sir, you have taken me rather by surprise. I was not quite ready and if  
someone else would like to speak, could I speak later?

1870 **The Deputy Bailiff:** No, I have called you, Deputy Queripel. You either speak now or you do  
not speak. You have started.

**Deputy Lester Queripel:** I will speak now, sir, thank you. *(Laughter)*

1875 This is the kind of amendment I resonate with and I applaud Deputy Dorey and Deputy Green  
for laying it. And I applaud them for their persistence in matters like this and their determination  
to pursue and obtain the number one objective of the aims of our States Strategic Plan which, as  
we all know, is to improve the quality of life of our elders; and if we really want to do that then  
surely we would support this amendment today.

1880 Because if we do it will send a very clear message to our pensioners that they are valued and  
we recognise that not only have they paid their dues and contributed to society, but they still do  
so because they still pay Income Tax and Social Security. Not only do they still make a financial  
contribution to the system, sir, but many of them still offer their services to local charities as  
volunteers.

1885 And, sir, as my colleagues already know, I am in the privileged position of being the Chairman  
of Age Concern for the last two and a half years in Guernsey. And the willingness of our members  
to carry on contributing to society never ceases to amaze me. Every time I visit one of our centres  
or attend a committee meeting I am humbled by the offers to help; and even members who are  
not in the best of health still offer to help. They do so because they know how uplifting a kind  
gesture can be. And they do it because they know how much a kind gesture means to someone in  
need.

1890 Now, of course I realise that not every pensioner is in need, sir. Many of them have been able to provide for their old age and thank goodness they have been able to do that. But there are many who, through no fault of their own, have not been able to provide for their old age; but they still paid into the system in good faith for the whole of their working lives, safe in the knowledge that if they were responsible citizens who worked hard and kept out of trouble, paid their taxes and social security contributions then their Government would look after them when they reached pensionable age.

1895 The fact that there is not enough money left in the pot is not their fault, sir. That is the fault of previous Governments, and economists and financial experts who should have seen all this coming 20 years ago but failed to do so. And that lack of vision and that lack of foresight and lack of focusing on social policy has put us in the position we are in today.

1900 As Deputy Kuttelwascher has said on more than one occasion in this Chamber, sir, we are where we do not want to be. (*Interjections and laughter*) Because these problems have not just been coming over the last three and a half years, sir, they have been coming for 20 years or more. So the pensioners of today are not to blame.

1905 But, sir, to state the obvious, if a pensioner who is already struggling to survive financially receives a pension increase in line with the increase in the cost of living then nothing in their world changes; that pensioner will still be struggling. But if they were to receive a pension increase that was slightly higher then they would no longer be struggling and that is the sort of increase I would like to see in pension payments. And the reason I have not laid an amendment that seeks to do that, sir, is because I know it would not get the support of the majority of the Assembly.

1910 But, just to elaborate on that point for a moment, sir, in my world pensioners should be given another £10 per week and we are told in this Report that 17,270 pensioners currently receive pension payments. Now, if we give every one of those pensioners a £10-a-week increase, that would result in additional expense to Social Security of £8,980,400 a year. And I have double checked that figure on Deputy Domaille's calculator, sir, so if that figure is wrong my calculator is not to blame. But of course we do not live in an ideal world.

1915 So, sir, this amendment is, to me, a compromise which I do support, because even though it is not a great deal, a pensioner said to me on the phone last evening, 'It may only be a little more each week but it will mean so much'. Sir, our pensioners have paid their dues, they have earned our respect, they deserve to be treated with dignity and they deserve the best that we can give them.

1920 And so our pensioners need a clear and resounding message from their Government that they are still valued and that we recognise the enormous contribution they have made to our community and to our society in general. And I believe that supporting this amendment in this Chamber today will send out that message.

1925 Thank you, sir.

**The Deputy Bailiff:** Deputy Ogier, to be followed by Deputy Kuttelwascher.

**Deputy Ogier:** Thank you, sir.

1930 Firstly, it should be noted that increasing the pensions by RPI or RPIX, or the mid-point between prices and earnings, or by earnings itself or above earnings, has always been an internal matter for Social Security. It is not a policy that is laid down by the States. It exists in no Resolution. It is a matter of internal soft policy. And this has been used to uprate the pensions by RPI in the past and it has been Social Security's unofficial new soft policy for the last few years, to raise the pension by above RPI.

1935 Given the long run of earnings being, on average, 2% over RPI, the Department for the last few years has increased the pensions at the mid-point, so by RPI plus one, as that is historically the long run between prices and earnings. However – and it is vital that Members understand this – using the Social Security Department's own figures, earnings over the last 10 years have increased by 34%.

1940



1945 The pensions should, therefore, have been raised by around 24%. However, in that period the pensions have been raised by 41.7%. In actual fact, over the last 10 years pensions have not been uprated by RPI nor by the mid-point between RPI and earnings, nor by earnings. They have been uprated over the last 10 years 8% above earnings. I do not know of any jurisdiction in the world that has a pension uprating like that. There just is nowhere that can afford it. We, ourselves, are not able to afford that in the long run.

1950 This means for pensioners, no matter what the pensioners financial need or situation, that Social Security contributors are paying above RPI and above RPIX and above earnings, a situation which is completely unsustainable in the medium to long term. Pensioners have, in fact – and Deputy Lester Queripel will be exceedingly happy to hear this – compared to their hard working neighbours, not become worse off but have become better off. What they receive in the way of a pension has not only kept pace with prices but has matched and outstripped earnings to the tune of 8% over the past 10 years – a situation which just cannot continue. It is the very definition of unsustainability.

1955 To ask for an increase in contribution rates in order to continue this unsustainable situation is, I am afraid, simply not acceptable, no matter how much we wish it to be. And it is worth remembering, were we to uprate the pensions in line only with prices, the Pensions Fund's sustainability improves to such a degree that few, if any, other measures need to be taken.

1960 In response to the Townsend Report on poverty, the single pension has already been strengthened. That work has been done; that work was done many years ago. And over the last 10 years the pension has been further strengthened by increases of 41%, instead of the soft policy of 24%.

1965 Deputy Queripel refers to a lack of vision – a lack of foresight – which has got us here. Where he is, is completely different to where he thought he was. Pensions increases over that period have been double what they should have been and he says, 'If only pensions were increased slightly higher, all the problems would be over. If pensions were increased by £10 a week there would be no more problems.' Well, pensions *have* increased by more than £10 a week over the past years in real terms and I am afraid the situation he was hoping to be in, we are not.

1970 We cannot continue to target the needs of the few by increasing in an unsustainable way the pensions of the many. Thousands of pensioners who are not in any financial difficulty at all received above RPI increases and above earnings increases in order to help a few pensioners in financial need. These increases to all pensioners are causing the Pension Fund to exhaust itself quicker. This Pension Fund, into which people paid all their lives, was not designed to deal with the issues of pensioner poverty; that is *not* its purpose. It has not been loaded over the years to deal with the issue of pensioner poverty and, due to trying to fix pensioner poverty over the last few years by paying out above RPI rises to all pensioners, irrespective of need, is causing the issues of sustainability we have to deal with.

1980 We have other systems that are able to cope with these matters. Uprating pensions in line with RPI means that many of the issues of sustainability are solved and I am afraid I am unable to support this amendment, due to the facts that I am aware of and which I have made this Assembly aware of.

**The Deputy Bailiff:** Deputy Kuttelwascher, to be followed by Deputy Hadley.

1985 **Deputy Kuttelwascher:** Thank you, sir.

1990 I wonder if the draftees or drafters of this amendment have considered what would happen if we had a year in which median earnings increased by a negative amount or, in fact, if they dropped – which has happened in the past. In such a year, pensioners would get less than RPI. Now, think about that. I have in the past said we are in a position where we do not want to be, but I do not think it actually refers to this debate, I think it refers more to the position that Deputy Queripel finds himself in.

1995 I think he is definitely in a position he would rather not be in. He has forgotten that only 25% of our community actually obtain the full pension. He has forgotten the latest reports that actually pensioners, not only here but Europe-wide and all over the world, are the nouveau-riche – not all of them – and I know pensioners now who earn more than their kids, (**Several Members:** Yes.) and their kids have got kids and mortgages. The focus has got to be on providing for those who need and you cannot do that by giving away vast sums of money to everybody, especially the vast numbers of pensioners who really do not need it.

So I will not support this amendment.

2000 Thank you, sir.

**The Deputy Bailiff:** Deputy Hadley.

2005 **Deputy Hadley:** Mr Deputy Bailiff, Deputy Le Clerc quoted the Institute of Fiscal Studies report earlier this month and, indeed, they did say that current pensioners were better off in some cases. However, it also said the high levels of income for current retirees should not blind us to future challenges. They also said that the current situation would be unlikely to continue and that in the future, people in their 20s, 30s and 40s were unlikely to enjoy the same benefit. They also said that it was important to look after poorer pensioners and that is precisely what Deputy Dorey's amendment seeks to do.

2010 So I would urge Members to support the amendment.

**The Deputy Bailiff:** Deputy Harwood.

2015 **Deputy Harwood:** Thank you, sir.

In his introductory speech, Deputy Langlois referred to fairness as one of the guiding principles for the board of SSD and Deputy Lester Queripel has obviously focused on fairness in relation to the pensioner community. I would also like to address, sir, the question of fairness to those who are going to be expected to make the increased contribution in order to fund the changes. Because in their amendment it is clear – second paragraph – that both Deputies Dorey and Green recognise that in order to fulfil their obligation under paragraph one, there will be required changes to contribution rates.

2025 Sir, I refer Members to paragraphs 43 and 61 of the Report, because at paragraph 43 we are told the level of increased contribution rates that will be required in order to provide the policy that Deputies Dorey and Green would aspire to. We are told that it would be easier if 0.8% increased contribution to achieve a minimum of two year of reserves if the States grant remained at 15%, or 1% if the grant was reduced to 13.3%.

2030 Sir, if you are seriously to consider applying that level of contribution increase refer to paragraphs 60 and 61, because the people who will be making those contribution increases are not the current pensioners but they are, by definition, the low earners in this Island. They are people who are on an income of the lowest... the earning threshold is at £6,916 going forward. Are we seriously going to impose upon that level of employment remuneration, the swingeing increase that will be required in order to sustain the pensioners?

2035 That is where I question the fairness of expecting our young people, who are struggling enough as it is, to pay additional contributions in order to maintain the pensioners, in order to maintain the sort of level of increase of pension that Deputies Dorey and Green are suggesting. The test is one of fairness and I ask them both to consider: is it fair to expect the young people who are struggling through employment to provide additional contribution at the sort of levels that are suggested in paragraph 43? Bearing in mind, as Deputy Le Clerc has already referred to, that there will be further increases in contributions required in order to meet SLAWS, SWBIC etc. That is the test of fairness.

2040 I think it is very easy to be swayed by the likes of Deputy Lester Queripel, that we must be fair to pensioners, but we must also be fair to those who are making the contributions into the

insurance pot. For that reason, I would argue that it is unfair to expect the current younger people  
2045 in our society to pay those levels of increased contributions.

Therefore I would urge Members to reject this amendment.

**The Deputy Bailiff:** Deputy Green, to be followed by Gollop.

2050 **Deputy Green:** Sir, thank you.

There are some unanswered questions that I would like to point out here, which are that in the brave new world that we are moving to – the brave new world where the old age pension will be uprated at a level that Social Security are now saying, the one third level – that system will depend upon a secondary pillar pension to supplement the lower level of the old age pension.

2055 But at this stage we do not know whether that will be a compulsory system or a voluntary system, sir. And, as Deputy Dorey pointed out right at the start of this debate on the amendment, there is a problem if it is voluntary, which is that we know there are pensioners and others in our society who are not in a financial position to put aside large amounts of money for their retirement. There are people in our community who are already in poverty who find it very  
2060 difficult to survive day to day, let alone putting money aside for their retirement.

So there are unanswered questions about the secondary pillar scheme that we have heard much about in the last few years and I can see Deputy Langlois nodding. There are unanswered questions here, so we do not necessarily have the full gamut of information. Now, some people might say, 'Well, the solution here is that actually, with a lower level of retirement income from a  
2065 lower level old age pension, there is the option of Supplementary Benefit of course,' but it has to be said – and it has been said many times before and Deputy Lester Queripel often makes this point in the media – rightly or wrongly, there are in our society some very strong cultural reasons that militate against some people wanting to claim Supplementary Benefit.

And I think that point, together with the lack of clarity and the lack of understanding of how exactly the secondary pillar pension scheme will work... are factors that are relevant in this debate.  
2070 Now it goes without saying, sir, I –

Deputy Hadley is asking me to give way and I do, sir.

2075 **Deputy Hadley:** The Deputy referred, a minute ago, to secondary pensions and does he not agree with me that, in fact, if one pays a higher pension, that is in a way like a secondary pension and that indeed the people paying that higher level of contributions are going to get it back when they retire; and those who perhaps cannot afford to pay the level will indeed, as he mentioned himself, have to receive a lower level of Supplementary Benefit?

2080 **Deputy Green:** Yes, I am very grateful, sir, for Deputy Hadley's intervention, because I think there are a number of ways in which you can provide for retirement income for old age pensioners and I think actually that is an entirely valid point.

But can I come back to something that Deputy Ogier said a moment ago, because he talks about the role of soft policy and the internal policy that Social Security adopts – and of course he  
2085 is right.

I remember when I sat on Social Security in the earlier parts of this political term, the policy that was still applied, technically at that stage, was the policy of uprating at the one half level between prices and earnings.

But I seem to recall – and I have not double checked this, so this is my memory and if it is  
2090 wrong it is wrong, but my recollection is – certainly in 2012 and possibly in 2013, notwithstanding the fact that the policy was one half of the uprating, that was not the policy that was actually applied in reality because of the situation with earnings; which means that Social Security Members and indeed this Assembly, sir, have a discretion. You have an uprating policy but it can only ever be a guideline. It is guidance; there is residual discretion, depending upon the economic

2095 circumstances. And, given that, that is actually an extra measure in which the department and this Assembly can actually use with regard to trying to maintain sustainability.

Deputy Dorey referred to the uprating policy in the UK and also Jersey – the so-called triple lot – which I think in itself has much to commend it. Basically, it says that State pensions will be uprated either in line with prices earnings or 2.5%, which inherently had a certain level of flexibility. Well, I think our system has that level of flexibility: you can have your guideline policy but you always have that residual discretion on top and exceptions can be made – and that is the point I am really driving at.

I agree, clearly, with the central points that Deputy Dorey was making and the concern that over time the beneficiaries who are on the old age pension stretching into the future, their income will disappear far behind that of median earnings; and that is the point about relative poverty. Deputy Dorey made the point about the Townsend Report; this States should not be in the business of running the risk of history repeating itself and I think this amendment is driving at an opportunity to avoid that happening.

So I will be supporting the amendment and I encourage the Members to do likewise.

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**The Deputy Bailiff:** Deputy Gollop.

**Deputy Gollop:** It would be easy for me to say that my natural political instincts would be to support the amendment or something very similar to it. But we have to, I think, bear in mind a lot of the complicated factors at the moment.

Deputy Harwood gave some very wise words when he spoke about being fair to every part of this community. And I think a message or a theme that we are getting, both from the wider electorate and indeed from institutions like the annual Institute of Director's conference, is that one of demographic challenges the Island faces – and Alderney too of course – is the tendency for younger people, whether they are students or workers, to depart from the Island due to the perceived high cost of living or sustaining themselves here. And that can be true of businesses.

We have to be very cautious on increasing the unit costs of both business and younger people, whether they have families or not. And the concern is if we become overly focused on maintaining and sustaining the highest possible lifestyles for one very important sector of the community, we are in danger of perhaps putting our demographic pyramid tilting in the wrong direction.

When you look at what Guernsey currently offers its senior citizens: we have free public transport, we have certain other good facilities, a health service that in many respects is second to none, supplementary benefits for those who need it and the basic pension, if they have a full contribution, of £204.45 from next year. Now, that that is interesting because I believe the current Jersey figure is £199.99 and the Isle of Man figure or the UK figure is somewhere around £115 or £116, albeit that can be topped up with premiums.

I think the point I am making is that although Guernsey is a more expensive place to live than some, we certainly in real terms are giving more cash to senior citizens than somebody living in an affluent part of the UK; and that reflects, to a degree, what Deputy Ogier pointed out about the structural rises.

Now, I perhaps have misgivings about one or two aspects of the Report which you will see later on when it suggests that from 2025 we might just go down to RPIX. I do not want to go down that route, but we will be more and more inclined for a radical sudden vertical change if we give too much away at this stage.

We need to sustain the funds and we have gone through a period, as we know from the last three days, of deficit funding, reduction of a core grant, uncertainty in the business of financial sectors with some perhaps downsizing; and I think it would be irresponsible to change course at this stage. The Minister has clearly said this is a policy that is a pragmatic guideline for the moment in the current financial and economic circumstances we are in.

We heard Professor Wood and other experts say that we cannot afford to build up expectations too high at the moment, and the Chief Minister said the same thing this morning in

his Statement. I think, bearing in mind all of those considerations and the work we are doing with SWBIC and other groups to improve the lives of those who are in care, of those who need extra income, just going for what is already relatively generous income for the foreseeable future is a better course.

**The Deputy Bailiff:** Deputy Soulsby, to be followed by Deputy Fallaize.

**Deputy Soulsby:** Sir, yes, I will be very brief.

I just really need to say that Deputy Hadley is completely wrong and I think somewhat confused, because this amendment does not seek to help the poorest pensioners at all. There is no differentiation according to pensioner's income. It supports pensioners, regardless of their circumstances.

And just to reference the Institute of Fiscal Studies' research, it suggests that pensioners' incomes will continue to rise for at least the next decade but later generations will not do as well. So it is madness to empty the pot unnecessarily now but essential to plan for the future and hence I believe the work on secondary pensions is critical.

**The Deputy Bailiff:** Deputy Fallaize.

**Deputy Fallaize:** Thank you, sir.

I have been in the States seven and a half years and I think this is the fifth debate on pensions uprating policy and yet Deputy Dorey, in laying his amendment, is trying to estimate the precise weekly pension rate in the year 2058. Now, I think there are 11 General Elections between now and then! *(Laughter)* I think that Deputy Dorey was referring to pounds sterling but he might have been talking about euros or ECUs or the ruble or whatever it is that we are using in the year 2058.

Also, public finances are very uncertain at the moment. Our fiscal position – and we have been discussing this earlier this week – is unsustainable. There are some Members who would prefer to see States' income increased. There are some Members who would prefer to see expenditure cut. Most Members would probably prefer to see a mixture of the two. But we cannot continue as we are. Our fiscal position is not sustainable, even in the medium term, let alone in the long term.

The work on the Personal Tax and Benefits Review is very much in evolution and we know that the Social Security Department will bring to the States, shortly, proposals in respect of secondary pensions, but we do not know what those proposals are; we do not know what changes may be envisaged in contribution rates, as Deputy Green has said; we do not know whether they would be voluntary or whether there would be an element of compulsion. Deputy Green said there are so many unanswered questions and he is right.

Now, the conclusion I draw... and also, incidentally, Deputy Ogier is right – and others, I think, have said this – that any pension uprating policy is a guideline and the Social Security Department have the flexibility year on year to adjust the actual uprating based on the circumstances at the time. And that has happened many times, not just in recent years but historically.

Now, the conclusion I draw from all of this is that we should not set an uprating policy. Perhaps we should in the long run, once public finances become sustainable, once they are put on a sounder footing, but I do not see the pressing need today to determine what our long-term uprating policy is with effect, possibly, from the year 2025; because that is what is set out in the policy letter – that it may not be until then that pensions are uprated in line only with RPIX. Well, how do we know what the financial circumstances are going to be in the year 2025 when there is so much uncertainty in public finances now?

I sort of get the merit of setting uprating policy in general terms. I am sure Deputy Dorey, when he sums up on his amendment, will say well that is how you know where to set your contribution rate if you have a long-term uprating policy. I sort of understand that, but I actually do not think it is going to make very much difference, whether the amendment is successful or unsuccessful, or whether Social Security's Propositions 1 and 2 are successful or unsuccessful;

2200 because the prevailing view is, 'Look, this is all just a guideline. Social Security have flexibility every year. There is so much uncertainty in public finances that we do not really know what we are going to be able to afford in respect of pensions in the future.'

2205 Therefore, where Deputy Lester Queripel says we ought to vote for the amendment to provide some certainty to pensioners, I think we would be providing false certainty by voting in favour of this amendment, but also by voting in favour of Social Security's Propositions 1 and 2; because it is inevitably a holding exercise and I do not think we should dress up a holding exercise as some kind of firm commitment to policy when we have absolutely no idea at all whether we can stick to that policy.

2210 Now, my instincts are to support Deputy Dorey's amendment, but not really for the reasons that Deputy Dorey has set out. My fear of adopting a less generous uprating policy is not so much what will happen to the universal pension but whether the States of the future will put in place the measures necessary to address the pensioners who – if I can use the phrase – are left behind by a less generous pension uprating policy. Deputy Langlois is pointing to Deputy Le Lièvre. I know Deputy Le Lièvre will make the case, but I am not sure the States will support Deputy Le Lièvre because recent history suggests that the States are not inclined to be terribly generous with non-contributory means tested benefits.

2215 But, on the other hand, the great danger with Deputy Dorey's amendment, as has already been explored, is that we would be providing a more generous universal pension for many people who do not require the more generous universal pension as well as for those who clearly need not only the kind of pension envisaged in Deputy Dorey's amendment, but need much more support than that if they are to have a reasonable standard of living.

2220 So I do think, as much as in a way it is counter to my instincts, we are heading into an era where universal provision is reduced because we cannot afford generous universal provision for people who do not need it, but we will have to redouble our efforts to ensure that appropriate levels of support are directed at those people who are most in need and based on the record of the States in recent years, I do not, frankly, have all that much confidence that the States of the future will make that kind of provision.

2225 But, as I say, the conclusion I draw from all of this is that we just should not set a long-term uprating policy today and I will vote against this amendment, and I will also vote against Social Security's Propositions 1 and 2.

2230 Thank you, sir.

**The Deputy Bailiff:** Deputy Le Lièvre.

2235 **Deputy Le Lièvre:** Thank you, Deputy Bailiff.

I fear that the good times have rolled in contributory terms and the times of plenty are in the past; the future is a very much more bleak picture *for everybody* and, for me, it has become a very, very simple choice – a choice of the here and now, for me and the likes of me, and for the future sustainability and cost for my children and my grandchildren. And, as such, I am afraid I cannot support the amendment, as much as that disappoints me.

2240 With regard to the fact that – and I was not going to say this but my name has been mentioned in relation to non-contributory benefits... I would just say to the Assembly that, whereas we have had a policy of choice with regard to whether it was RPI or RPI plus, the difference between the median earnings etc. we have not applied a choice to Supplementary Benefit; it has always been RPI. And that decision was taken 27 years ago in 1988 when the two rates were de-coupled and since then they have grown apart.

2245 So my concern is for those people who, as Deputy Fallaize says, are somewhat lower down the financial scale than those in receipt of a full pension. That is where our concern must lie, but I think that the days of pensions increasing are unsustainable and would present an enormous cost for our children and therefore I cannot on this occasion support Deputy Dorey's amendment.

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**The Deputy Bailiff:** I invite Deputy Langlois, on behalf of the Department, to reply to the debate on this amendment.

Deputy Langlois.

2255 **Deputy Langlois:** Thank you, sir.

First of all, just a few points about the points that people have made. I think the debate has been a worthwhile one – in general debate. We will return to Propositions 1 and 2 because I profoundly disagree with Deputy Fallaize, unusually, that no guideline would leave us in a difficult position – but I will return to that in general debate.

2260 I thank Deputy Le Clerc for her wise words and very broad view. I would just like to stress the fact that she threw into the comments that she is a Member of all the three working groups that are going to have a longer term effect on benefits of different sorts and on demands for additional funds – and that is a very critical fact there.

2265 I thank Deputy Ogier for an analysis which is interesting, which takes a particular standpoint. About half way through his speech I thought, well, there is little point in me speaking because he had made the point... in fact, he just made the point we have not gone far enough, so whatever...

2270 However, I would like to put a marker down now – a lot of today's debate is about public messages. There was a lot made by Deputy Fallaize about the state of public finance. Well, that is fine, but there are also public messages, as Deputy Queripel pointed out, and what message are we giving out?

2275 So I am not prepared – and this is the last debate of this type that I will take part in, but I have said before I am not prepared – to talk about means testing of the basic pension, because people have contributed. That is where, somewhere in the middle, you meet up with Deputy Queripel's point of view in saying people have contributed all their life and therefore, if you have contributed in full at a fairly high level, then you should be entitled to the pension that results from that.

2280 So Deputy Ogier made some exceedingly good points and I think has had a profound effect on the debate. Deputy Green's points about the secondary pension – I acknowledge that. In fact, if I stop talking in the not-too-distant future, I will have to dash down the hill to a meeting regarding secondary pensions, because that is where it is; that is where we are in terms of drafting a report and so on.

2285 So I acknowledge that we do not know every fact, but that is the old story in this place. Of course we do not know every fact because otherwise we would never get round to making any decisions. Some people would say that is the case already. It is not about public finances. I do believe a guideline is essential, otherwise it is a finger in the air job and it stops that sort of uncertainty that people surely should not have.

2290 Deputy Dorey's Proposition – can I just correct one point that he made earlier on? He implied that the direction in the PTR vote was to go away and make the case for 0.5%. It was all to do with the advantages and disadvantages and, yes, we did do an awful lot of work on it and that is why we came out with a third and not a half. That is the piece of work which we have completed, as instructed.

2295 Like Deputy Fallaize, I think there is a statistician's term called '*extrapolation par excellence*'... the calculations relating to Deputy Fallaize's pension in 2059 – yes, probably just about – have little relevance in this type of debate, in my opinion. But, perhaps more importantly and what did concern me, I fully respect the value of a piece of work like the pension puzzle six years ago; but, goodness me, sir, how the climate, the economic climate and the demographic appreciation of what is going on has changed in those six years. So it is a little bit dangerous resting your argument solely on something that happened so long ago and there has been a sea change since then.

2300 I fundamentally, I am afraid, disagree with Deputy Dorey on the way in which a policy is to be regarded. A very interesting term introduced today in terms of 'a soft policy'. That means, by the sound of it, you can have a policy but you still make it up as you go along (*Laughter and*

*interjection*) and of course that is what happens in a number of areas, but I genuinely do believe in the value of a guideline.

2305 I would also just refer you back to my opening speech where it was pointed out, and we had a number of references today to – and there is one bit I take offence at... There is an implication in Deputy Queripel's comments about the States and even about the Social Security Department not caring about pensioners. Can we please stop this implication, (**Several Members:** Hear, hear.) because nothing could be further from the truth and it gives a very poor message out to our public. That is not the case and the point that was made in my opening speech, is that if economic  
2310 conditions improve and we are in a position to be more generous, then my guess – and it can only be a guess that far ahead – is that people will be more generous and so on.

I do not want to rehearse the secondary pension debate here and now. We have fulfilled our responsibility under the PTR debate and our recommendation is clear. Our recommendation is the right compromise. We have been told that we are talking about a compromise. Ours is the correct  
2315 compromise, so please vote out this amendment.

**The Deputy Bailiff:** Well, Members of the States, it is just past 12.30 p.m. We will adjourn now until 2.30 p.m. when Deputy Dorey will reply to the debate.

2320 Before we rise, Deputy Bebb, do you wish to be *relevé*?

**Deputy Bebb:** Yes, please. Thank you. (*Laughter*)

**The Deputy Bailiff:** We will record your presence... 2.30 p.m, Members of the States.

*The Assembly adjourned at 12.34 p.m.  
and resumed its sitting at 2.30 p.m.*

**Tribute to  
John Hamon, former Greffier of Sark**

2325 **The Deputy Bailiff:** Members of the States, before I call on Deputy Dorey to respond to the debate on his amendment, seconded by Deputy Green, I have been informed this morning that yesterday the former Greffier of the Island of Sark, John Hamon, sadly died.

Because the Chief Pleas of Sark use their Greffier as the Clerk of their Parliament, on your behalf, I will simply mark his passing and extend our deepest sympathies to his family, friends and, indeed, the whole of the Island of Sark. (**Members:** Hear, hear.)

**SOCIAL SECURITY DEPARTMENT**

**VIII. Benefit and Contribution Rates for 2016 –  
Debate continued –  
Propositions carried as amended**

2330 **The Deputy Bailiff:** Deputy Dorey.

**Deputy Dorey:** Thank you, Mr Deputy Bailiff.

I thank Deputy Green for seconding the amendment and I thank Deputy Hadley and Deputy Queripel for their speeches in support of it.



2335 Deputy Le Clerc started off and she said that pensions are part income replacement. Well, yes, it is a part income replacement for some but for others it is not, it is what they rely on. There are some who their part income replacement is from Supplementary Benefit. When you look at the table on page 2821 you see the number of pensioners who are claiming Supplementary Benefit. There are 736 pensioners who were, on 6th June 2015, claiming Supplementary Benefit.

2340 So I think it clearly shows that there are many people in our community who are pensioners, who are struggling and rely on their pension, and if we do not keep the pension at the right level we will then have to pay out more in Supplementary Benefit which will be a cost to general revenue. And the whole idea of having the fund is to separate them and not to have the cost on general revenue.

2345 Also, in terms of partial income replacement, we know from the survey done early in 2012 that there are 55% who are not contributing to secondary pensions and those people rely on the old age pension; and often they are the poorest people. If we do not keep the pensions up, as I said, we are going to have to fund it from Supplementary Benefit. So I think it is far better to have this social insurance fund which can adequately fund pensions which, yes, the more wealthy will make contributions into that fund far greater than what they get out, but the less well-off will contribute far less than what they get out, and that is part of the whole basis of the fund; and I do have serious concerns about the policy and the effect it will have on the less well-off.

2350 She said it is not sustainable. Well, my amendment is sustainable because I fully accept that contributions will have to increase and as long as they do increase then it is sustainable. That is based on the projections which have been done since my amendment in March.

2355 She emphasised, 'at some point in the future'. Well, Deputy Langlois actually referred to 2025 in his speech and it is clear in the Report that it is 2025 – and that is when it is projected to drop down to just RPIX increases.

2360 Also it was mentioned about the Long Term Care Fund and the need for increases in the future. Well, that has always been expected. I hear people talking about the current review that is going on, as if we are going to have an unknown hit. If you go back to originally when the Long Term Care Fund was set up, there was expected to be increases after 15 years. So this is not a surprise and it is part of us providing that fund for the people of Guernsey.

2365 But I am concerned with people saying, 'Oh we cannot put increases into the pension fund because we are going to have to increase the health fund, which funds secondary health care, pharmaceuticals and the Long Term Care Fund. But I think there has to be a balance in providing people with money to live, rather than just financing long term care and health. I think that people want to put all the money into those and not giving people enough to live.

2370 Deputy Lester Queripel said it was a compromise and that was the word I used several times in my speech – and I totally agree. Deputy Ogier gave some figures about the significant increases. Well, he obviously knows very well, because he was a Member of SSD for eight years from 2004 to 2012, and I presume he supported those increases over that time. So he is well known... that increase. And part of those increases was because of reaction to the Townsend Report and I do not apologise for repeating where it said, '43% of single pensioners were in relative poverty'. So our benefit system was not helping them and leaving them in relative poverty, and that is why we needed to increase pensions.

I hear that people think that the current pension is generous, but when you look at the minimum income study that was done in 2011 they said that for a single pensioner to participate in society – and that was before rent of course – they needed £223.

2380 People referred to the policy. Well, it is an internal policy. I think Deputy Ogier particularly referred to it. It is a guideline and the words in my amendment and also in the Billet talks about a guideline. It is a guideline that they use, but unless you have that guideline and you then collect the contributions, you will not be able to have the opportunity to have the pension in the future, because with the increasing number of pensioners, we will not have the income to support any increase in the pensions along the lines that I have proposed in the policy, unless we collect the money now and build up the fund again.

2390 Because the fund is several times over what the annual expenditure is, and we know it is going to drop and we are going to draw down the funds over the years, and the idea is to put a ceiling of two times expenditure so that we have a buffer for the future. But unless we keep those funds there we will not be able to have a policy of increasing pensions above RPIX for the future.

Deputy Kuttelwascher asked about negative median earnings. Well, it is a guideline, it is not a rule, and if there is negative median earnings we will be able to decide what the SSD will... be the proposal and this Assembly will make the decision about what the increase will be.

2395 Deputy Ogier also referred to, 'no other jurisdiction'. Well, I say well Jersey and the UK have got this triple lot policy so they will increase pensions by prices, earnings or 2.5%, whichever is the greatest of the three. So there are other jurisdictions who are willing to increase – and very close to us – pensions.

2400 Deputy Harwood spoke about the effect on the least well-off in our community and about the half percent increase, I think he called a 'swingeing increase'. Well, I do not think it is a swingeing increase. In fact, it is the best value they will get, because for those who are poor, their contributions are far less than what they get out, because of the subsidy from the high earners; and if he is talking about, 'it is a swingeing increase', I wonder what will happen when the SLAWS report comes back and proposes an increase. Would he call it 'a swingeing increase' then and not support it?

2405 Deputy Gollop referred to policy in the future. We have the opportunity to increase pensions in the future, but I emphasise that point that unless we collect the money now, we will not have the money there to have the opportunities in the future to change our policy on uprating without having even greater increases. And that is part of what happened, because we did not react to the Actuary's in 2009 and put up the contribution rates and the longer we put it off the less flexibility we will have for the future.

2410 Deputy Fallaize mentioned 2059. Well, I did not choose that date, that was the date that was used in the Report. So not to confuse, I then spoke... based on that date.

2415 Deputy Langlois talked about why I used the pension puzzle. It was six years ago, but we have not carried out the proposals from that report and from that consultation; and, yes, it was almost 3,000 people, while the consultation done for the Personal Tax and Benefits, I think, was around 250; so I think it holds a bit more weight than what was done for the Personal Tax and Benefits, although that was more recent.

2420 Just to make a comment, finally, before I sit down, on amendments, in March I brought the amendment to get the information, because from reading the Personal Tax and Benefits there was not the information about this proposed rate in that report and I thank, as I said, Social Security for doing that. But there were 26 Members of this Assembly who voted for it; surely it is not a surprise that if you are going to have a different policy in terms of increasing pensions which is higher than proposed, you are going to also increase contributions.

2425 So I was quite surprised today, hearing some of the comments from people who supported it then who now say they do not support it. I have said it on other debates: if you do not believe in what is going to be proposed, do not support it, do not do the review because there is no point. But anyway I thank those again who support it and I hope Members can support it.

Thank you.

2430 **The Deputy Bailiff:** Well, Members of the States, we turn to the vote –

**Deputy Lester Queripel:** Sir, can I have a recorded vote please?

2435 **The Deputy Bailiff:** We turn to the vote on the amendment proposed by Deputy Dorey and seconded by Deputy Green, and there will be a recorded vote.

*There was a recorded vote.*

2440 **The Deputy Bailiff:** Well, Members of the States, that looks to me as though that amendment has been lost. I will give the voting record in due course.

The next amendment in the list to be placed is one to be proposed by Deputy Adam. Is this the revised amendment that has the motion under Article 7, Deputy Adam?

2445 **Deputy Adam:** Yes, sir. It is a revised amendment. The first part in the motion under section 7.1 of the Reform (Guernsey) Law 1948 to suspend Rules 13(2) and 15(2) of Rules of Procedure of the States of Deliberation, to extend as necessary to allow the amendment set out in order to be debated.

2450 Sir, this is simply to add in the third Proposition 16(c) to what was previously circulated. (**The Deputy Bailiff:** That is fine.) May I continue with why?

**The Deputy Bailiff:** You can continue with why you want to suspend the Rules.

2455 **Deputy Adam:** Well, that is basically why I want to suspend the Rules, because that part of the Proposition has some financial aspects which come under these two Rules, as advised by the Procureur to me.

**The Deputy Bailiff:** Is there anything further you want to say on the motion to suspend the Rules?

2460 **Deputy Adam:** Well, as I say, a new Proposition has been added as there has arisen varying views in relation to what amount the cap should be. I considered £5, the Department suggested £10, which was not the political board, and there appears to be some unnecessary, unsure issues concerning how much it will affect people, especially those who have more than 10 prescriptions per month. There is a guesstimate of those that have more than 10 items is about 1,000 people, but that is purely a guesstimate.

2465 With the lack of [*Inaudible*], my seconder and myself believe that we should consider greater flexibility concerning the cap and suggest that adding the third part, 16(c), that the administrator shall have a discretion to waive all or part of any charges arising pursuant to Proposition 16(a) or 16(b) based upon his assessment of any individual's personal circumstances, and because that has been added the Procureur has stated I am required to put the first part of the amendment so I can add that part to the overall amendment.

2470 Thank you, sir.

**The Deputy Bailiff:** Deputy Hadley, do you formally second the motion?

2475

**Deputy Hadley:** I do, sir. May I say a few words?

**The Deputy Bailiff:** On the motion to suspend the Rules. This is not on the substantive amendment, just on the motion to suspend.

2480

**Deputy Hadley:** That is correct. In effect, both Deputy Adam and I have been lobbied about this cap of £10 and I have been approached by a doctor and a patient and we have listened to people that have suggested that £10 might be excessive. Therefore, that is why we want to add 16(c). We have listened to complaints about the amendment.

2485

**The Deputy Bailiff:** Does anyone wish to speak on the motion to suspend the Rules?  
Deputy Langlois.

2490 **Deputy Langlois:** Yes, sir. For guidance in voting on the motion to suspend, we have just heard some granular detail about figures and so on. The department will be basing its opposition

to the amendment on the fact that now is not the time to go forward with this move and therefore the fact that we have got to suspend the Rules simply to get the thing debated, to me, demonstrates the fact that we should not be debating it today. (**Several Members:** Hear, hear.)

2495 **The Deputy Bailiff:** There is still an amendment that would insert Proposition 16(a) and 16(b) that can be debated without suspending the Rules. Just to point that out, Deputy Langlois. So it is only the addition of supposed insertion of Proposition 16(c).

Anyone else who wants to speak on the motion to suspend the Rules? Deputy Adam, do you need to reply to what Deputy Langlois said at all?

2500 **Deputy Adam:** As you say, it simply is to add the part 16(c). If people do not want to suspend these then I assume, sir, we will be allowed to lay the amendment as it was initially proposed.

**The Deputy Bailiff:** Of course.

2505 **Deputy Adam:** Thank you, sir.

**The Deputy Bailiff:** So this is a motion under Article 7.1 of the Reform (Guernsey) Law 1948, simply to suspend the two Rules that are mentioned therein, to enable the slightly expanded amendment that is to be moved by Deputy Adam and Deputy Hadley to be debated.

2510 Those in favour; those against.

*Some Members voted Pour, others voted Contre.*

2515 **The Deputy Bailiff:** I think I might have to go for a recorded vote there, because that was pretty equal. So we will just have a quick recorded vote please, Deputy Greffier.

*There was a recorded vote.*

2520 **The Deputy Bailiff:** The Rules are suspended, because I work out that has just been carried. It was close, so I was right to call for the recorded vote. (*Interjection and Laughter*)

**Deputy Trott:** You are rarely wrong!

2525 **The Deputy Bailiff:** Could you say that louder so it can be recorded please, Deputy Trott? (*Laughter*)

Deputy Adam to move the amendment. It is the one that includes the three Propositions.

2530 **Deputy Adam:** Sir, may I ask, once the Deputy Greffier has finished counting the vote, to read out the whole amendment please – sorry, the remainder of the amendment?

*The Deputy Greffier read the amendment.*

*Amendment by Deputies Dorey/Green:*

*Not carried – Pour 10, Contre 30, Ne vote pas 0, Absent 6*

**POUR**

Deputy Laurie Queripel  
Deputy Lowe  
Deputy Green  
Deputy Dorey  
Deputy Brouard  
Deputy Hadley  
Alderney Rep. McKinley

**CONTRE**

Deputy St Pier  
Deputy Gillson  
Deputy Le Pelley  
Deputy Ogier  
Deputy Trott  
Deputy Fallaize  
Deputy Le Lièvre

**NE VOTE PAS**

None

**ABSENT**

Deputy Stewart  
Deputy David Jones  
Deputy Perrot  
Deputy Burford  
Deputy Luxon  
Deputy Quin

Deputy Brehaut  
Deputy Sherbourne  
Deputy Lester Queripel  
Deputy Spruce  
Deputy Collins  
Deputy Duquemin  
Deputy Paint  
Deputy Le Tocq  
Deputy James  
Deputy Adam  
Deputy Wilkie  
Deputy De Lisle  
Deputy Inglis  
Deputy Soulsby  
Deputy Sillars  
Deputy O'Hara  
Alderney Rep. Jean  
Deputy Harwood  
Deputy Kuttelwascher  
Deputy Domaille  
Deputy Langlois  
Deputy Robert Jones  
Deputy Le Clerc  
Deputy Gollop  
Deputy Conder  
Deputy Bebb

2535 **The Deputy Bailiff:** Deputy Adam, before I call you to speak on the amendment let me just give the voting on the amendment proposed by Deputy Dorey and seconded by Deputy Green. There voted Pour 10, Contre 30. I formally declare that amendment lost.  
Deputy Adam.

*Amendment:*

*To insert after Proposition 16:*

*'16A. That from 1st June 2016, a prescription charge of £1 per item shall apply to all prescription items which would otherwise be supplied free of charge.*

*16B. That any person who has paid, in aggregate, in excess of £10 in any month in £1 per item prescription charges shall be entitled to be reimbursed from the Guernsey Health Service Fund for the amount by which £10 is exceeded, under administrative arrangements to be determined by the Social Security Department.*

*16C. That the Administrator shall have a discretion to waive all or part of any charges arising pursuant to Proposition 16A or 16B based upon his assessment of any individual's personal circumstances.'*

**Deputy Adam:** Thank you, sir.

2540 Issues in relation to prescription charges were considered in the Personal Tax and Benefit Review. In it, it was proposed that those over 64 would be required to pay normal prescription charges phased in over two or three years, but the full amount by 2020; and that from 2016 a nominal charge of £1 would be introduced for all those currently exempt from prescription charges.

In the report from SSD, on page 2814, it states:

'[SSD] regrets that it is not yet in a position to be able to present any firm proposals... on phasing out the universal exemption from prescription charges for those over the age of 64 or on introducing a nominal fee for prescriptions of up to £1 per item for all those currently exempt from the charge.'

2545 This amendment seeks to introduce such a nominal charge. It will mean that all those who currently pay nothing for a prescription charge would pay £1 per item.

Guernsey is no different from other jurisdictions facing increasing costs of medicine and seeking ways to meet and offset costs as fairly as possible. Some examples of this... Republic of Ireland has two systems for prescribing medicines. There is a drugs payment scheme open to all

2550 residents. Under this scheme prescribed medicines are supplied with a maximum cost to the patient of €144 per month per family. There is also a medical card scheme which is means tested. Under this scheme there is a charge of €2.50 per item with a cap at €25 per person, per month.

In Scotland, where all prescription charges were abolished in 2012 the Scottish Government is under pressure to reintroduce prescription charges to reduce the burden on NHS costs, i.e. the cost to the taxpayer. Northern Ireland is currently consulting on this issue to finance specialist drug costs... possibly new charges plus exemptions or low universal charge with no exemptions.

2555 The amendment suggests £1 per item with a cap at £10 per month. As previously stated, this cap has been changed slightly by the addition to the amendment stating that the Administrator shall have discretion to waive all or part of any charges arising pursuant to Proposition 16A and B, based on his assessment of individual personal circumstances. That, in theory, should give the flexibility that people are looking for, who have special circumstances and do not have the funds to afford what is essential for them.

2560 The cost of drugs prescribed in Guernsey is currently almost £17 million a year. That is for drugs prescribed, it does include drugs used in the Princess Elizabeth Hospital or the Castel Hospital. The average cost of prescription drugs is £8.50 per item. If it is more complex drugs it can go up to £82 per item. This does not include the fee to the pharmacist for dispensing the medicine. The average fee paid to the pharmacy is £1.93 per item and prescription charges raise about £1.9 million. Some 63% of the population do not pay prescription charges. I might add that in England it is roundabout 93% because of a large number of exemptions. If there was a £1 charge per item an additional approximately £960,000 would be raised, reducing the net cost of prescription drugs by some 6.4%, which I am sure you might consider is quite a reasonable saving.

2570 Unfortunately, there is wastage of drugs; we know there is wastage of drugs – unused prescribed medicines – proved by the recovery of such during what is called the DUMP campaigns – Dispose of Unused Medicines Properly. Most recently, it was £30,000 worth. One-third were multiple packs untouched, where patients had ordered unnecessary medicine – untouched drugs. The pharmacist will not take back any drugs that have been dispensed to an individual, even though the packs are not open, so it is wasted.

2575 Would a small charge help to encourage patients to order only what they require? Like so many things, it is very unfortunate we have to bring something forward because many patients do ask just for the drugs they require. They make comments when they do not want all the drugs on the prescription at once. A friend of mine told me this recently – when he only wanted that one and that one, they said he must have all three and he said no and scored it off, but some do not.

2580 I am sure some might, and some might not, agree with me that from experience – certainly I suppose we rely on human nature – people tend to accept what is free and only think about its value once they have to pay for it. Certainly, there is some evidence that abolishing charges for prescriptions leads to an increase in the number of prescriptions. The devolved countries of the UK previously had a system of charges with exemptions. That, as I said, can often cover up to 90% of the population. Wales stopped charging in 2007 and saw a 20% increase over four to five years. Northern Ireland dropped charges in 2010 and saw a 10% growth. Scotland stopped charges in 2011 and last year alone there was a 7% increase.

2590 Why may this occur? There are some low cost drugs. In this container there it has got something called aspirin. I am sure you all know what aspirin is and also there is another drug, paracetamol. They are low cost. Unfortunately, last year in Guernsey 31,589 prescriptions for aspirin were dispensed. That is these things here – 75 mg aspirins used to thin the blood slightly.

2595 On a prescription you can only give one month's supply. That box there has got 100; it cost me 99 pence. So if I go in with a prescription – I am exempt actually so I am okay – (*Interjection and Laughter*) I get 30 aspirin at 75 mg and the pharmacist is paid £1.98 by the Government for dispensing that to me, but if I go into the pharmacist and get £1 out of my pocket, I get 100. If I had to pay £1 for a prescription each time, what would I do, I would go into the chemist and get this and that is three months' worth and I save £2.

2600 The total cost of these 31,000-odd prescriptions is £84,000. So, basically, if you can persuade patients who are exempt not to take Aspirin on a prescription, you will save £84,000 on that one small thing. If the cost of prescriptions equalled the cost of buying direct, as I say, £84,000... And paracetamol is a similar drug.

I do, clearly, recognise that charges for prescriptions must never ever prevent patients from getting the medicine they need – must *never ever!* Unfortunately, that does not always occur. As you all know, I was an obstetrician gynaecologist, and for infertility treatment I used drugs called pergonal and metrodin, and they were in the range of £85 for each injection; and sometimes they got it on prescription and sometimes they could not get it on prescription. But, as I say, for the majority of those currently exempt, a charge of £1 should not be too onerous and it has already being quoted in this debate that age does not mean to say that you are poor – I think is what Deputy Langlois said, or something to that extent. If there are such cases, it should be recognised and I hope that 16C will address that in these situations.

2610 Finally, there would be no benefit in the proposals if the cost of administration was greater than the savings. I have been assured by the officers of SSD that the cost of administration is not likely to be significant in relation to the savings. There would be a clear financial benefit. It may require about a half full-time equivalent – that is approximately £30,000, and this is what was quoted to me – to ensure those who have greater than £10 or need assessing in a month, are reimbursed, or the needs of those who require additional assistance will get that under this same amount.

2620 In view of what I have presented, I hope you will consider and support this amendment. In actual fact, I consider it a first step into the rationalisation of prescription charges overall, because I actually believe there should not be exemptions but also those who have to get four or five prescriptions routinely for a chronic condition such as diabetes, high cholesterol combined with something else, they will be paying the full charge if they are under 65; and it mounts up, it mounts up considerably since the charges have gone up.

2625 But somewhere along the line, I believe that one has to introduce the fact that there are no 'across the board' exemptions. People cannot assume that, but we should also be looking at – and I hope SSD are going to investigate – how they are going to help those who are on six or seven drugs and have to pay the £3.80 or thereabouts, so £20-odd pounds a month.

2630 Sir, as I say, that is for a later date. At present I ask the Members to support this amendment which takes away a uniform exemption, universal exemption, of a fee or a grant which, again, was supported by the Personal Taxation and Benefit Review boards as generally the best way forward.

Thank you, sir.

2635 **The Deputy Bailiff:** Deputy Hadley, do you formally second the amendment?

**Deputy Hadley:** I do, sir, and reserve my right to speak.

2640 **The Deputy Bailiff:** I call Deputy Wilkie, to be followed by Deputy James, to be followed by Deputy Bebb.

**Deputy Wilkie:** Thank you, sir.

2645 I fully understand why Deputies Adam and Hadley laid this amendment – extra money for the Social Security Department, protection for those who cannot afford more than £10 per month and progressing a resolution from the Pensions, Tax and Benefits Review. What is not to like?

2650 While this amendment seems considered and thought through, you only have to scratch the surface to realise that it could, in practice, have some very serious consequences. When you have a sponsoring department stating that they require further time to think through the ramifications of a £1 charge, bearing in mind they first mooted the idea in the Pension, Tax and Benefits Review, then alarm bells should be ringing in your heads.

2655 Let's have a look at the effects of this amendment in detail. The actual personal cost of this amendment could be substantially more than £10 per month. This amendment requires people to spend their money up front and then claim an amount over £10 back from Social Security. Pensioners and disabled Islanders who are living on the lowest incomes cannot afford to have any large sums of money tied up in this scheme.

2660 We do not know how long it is going to take to obtain a refund; we do not know how the refund scheme will be administered – it could be another month or more before you get a refund. People with complex ailments can require many prescriptions; and will they have to send these prescriptions to Social Security Department or will they have to turn up at Social Security in person? We do not know, sir. If they do have to turn up in person, how can they afford the transport to get there if all their limited cash flow is tied up in this pay-up-front scheme. Again, we simply do not know, sir.

2665 In relation specifically to severely disabled people, States' Members made a conscious decision to make prescriptions free for claimants of severe disability benefit just four years ago in October 2011, in Billet XVII. This was in recognition of concerns from medical staff about the number of prescriptions that severely disabled people need. At the time, the Social Security Department called it 'a simple, humane adjustment which aims to mitigate the extra costs of disability'. The Social Security Minister at the time, my good friend Deputy Dorey, stated, 'People who qualified for Attendance Allowance' – which is now severe disability benefit – 'are among the most vulnerable people in our community.' The vote by this Assembly for this simple humane adjustment was unanimous.

2670 If Social Security are not convinced by a £1 charge and believe that further investigations in how such a charge will affect those in our community on the lowest incomes... then I suggest this Assembly should vote out this amendment unanimously – which has many, many unconsidered consequences.

2675 Thank you, sir.

*Motion to suspend:*

*Not carried – Pour 23, Contre 18, Ne vote pas 0, Absent 5*

**POUR**

Deputy Le Pelley  
Deputy Ogier  
Deputy Trott  
Deputy Fallaize  
Deputy Laurie Queripel  
Deputy Lowe  
Deputy Le Lièvre  
Deputy Collins  
Deputy Dorey  
Deputy Adam  
Deputy Brouard  
Deputy Wilkie  
Deputy Sillars  
Deputy O'Hara  
Deputy Hadley  
Alderney Rep. Jean  
Alderney Rep. McKinley  
Deputy Brehaut  
Deputy Domaille  
Deputy Robert Jones  
Deputy Sherbourne  
Deputy Conder  
Deputy Bebb

**CONTRE**

Deputy St Pier  
Deputy Gillson  
Deputy Spruce  
Deputy Duquemin  
Deputy Green  
Deputy Paint  
Deputy Le Tocq  
Deputy James  
Deputy De Lisle  
Deputy Inglis  
Deputy Soulsby  
Deputy Luxon  
Deputy Harwood  
Deputy Kuttelwascher  
Deputy Langlois  
Deputy Le Clerc  
Deputy Gollop  
Deputy Lester Queripel

**NE VOTE PAS**

None

**ABSENT**

Deputy Stewart  
Deputy David Jones  
Deputy Perrot  
Deputy Burford  
Deputy Quin

2680



**The Deputy Bailiff:** Before I call Deputy James, let me just give you the result of the vote on the motion to suspend. There were 23 in favour and 18 against which I why it was carried.

Deputy James.

2685 **Deputy James:** Thank you, sir.

As Members will no doubt be aware, in his opening speech, Deputy Langlois clearly said the department was going to oppose this amendment and I thank Deputy Wilkie for his comments. I would say you were spot on with your comments, so I thank you for those.

2690 As our explanatory note attached to this amendment points out, it was the opinion of Treasury & Resources and Social Security, through the Personal Tax, Pensions and Benefits Review, that a nominal fee of £1 per prescription item be introduced for all those currently exempt from prescription charges. Through the debate that followed, the States directed the two departments to reflect on the views expressed about the phasing out of the universal exemption from prescription charges for those over 64 and the introduction of a nominal fee of £1 per item and to outline the mitigating actions to be taken in respect of any group of people who would be disadvantaged by the proposal.

2695 Again, as the explanatory note points out, our department is *not yet* in a position to present any firm proposal to the States for introducing the nominal £1 charge. This is because we believe that much further work is required to examine the potential impact of this policy change on persons who are currently exempt. We recognise that the amendment is recommending a £10 a month cut on charges, but nevertheless we still feel that this specific policy change should form part of the wider investigation of the phasing out of the universal exemption from prescription charges for those over 64.

2700 Also, it is important for all of us to be confident that we understand the impact on those currently exempt. From soundings we have taken from healthcare professionals, we think that there could be as many as 1,000 people who obtain more than 10 items per month and most of these will, in fact, be pensioners. While our department is not currently in a position to present firm proposals regarding prescription charges, we are confident that work will have progressed by the time this debate takes place next year.

2710 For those reasons that I have outlined, I would ask Members to oppose this amendment. I know that Deputy Hunter read out –

**The Deputy Bailiff:** – Deputy Adam, I think.

2715 **Deputy James:** Sorry?

**The Deputy Bailiff:** Deputy Adam.

2720 **Deputy James:** Sorry, I beg your pardon, sir – in 142 it clearly states that the department regrets that it is not yet in a position to be able to present any firm proposals. So, in view of that, sir, it really perplexes me why Deputy Hunter Adam and Deputy Hadley felt the need to submit this amendment.

2725 Just one final piece of information for Members of this Assembly, in terms of numbers of what we are talking about, in our accounts in 2014 ordinary paid-for prescriptions amounted to 571,524; that works out at 47,627 prescriptions per month. The number of prescriptions that were exempt was 957,767 per year and that equates to 79,830 per month. So we have across this Island regenerated in 2014 almost 1.5 million prescriptions, which is £1,207.440 per month.

2730 Now, in section 16C, which the latest amendment submission says is, 'That the Administrator shall have a discretion to waive all or part of any charges arising pursuant...' So I am trying to get my head around, sir, the potential appeals for the administrator to waive – and I think with the smile on Deputy Le Lièvre's face, he has already anticipated the level of work that would generate for our administrator down at Social Security.

2735 So I think that further highlights the lack of thought that has been given to this amendment and I am concerned that this Assembly may reach the wrong decision, based on inadequate information. So I would suggest to you that you wait for Social Security to bring back, to this Assembly, recommendations – *robust* recommendations – that are evidence-based. So I urge you all to thrown out this amendment.

Thank you, sir.

2740 **A Member:** Hear, hear.

**The Deputy Bailiff:** Deputy Bebb.

**Deputy Bebb:** Thank you, Monsieur le Bailli.

2745 I am very attracted to this amendment and I do not think anybody could say they are not. I have a good friend who is an old age pensioner. She is in her late 80s, but unfortunately she is currently suffering from water retention and, along with all the other pills and potions that are sent on a regular basis by the doctor, she has one which is to do with trying to alleviate this water retention. But every now and again I go to her house and I notice there are piles, bags of pills and  
2750 I say, 'Why are you not taking the pills?' and one of the responses she gives me is, 'because it makes me go to the toilet all the time', which of course is part of what the pills are supposed to do.

So I have to say there is a great deal of attraction to the fact of knowing people who are adamant... They turn up at the doctor, they feel it is appropriate to see the doctor, they get given a prescription and they feel the only right thing to do is to go to the chemist, pick up the prescription, and take it home and because you know what it does, you think, 'Actually I do not quite fancy those,' and piles of these things build up on a regular basis and it is a waste to this Government.

2755 But, to charge £1 – and she is not particular poor, unlike the usual prediction of pensioners when it comes to this debate; she is actually I think quite comfortable, I think is the right term – I do not think the £1 would do anything, she would quite happily pay £10 in order to stay on the right side of what she believes of her doctor. So I do not think £1 would actually alleviate this problem.

2760 But there are two reasons that I think we really should think carefully about this. I have been approached by a number of people. Today at lunchtime we went to open the new mental health facility and I have been approached by a number of people concerning mental health services who say merely £1 for those with long-term enduring mental health illnesses who are *very* poor, would be sufficient to put them off going to get their drugs.

2765 And of course the amendment seeks in a nice way to mitigate against that. We will have a nice person who will be able to say, 'Oh well we know that you have an enduring mental health illness and therefore you will not need to pay,' but, realistically, simply the barrier could be sufficient difficulty. And then we get to that person – 16C is simply regressive. Social Security, when I first came to the Island actually had a system of the 'Procureur Poor', I think it was described.

2770 I had the misfortune of being made unemployed once – not once I think it was three times in total – where I had to go on to the Parish – that Victorian idea that we had not so long ago here. But the way that it frequently worked was on the basis that certain people were trying hard and that is fine; and I was given no questions whatsoever, I was simply handed over a cheque, but I know that other people who walked into the same room with completely different circumstances, may have been treated rather differently by the Procureur of the various parishes.

2775 We have worked hard to remove that and have a system based on criteria. That is the right approach and nothing made me more angry than to see those horrible words '*the discretion to waive*'. I do not want a system based on someone's whims. I do not want a system that discourages people from even attempting to access drugs when they may have long-term mental health illnesses. Members, I was accused a few days ago of trying to micro-manage a  
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2785 department's expenses by trying to alleviate the fees at Le Foulon, but this really is micro-management in a very dangerous way because the consequences simply are not known and could be extreme. It really does deserve to be rejected outright.

Thank you. (**Several Members:** Hear, hear.)

2790 **The Deputy Bailiff:** Deputy Kuttelwascher, to be followed by Deputy Gollop.

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

2795 All I have to say really is that an issue has been thrown up, of which I was not aware, and that is that HSSD, or through SSD, prescribed non-prescription drugs. Now, is that a wise policy? Why an early should you prescribe aspirin when it costs you so much more to deliver that prescription and a month's supply, as was stated, is about 30p. There is something wrong with that policy.

So the question is why are we doing it and, if there is not a satisfactory answer, my request would be that this practice is discontinued – not just for aspirin, for any other over-the-counter drug which may be prescribed.

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**Deputy James:** Could I raise a point of correction, sir?

**The Deputy Bailiff:** A point of correction, Deputy James.

2805 **Deputy James:** Did Deputy Kuttelwascher say SSD prescribe non-prescriptive drugs?

**Deputy Kuttelwascher:** No.

**Deputy James:** Sorry, could –

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2815 **Deputy Kuttelwascher:** No, I said it is a question for HSSD and SSD. I think the prescription is done by doctors but the cost is delivered by SSD, so the question is for both of them, because one pays one department... Well, I know doctors are not all working for HSSD but why – and I do not know if this is an SSD issue – are why are non-prescription drugs paid for or prescribed? Not only why are they prescribed but why are they paid for? So it is across the two departments. That is all. I find that an extraordinary situation.

Thank you, sir.

**The Deputy Bailiff:** Deputy Gollop.

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2825 **Deputy Gollop:** Just kind of shooting from the hip here, (*Laughter*) of course I was a member of the PTBR and we discussed this. This was part of the collective package. I had reservations about it then, but I thought the principle argument to support the £1 charge idea is the reduction of dependence upon pharmaceuticals, because I think there is a danger in our society that perhaps is not discouraged by the medical profession on occasions and it could be that there are better alternatives out there, in terms of complimentary remedies, lifestyle changes and mental attitudes.

2830 So a check is perhaps in order. But I entirely agree with the measured approach that Deputy James has put across – that one should not walk into this without due process and due thought. And the Disability People's Champion has spoken and earlier we had a discussion, funnily enough, and he asked me if I had my pill boxes; I left them at home today. But I am going around... well, people talk about 10 lots of pills actually I had 15 this month and it is too much.

2835 Because what Deputy James perhaps did not say is you have dossette boxes, and these boxes are done by pharmacists in order to ensure that people take the pills more or less at the right time and do not forget that they have not taken their blue or their yellow or their red pills or whatever.

Now, you can understand in that context as why a GP might prescribe, especially to an elderly person, an aspirin or equivalent because the Aspirin would be included formally with their medication, rather than popping to their friendly local corner shop or pharmacist and purchasing it over the counter.

2840 So there could be good reasons – although I do accept, Deputy Adam, that it is an area that we could possibly tighten up on. Indeed, the Social Security Board is no pushover. We and the staff regularly like to undertake scrutiny, motivation dialogue with prescribers – all that kind of thing – to ensure the best possible value is achieved and over the years, the Department has achieved lot of reductions.

2845 I think the reasons to not support the amendment are some of the arguments we have heard to support it. I mean it is totally regressive. If you put a £1 charge on everybody as a disincentive, the wealthier pensioners that we have heard so much about today, will just take it on the chin as an alternative to a coffee or a cake and the poorer pensioners, who are just above the supplementary benefit margin, will suffer. We are giving up to £3 a week extra in the new package, hopefully, and then we take back £9 a month maybe – before they get to the point where they can claim exemption, assuming they do and that process would work – so they would be worse off.

2850 We are not just taking from those who can afford to pay, we are taking from those who are sickest, because those are the people going to the doctor. And when we hear arguments about Scotland and Wales, that is intriguing because of course if there was an increase it might prove that people are not valuing their medicines, but it might prove that they did not go before because they could not afford the prescription charges.

2855 Indeed, it is interesting that this Assembly decided not to go for a free bus service after all, when the argument then of course was that if the service was free people would use it more. Here we have an argument saying people do not value 'free' and we should charge for it, to discourage use. Well, did we want to discourage bus use? Maybe we did.

2860 The point is we are not consistent in what we are arguing and I really believe we should throw this amendment out.

2865 **The Deputy Bailiff:** Deputy Hadley.

**Deputy Hadley:** Mr Bailiff, I think Deputy Adam has made an excellent speech and covered all the points that should be made. However, I would just elaborate on one or two.

2870 I have stood in this Assembly more often probably than anyone else over the last seven years, asking for more money to be spent on Health and, in seconding this amendment, I am doing the reverse and asking for money spent on Health to be reduced.

2875 Now, if our finances were in a more healthy state, then I would not be seconding this amendment – but they are not. We need to be very careful about the money we invest in health care to make sure that we spend it where it really is needed. I know, as someone who has worked in a community pharmacy for much of my working life, that a large percentage of dispensed medicines are never taken. And I know that people who do not pay for their prescriptions all too often are not as responsible as they should be in limiting their requests for medicines, to those they actually need.

2880 I have had people come into my pharmacy after someone has sadly died, with as many as three carrier bags full of medicines that have never been opened. And these are not cheap aspirins, these are expensive drugs costing £30 a pack. So I have thrown away hundreds of pounds worth of medicines that people asked for because they were free, because they were on a repeat prescription charge and they could not be bothered to take them off the repeat request.

2885 Now, even a small charge of £1 would discourage people from asking for prescriptions unnecessarily. So, not only is there the income that the States would get from the many prescriptions which would now attract a charge, but there would be a significant reduction in the drugs bill. It will do this, of course, because patients will then think... you know it might be a £20-

pack, which costs nothing if they are not paying, but even £1 might deter them from asking for a prescription for that.

2890 Of course there is not just actually the dispensing fee – dreadful this, isn't it, suggesting we do not pay pharmacists, but it is not only the fee for the pharmacist that we are talking about, but I think in a significant number of cases, people are not paying for their prescriptions on Supplementary Benefit will have probably made an appointment to see the doctor and SSD will have to pick up the charge for the doctor's consultation as well.

2895 Now, as I said in moving the suspension of Standing Orders, I have been approached by a disabled person and a doctor, saying that a fee even of £10 a month would be too difficult for some people, which is why we put the amendment in. I do not accept the criticism that this would be a massive amount of work for the administrator, because what would happen in time is people would be assessed, there might be a significant amount of work to start with and they would, no  
2900 doubt, be given a little authorisation card and they would use the number off that to sign the back of the prescription.

Now, if the department say to you, 'Well, we are thinking about this, it is just that we have not sorted it out,' I am afraid that does not wash with me because at the beginning of this session, and indeed, I think, at the last parliamentary session, I made the point to the department that the  
2905 state also has a heavy burden as far as the Social Security Department is concerned, in paying for consultation fees for people on Supplementary Benefit who cannot afford to pay the consultation fee. And I know that a number of people who are having the charge met by Social Security Department do go unnecessarily.

I know, in particular, people on Supplementary Benefit attend the accident and emergency  
2910 department in the middle of the night, quite frivolously, and SSD then picks up a fee of £150 for that consultation. And I was assured that the department were looking into, again, having a small charge – say £5 – for people who make these unnecessary consultations – and that is something which has never come back to us.

So I do think that, considering the large sum of money that will be saved by having this small  
2915 charge, people should consider voting for this amendment because reducing the money we are spending on Health in this case enables that money to be spent somewhere else.

**The Deputy Bailiff:** Deputy Fallaize.

2920 **Deputy Fallaize:** Thank you, sir.

We do, to some extent, have a strange approach to the funding of health care. We are concerned about a possible £1 prescription charge or even perhaps a £10, £11 or £12 prescription charge, but of course some of the people that Deputy Bebb was talking about, who may be discouraged from obtaining prescriptions because of these charges, have to pay more than £40 to  
2925 visit the doctor. *(Interjection)* No, I am not giving way to Deputy Bebb at the moment.

So I do think that one has to be careful. For some people, accessing a basic level of healthcare – primary care – in Guernsey is extraordinarily expensive, **(Several Members:** Hear, hear.) and we are or people are being – we are not charging them but people are being charged nearly £50 – people who are just above the Supplementary Benefit limit are being charged nearly £50 – to go  
2930 to visit the doctor.

Now, in a sense, I do not object to the doctor charging the fee, because the doctor is a highly qualified individual and I do not think we particularly want doctors who are paid a pittance; but, nonetheless, when we come to debate matters of policy, we perhaps get overly excited about relatively small sums of money while ignoring much larger sums of money.

2935 Also, where I think Deputy Adam is right to make some of the arguments he made, is that age is not a good indicator of affluence or ability to pay. There are very many people who are paying for prescriptions – many prescriptions a month – who are not pensioners and who can ill afford to pay the charges that are being levied on them. But when they become pensioners they would

2940 receive the exemption, but perhaps the pensioner down the road who is in a much more affluent position is able to receive this universal exemption.

Now, that really cannot be a very sensible approach to policy – that we take a relatively arbitrary age and we make a judgement that if you are below that age you can afford to pay the prescription charge but if you are above that age you cannot afford to pay the prescription charge, with absolutely no reference to the person's income or their ability to pay or their affluence. So I think Deputy Adam is right in that respect.

2945 However, the problem with this amendment is not so much a matter of principle as a matter of timing. The Social Security Department wants to remove the universal exemption; it has already told us that as part of the Personal Tax Review. But that very department is advising the States to vote against this amendment and I think that ought to weigh quite heavily on the minds of States' Members. They clearly do not believe that the kind of mechanism that is set out in Deputy Adam's amendment is a sensible way of achieving the policy objective which they share with Deputy Adam and, for that reason alone, I think we ought to vote against the amendment.

2950 Also, as much as I was making the point before about contrasting the charge of going to visit the doctor with a prescription charge, I think we also have to ask our own departments to apply a degree of consistency to this question of universality. Deputy Adam's own department – Treasury & Resources Department – is sitting on a very considerable sum of money every year – or should be sitting on it but is giving it away – in the form of universal tax allowances to people who do not need a tax allowance. (**A Member:** Hear, hear.)

2955 I think that for us to start our attack on universality by introducing £1 prescription charges on some of the poorest people in Guernsey is really not the right starting point. (**Several Members:** Hear, hear.) We really do have to get on with withdrawing universal tax allowances and that will bring in considerably more income than the sub-£1 million that Deputy Adam is talking about in his amendment.

2960 So I think the principle of what he is talking about is correct, but the timing is not correct and this is not really the correct starting point to commence our attack on universality.

Thank you, sir.

**A Member:** Hear, hear.

2970 **The Deputy Bailiff:** Deputy Soulsby, followed by Deputy Trott.

**Deputy Soulsby:** Sir, I will be brief.

2975 I just thought I would pick up on what Deputy James said in her speech. She said 1,000 people are on over 10 prescriptions a month. Now, on that basis, there is a very high likelihood that such people are probably already getting free prescriptions. So if this amendment is passed, we could say that at least 10,000 prescriptions will need to be processed in a month.

Deputy Adam says that the department has told him that this could all be done by half a full-time equivalent administrator. Well, I do not know who was doing the maths at that point – whether they were using Deputy Lester Queripel's calculator – (*Interjections*)

2980 **A Member:** He has thrown it away now! (Laughter)

2985 **Deputy Soulsby:** – but it means that this poor administrator would be having to process approximately 130 prescriptions an hour every day of the working week, every month of the year, excluding holidays. Well, I do not know how hard they work the staff at SSD but I think that is quite a tall order.

This is an amendment which is both unnecessary and premature. (**A Member:** Hear, hear.) Deputy Wilkie has clearly demonstrated that further analysis is required and we should trust SSD to do that in its own time. This is not an amendment on the merits of the charge of prescriptions.

2990 We had that debate a few months ago. This is about whether we are confident that there are no unintended consequences. I am not and that is why I support SSD and reject this amendment.

**Several Members:** Hear, hear.

2995 **The Deputy Bailiff:** Deputy Trott.

**Deputy Trott:** Thank you, sir.

I have two or three questions which I would like to pose to the Minister, really arising from comments that Deputy James and other Members of his Department have made in what has  
3000 been, for me, a useful debate.

The first question is: how do we compare on a per capita basis with regard to prescription numbers dispensed elsewhere? If that information is available, I would be interested to know where we are in any league table, should it exist.

3005 Question two: significant discretion is already vested in the office of administrator of SSD – it is one of those unusual offices; is the Minister able to elaborate with regards the extent of that current discretion?

And probably most relevant of all, is question number three: how is the issuing of prescriptions policed to ensure that the dispensing is both reasonable and proportionate? Because I have to say I do take on board Deputy Dr Hunter Adam's point about aspirin and about how that clearly does  
3010 not represent good value for the taxpayer in the example that he gave.

Thank you, sir.

**The Deputy Bailiff:** Deputy Le Lièvre.

3015 **Deputy Le Lièvre:** Thank you, sir.

Before I start I would like to clear up... I nearly interrupted Deputy Bebb when he said that Social Security had a system of Procureurs. No, you might have attended E T Wheadon House while the Procureurs were there, but it had nothing to do with Social Security at all. They were only responsible for giving them paper and pencils; the rest down to a parochial system which  
3020 thankfully has passed us by.

This is an ill-conceived amendment. I can understand some of the reason behind it and I know that not all pensioners are not poor. Indeed, I know that to be the case because today as a pensioner I had to pay for Deputy Fallaize's lunch! (*Laughter*) But I will get my money back!

3025 First of all, let us examine the facts – and these are facts that I have extracted from the policy letter. They tell us that exemption from prescription charges is granted to three groups of people: pensioners, supplementary beneficiaries and persons in receipt of SDB, that is a Severe Disability Benefit. But, of these 17,000 pensioners, only 11,800 or so live locally and there are 3,840 supplementary beneficiaries and about 1,000 people, I suspect, on SDB which makes around 16,640, rounding up to around 17,000 people, say.

3030 But then the amendment tells us that there are 960,000 exempt scripts issued each year. Now, that is an average of 56 scripts per person – 56! – and I find that a staggering figure, so if my maths is wrong, please somebody jump up and stop me immediately – but they are not. Right, okay, so if we assume my mathematics are correct and that everybody on average is getting 56, we can also assume that some are only getting one or two or none, but others are getting many more than that.  
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But if we deal with the average and you round it down slightly to one a week then, for the average person, they will see the weekly increase of their pension – their £3-odd increase – reduced by £1. That is if you are on a full pension. If you are on Supplementary Benefit then it would reduce similarly by £1, but it would be 40% of the increase. And if you happen to be one of  
3040 those at the higher end, 80% of the increase we agreed just a few hours ago will be taken as a result of this amendment. And I am not even talking about any other form of tax; this is just on

prescription charges. So we will take away the vast amount of what we have given with the other hand.

3045 Please do not fall back on the excuse that pensioners will be able to claim SDB, because the current differential – as I have said umpteen times in this Assembly – between the two rates – the single householder and the single rateable pension – is so large that for many people the fact that you are on a pension does not mean that you automatically get Supplementary Benefit. And the worst people that we hit are those people that own their own home; they will be the people who are most affected by this. Certainly do not necessarily look towards SWBIC for your salvation, or  
3050 *their* salvation.

But what I find most surprising is that this amendment is proposed by a Member of Treasury & Resources and seconded by a Member of SWBIC – a Member who knows very well the expenditure patterns of those on low incomes – and in the case of Deputy Hunter Adam, I would say he has been struck down by the worst case of RRH, that is ‘Reverse Robin Hood’, I have ever  
3055 diagnosed. (*Laughter*) He is happy – and sorry I hope this is not boring repetition because Deputy Fallaize said something almost identical – to take £56 a year from the poorest members of our society on the grounds that it will make them appreciate their medicine and use it, but he obviously was not able to persuade his fellow T&R board members that granting a tax gift of £2,000 a year to those at the other end of the income spectrum, was possibly a tad over-  
3060 generous.

As for Deputy Hadley, I am surprised at him. He is a conscientious member of SWBIC and yet seeks to take money from those persons he knows full well simply cannot afford any such contribution – all so they do not waste their medicine.

I said at the outset that I understand the overall thrust of this amendment, but the collateral damage it creates is simply unacceptable. I would implore the States to kick it out well beyond the  
3065 long grass.

There is just one more point I would mention – and I said it to Deputy Hunter Adam as I was walking into the cloakroom – his second amendment was worse than the first, because it included this awful, awful amendment that gives the administrator the discretion to waive all or part of any  
3070 charges pursuant to Proposition 16A and 16B, a discretion which will apply to possibly as many as 6,000 people Island-wide.

That is all your supplementary beneficiaries, because they will all have to pay so they will all be in this discretionary area, plus other pensioners and of course people who are in receipt of the Severe Disability Benefit. So there will be thousands of people and families who are in this  
3075 discretionary area.

Now, I have worked for the Public Assistance Authority, I have seen discretion – and I know my Members of SWBIC know I have got a pathological hatred for it, sir, but I will say that now, but I say it because it is the most indiscriminative use of taxpayers’ money. Some get it who may require it, others do not and their need might be even greater than those who get it.

3080 Discretion is the worst form, especially at its lowest level and this would be at its very lowest level – we would be talking about pounds a week. If you are talking about discretion with the current regard to the amendments to somebody’s house under section 10 of the Supplementary Benefit Law, where you are talking about perhaps £3,000, £4,000, £5,000, or £10,000, then discretion works really well – *really well* – and Social Security a very good job at that, but when it  
3085 is down to the lowest level, discretion is useless; you might as well just say, ‘yes, yes, yes’, because that is the best way of dealing with it – not to reject anybody.

So I would ask – in fact, I would implore – the Assembly to kick out this amendment and wait for Social Security to report back to this Assembly.

Thank you, sir.

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**Several Members:** Hear, hear. (*Applause*)

**The Deputy Greffier:** Deputy Perrot.



3095 **Deputy Perrot:** It is quite clear that this amendment is going to be lost, but I thought that I would amuse you all by saying that I am going to support it. I told Deputy Adam that I was going to support it, but I have stood up really just to see Deputy Le Lièvre's face (*Laughter*) when he realises that I am not just a Member of the Treasury Board but I am also a Member of SWBIC, so I am as low as the low – much worse than Deputy Hadley, much worse than Deputy Adam!

3100 The reason why I support it – and everybody pretty well will disagree with me – is that I do not think it is excessive to ask that people pay up to £120 a year for prescriptions. I do think it is absurd – and I have said it in this Chamber before – that people who – well, let's say – are comfortably off should be obtaining a benefit merely, for example, in my case, because I am over 65 years of age. That seems to be utterly absurd.

3105 Now, I accept that this is something of a blunt instrument. It will be lost but were it to be passed it would be something of a blunt instrument, but at least it would convey a message that if one is obtaining some sort of benefit it ought to be held in some regard. And I do believe that there is quite a proportion of the community which is receiving this sort of benefit and not actually appreciating the fact that that person is obtaining something of value.

3110 So there we are; I know it is going to be lost but I am going to support it.

**The Deputy Greffier:** We turn to Deputy Langlois, the Minister of the Department, to reply on the debate of this amendment.

Deputy Langlois.

3115 **Deputy Langlois:** Thank you, sir. I think I will try and keep it brief, but I have got a few questions to answer.

The very wide range of people who have given different reasons for rejecting the amendment, I think, have left us in a position where I hope we know where we are going now because there are so many different reasons.

3120 Deputy James, thank you very much. I think the other Members of the Assembly are probably less aware than my colleagues on Social Security just how difficult it would be for Deputy James to read out long numbers of the sort that she did – she usually leaves that to a colleague on the board – but the numbers were particularly graphic and very much relate to the sheer processing volume on prescriptions which we deal with and that is very, very important.

3125 Now, acceptance of this particular amendment in a piecemeal way will tie down both this board for the remainder of the term, preparing the ground for the new board who will be back this time next year with the complete solution rather than a partial solution on this matter.

3130 Just as an aside on a comment that was made, I do trust that if there is refund to come for Deputy Le Lièvre paying for Deputy Fallaize's lunch, I trust that it is going to be means tested as a return benefit. (*Laughter*) But the other questions put by Deputy Trott very much relate to the whole question of the way prescriptions work and we have a person called a prescribing advisor, jointly funded by HSSD and SSD – a very highly qualified person who works with incredible diligence and care in vast detail on every aspect of the drugs bill and the drugs bill, as a result – and I hope to have the figures at hand – but there is some astounding data relating to the real decline in cost per unit over the last 10 years. It has been managed in an incredibly detailed way.

3135 And, yes, the Law does include a certain level of discretion, but asking a Minister on the hoof to answer what level of discretion or to describe it is a very... I mean it is very unusual for Deputy Trott to ask a question when he does not know the answer himself. So he may want to come back at me and say, 'Well, I think the answer is so and so,' but, no, we will get back to you, Deputy Trott, if you want to know more about the way prescribing system works. But I and other members of the board have real confidence that it is managed in great detail.

3140 So the great aspirin debate or the great aspirin scandal, I think actually is probably smaller than was described by the proposer of the amendment. I do take the in-principle point that has been made and the question that has been raised, and I am quite sure that if I do not raise it at the next SSD board meeting, at least two members of my board will. But let's not run for the assumption

that virtually everybody on prescriptions is getting an aspirin that is costing a fiver a go or something like that.

3150 This is a first step in something which actually is very complicated. When the PTR joint board worked on this, we all – I think we unanimously – agreed on the principles and the principle relating to the universal benefit, the ending of the universal benefit, the principle relating to not then taking it away from those in need and certainly not discouraging anybody from using the appropriate medication. And when you start tying together those three principles – and I may have left out a couple of guiding lights as well... once you start trying to tie them all together and make a really coherent solution, it is not quite as easy as it looks.

3155 So, with apologies, we have not put an apology in the report, but we have said this time next year a board will come back with proposals as to how these principles can be applied, and I think that is where we should go. If you go for this one today, then that board will have fewer options for the final application of it.

3160 **The Deputy Greffier:** Deputy Adam, the proposer of the amendment, to reply to the debate.

**Deputy Adam:** Thank you, sir. As Deputy Perrot said, this is going to be lost. This is going to be lost but everyone agrees with the principle. That is fine. As long as everyone agrees with the principle, I am quite happy about that.

3165 Now, it is quite interesting because Deputy Langlois has just finished saying that he wants more time to do things and they do not know all the facts. Now, what did he say earlier on in this debate? 'Do not know all the facts' – some may say that is why we do not make any decisions, Deputy Langlois... you said it in your speech earlier on, but a quite interesting point.

3170 But I would like just to address one or two things. Deputy Wilkie starts off by not knowing the consequences and waiting for a sponsoring department. Deputy Wilkie, I do have slight medical experience so I know something of what I am talking about, so please accept that.

3175 One thing I noted... that if someone is on severe disability grant or funding when she comes to old age pension age and has not paid into the full pension, she does not end up with a full pension. And this lady who phoned me up because she – sent me an email – is on 18 drugs a month, was scared because she would not be able to afford to pay for them. So I think it would be useful, Deputy Wilkie, if you look into that, that actually when somebody becomes an old age pensioner their income will actually go down because she has not paid all the pension. But, as you state, they are a group that have got complex needs and would end up with more drugs than average, usually.

3180 Deputy James gave mitigating actions. Well, that was the point of adding that bit on the bottom of the amendment, because we are concerned that... I do not know what people have money to spend... I do not know what they spend it on; it is up to the individual. But SSD have got a superb knowledge of the people they deal with; they know their background and situations.

3185 She also gave big figures about 1.5 million prescriptions etc. and, yes, I know it is quite a lot of prescriptions. In actual fact we have got Deputy Soulsby's information – prescriptions are not dealt with here, they are all sent to Newcastle and they are all put through a computer system up... the filled out prescriptions are sent to Newcastle and they sort it out up there, and then they send us back how much the pharmacist is due and the cost of drugs etc... the pharmacists are paid out. That has been done like that for years – not just Guernsey; Jersey probably does it as well. It is centralised and they have got the software and everything to do that.

3190 Deputy Bebb was saying that £1 is not sufficient for some people and £1 is too much for others. This is what I mean; everyone has got their own opinion about what is too much and what is too little. Some will say £1 for each drug that we get a month does not seem excessive, some will say it is excessive. It is very difficult. No matter how much research you do, you will get a wide degree of opinion.

What Deputy Kuttelwascher was trying to say... 'Should drugs that can be bought over the counter in the pharmacy be banned from prescription to charges?' and that is an issue that I am sure the officer in SSD who deals with prescriptions will try and bring in.

3200 But it is actually quite interesting, just this year there has been a group set up and what they are doing is trying to de-prescription people and stop polypharmacy – they are the two things we call it when you give people too many drugs, or *possibly* too many drugs – and this will look at patients and especially look at patients who are on a lot of drugs, to try and make sure that they are all necessary for that individual. There is one person who is on 32 and she has gone through all the tablets and medicines that that person is on and, yes, she needs 32, so I gather – which  
3205 seems quite a lot of tablets to be taking at once. I think sometimes we do not appreciate how lucky we are that we do not have to take so much in the way of medication.

Deputy Gollop said one thing interesting about the old faithful aspirin here – that older people can become slightly forgetful and therefore it is beneficial that tablets are put in a box so they know exactly which ones to take during the daytime but also it is quite useful for them to get  
3210 aspirin on prescription, because it is easier for them to realise, 'These are the tablets I have to take and this is how often I take them'. But I feel that is a bit of a lame excuse for spending £84,000 a year. Maybe the Members of this Assembly think it is perfectly reasonable to spend £84,000 for that, but we all have to make our own minds up.

Deputy Fallaize talked about the charges of a doctor and basic level of health care. This is  
3215 highly relevant. There are two ways of getting a prescription: one is to go and see a doctor and they write it out for you, or you phone them up and they have to get the case notes out and then write it out for you and then you get charged for that as well. In actual fact, you probably get charged more than £1 per item on that prescription, because each prescription has three items on it – that is the maximum number it will print out on each prescription – and when you go and get  
3220 it, the cost of getting a repeat prescription from different surgeries varies per surgery. So I am afraid to say I do not know what the cost is now, but certainly it used to be about £6, but I think things have gone up. And, as he says, it is a matter of timing.

I will leave Deputy Langlois to sort out Deputy Trott's questions. Deputy Le Lièvre – again, he is another one who understands the overall thrust, understands the principle; but, as he says, he  
3225 wants more detail and wants it worked out clearly. One thing I would like to make sure people understand is the administration of this, I was simply told by the Department, would be straightforward and easy for them to arrange. Now, I am not going to argue with the Department and how they function and deal with operational issues, but that is what I was informed. So anyone who says, 'It is going to be this difficult or that difficult', sorry, they are the ones who  
3230 should know rather than others who do not work there.

Deputy Langlois wants a complete solution – a *complete solution*. What is a complete solution? – I would like to know. It would be useful to have that (*Inaudible*) A complete solution for the principle? For the challenge? Or a complete solution for the charge of the doctors, the pharmacist? Is it a complete solution for all prescription charges? That would be good – if we  
3235 could have a complete solution, as I said in my opening speech, for people who are aged 30, on five or six drugs for blood pressure etc. That would be six times £3.80 or six times £4, shall we say – £24 a week and they are working. That mounts up.

So should we not have a cap for everyone – a standard charge with a cap or something like that across the board, so everyone is equal and fair? I will be interested to see that when I send in  
3240 all six questions to Deputy Langlois, so I can have an answer to that type of question.

Sir, as I said, I know I am going to lose it but at least people have had a chance to discuss it. At least they accept that universal benefits have to be looked at. They are already looking at Family Allowance, because Social Security is reducing it quietly by not increasing the amount, as it routinely was increased by RPI. So that is happening already, as far as that one is concerned. But  
3245 thank you for listening. (*Laughter*) Thank you for the opportunity for putting it. (*Interjection and laughter*)

**The Deputy Bailiff:** Members of the States –

3250 **Deputy Adam:** Sir, I do not require a recorded vote. Thank you.

**A Member:** Hooray!

3255 **The Deputy Bailiff:** Very grateful. Well, Members of the States, we go to the vote on the amendment proposed by Deputy Adam, seconded by Deputy Hadley, to insert Proposition 16A, 16B and 16C. Those in favour; those against.

*Members voted Contre.*

**The Deputy Bailiff:** I will declare that lost. *(Laughter)*

3260 We now turn to the next amendment to the Propositions of the Social Security Department's policy letter. This is to be proposed by Deputy Dorey.

**Deputy Dorey:** Thank you, Mr Bailiff. Can the Deputy Greffier read out the amendment please?

**The Deputy Bailiff:** Can we have the amendment read then please? This is to insert Proposition 30.

*The Deputy Greffier read the amendment.*

3265 **The Deputy Bailiff:** Deputy Dorey to speak on this amendment.

*Amendment by Deputies Dorey/Fallaize:*

*To insert a new proposition 30 as follows:*

*30. To agree that, after consultation with other relevant committees of the States, the Committee for Employment & Social Security shall report to the States by no later than October 2017 setting out their opinion on whether the universal payment of family allowances should be altered, reduced or ceased and the costs thereof redirected to allow the States to provide additional financial support for some or all of the following children's services: medical and paramedical, including but not limited to primary care, dental, optical and physiotherapy provided either by States-employed clinicians or contracted private practitioners; and breakfast clubs, after school homework clubs, school meals and holiday clubs at States' schools.*

**Deputy Dorey:** Thank you.

The October 2013 uprating report from SSD included the following:

*'The exception to this general uprating is family allowance, for which the Department considers that a freeze on the benefit, at the 2013 rate, is justifiable for 2014. This position has regard to the work in progress on the Personal Tax, Pensions and Benefits Review, within which universal benefits financed from General Revenue are being considered.'*

3270 I spoke in that debate and said that if they are going to review Family Allowance the review should look at doing something radical and I then detailed very similar proposals to what is in this amendment. The Personal Tax, Pensions and Benefits Review was debated in March and April but there were no details of any radical review along the lines I pre-suggested back in 2013. I did speak in the debate and again outlined proposals which are now in this amendment.

3275 Most people agree that families are the building block of society but, with the fertility ratio of 1.6, we have a problem – we simply do not produce enough children within our community. But we need to be very careful if we change any financial support for families, like Family Allowance. We need policies that are family-friendly, which support and help families. We need to understand

the effect that Family Allowance has on families and, if we replace this, the benefits of a changed system.

3280 This amendment is to investigate a possible way forward which could result in improved health for our children, by providing either free or heavily subsidised medical services for all children, which will in particular help low income families who often struggle with medical bills, and to investigate providing breakfast clubs, school dinners, after-school homework clubs and holiday clubs at state schools, which will benefit the children and allow the parents of school age children to work full time if they so choose. I will look at these in more detail a bit later.

3285 The proposal in the Personal Tax, Pensions and Benefits Review was to phase out Family Allowance over 10 years and this was subsequently amended by SSD and T&R to just note, so we now have a policy vacuum. Also, there was no analysis in the report of the effects of such a move on families. We seem to be driven by the desire to save money.

3290 SSD have already been reducing Family Allowance in real terms by not increasing it for 2014 and 2015, and the proposals of the Billet are not to increase it for 2016. The budget for Family Allowance is £9.85 million. Rather than simply removing universal benefits, the challenge for us should be to replace universal benefits with targeted benefits. However, the cost of targeting by means testing is expensive.

3295 The recent history on an attempt to do this is back in 2007 when SSD carried out a consultation on a system of increasing Family Allowance for everybody by clawing it back through the Income Tax system which would effectively target the allowance without needing a full means testing system. The result of the consultation was that families said that Family Allowance was an important part of their disposable income because of the high cost of mortgage payments and interest, especially if they needed larger houses once they have children.

3300 So, based on those responses, SSD considered increasing the level at which it would be clawed back. The problem was that the amount of money that would have been clawed back was not significantly more than the cost of the administration, therefore it was decided not to progress with this.

3305 I will continue going back to the analysis of the amendment. I have been concerned for some time about the cost of primary care, doctors and dentistry for low income families, whose income is above Supplementary Benefit levels. Those on Supplementary Benefit get those services for free. I am particularly concerned about the costs when there is more than one child in the family or where the child has a chronic condition which requires many visits to the doctor on a regular basis, or there are particular problems with a child's teeth.

3310 The cost of a visit to a doctor is about £45, except for one practice which has a lower rate for children under fives. Part of this amendment is to investigate providing financial support for children to see doctors, dentists, opticians, physiotherapists and other medical services provided by either States-employed clinicians or contracted by the practitioners.

3315 There is plenty of anecdotal evidence about the problems parents have with the high cost of dental and medical care. The new criteria for access to the children's dental service means that there is no help for children after their 12th birthday, except children with special education needs or on Supplementary Benefit. Yes, some dentists do offer free check-ups for children under five, if the parent is a patient of the practice, but generally that is all. All subsequent treatment required can be expensive; check-ups for children age six and over can vary between £20 and £30, then any subsequent care in terms of fillings can be very expensive.

3320 There is some factual evidence from the household survey through the data – although it is not conclusive but it is interesting to note – that, compared to a family with one child, a family with two children spends an extra £9 a week on doctors, dentists and other medical costs such as physios, opticians and osteopaths. That indicates a cost per child for medical services is around £9  
3325 but, as I said, it is not conclusive. The average spend weekly on medical services per person within the whole survey is £21.22, so that should give us some concerns that a family with one extra child is only spending £9, but the average spend is £21.22.

3330 Medical services in the survey does not include pharmacy and other medical products or optical items. There is further evidence from the CICRA Report which was published this year, which had some significant facts of affordability and I quote:

'A significant proportion of respondents reported that they either put off or delay visits to the GP for themselves (50%) or someone else in the household (32%) because of the cost.'

There is no doubt that some parents have to make very hard decisions about whether to see a doctor or dentist, and that has an effect on their children's health or the state of their teeth. As a community, we need to investigate how we can alleviate the worry of the cost of having health problems for all families, but in particular low income families.

3335 New Zealand has gradually introduced free medical services for children and the Royal New Zealand College of General Practitioners have observed the benefits ensuring children receive good health care in the early years of life, often transferred to good health in adult life; and they said this is particularly so with chronic conditions such as asthma, diabetes and the growing problem of obesity, where early preventative care can help reduce costly chronic conditions later in life. There is also plenty of evidence of good nutrition and the effect it has on the child's ability to learn and their behaviour as well as their health.

3340 So that is why I think we should extend the investigation to looking at providing financial support for the provision of breakfast clubs, after-school clubs, school meals and holiday clubs at state schools.

3345 Let's briefly look at breakfast clubs. They are increasingly popular in the UK. There is a benefit for children and their families: improved learning, attendance and behaviour at school, punctuality, healthy eating and social development. There is much research you can read about them. We have some small breakfast clubs which are partly, as I understand, financed by corporate sponsorship, but not all children in Guernsey have access to such grants.

3350 There is plenty of evidence of the benefit, as I said. In one study it said before the breakfast club one-third of the students – this was in the UK – were at nutritional risk and had a history of low attendance, tardiness, anxiety and aggression. After six months at the breakfast club, students who decreased their nutritional risk showed improvements in all these areas.

3355 After-school clubs are also a benefit to children and again there is plenty of evidence. One headteacher in England said not only are these after school clubs fun, but they also help to boost children's self-esteem and self-confidence. They went on to say, 'By offering after school activities, our children get a chance to exceed in a different area and they take that success and use it in overcoming barriers in subjects they find difficult.'

3360 In another study, one mother said, 'After a 12-year-old attended an after school club, we found she achieved a better quality of homework and she does it at study club rather than just at home.' She said, 'At one point we were finding she spent all Sunday afternoon on her homework and it was not enjoyable for her or us. Now she does her research at school, using school computers, and if she has a query she can ask a relevant teacher.'

3365 These clubs can also have a positive impact on our economy. Parents who wish to work full time will be able to do so because they will be able to drop off their children earlier and pick them up later, after they have completed the full day at work. A study on the impact of after-school care includes the following: most parents – 67% – were using out-of-school care whilst they were in paid employment; over one-third of respondents reported a positive labour market impact, most of whom state these changes would not have occurred without the club.

3370 The service of the after-school club gives parents greater peace of mind during their working day, which helps them concentrate at work and reduces the need to rush home from work. Some respondents also commented that the service enabled them to make better future career plans.

3375 So, in conclusion, before we discuss any proposals to phase out Family Allowance, we should carry out an investigation proposed by this amendment, to find out if we can make better use of the £10 million that we currently spend on Family Allowance, for the benefit of children, our families and our economy. It is patently obvious from the debate on the Budget that there will not

be any money to develop these services such as this from any other source. Funding it from reductions in Family Allowance is the only way we can do this.

Please support this amendment to carry out this important investigation.

3380 Thank you.

**The Deputy Bailiff:** Deputy Fallaize, do you formally second the amendment?

**Deputy Fallaize:** I second the amendment, sir, and reserve my right to speak.

3385

**The Deputy Bailiff:** Deputy Langlois.

**Deputy Langlois:** Thank you, sir.

3390 Can I just make a position clear on this straightaway, rather than waiting to reply later? Some of what I am about to say has been put already by Deputy Dorey, but I think we are in slightly different places regarding the sequence of events that should take place here.

3395 Now, as we all know, the topic of universal benefits, including Family Allowance, was discussed as part of the PTR. That has already been said. That was earlier this year. Through that debate, the States noted that T&R and Social Security see that Family Allowance should be phased out through gradual reductions and particularly that it should be removed from those who are not in need of it. But when presenting any firm proposal on the change the two departments were asked to outline how the impact would be mitigated by those affected, and the work is still going on that. Now, as our report explains, my department is not yet in a position to be able to present firm proposals, but given that T&R and Social Security still believe that Family Allowance should be phased out, we are not recommending any increase for 2016; that has already been outlined today.

3400 Now, I fully recognise the positive intention of the amendment and the set of services which are being proposed, and it seeks to retain some of the potential savings achieved through the phasing out of Family Allowance for some and then apply it to children's welfare, because the link in people's minds being that this is all about children. That of course actually hides an assumption that Family Allowance is religiously and carefully applied to expenditure on children by families who receive it, rather than being seen as a general benefit which goes into the family budget.

3405 And so the very worthy causes that are being described – worthy causes as in not the people who are worthy, but the benefits to children – make total sense. But it seems to me that in the PTR process we have already accepted the need to focus on targeted assistance and using means tested schemes where appropriate to do so.

3415 Furthermore, while the future phasing out of Family Allowance will result in a reduction in general revenue expenditure, it is my belief that the resulting saving should be returned to the overall general revenue pot for potential reallocation, then taking into account all States' priorities. And this amendment is potentially trying to circumvent that process and upstage it, by getting the money allocated ahead of any real definition of the services we are talking about.

3420 So, for the reasons I have explained, I simply wish to point out at this point that I personally ask people to oppose this amendment. Now, we do not have a united board position on this – we have discussed it, my board members will take different views on this – but I personally will give an undertaking now, that if this amendment is defeated – and I hope it will be – I will bring back to the board – to my board – and that, in consultation with whatever other department is appropriate... I will bring back a proposal to look into the provision of the services which have been outlined as new services.

3425 And the hypothecation of the sort that is being tried today is fundamentally wrong in the system we have got and the sequence should be as follows: we reduce or remove Family Allowance from those who do not need it; we return the savings to General Revenue; and then, and only then, propose new family-friendly services of the type outlined in the amendment.

**The Deputy Bailiff:** Deputy Gollop.

3430

**Deputy Gollop:** Sir, I was a rebel on the board a bit, (*Laughter*) but having listened to the Minister, I think actually I will support the arguments he has made. (*Laughter*)

3435

The point is that, having worked with issues on the Transport Strategy, I can well see the dangers of hypothecation and how it can lead to arguments that go beyond the merits, or otherwise, of the services.

Perhaps the assurance that the Minister has given, that we will be looking at them as new service developments, is heartening because many of these initiatives could fit in to the overall health vision transformation and also the work that Deputy Le Clerc is doing on the Children and Young People's Plan, which is very close to fruition.

3440

But I think the true need to the amendment though, and why I certainly would not be that upset if it passed, is the breakfast club idea and it would have been nice if I could have had those breakfasts as a child (*Interjection*) and Deputy Bebb always encouraging me to eat more healthily. Clearly it would benefit children and young people and maybe our public expenditure significantly if we could develop those initiatives.

3445

**The Deputy Bailiff:** Deputy Green, to be followed by Deputy Fallaize.

**Deputy Green:** Thank you, sir.

3450

I will be supporting this amendment. I think this is calling for an investigation. I do not see it personally as a matter of hypothecation; I think it is calling for proper consideration of the issues and the possibility of a reallocation in a sensible way, I do not think it is necessarily hypothecation in the conventional sense of that.

3455

I think Deputy Dorey made some excellent points in the speech he made a just a moment ago. He talked about the CICRA report which I think had some pretty devastating points made in it – and I can see the Health Minister nodding to that. It made some pretty big points in terms of the lack of affordability of visits to GPs, to the extent that people were actually saying in big numbers that they were put off from going to see their GP or, worriedly, delaying their visit to go and see their GP due to the cost; and I think that is something that we should bear in mind in this particular amendment, because we know all about the high costs of primary care to the user.

3460

So we are talking about a budget of £9.85 million. Like Deputy Langlois, I would like that to be targeted better. But the key point behind this amendment, I think, is a desire to move things on in terms of our welfare system to a more family-friendly policy, and I think that is exactly the right direction we should be going in. This amendment in itself is, I think, only calling for an investigation and an analysis to come back in October 2017.

3465

I am not sure whether the timeframe is necessarily as generous as it could be. I know that people will always complain that we should be getting on with these things, but bearing in mind that this will be a new committee composed of three Departments formed in May of 2016... So I ask Deputy Dorey why he thinks this is realistic in terms of the timeframe. I do have some concerns about that.

3470

But, generally speaking, I think the vision at the very heart of this amendment is a very laudable one and I think it deserves to be supported.

**The Deputy Bailiff:** Deputy Fallaize, to be followed by Deputy Le Clerc.

3475

**Deputy Fallaize:** Thank you, sir.

Sometimes there is an inclination on committees who are laying proposals before the States to defend their proposals against fairly innocuous amendments and I think this is probably one such occasion. I do not really think there was any need for the Social Security Department or for its Minister to oppose the amendment, particularly in view of the fact that his committee is clearly not united on this issue, but he has said he opposes it.

3480



I want to make one point initially, sir, about the funding of pre-school education, because there is a policy letter before the States next month which proposes funding universal access to pre-school education partly by re-directing the Family Allowance Budget.

3485 Now, this amendment does not in any way affect that proposal, positively or negatively, in the sense that what is proposed is that any reduction to Family Allowance could be reallocated to children's or family services, but clearly that will be the budget which applies to Family Allowance at the time that the amendment is approved, at the time that the report comes back to the States.

3490 Now, if the States before that time have decided to reallocate the existing, or a portion of the existing, Family Allowance budget to other service provisions such as pre-school, then that will be taken into account by the committee when they lay that report before the States, but it does not make any material difference to the amendment. I say that so that Members of the Education Department can feel confident that they should vote in favour of this amendment – blatantly opportunist, but I make no apology for that! (*Laughter*)

3495 Family Allowance is expenditure of the States from general revenue to support children and families. I take, entirely, the point that Deputy Langlois makes about hypothecation, but I think it is worth recalling the origin of Family Allowance and that it was initially a tax allowance and it was applied in the case of families with children. So I do not really think it is the proposer and seconder of the amendment who are creating hypothecation. That has been a feature of either the tax or the benefits system now for some considerable years.

3500 There are two issues. We know that the Social Security Department wants to remove Family Allowance as a universal benefit. There are two issues with doing that. The first is ending the universality of this cash benefit. Now, I think there is probably majority support for that in the States – that is one issue.

3505 But the second issue is potentially the permanent removal of this budget from children and families. That is the issue. Now, I can understand that there is some logic to removing the universal cash benefit, but I have very much more of a problem with the idea that this sum of money, which at the moment is allocated to support children and families, ought to be removed from the support of children and families altogether. And really that is what is addressed in this amendment. I think it is not at all sensible for us to start withdrawing support for children and families, given our relatively low birth rate and the relatively high cost of living in Guernsey.

3510 The amendment does not prescribe whether expenditure on children's services should be on a universal or means tested basis. Now, this was a point which was made by Deputy Langlois. There are aspects of the amendment, even if the amendment is carried and the successors of the Social Security Department come back and propose reallocation of some of the Family Allowance budget into some of these services, which could be provided on a means tested basis. So this is not prescribing that universality must necessarily remain in this pot of money.

3515 What it proposes is that at least an element of any of the withdrawn expenditure on Family Allowance should be retained for expenditure on families or children's services. And I think, sir, that is a reasonable proposal.

3520 We know that in Guernsey, access to medical care is generally very expensive. Now, that is especially true for families with young children, particularly where there is more than one child involved and I do not make any apologies for providing a personal anecdote here.

3525 My wife and I earn between us just below the median earnings in Guernsey and I am nowhere near wealthy and also nowhere near the kind of level that one would need to be at to receive Supplementary Benefit support. I can tell Members that there are occasions when you are faced with medical bills of £45 or whatever it is to go and visit the doctor, where families in that position do make a conscious choice not to take their children to the doctor.

3530 I am not talking about cases of emergency or cases where a child is clearly very ill indeed. There are some families who would not even be able to afford primary care bills in those circumstances. I am not remotely pleading to be in that sort of unfortunate position. But there are occasions where families, in the kind of position that my family is in, where you know that the

child is unwell and under normal circumstances you would take the child to the doctor and you choose not to because of the cost of accessing medical care and medical advice in Guernsey.

3535 We know that there is considerable anecdotal evidence that families are not accessing dental care for children. Now, this is a very serious problem because almost always if dental care is avoided in the early years, the repercussions later in life are very serious. Now, that is not always the case with families not choosing to take children to the doctor, but it is almost always the case if they are choosing not to take children to the dentist; and the costs and the health problems of having to have dental reparations, as it were, later in life are very considerable.

3540 So we know all of these things. We know about the high cost of medical care in Guernsey. We know about the high cost of living. We know that some children are not accessing children's services and this amendment speaks to that kind of problem.

Deputy Bebb was trying to give way and I did not realise, so I am happy to give way to him now.

3545

**Deputy Bebb:** I thank Deputy Fallaize for giving way. It was in order to assist him in his argument on dental care. Was Deputy Fallaize aware that the most frequent cause for visiting Accident and Emergency is actually as a result of dental issues rather than anything else?

3550 **Deputy Fallaize:** Yes, quite. That is correct and I ought to have mentioned that. I thank Deputy Bebb for his intervention.

Now, what is proposed in the amendment is that the committee for Employment and Social Security – the successors to the Social Security Department – should report to the States on this matter. I entirely accept Deputy Langlois' undertaking that he will go back and discuss this with his committee, but he is only going to be in office for another six months or seven months, or whatever it is, and contained in his undertaking was nothing about bringing the matter back to the States; and that is what I want to try to achieve and I think what Deputy Dorey wants to achieve with this amendment. It is that it is not unreasonable for the States to say in the event that a policy is going to be followed of withdrawing some or all of the universal Family Allowance, that the department or committee that is sponsoring that policy should come to the States and set out the merits or otherwise, of reallocating some or all of that withdrawn universal provision to children's services, particularly the medical and educational services that are set out in the amendment.

3560 And on the point about the educational support – this is not in any way meant as a criticism of the work of Deputy Sillars' department or the work that is carried out in our schools, but – it is true to say that relative to other jurisdictions our schools are unable to offer very much in the way of pre-school homework clubs or after-school homework clubs, breakfast clubs, school meals – the kind of things which are very familiar and commonplace in other jurisdictions – we have no sort of history of doing that in Guernsey, but the evidence of their benefit is very considerable indeed.

3570 So, sir, I think the central point here is that the States ought to put an expectation on the Committee for Employment and Social Security during the first, let's say, 18 months of its term in office, to return to the States and to set out its considered opinion on whether the withdrawal of the universal allowance could or should reasonably be reallocated to children's services, particularly in areas of medical care and education.

3575 I do not think this is an unreasonable amendment, sir, and I hope Members can support it. Thank you.

**The Deputy Bailiff:** Deputy Le Clerc.

3580

**Deputy Le Clerc:** Thank you, sir.

I find myself in a strange situation this afternoon because it is not very often that I agree with Deputy Dorey where it concerns Social Security Department matters, but I am afraid – well, I am

3585 pleased to say that I am on his side this time. And it is not very often that I disagree with my Minister, but I was one of the board members that said I could not agree with the board.

Again, it is very difficult being on two departments. I am on Social Security Department and I am also on Health & Social Services Department. And on Health & Social Services Department I am Chair of the Children and Young People's Plan. And for me to not be able to support this as Chair of the Children and Young People's Plan would be wrong; so I have got a dilemma but I will be supporting the amendment.

3590 The hypothecation – I tend to agree with Deputy Green. For me, I have always disagreed with the hypothecation because I think we should just do what is right and the hypothecation is used so many times as an argument not to do something, but I believe in this case we should be doing something.

3595 With regard to the money going back to the general revenue, I think if it goes back to general revenue and these services have to fight as new service bids they will never ever be fulfilled. So that is my concern – that if that money is returned back to general revenue, it will never be used for children and young people; and, for me, that is what it was intended for. So I can see my Minister disagreeing with me, but that is the way life is sometimes. *(Laughter)*

3600 Some of this does fit with some of the proposals in the Children and Young People's Plan. This is perhaps a bit pre-emptive, but I think one that has come up is the dentistry. When I have sat in meetings, we have got to the point now where I have got parents saying to me it is almost better for their children to have 10 or 12 cavities because then they will get free dental treatment because there is no preventative dental treatment. That is perverse! That is not a way that we should be running our dental service. So, for me, if nothing else, if we could get the dental service up and running I think that would be a really important thing.

3605 So I ask people to support this. I think the wording of the amendment says 'financial support for some or all of the following' and it does not say that this cannot be means tested; but, again, I would like to say that those who are on Supplementary Benefit and already get welfare and support do get some medical services; so they will get some free dentistry, they are able to take their children to the doctor. But what we find is that families on low incomes are not able to take their children to the dentist and to the doctor and, for me, those are the families that always miss out. That is one of the reasons why I would put myself forward for SWBIC, because I wanted to try and help those families that are always on the periphery and always miss out.

3615 For those reasons, I would ask you to support this amendment. **(Several Members:** Hear, hear.) *(Applause)*

**The Deputy Bailiff:** Deputy Bebb.

3620 **Deputy Bebb:** Thank you, Monsieur le Deputy Bailli.

I have huge sympathy with this amendment because I remember talking to my parents who were both teachers in a secondary modern in a very industrial town in the north-east of Wales and they said that one of the best things that happened within that secondary modern was breakfast clubs. Primarily because it provided nutrition for children who otherwise would not have received a breakfast that day and, secondly, because behavioural changes were phenomenal once they introduced them and that within the schools it was something of great value.

3625 There is nothing really on this list, having already pointed out in my intervention with Deputy Fallaize's speech in relation to dentistry... I think that is a very pertinent area that we should care for. There is nothing here that one could disagree with that we would want to do, except for one thing: I find it difficult to agree that the current expenditure on Family Allowance should be retained for families.

3630 I find it difficult to imagine that, although every person who has spoken said these new facilities that are being called for need not be universal, we know that with the size of Guernsey the cost of means testing these particular types of things is exorbitant and prohibitive, so they are more likely to be cost-effectively delivered on a universal basis.

3640 Now, I stood in my manifesto campaign to remove Family Allowance. It explicitly stated that I wanted Family Allowance removed. It was one of the means that I thought appropriate to balance our books. And it is not surprising that yesterday we were talking about putting £8 million into health, breaking our fiscal rules and today we are discussing the possible re-allocation of £9.7 million, which is Family Allowance.

3645 I have every sympathy for wanting to deliver these things, but I do believe that if we are honestly trying to be fiscally prudent, if we honestly believe that these things should be delivered, then I cannot believe they will be delivered any other way than universal and that measure I cannot support, because so many children are children of wealthy families. Are we to say that those parents who pay for their children to receive education off-Island or within the private sector in Guernsey should also benefit from some of these measures? I do not think that is the right approach. I think that the right thing to do is for us to actually do as Deputy Langlois suggested. It is a complex area that will require far greater thought than simply for us to return here.

3650 If the Social Security Department believes that there is a case to be made whereby universal is not the means of delivery, then I am sure, as the promise that Deputy Langlois has made in this Assembly, that will be delivered. But to demand that the work to be done in order to be returned here to the Assembly is wrong, given that we know realistically the means of delivery will not be attractive, it will not be what we want.

3655 Personally I was disappointed that Family Allowance was not reduced on this occasion in the way that we actually said we would during the Personal Tax and Benefit Review. I believe that I am probably in a minority in that respect, but having stood on a manifesto pledge to remove Family Allowance, I think it would be wholly inappropriate for me now to be trying to hypothecate that way in order to try and curry favour in another direction.

3660 I think the right thing is to stand by the choice that we made in the Personal Tax and Benefit Review and to reject this amendment.

Thank you.

**The Deputy Bailiff:** Deputy St Pier.

3665 **Deputy St Pier:** Sir, I think I have considerable sympathy with Deputy Bebb's position but I think to start with, like Deputy Bebb, I have great sympathy with the ambitions of Deputies Dorey and Fallaize in moving this amendment and seeking to turn universal benefit in the form of Family Allowance into targeted services, and I said as much to Deputy Dorey when he mentioned that he was thinking of bringing this amendment.

3670 I particularly welcome Deputy Dorey's speech. I think he was very realistic about the financial pressures that are on the States – and we have obviously discussed that a great deal this week – and therefore the need to prioritise.

3675 The term 'hypothecation' has been used and I think it has been used incorrectly, because that applies some kind of ring-fencing to an income stream. What we are really saying here is that we would be consciously re-prioritising – or potentially through this investigation, consciously re-prioritising – this spending for a different group of services. And I think that, for me, is probably the challenge I have with this amendment: that the presumption that underlies this amendment is that these are the right priorities.

3680 Now, that may actually be the right outcome, but that is what concerns me with this amendment and I think the Minister probably articulated it better than I could when he spoke; and that is the challenge I have with this amendment, sir.

**The Deputy Bailiff:** Deputy Adam, to be followed by Deputy Sherbourne.

3685 **Deputy Adam:** Thank you, sir.

3690 I simply want to ask Deputy Le Clerc – although since she has spoken she cannot reply so I will ask the Minister for Health – I thought HSSD dental services covered visits to schools and that preventative measures are done across primary schools in Guernsey, to check up on children's teeth and a number of care areas etc. as you say. Is that not still the case?

3695 Secondly, on the bottom of this it says, 'Carrying out the investigation proposed in this amendment will not increase the expenditure of the States'. Is Deputy Langlois' department or the new department... is it not going to cost anything for them to put someone to one side and investigate this? Because, as Deputy Dorey has said, it is not just to look at one specific area of dividing things up, but looking across the board and decide how you are going to split the money up into different areas.

Thank you, sir.

3700 **The Deputy Bailiff:** Deputy Sherbourne, to be followed by Deputy Le Lièvre.

**Deputy Sherbourne:** Thank you, sir.

3705 I will try and be brief. I too support this amendment. I welcome it. I think successive reports over the last two years have indicated the scale of some of the problems that our vulnerable families and young children are actually facing. There was a mention of the breakfast clubs. That is not just in the UK; we have got them here. We have got them here, funded by a private donation, operated by one of our Deputies actually, and also parents and people from commerce that are giving up their time to actually provide a decent meal for our young children who are basically quite struggling.

3710 The impact has been tremendous in the schools where that has actually been piloted and I commend everyone that has been part of that process. It is time that we woke up to the scale of the issues that vulnerable families in this Island are actually facing and it is these sorts of initiatives, taken by Deputy Dorey today, which I think provide us with an opportunity to recognise the scale of the issues and to try and do something about it.

So thank you very much and I certainly commend the amendment to all Members.

3715

**The Deputy Bailiff:** Deputy Le Lièvre, to be followed by Deputy Sillars.

**Deputy Le Lièvre:** Thank you, sir.

3720 We have pretty good support systems for those on low income, both within Supplementary Benefit and within Social Housing via the rent rebate scheme; and those two schemes in total at the moment are valued at about £31 million and Family Allowance is largely on top of that – not exclusively because of the ramifications of mixing up Supplementary Benefit with Family Allowance. But basically the circle if you like, is about £40 million.

3725 But I would like you to imagine that it is a circle and in it are three very odd shaped bits of whatever, plonked in and they do not fit and there are gaps all over the place; because that is, in truth, the best way I can describe what those systems... how they provide for our community, both at the lowest end and at the lower middle income groups. Because I am not going to make the case that all social housing tenants are very poor, because that is not the case. But, as Deputy Fallaize said, there are lots and lots of other families on reasonable incomes who are making decisions about whether their children should go to the doctor – you know, he has got a few spots, 'Well maybe we should, maybe we should not'. And similarly they are making those decisions with dental treatment as well. We have pretty good systems but there are major gaps.

3730 Now, I have been in means testing all my life and I do not like it. If I had my way everything would be by way of a universal benefit. It would cost millions, I accept that, but everybody would get the lot, whether they liked it or not! (*Laughter*) But I accept that we do not live in that world, but nevertheless means testing is not the perfect answer. We call it targeting but it is only wrapping up what is basically 'Can you afford it? No you cannot. Yes you can,' and some get it and some do not.

3740 And it is those people who do not get it who are maybe just outside or do not want to apply for it and there are hundreds if not thousands of people in Guernsey in that position and many of them will have children and young children and children that go without important services, either in dental health or medical health or indeed in their learning. And next month we will be discussing universal provision of pre-school.

3745 And the overall cost, at the end of the day, of not providing these services universally vastly – *vastly* – outweighs the cost of providing them in later life, because things go wrong. They do go wrong – either health-wise, education-wise, employment-wise, family-wise and relationship-wise – and they all lead, in many instances, back to these gaps that have existed in our quite expensive services which are indeed not universal but means tested; and that is one of the reasons I do not like means testing.

3750 But this amendment provides the opportunity to fill in some of those gaps with possibly universal services – and I say universal services because I do not hold with Deputy Bebb’s argument that we cannot provide something because there are some rich people up there who can afford it. That argument will get you nowhere. It will always lead you to not providing for those people in the middle who might actually need it. Because on the one hand we hear that  
3755 most pensioners are wealthy and they earn more than the employed, and on the other we hear that we cannot do something because there are so many people who are employed who are wealthy and you are providing services they do not need, you are going to pay for services they already pay for themselves.

3760 So I believe this is a brilliant amendment. It is not going to provide everything, even if we spent all £9.5 million, or whatever it was, it would not cover any number of services in a universal fashion, but it might provide universal services for one or two or maybe three or four of those elements and it would be money well spent. Because a good start in life will follow you throughout the whole of your life and that is what this Island needs. At the moment the gaps mean that people fall down them and they never ever climb out again.

3765 So I will leave it to the Assembly to decide and I just hope that on this occasion we can see a little bit further than this business of universal benefits and means tested benefits, and take it into universal services.

Thank you, sir.

3770 **The Deputy Bailiff:** Deputy Sillars.

**Deputy Sillars:** Sir, I will be even shorter than I was going to be, because always following Deputy Le Lièvre... he said exactly what I really wanted to say. I just really wanted to say this is absolutely the right amendment to support. I have not supported any up to now in this area but  
3775 this is the right one to support and it is the best start in life.

I lived in a bubble – it is embarrassing to say really – before I went into Education and met Mr Le Lièvre there. I assumed everybody was pretty okay, everyone was fine, there was not a lot of... we are pretty rich as an Island and there are one or two maybe who are suffering. It goes back to Deputy Bebb’s point: don’t let’s do anything because the rich might get richer.

3780 But actually it is the vast number of people who are not rich and they are the ones that I have really woken up to since I have been in my position here, and I am grateful for being in this position – and they are the ones that really need help and also to reinforce a thank you to the various companies and the Deputies here who help the breakfast clubs and everything else.

3785 The other side of the coin is school meals and things. We as a board wanted to look at school meals at the beginning of our term and we just do not have the facilities. A lot of them do not have the restaurants, the catering facilities and things like that.

So, whilst we as a board were very keen to produce that and provide that, because we could see the real benefits for it, children turn up and do not have breakfast – it is extraordinary, when you go to these schools and see that they have not been fed properly. Sometimes they come up

3790 with a Mars bar and a very sugary drink – that is their breakfast and it is possibly their lunch as well.

They are fine for 20 minutes because they are off the wall – (*Laughter*) they are so high up, but when they come down and are ready for lunch and we go off and have our lunch, they are either so low and they go and have another... so they peak at... It is extraordinary and we really do need to sort this out.

3795 So please support this amendment.

Thank you.

**The Deputy Bailiff:** I turn to the proposer of the amendment, Deputy Dorey, to reply to the debate.

**Deputy Dorey:** Thank you, sir. I sense the will of the Assembly and, knowing we are late, I will not take too long to sum up.

3805 Deputy Langlois started by saying about Family Allowance, but it is all about children and I think that we need to re-use that money for children's services; and I would hate to think that money goes back into a pot to be allocated, because I think you have heard enough today to know that we have problems with our children's services and we need to use that money for that purpose. I think Deputy St Pier has covered the argument about hypothecation.

3810 Deputy Gollop said that breakfast clubs would have been good in his time. Yes, so let's seize the opportunity to introduce it for children today. I urge you to think again and go back to your original view and support this. Deputy Green talked about the CICRA report and I think it really does show the extent of the problem that we have and we need to move more family-friendly policies.

3815 I spoke to Deputy Langlois before this and he suggested a timeframe of two years. We know we often struggle to meet timeframes. I hope it is sufficient time. I know that two years does seem quite a long time and I know we have said it is for the new committee, but there is nothing stopping the new committee starting work on it, if they want to hand over some of the work to the new committee.

3820 As Deputy Fallaize said, it does not affect the proposal about pre-school education and he gave way to Deputy Bebb to talk about the number of people who visit A&E with dental problems. And I agree with Deputy Fallaize: this is a big enough issue that it should not just be discussed by a committee; this is a significant issue and it should be discussed in this Assembly. It is a significant sum of money and we need to discuss it and have a report to understand the allocation.

3825 As has been mentioned, we have our school buildings and we spend many millions of pounds on them and we should make better use of them. I think we can make better use for our community, for our economy and for our children. Yes, we will have to spend a little bit more money but I think it would benefit the economy and the children. So I urge you to support it from that viewpoint.

3830 I thank Deputy Le Clerc for her speech and for not agreeing with the rest of her board members, and I agree with her that if the money is returned to general revenue it will never be returned; and she highlighted the problems with dentistry and how low-income families all miss out.

3835 Deputy Bebb talked about his huge sympathy and the value of breakfast clubs, so I urge you to support it. What needs to be done when it comes back is about universal or targeted... and that has been spoken about a number of times. Again, it is what the proposals come back... There will be some self-selection of people who decide that they do not want to use a universal service; they have insurance and they will make use of their own private service rather than using this, because many businesses give medical insurance for whole families. So I think there will be some self-selection but, yes, if we can target it and it comes back it will be great and that is part of the investigation.

3845 Deputy St Pier talked about 'reprioritised'... I think these are correct priorities that need to be investigated and I think we can use existing staff to carry out the investigation. Deputy Sherbourne talked about vulnerable children and I agree with him that we need to help vulnerable children. Deputy Le Lièvre talked about 'a brilliant amendment' and I thank you for that and I urge the States to have that at the forefront of their mind as they move to the vote; and I thank Deputy Sillars for saying it is right to support this, because I think it is.

This is a major step forward for our social policy and if we do not do it at this point in time, that money will go back into central funds and it will never be allocated to children again.

3850 So I urge you, please, support this and let us have this investigation and make a decision based on fact.

Thank you.

3855 **The Deputy Bailiff:** Well, Members of the States, we go to the vote now on the amendment that is proposed by Deputy Dorey –

**Deputy Dorey:** Can we have a recorded vote please, sir?

3860 **The Deputy Bailiff:** – and seconded by Deputy Fallaize, to insert a new Proposition 30, and there will be a recorded vote.

*There was a recorded vote.*

3865 **The Deputy Bailiff:** Well, Members of the States, I make that just carried. As a result of that, Deputy Dorey, do you have a further amendment to insert Proposition 31?

**Deputy Dorey:** Thank you, sir.

3870 Firstly, I wish to thank Members for supporting the amendment on the investigation which includes medical services for children. I will only make a short speech on this amendment because I do not expect it to be controversial. Sorry, I should have asked the –

**The Deputy Bailiff:** Would you like to read it out yourself, Deputy Dorey?

**Deputy Dorey:** Okay, yes, sir. It is:

To agree that the Committee for Employment & Social Security shall report to the States by October 2017 setting out their opinion on the feasibility of medical and para-medical services being provided either by States-employed clinicians or contracted private practitioners for adult Supplementary Benefit claimants.

3875 I have discussed this with Social Security staff. SSD forecasts that the cost of providing medical services for the Supplementary Benefit claimants this year will be £1.85 million. The Assembly has agreed to investigate the feasibility of children's medical services being provided by States-employed clinicians or contracted private practitioners. This amendment is simply to widen that investigation to include the provision of medical services to Supplementary Benefit claimants using States-employed clinicians or contracted private practitioners.

3880 The prime reason for this investigation is to see if the cost can be reduced by providing these medical services whilst maintaining the quality of them.

Thank you.

3885 **The Deputy Bailiff:** Deputy Le Lièvre, do you formally second that amendment?

**Deputy Le Lièvre:** I do, sir, and reserve my right to speak.

**The Deputy Bailiff:** Thank you very much.



*Amendment by Deputies Dorey/Fallaize:*

*Not carried – Pour 25, Contre 16, Ne vote pas 0, Absent 5*

**POUR**

Deputy Le Pelley  
Deputy Ogier  
Deputy Trott  
Deputy Fallaize  
Deputy Laurie Queripel  
Deputy Le Lièvre  
Deputy Collins  
Deputy Duquemin  
Deputy Green  
Deputy Dorey  
Deputy Le Tocq  
Deputy Brouard  
Deputy Wilkie  
Deputy De Lisle  
Deputy Burford  
Deputy Sillars  
Deputy Hadley  
Deputy Harwood  
Deputy Brehaut  
Deputy Robert Jones  
Deputy Le Clerc  
Deputy Gollop  
Deputy Sherbourne  
Deputy Conder  
Deputy Lester Queripel

**CONTRE**

Deputy St Pier  
Deputy Gillson  
Deputy Lowe  
Deputy Spruce  
Deputy Paint  
Deputy James  
Deputy Adam  
Deputy Perrot  
Deputy Inglis  
Deputy Soulsby  
Deputy Luxon  
Deputy O'Hara  
Deputy Kuttelwascher  
Deputy Domaille  
Deputy Langlois  
Deputy Bebb

**NE VOTE PAS**

None

**ABSENT**

Deputy Stewart  
Deputy David Jones  
Deputy Quin  
Alderney Rep. Jean  
Alderney Rep. McKinley

3890 **The Deputy Bailiff:** The voting on the previous amendment proposed by Deputy Dorey and seconded by Deputy Fallaize was: there voted in favour, 25 and against, 16. It was carried.  
Who wishes to speak in debate? Deputy Langlois.

**Deputy Langlois:** Thank you, sir.  
3895 Very briefly, simply to say that I think that in the light of the previous vote and the work which obviously the committee will be committed to in a 'not un-related' area because it all costs money, and that this work will have to be done anyway, and I would thoroughly support this amendment.

3900 **The Deputy Bailiff:** Deputy Le Lièvre.

**Deputy Le Lièvre:** Yes. The only reason I am speaking, sir, is that one of the problems that SWBIC is having, or will have, is that when we weld together the Rent Rebate Scheme and Supplementary Benefit we are inviting several hundred families to join a system where medical is provided without limitation almost. Now, that is going to create significant extra expenditure and that is why I support the review to be carried out by Social Security.  
3905

Having said that, I must admit that I am not particularly happy with the idea of recipients of Supplementary Benefit or Social Housing being required to go and see doctors other than those that are their own. Because this is the reason why in 1967 the Law was changed to allow people who were on public assistance to go and see their own doctor as opposed to the States' medical doctors who were appointed through the Central Outdoor Assistance Board.  
3910

And it is not really a satisfactory situation but it is one that has to be examined because of the extra cost that is going to be piled on top of the existing £1.85 million which might in itself be well over another £1 million. So we could be looking at a £3 million package, which obviously has to be both efficient and practical.  
3915

Thank you, sir.

**The Bailiff:** Deputy Adam.

3920 **Deputy Adam:** Thank you, sir.

I just stand to remind the Members of the Assembly that not long ago you accepted a States' report by HSSD – I think it was concerning the Responsible Officer and various other aspects.

3925 Now, one of the conditions about general practice in Guernsey was you had to provide 24/7 cover or join the rota for that; plus you could not just have people coming here to do children, it would have to be across the spectrum of people; plus you have to remember, unfortunately, people on Supplementary Benefit and support tend to be the least healthy group of individuals in our society and therefore tend to attend doctors more often and that has been known for many years amongst the general practitioners and, therefore, I am not too sure how many you would have to employ to provide this service.

3930 Secondly, the provision of GPs – you would have to pay at least the same as they expect to get paid in UK and that has considerably increased over the last four or five years. It is not just £60,000 or £70,000; now it is more like an average of £90,000 to £100,000. So there is quite a significant hill to climb to achieve this. I do not necessarily disagree with it but there is a hill to climb and I do not expect this to be a cheap option.

3935 Local practices *may* offer to contract this as it is like when you have Supplementary Benefit patients – that basically you are contracted with SSD to see the patient and charge the patient accordingly. If you take it as a lump sum that is one thing; it is more difficult for them to calculate, but if you are seeing them and charging a lower rate for those patients, compared with routine patients, that may be a possibility. But it will not be all that easy to work through and achieve what you are looking to achieve because what has been put in place for all doctors now practicing in Guernsey. They must have suitable premises, they must be registered and of a good standard, they must have a computer system that connects up with MSG and connects up with the Hospital systems and obviously they must have the required qualifications, study leave and this type of stuff. It sounds a good idea but be wary.

3945 Thank you, sir.

**The Deputy Bailiff:** I do not see anyone else rising so I turn to Deputy Dorey, the proposer of the amendment, to reply to the debate.

3950 **Deputy Dorey:** Sir, I have got very little to say, other than to thank Deputy Le Lièvre for seconding it in his speech. All I can say to Deputy Adam – and thank you, Deputy Langlois, for supporting it – is that is part of the investigation. I never said it is going to be easy but if we can find a way of saving some money, I think it is worth investigating. And as it is in such a close area to the previous amendment's investigation, I think it is worth combining the two together and getting the best value from the investigation and possibly getting the best value for our community.

3955 Thank you.

3960 **The Deputy Bailiff:** Well, Members of the States, we go to the vote now on the amendment proposed by Deputy Dorey, seconded by Deputy Le Lièvre, to insert a new Proposition 31.

Those in favour; those against.

*Members voted Pour.*

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

The final amendment to the Propositions is one proposed by Deputy Fallaize.

Deputy Fallaize, do you wish to move it?

3965

**Deputy Fallaize:** Thank you, sir. Would Her Majesty's Deputy Greffier kindly read out the amendment, please?

*The Deputy Greffier read the amendment.*

*Amendment:*

*To add a new Proposition 32 as follows:*

*'32. To agree that the Committee for Employment & Social Security shall investigate the merits of including within the ambit of the Guernsey Health Service Fund the costs of healthcare and medical treatment incurred by Guernsey residents while travelling to the United Kingdom which would previously have been within the ambit of the States' reciprocal health agreement with Her Majesty's Government, or alternatively of the States entering into partnership with one or more private insurance providers to ensure that such insurance cover can be made available to Guernsey residents at reasonable cost; provided that such investigation shall be undertaken on the presumption that any such insurance scheme would most probably require any claim to be subject to both maximum and minimum conditions in relation to cost coverage; and further to agree that the Committee for Employment & Social Security shall report to the States thereon by no later than October, 2017; and further to note that, for the purposes of Rule 15(2)(a) of the Rules of Procedure of the States of Deliberation, carrying into effect the proposals in this amendment, i.e. the carrying out of such an investigation, will not increase the expenditure of the States.'*

**Deputy Fallaize:** Thank you, sir. I do not like full stops in amendments!

3970 Now, sir, it is never a good time to rise to lay an amendment at 13 minutes past five on the fourth day of a States' meeting.

**The Deputy Bailiff:** It is the first day of the States Meeting, Deputy Fallaize.

3975 **Deputy Fallaize:** Ah, yes, but the fourth day that the States have been here sitting and working hard.

The thing is I do not know whether the Social Security Department is going to support or oppose this amendment, so I am afraid that I am going to have to lay it on the basis that it may not be supported and set out the case for it properly.

3980 For some time – *(Interjection)* Ah, I think that it worked because Deputy Langlois is showing a sign of two thumbs up, which I think means 'take off' or that his Department is going to support it. Right, so I will cut short the few words that I was going to say and speak only for 15 minutes! *(Laughter)*

3985 Deputy Laurie Queripel and I have been working on this for a little while and wanted to lay something before the States, but we wanted to meet the Administrator of Social Security before doing so – and, entirely my fault, but we were unable to do so, in the end, until last week and that is why the amendment was circulated when it was.

3990 Clearly, this amendment arises out of the withdrawal by Her Majesty's Government of the reciprocal health agreement which the Bailiwick previously had in place with the UK and I just want to say a little bit about the impact of that withdrawal. Because clearly the impact of the withdrawal falls on all Bailiwick residents who visit the UK, but the impact falls most of all on people who are elderly or disabled or who have pre-existing medical conditions, and for whom travel insurance may be practically unobtainable or, if it can be obtained, is often disproportionately and sometimes prohibitively costly.

3995 I have lost count of the number of my parishioners who have contacted me to explain how not being able to obtain travel insurance or the prohibitive cost of such, has kept them from travelling to the UK. Now, these are not affluent people, not people in well-paid work. Typically – not always, but typically – they are grandfathers or grandmothers wanting to travel to the UK, probably

infrequently, to visit perhaps siblings or grandchildren. And for some of them, making that trip has become a financial ordeal, if indeed they can make it at all.

4000 Now, Deputy Queripel and I are not the first Members to try to alleviate this problem; Deputy Adam, when he was the Minister of HSSD – because he was the Minister of HSSD, I do not know if he has ever mentioned that, (*Laughter*) but – he was the Minister when the reciprocal health agreement was terminated and he did make efforts – *considerable* efforts – to try to restore that agreement, which unfortunately were unsuccessful.

4005 Also a former Vale colleague of mine, Graham Guille, through his work on the British Irish Parliamentary Assembly, I think it is called, tried – during Deputy Trott’s time as Chief Minister – to have the reciprocal health agreement restored.

4010 Now, that is what has happened in some other jurisdictions. Jersey and the Isle of Man do have in place new reciprocal health agreements with the UK, but they do have to pay quite considerable sums of money for them. It was estimated some six years ago, when the original agreement was terminated, that restoring it would cost around half a million pounds. As I say, that was six years ago.

4015 Now, putting in place a new reciprocal health agreement would cost HSSD several hundred thousand pounds in income foregone, which they are now able to charge UK residents when they seek medical treatment in Guernsey; and I think that, given the current state of public finances, it is not going to be possible for Guernsey to restore the reciprocal health agreement.

4020 There has been a suggestion that it could be restored and it could be funded from Commerce & Employment’s Tourism and Marketing budget. Now, I have to say, sir, I think this is a ludicrous suggestion. In effect, it requires cutting the Island’s Tourism and Marketing budget by around 20% in order to restore the agreement and it is inconceivable that the people in charge of that budget, if they were given an extra 20%, would say that the best way of spending the money would be on paying for the medical treatment of UK residents when they are on holiday in Guernsey. So I do not think that is a sensible way of doing it at all, particularly when there is no evidence that suggests any material loss to Tourism as a result of the absence of the reciprocal health agreement.

4025 But, while we do not have an obligation to UK residents, we do have an obligation to Guernsey residents and it is the financial costs of medical treatment in the UK for Guernsey residents which concerns me and which is the purpose of this amendment. So the amendment proposes, effectively – if I can put it this way – reinstating one half of the reciprocal health agreement, so that which was covered by the old agreement for Guernsey residents could be covered again.

4030 I accept that there is ongoing pressure in the Health Service Fund, but all of the advice I have received from the Social Security Department, and Deputy Queripel too in our meetings with them, is that the likely cost of this would not be unreasonable and would not rate terribly highly compared to some of the additional costs that have to be incurred in relation to the specialist health contracts where I think Social Security, through no fault of their own, through no choice of their own, are having sometimes to just sign off an extra £300,000, an extra £400,000, here or there because of the consultant-led model of care that we have.

4040 The advice that I have had is that this kind of scheme could be put in place for much more reasonable costs than that. And also, from the Social Security Department, the advice is that there would not need to be any additional staff taken on because of course they are involved in dealing with the costs incurred of the on-Island healthcare scheme. Effectively, this would be added to that work, but clearly the treatment sought in the UK or the treatment which is incurred in the UK by Guernsey residents is nothing like on the same scale as that incurred in Guernsey.

4045 I think there would have to be minimum and maximum conditions imposed. It would not be efficient for staff at the Social Security Department to be processing claims for a fiver here and there, and we cannot – I do not think – expose the States to unquantifiable risk, so there would have to be a minimum and maximum level per claim, I should think, but there is no reason why we could not do that.

4050 But I am confident, given the discussions that Deputy Queripel and I have had with the Social Security Department, that what is laid out in this amendment – and it is only an investigation at this stage, but what is laid out in this amendment provides a possible or even a probable solution to the unfortunate, the most egregious disadvantages of the withdrawal of the reciprocal health agreement in 2009.

4055 This would be, if we were able to restore this level of cover, a very considerable advantage to many Islanders and I ask Members to support the amendment, given that Deputy Langlois is now going to stand up and say that his Department does not oppose it, I think.

**The Deputy Bailiff:** Deputy Laurie Queripel, do you formally second this amendment?

4060 **Deputy Laurie Queripel:** I do, sir, and reserve my right to speak. Thank you, sir.

**The Deputy Bailiff:** Thank you very much.  
Deputy Langlois.

4065 **Deputy Langlois:** Thank you, sir.

4070 The timing of the discussions that took place last week actually do mean that, formally as a board, we have not had time to discuss this in any detail. I certainly have got personal sympathy with this and I am willing to hazard an informed guess that, on this matter, my board probably do agree. I am a little bit worried about that after some comments made earlier, but – (*Laughter*) on this one I think we are on-side.

I would like to just make a couple of comments, however, because of the detailed lengthy sentence that the proposers have put together here and these things sometimes further down the road can bite you as a sort of a huge contract, when in fact it is a broad instruction to say, 'This is something we should look at. Somebody should do something about it.'

4075 The timescale, I think, is realistic. I really regret that we have had to say it is as long as two years; this sort of thing should be done quicker, but this really will sit alongside a lot of other policy work and so I regret that I think that is the quickest in which this can be achieved.

4080 It is a sizeable piece of work and it does interact with other secondary care issues that are going on at the moment and which do not directly impact on this but nevertheless there will be some interaction and the timing is therefore right for two years.

4085 I think the other aspect of the work which must not be underestimated is that dealing with the private insurance sector – where this is totally separate from dealing with the medical providers – is never easy in this sort of field because it is the type of business in which... I am really struggling not to make this sound wrong, but where the business incentive for extending business sometimes can conflict with providing the best service to the people who need the insurance and so on. So the three-way relationship between the providers, the Island's Government and the insurers will continue to be a challenge regardless of what we do in this field.

So then I would add, finally, this may not increase the expenditure of the States. I can see why we have given that advice – my staff have given that advice.

4090 I am very conscious, by the way, delivering this very willing support for yet another vast piece of work, I cannot see the expression of my Deputy Chief Officer behind me and it may be just as well. It may be just as well that I cannot see it at the moment! His to-do list has expanded quite rapidly this afternoon.

4095 It may not add to the expenditure of the States, but I think it would be wise to put this on record, for those of the Assembly who will be returning next time, this may involve then some careful re-prioritisation of the vital social project work which my department is going to have to do and, if necessary, more resource may have to be applied to that because the workload has expended quite rapidly this afternoon with some major projects.

4100 But, no, I will support it. I hope we do not disagree on that and we probably do not need another four speeches to say that other people support it. (*Laughter*)

**The Deputy Bailiff:** Deputy Bebb, to be followed by Deputy Kuttelwascher.

**Deputy Bebb:** Thank you, Monsieur le Député Bailli. I will keep it very brief, Members.

4105 I am a little concerned in relation to the wording. I think the amendment is actually welcomed and I am sure that most people will welcome it. However – given that it is such a long paragraph, it will take me a few minutes to find exactly where it is:

'... provided that such investigation shall be undertaken on the presumption that any such insurance scheme would most probably require any claim to be subject to both maximum and minimum conditions in relation to cost coverage...'

4110 I am greatly concerned about such a provision. No person becomes ill knowing what the maximum coverage will be and most private insurance coverages actually do not have a maximum limit on them, to my knowledge. (*Interjections*) All those that I have had did not actually have a particular maximum. But I am concerned that there is a suggestion of a maximum and I think it would be quite helpful, if there is a maximum, then what are we talking of in terms of maximums here. I hear some people shouting £10 million in their mutterings – is that the region that the proposer actually has in mind?

4115 But apart from that, I think that – Sorry, the one other question that I have is: do the proposers believe that it would be better for this to be subjected to age restriction, as I am unsure whether there is a merit for this to be put in place for those who are of younger years which are perfectly capable, as the mover of the amendment said, of gaining private insurance at a reasonable cost, whereas those who are of later years tend to have complex cases and are more likely to be those that would benefit from this.

4120 Therefore, I would be interested to know whether the proposer of the amendment believes that it should be restricted to those over 65 – or, sorry, the preferable point would be 'of pensionable age', seeing as we are going to change the pension age – or whether he believes that it should be a universal benefit.

Thank you.

4125

**The Deputy Bailiff:** Deputy Kuttelwascher.

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

4130 I think it is a little unfortunate that Deputy Fallaize referred to a requête that I put before the Policy Council, because it is not something really under discussion at the moment and he was rather unkind about part of it, but I think he is lacking some information.

4135 I have had meetings both with the HSSD board officers and members of the External Relations Group and, in fact, had discussions with the Brussels office. So the requête that has been laid is actually for a completely different thing, which is to reinstate the reciprocal health agreement and this is just asking for another report in two years' time.

Well, fine, as a result of that, since it has absolutely no relevance to what I am proposing and in fact if what I have proposed succeeds, this will fall by the wayside; because if we have a reciprocal health agreement you would not need this.

4140 So I, as a result, will do nothing but abstain from the vote on this to show no hard feelings. (*Laughter*) But I would really like a reciprocal health agreement and not just another report in possibly two years' time, which is far too long.

Thank you.

**Two Members:** Hear, hear.

4145

**The Deputy Bailiff:** Deputy Dorey.

**Deputy Dorey:** Thank you.

4150 I would just ask Deputy Fallaize, in his summing up, if he could clarify about repatriation. The  
previous agreement, as I understood, did not cover that and that was a major cost which meant  
that people should still have taken out insurance because the previous reciprocal health  
agreement would cover treatment, but if they had to be repatriated to Guernsey by plane, for  
example, there would be very significant costs, which meant that they still had to take out  
insurance. And often if you take out insurance for that, it will cover health as well.

4155 So I just ask him if he can clarify if he envisages that being included in the new agreement.

**The Deputy Bailiff:** Deputy Adam.

**Deputy Adam:** Thank you, sir.

4160 Deputy Dorey has already mentioned repatriation. One reason that the previous reciprocal  
health agreement was not agreed to was the terms and conditions laid down by the UK  
Government as immediate and necessary treatment; and, secondly, because the fear that people  
would think that because their treatment was going to be free in the UK, repatriation by medical  
flight would not be and that they were still required to have insurance.

4165 The other thing that I think – maybe I am being too conscious about costs of things – but if  
you remember – and I am getting at HSSD again – HSSD recently mentioned that the likely  
increase in costs of agreements with hospitals in the UK for operations etc. of patients who are  
required to go across there and have treatment in, for example, Southampton and Guy's was likely  
to increase by about 150%. That, I would suggest, will mean –

4170 I will give way to –

**Deputy Luxon:** What I said, Deputy Adam, through you, sir, was that we are being challenged  
at the moment, that there *may* be an increase in the tariff from the standard rate to 150%. So it is  
not definite yet. We are working against it but it is possible that could happen.

4175 Thank you, sir.

**The Deputy Bailiff:** Thank you, sir.

4180 **Deputy Adam:** Thank you for confirming that, Deputy Luxon, but it is something one has to  
consider, again, when considering insurance because to take out insurance depends on the cost  
of medical services of where you are going – for example, China is high and America is very high –  
and it also concerns the risk factor.

4185 If you are going to have a blank insurance policy to cover everyone then that might reduce the  
amount individuals pay because you have, shall we say, 50% or 60% who are fit and healthy and  
unlikely to require treatment and 40% who may have risk factors; and therefore you reduce the  
overall risk when you have a large number of people.

4190 It would be very pleasant to be able to do this but, as Deputy Kuttelwascher said, he has put  
forward the requête which is suggesting replacing the previous agreement that we had and he  
has detailed out what immediate and necessary treatment is in that requête so we all fully  
understand what the UK or the NHS is now offering for reciprocal cover.

4195 But I am afraid to say that if it was not reciprocal like that I would be concerned that the cost  
that HSSD get from treating visitors to Guernsey probably would not cover the cost of people  
from Guernsey going to the UK. Because remember a lot of them travel for family reasons and  
other reasons like this, rather than the number of visitors coming from the UK here.

4195 Thank you, sir.

**The Deputy Bailiff:** Well, Members of the States, it is just past half past five. In accordance  
with Rule 3 we would now adjourn until a week on Wednesday. However, in my discretion I am  
able to put to you that the meeting continues beyond half past five.

4200 I am certainly going to put to you in the first instance that we continue debate on this amendment. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** We will continue debate on this amendment. Does anyone else wish to speak? I turn to Deputy Fallaize then to reply to the debate on this amendment.

4205 **Deputy Fallaize:** Thank you, sir.

I am grateful to Deputy Langlois and the other Members of Social Security for not opposing the amendment and I understand the reason for the advice that October 2017 should be the date in the amendment.

4210 Deputy Langlois made an interesting point about working with the private sector in this area. My instincts are that it would be better for this provision to be made through the Health Service Fund, but I did not want to exclude the possibility of working in partnership with the private sector at the initial stage.

4215 What I perhaps should have said in relation to costs was that the advice from the department was that it was probable that adding this cover to the Health Service Fund would not require an increase in the insurance contribution rate. Now, clearly that will have to be investigated as part of the review and I would have concerns if the insurance rate had to go up to any material extent in order to pay for this but the advice is, or the probability is, that would not be necessary.

4220 Deputy Bebb made a point about maximum cover. Now, I think many private insurance policies do include maximum liability. 'How much would the maximum be?' he asked. Well, that depends what is affordable. I do not know because I have not carried out the investigation. The Committee for Employment and Social Security is being asked to carry out the investigation but it would be a question of balancing the... providing the maximum cover possible with what is affordable to the fund.

4225 I am not sure that a minimum age restriction would be very wise. I mean I have no objection to that being included in the investigation but I am not sure that it would be administratively very cost effective to make that part of the scheme.

4230 Deputy Dorey asked a question about repatriation. My starting point was that the benefits of the former reciprocal health agreement should be included in this investigation, but I do agree with him that the cost of repatriation ought, usefully, to be included in the investigation for exactly the reasons that he has set out.

4235 And, finally, on a point that Deputy Adam made and Deputy Kuttelwascher, the reciprocal health agreement can be restored; it is fine, it can be done at a cost – half a million – but the income foregone to HSSD is quite considerable and I am not sure that general revenue can bear the cost of restoring the reciprocal health agreement. And it is alright finding money from any particular pot – it could be the Tourism and Marketing budget, it can be any other budget – but ultimately it is a cost to general revenue.

4240 So, sir, that is the reason why... it is alright, one can lay a requête before the States and it can be as ambitious as one likes. I do not think it will get through, personally. If it gets through I do not think it will come to anything.

4245 Maybe I am wrong, but I think the most sensible thing is to direct the Social Security Department to carry out the investigation and then to make a decision in light of the considered analysis that that department has carried out, rather than jumping to a sort of knee jerk conclusion that we can identify a pot of money, we can pinch some money from it and restore the old reciprocal health agreement.

4250 So, notwithstanding the concern over the timeline, I think this is the appropriate way to go about it and I thank the Social Security Department again for not opposing it and ask Members to support the amendment.

Thank you, sir.



4250 **The Deputy Bailiff:** Members of the States, we go to the vote on the amendment proposed by Deputy Fallaize and seconded by Deputy Laurie Queripel, to insert a new Proposition 32. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare the amendment duly carried.  
Now, Members of the States, consistent with the re-arrangements of the business earlier today, I am going to test your appetite now as to whether you want to stay and conclude debate on this policy letter.

4255 But, to assist Members, can we please have an indication of those who wish to speak in general debate, by rising in your places. (**A Member:** Adjourn.) On that basis, I will, consistent with Rule 3, put to you a motion that we continue to sit to reach a conclusion on this policy letter. Those in favour; those against.

*Members voted Pour.*

4260 **The Deputy Bailiff:** Then we will continue sitting and we now go into general debate. Deputy Luxon.

**Deputy Luxon:** Thank you, Mr Deputy Bailiff.

4265 Very briefly, on behalf of HSSD, I would like to make a particular comment on part two of the policy letter, around pages 2812 to 2817, regarding the Health Service Fund.

HSSD is laying a policy letter on secondary health care at a sitting in November, which will set out the preferred option and it is fair to say there continues to be a pressure to appoint additional consultants following contractual service reviews across specialities linked to increasing demands of patients both in terms of numbers and complexities.

4270 We now have 41 consultant appointments with several pending decisions on requests for additional needs. This is a complex balance between maintaining a good secondary health care provision and the escalating cost as each new post equates to an increase of £380,000.

4275 SSD also sets out well the situation regarding the outstanding Royal College of Obstetricians and Gynaecologists' findings, following the maternity services review last year which both HSSD and SSD have tried to tackle during the last year in terms of the need for a safe service as accepted by the regulators, whilst reflecting the relatively low level of births each year in Guernsey – roundabout 650 – and against the potential on-cost of £4 million to deliver such requirements. The appointment of three additional obstetricians to comply with the RCOG directives has now been agreed and is underway, which will at least end the higher locum costs to provide this cover which has been incurred over the last year.

4280 Sir, this has been a vexing issue which the HSSD and SSD boards have been struggling with. Dialogue with remote and rural areas in Scotland have been open to determine what other jurisdictions do in this regard. Equally, we wish to engage with the relevant regulatory bodies to find a solution that is proportionate and in context for the small scale of Guernsey and our hospital services. We also look forward to working with MSG colleagues who also have thoughts and ideas around ways of mitigating against the demand for increased consultants as described.

4285 Sir, my board is too well aware of the need to resource secondary healthcare appropriately, but at the same time a challenge, by the very high increased costs, to do so. This is a complex and difficult problem, both for the MSG, HSSD and SSD, which we hope can be considered fully during the review of secondary healthcare over the coming months.

4290 Thank you.

**The Deputy Bailiff:** Deputy Lester Queripel.

4295 **Deputy Lester Queripel:** Thank you, sir.

I will just start by saying I intend voting against Propositions 25 and 28 – should you allow us to vote on individual Propositions of course, sir. And I will move on to praising the department, as I have done every year since being elected, during the debate on rates and benefits because I applaud the board and the staff for the excellent work they do, especially in relation to getting people back into work. (**A Member:** Hear, hear.)

4300 But, sir, my colleagues will have already seen the list of initiatives spread over pages 2802 and 2803 where there are 19 initiatives and, as paragraph 82 tells us, the most recent initiative to be added to the list is the Work to Benefit Scheme which is a mandatory work and training scheme for unemployed people in receipt of Supplementary Benefit. And the beauty of this scheme, sir, is that participants carry out work on projects which are of benefit to the community and the environment and I certainly applaud the department for introducing that initiative.

4305 But there is just one question on that please I would like to ask the Minister, through you, sir, that seems to finally dispel the myth that it is far too easy for some people to play the system – and I know it is not because I have worked with the department on cases enough times to know how far and comprehensive the staff are in their work and their research. I would just like some confirmation of that on record from the Minister, sir, please when he responds.

4310 The question is: in an attempt to assure Islanders that it certainly is not easy to play the system, can the Minister confirm that if anyone does attempt to do that then there are initiatives in place that will eventually catch them out?

4315 And in closing, sir, to continue my praise for the staff at the offices of Social Security, I have worked with Islanders on numerous occasions who have asked me to help them make applications for Supplementary Benefit or some other kind of benefit and I have always been impressed with the professionalism of the staff and their willingness to co-operate. They do their utmost to respond to the needs of individuals and, although they are somewhat restricted by policy on occasion, they do introduce compassion whenever they possibly can and I thank them for that approach, sir.

4320 And I would just like to repeat what I said in a speech yesterday: if anyone in Guernsey would like to know whether or not they are entitled to any kind of benefit then please either simply make the phone call to a member of staff at Social Security, because I can assure you they are there to help, or phone a Deputy and ask for their support, because we are here to help as well.

4325 Thank you, sir.

**The Deputy Bailiff:** Deputy Inglis.

4330 **Deputy Inglis:** Thank you, Mr Deputy Bailiff.

I crave and indulge Members' time. I know it is late in the day but Deputy Lester Queripel has pre-empted what I was going to say, so if you have got just a couple of minutes I would just like to help my Minister maybe in answering some of those questions.

4335 Through the Annual Report, we provide an update on the number of people who are unemployed. Now, we are all challenged as we go about our business about exactly what Deputy Lester Queripel intimated about people playing the system. This year has been no exception and details can be found on page 2800. Generally, the picture of unemployment remains a positive one but I also want to draw attention to the work that has been going on to activate other groups of people into work.

4340 At the end of last year, the Supplementary Benefit Law changed to make it a requirement for all working-age people getting benefit, to engage in work or work-related activities. As a result, under the banner of the Progress to Work Project, around 400 working-age people, including non-working partners have been referred to the Job Centre to attend work-focused meetings. For some people, these meetings result in a referral to a training course or for a training initiative to prepare for work. And, for the vast majority, the work focus meetings continue at various intervals until they do progress to work.

Our report explains that 250 of the referrals to the Job Centre were from single parents. Just in case you may need reminding, in this context a single parent is someone with a child under the age of seven, whereas the single parent whose youngest child is seven or over, is treated as a formal job seeker who must seek work.

4350

Getting to the 250 single parents, we point out in our report that about 10% have been helped into work. But what I can tell you today is that the figure has now risen to nearly 20%. This does not mean that all single parents are fully self-supporting, but the level of benefit top-up will have reduced and they are now part of the Island's workforce and will be far better placed to become self-supporting as their children get older.

4355

I hope you will be interested to learn that Social Security and Culture & Leisure are currently piloting an initiative which enables the Guernsey College to deliver training to parents at Beau Séjour while their pre-school aged children attend the crèche. The early signs are positive and we do hope that this will become a regular training initiative.

4360

When the Supplementary Benefit Law changed last year it also had a significant impact upon non-working partners under pension age. Prior to the law change, non-working partners did not have to work but they do now. This group of people forms a part of the 400 now referred to the Job Centre. What I can tell you today, is that over 40 non-working partners have now started work. If we add the single parents to this number, it means that there are now more than 90 people working than there was this time last year. We feel that this is a good initiative but we are not being complacent and we continue to activate more people into work over the next 12 months.

4365

Sir, through recent events, most of you will be aware of the department's new Work to Benefit Scheme. This is a mandatory work and was introduced as part of our Progress to Work Project. It is important to point out that this scheme was not intended to be punitive. Social Security regards this scheme as simply another work rehabilitation tool which provides work experience and training for long-term unemployed – that is, those who have been out of work for a very long time. But it is not optional and sometimes we have to apply some form of sanction if somebody does not have a good cause for not taking part.

4370

At the moment, people placed through the Work to Benefit Scheme will either be working with States' Works or the GSPCA. Currently, we are talking to third sector organisations about how we can expand on placements.

4375

I hope Members see that the department is working very hard to encourage as many people to get into the workplace and, as I have indicated, it is making a saving on the purse.

4380

Thank you very much, sir.

**The Deputy Bailiff:** Deputy De Lisle.

**Deputy De Lisle:** Sir, I just wanted to welcome the Return to Work policies in order to get more local people into the workforce and contributing to the economy in this Island. But I wanted to draw attention to Resolution 16, the prescription charge per item – £3.70 from £3.40. That is a 9% increase and I would like a separate vote on that one because I do feel that is way above inflation to people.

4385

Also, with regard to the Supplementary Fuel Allowances, the reduction there – that is Proposition 25 – and 28, which is the TV Licences for people who have made it over the age of 75, which I think we should be encouraging that particular allowance as it is only £32,000 that is allocated there and I think we could show our appreciation to the contribution that those people have made to society.

4390

Thank you, sir.

4395

**The Deputy Bailiff:** I turn to the Minister of the Social Security Department, Deputy Langlois, to reply on the debate.

**Deputy Langlois:** Thank you very much, sir.

4400 Taking the last points first, obviously there will be some requests for separate votes on one or two of the details but I think my opening speech laid out the reasons why the package has come together in the way it has and I shall be asking people to support every single Proposition as they now stand.

4405 That will also include: there was reference made earlier to Propositions 1 and 2 and the status or otherwise of the policy – soft policy, guidelines, hard guideline, soft guideline, medium-term guideline, long-term guideline; whatever those things are, I have to disagree with a comment made earlier by Deputy Fallaize, because I genuinely think that those two Propositions represent a message – a positive message, a clear message – of what people can hope for and expect in the medium-term and that the absence of those would actually inject more uncertainty into a group  
4410 of people who already express concern and worry from time to time; and therefore those policies have not simply come about by chance, they have been the result of long discussion and I would plead with the States to retain them in that current form.

I thank Deputy Luxon for reinforcing the warnings, as it were – the health warnings – on certain aspects of the Report, because there is no doubt about it the financial pressure on these will be significant.  
4415

Then we get to Deputy Lester Queripel. Again, many thanks for the compliments – the quite proper compliments – to the staff team at the Social Security Department. I can answer, I believe, very firmly: no, it is not easy to play the system. Unfortunately, in the area of the Mandatory Work Scheme in particular and one or two other dealings we have had to have with the long-term  
4420 unemployed where some of the language gets a bit out of hand, I do not think we are there to catch them out in exactly those terms but I think we deal with people who need considerable encouragement to move into the workplace as being beneficial for them, for the economy, for their families and so on.

But I can assure him that I and the board have every confidence that it is very, very difficult to play the system and certain publicity given to individual cases is unfortunate because it reinforces some very prejudiced views that there are a large number of people out there trying to avoid work, trying to play the system and so on. I can assure you that – and I travel to the UK on a regular basis; I have got family in the UK and I make whatever comparisons I can – the comparison between here and the UK is absolute chalk and cheese in that area (**Several Members:** Hear, hear.) and that locally we do everything we can to keep as many people in work as possible, in a right and proper way without returning to some of the practices of, I would say, 20 to 25 years ago when there was less dignity in the way that was done.  
4425

Finally, I thank in particular Deputy Queripel for articulating praise to our staff team. I would like to repeat that on behalf of the board I think it is right and proper that the policy team in particular have worked very, very hard over the last year to produce this rounded package within the constraints that we have got. But also it is not only the front office team that we have; we have a number of people who rarely come into absolutely direct contact with the public but have a huge amount of processing and some very, very complex regulations to do and then pass on to the front office team who deal on a regular basis with a very wide range of the Guernsey public; and I thank Members of the States for recognising that work because it is a very difficult area to work with.  
4435  
4440

Please will you now support all of the Propositions in their new form.

**The Deputy Bailiff:** Members of the States, the Propositions –  
4445 Deputy Le Clerc.

**Deputy Le Clerc:** Sir, I would just like a point of clarification because I know some Members are concerned about Propositions 1 and 2... but I am not sure we would have a mechanism to uprate the pensions this year if any of those Propositions fail. So I would just like confirmation of that because I would hate for us to be in that position. That is just my own interpretation.  
4450

**The Deputy Bailiff:** Mr Procureur, are you able to give some enlightenment on Propositions 1 and 2, please?

4455

**The Procureur:** No, Sir.

**The Deputy Bailiff:** Okay.

**Deputy Fallaize:** Sir, Proposition 14 deals with that.

4460

**The Deputy Bailiff:** Propositions 1 and 2, as I understand them, are prospective rather than immediate.

The Propositions appear, Members of the States, from page 2839 in your Billet. I have noted a request that Propositions 1 and 2 be taken separately and that Proposition 25 and 28 be taken separately. Are there any other requests for those to be –?

4465

**A Member:** Number 4, sir.

**The Deputy Bailiff:** Number 4.

4470

**Deputy De Lisle:** And 16, sir.

**The Deputy Bailiff:** Yes, Deputy Perrot.

**Deputy Perrot:** And 7 and 9.

4475

**The Deputy Bailiff:** Any further requests? Well, if I get this wrong – Deputy Langlois.

4480

**Deputy Langlois:** Sorry, sir I have not actually heard a request for 1 and 2 to be taken separately.

**The Deputy Bailiff:** Deputy Fallaize said that he wanted to take them separately when he spoke earlier; that is why I have noted those.

So I am going to take Propositions 1 and 2 together first. Those in favour; those against.

*Members voted Pour.*

4485

**The Deputy Bailiff:** I declare Propositions 1 and 2 carried. Next is Proposition 3. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that carried. Proposition 4. Those in favour; those against.

*Members voted Pour.*

4490

**The Deputy Bailiff:** I declare Proposition 4 carried. Propositions 5 and 6 taken together. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare those Propositions duly carried.  
Proposition 7. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that carried.  
Proposition 8. Those in favour; those against.

*Members voted Pour.*

4495 **The Deputy Bailiff:** I declare Proposition 8 carried.  
Proposition 9. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that carried.  
Propositions 10 to 15 inclusive. Those in favour; those against.

*Members voted Pour.*

4500 **The Deputy Bailiff:** I declare all of those Propositions duly carried.  
Proposition 16. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare that carried.  
Propositions 17 to 24 inclusive. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare all of those Propositions carried.  
Proposition 25. Those in favour; those against.

*Members voted Pour.*

4505 **The Deputy Bailiff:** I declare that carried.  
Propositions 26 and 27 taken together. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare both those carried.  
Proposition 28 taken alone. Those in favour; those against.

*Members voted Pour.*

4510 **The Deputy Bailiff:** I still declare that carried.  
And then we have got Proposition 29 and the three inserted Propositions through the  
successful amendments 30, 31 and 32. Those in favour; those against.

*Members voted Pour.*

**The Deputy Bailiff:** I declare those four Propositions carried. Indeed, all 32 Propositions have been carried. *(Applause)*

4515 **Deputy Langlois:** Thank you very much!

**Procedural –  
Further business**

**The Deputy Bailiff:** Well, Members of the States, can I just remind you where we are to *(Laughter)* in relation to this month's Billet?

4520 We have the outstanding Questions still to be placed, but two of those Questions are from Alderney Representative McKinley who, for his travel arrangements to get back to the northern Isle, has already left us, so we cannot deal with that during the course of the rest of this evening.

We have Articles V, VI, VII and IX. Now, are there any of those that anyone suggests should be time critical and therefore we deal with today, or at least I put a motion to the Members to deal with today?

Chief Minister.

4525

**The Chief Minister (Deputy Le Tocq):** Yes, sir, the two Articles relating to the Guernsey Financial Services Commission are, to a certain degree, time critical – particularly Article VI, but also the Revision of Laws. Now, sir, I do believe that if we were to sit for a few minutes longer these two could be taken and dealt with, which would mean that there would not need to be some revision of the wording if we were to defer them to a later date.

4530

**The Deputy Bailiff:** Well, Members of the States, I will put to you therefore that we continue sitting to deal with certainly Articles VI and V, perhaps in that order.

Those in favour; those against.

*Members voted Pour.*

4535

**The Deputy Bailiff:** Then we will continue the sitting.

**POLICY COUNCIL**

**VI. Appointment of an Ordinary Member of the Guernsey Financial Services Commission –  
Mrs Wendy Susan Dorey appointed**

Article VI.

The States are asked to decide:

*Whether, after consideration of the Policy Letter dated 24th August, 2015, of the Policy Council, they are of the opinion to appoint Mrs. Wendy Susan Dorey as an ordinary member of the Guernsey Financial Services Commission for a three year term with effect from 1st November 2015.*

**The Deputy Bailiff:** We will take Article VI before Article V please, Deputy Greffier.

**The Deputy Greffier:** Yes, sir.

4540 Article VI, Policy Council – Appointment of an Ordinary Member of the Guernsey Financial Services Commission.

**The Deputy Bailiff:** I invite the Chief Minister to move this appointment.

4545 **The Chief Minister (Deputy Le Tocq):** Sir, this is very simple and I ask Members to vote for ratifying Mrs Wendy Dorey as a new Commissioner; but in so doing, sir, I would like to register our thanks to Mrs Suzie Farnon for her many years of service as a Commissioner.

**Several Members:** Hear, hear.

4550 **The Deputy Bailiff:** Members of the States, this is an appointment which you can either accept or reject. The Proposition is on page 2759 in the Billet.

Those in favour of appointing Mrs Wendy Susan Dorey as an ordinary member of the Guernsey Financial Service Commission for a three-year term, effective from Sunday... Those in favour; those against.

*Members voted Pour.*

4555 **The Deputy Bailiff:** I declare her duly appointed.

## POLICY COUNCIL

### V. Revision of the Financial Supervisory and Regulatory Laws – Propositions carried

Article V.

The States are asked to decide:

*Whether, after consideration of the Policy Letter dated 24th August, 2015, of the Policy Council, they are of the opinion:*

*1. To agree the proposals set out in that Policy Letter, as highlighted in paragraphs 1.1.8(b) and (c) of that Policy Letter.*

*2. To direct the preparation of such legislation as may be necessary to give effect to the above decisions, and of any necessary consequential, incidental, supplementary and transitional provisions not specified above, including, but not limited to, amendments to other legislation.*

**The Deputy Bailiff:** Article V now please.

**The Deputy Greffier:** Article V, Policy Council – Revision of the Financial Supervisory and Regulatory Laws.

4560

**The Deputy Bailiff:** I invite the Chief Minister to open the debate on this matter.

4565 **The Chief Minister (Deputy Le Tocq):** Sir, this has been a vital and substantial project which has engaged the Commission, Commerce & Employment Department and Policy Council alongside wide industry support.

Significant amendments are being proposed to the principal Regulatory Laws governing finance sector business in the Bailiwick, in order to update and bring together legislation which has been put in place over a number of years.



4570 The proposals will support the growth and diversification of the finance sector and the reputation of the Bailiwick as an efficient and well-regulated international finance centre.

Sir, it is vital that we update and are seen to be updating existing Regulatory Laws to ensure we continue to meet relevant international standards. These international criteria and benchmarks by which we are constantly assessed have evolved in recent years, particularly in light of the global financial crisis.

4575 Moreover, there is much greater focus put upon such standards today than ever before. Indeed, we welcome that because such measures are far fairer than arbitrary principles by which we were once judged. We need to ensure therefore that we maintain our excellent reputation as an efficient, stable and well-regulated financial centre and that we are well placed for our next IMF assessment.

4580 Creating consistency and efficiencies and eliminating misunderstanding is an essential part of improving our business offer to regulated entities and their potential customers. Existing Regulatory Laws have developed over time. Inevitably, some differences and inconsistencies between the different laws have crept in, which this project will address. In supporting the finance sector and creating an environment where it can flourish and diversify, these proposals will help  
4585 protect access to key markets and ensure that we can respond quickly to change and innovation in the sector.

Part of this involves future proofing to allow swift responses to new developments, especially in the fast changing digital business world. For example, this includes the introduction of targeted enabling provisions to allow us to respond quickly to third country aspects of the EU MiFID 2  
4590 Directive. Another aspect of this project is about enhancing the protection of the public which must feature strongly as the responsibility of healthy, modern regulation.

Finally, creating a clearer distinction between the supervisory and enforcement functions of the GFSC with the enactment of a separate Enforcement Law, has been proposed through the experience and practice of the regulator with the regulated in recent years.

4595 The process began with the development of the initial proposals and project management by the GFSC to extensive consultation with States and industry. A project board was set up, an initial discussion paper was provided, presentations were made and meetings with industry and lawyers took place both on and off-Island. There has been close co-operation between Policy Council, GFSC and Law Officers in the development of the full proposals and the policy letter. And some of  
4600 the Members of this Assembly did participate in a presentation which was recently made by the GFSC and Policy Council.

Sir, these revisions are vital and will always be necessary from time to time, but will stand the Bailiwick in good stead in the future, supporting our finance sector, creating efficiencies both for the GFSC and industry, enabling responsive regulation and ensuring that we retain and maintain  
4605 our reputation as an efficient and well-regulated international finance centre.

**The Deputy Bailiff:** Deputy Gollop, to be followed by Deputy Soulsby.

4610 **Deputy Gollop:** I broadly welcome these measures, but I do consider that there are dangers in going too far over regulation and over legislation. Two areas that perhaps concern me in the package, if you like, are: the development perhaps of conversations between auditors and the GFSC without necessarily organisations being aware of that; and the other is the unclear possible new legislation relating to whistle blowers and how that would lie with traditional confidentiality and relationship between employee and employer. Also we are perhaps losing the corporate  
4615 director as well in certain kinds of financial entities.

And so I think that we need to be cautious that we are not over-regulated as a jurisdiction at a time when we need to retain and advance our business possibilities. But I thank the Chief Minister and the GFSC for providing some of us with a useful presentation.

4620 **The Deputy Bailiff:** Deputy Soulsby.

**Deputy Soulsby:** Sir, I think Members will be pleased to hear I will be brief.

I believe that, whilst this is not the most riveting of reads and certainly it is not something to help keep us awake at six o'clock on a Friday night, (**A Member:** Hear, hear.) this policy letter should be welcomed, more particularly in terms of improving enforcement through an  
4625 Enforcement Law and the elimination of inconsistencies between different Supervisory Laws.

What is concerning is the amount of work that has been and continues to be necessary as a result of all the new international standards and principles that have been issued over recent years. What we must do is act proportionately and ensure that we do not lose our competitive  
4630 advantage as an international finance centre.

The noises coming from the GFSC now give me more confidence that this will be the case, compared to a few years ago, (**A Member:** Hear, hear.) but it is probably more important than ever that there is a very close dialogue between industry, the GFSC and Government over the coming years.

4635 **The Deputy Bailiff:** Deputy Bebb.

**Deputy Bebb:** Thank you, Monsieur le Bailli. I believe that actually debating this at six o'clock on a Friday after four days is probably very bad governance.

I personally am very uncomfortable with some of the measures that are being put in here. For  
4640 instance, when we look at the warrants that are now going to be available – additional warrants that will be made – when I look at the compulsory interviews, we are in effect setting up what I fear may be a parallel police force and my fear is where is the dividing line between that which is a criminal offence and that is actually prosecuted by the police and what will be dealt with by the GFSC?

4645 My great fear is that, given the time and given the subject matter, this will probably just go through without due scrutiny and I think that is poor Government. Personally, I have grave reservations about some of it which I do not think was answered in the policy letter and I think that therefore I will be forced to vote against it, but I fear that I will be the minority of one.

4650 **The Deputy Bailiff:** Deputy Brouard, to be followed by Deputy Luxon.

**Deputy Brouard:** Thank you, sir.

Just on behalf of Commerce & Employment, we welcome this revision. As the waters change, so must our charts as we go forward.

4655 Please support these revisions. Thank you, sir.

**The Deputy Bailiff:** Deputy Luxon.

**Deputy Luxon:** Mr Deputy Bailiff, I just rise in answer to Deputy Bebb's comment.

4660 I think if Members turn to page 2749, the consultation contained in paragraphs 8, 9 and 10 is one of the most extensive consultations that one could wish to see and to actually see all of those different agencies and stakeholders completely comfortable with the proposals, I do not think we should be concerned in the way that Deputy Bebb warned us to be.

Thank you, sir.

4665

**The Deputy Bailiff:** Deputy Harwood.

**Deputy Harwood:** Thank you, sir.

Can I just say that I fully endorse and urge all Members of this Assembly to support the Propositions?

4670 To make all the Laws consistent has been a target and ambition of the Financial Services Commission, certainly as I am personally aware, since 2009. It is long overdue. It is very difficult for people who have multiple licences operating in this jurisdiction to be able to operate with different Laws and have totally different procedural and enforcement powers.

4675 And, in response to Deputy Bebb, I would say actually that already there are, within the Laws – certain of the Regulatory Laws – the arrangements for compulsory interviews. The fact is that they are not consistent across all the Laws. So I would try to reassure him on that. International standards – yes, we should not be gold-plating and I do not think we have done necessarily in the past.

4680 A lot of these standards that we are talking about here, for example MiFID, actually are those that are required by industry, in order for them to market their products and their services into Europe. Without those, they are unable to do so.

In relation to auditors and whistle blowers, which Deputy Gollop has made reference to, already there are – and again this is an example of inconsistency between some of the Regulatory Laws – already powers in some of the Regulatory Laws to allow auditors to speak directly to the Financial Services Commission without the audited entity being aware of it. That is the nature of regulation; you must have that ability for auditors to be able to speak freely.

4685 Similarly with whistle blowing. We should be encouraging whistle blowing because that is one way that we can discover if there are regulated entities that are not performing properly or if there are issues that need to be drawn to the regulator's attention. I am surprised that Deputy Gollop actually objects to whistle blowing because I think that is an aspect of a procedure that we should be encouraging (**Several Members:** Hear, hear.) and not discouraging.

4690 So I ask all Members of the Assembly to support the Proposition.

Thank you, sir.

4695 **The Deputy Bailiff:** Nobody else rising. On that basis, I will invite the Chief Minister, Deputy Le Tocq, to reply to the debate.

**The Chief Minister (Deputy Le Tocq):** Sir, I thank Members who have spoken in support of this and understand the importance of this piece of work. A lot of the questions that were raised with Members who have reservations, I think have been dealt with but I will just pick up on a couple and to underline some things.

4700 I thank Deputy Harwood – working backwards – particularly. He has addressed a couple of those things. I think this is about balance and bearing in mind the amount of time that has been spent doing this and the amount of consultation with industry, I think that the buy-in in support of industry has been achieved in a balanced way. And I think everybody recognises that there is a balance here. We have got to demonstrate that our jurisdiction is well regulated and some of that comes not just by having the Laws, but by having it demonstrated through the Laws being enacted in various ways.

4705 And, with regard to enforcement, particularly, and whistle blowing, I think there are opportunities there to demonstrate that actually we mean business and I think industry recognises that and certainly the customers of industry recognise that as well.

I do believe that what we will achieve by passing these proposals will put Guernsey in a much better place in the future and particularly to clarify some of the inconsistencies that currently exist in the different Laws that have emerged over time.

4715 So I do encourage Members of this Assembly to vote for these Propositions.

**The Deputy Bailiff:** Members of the States, there are two Propositions associated with this policy letter; they appear on page 2756 in the Billet. I will put them together. Those in favour; those against.

*Members voted Pour.*

4720

**The Deputy Bailiff:** I declare both Propositions duly carried.  
The States will now adjourn until 9.30 a.m. on Wednesday, 11th November this year.

**The Deputy Greffier:** All rise.

*The Assembly adjourned at 6.16 p.m.*