



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 7th September 2016

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Present:

Sir Richard J. Collas, Kt, Bailiff and Presiding Officer

Law Officers

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

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, J. Kuttelwascher, D. A. Tindall,
B. L. Brehaut, R. H. Tooley

St Peter Port North

Deputies, J. A. B. Gollop, C. N. K. Parkinson, L. C. Queripel, M. K. Le Clerc,
M. P. Leadbeater, J. I. Mooney

St Sampson

Deputies L. S. Trott, P. R. Le Pelley, J. S. Merrett, G. A. St Pier,
T. J. Stephens, C. P. Meerveld

The Vale

Deputies M. J. Fallaize, M. M. Lowe, L. B. Queripel,
J. C. S. F. Smithies, S. T. Hansmann Rouxel

The Castel

Deputies R Graham, L. V. O, M. B. E, C. J. Green, B. J. E. Paint,
M. H. Dorey, J. P. Le Tocq

The West

Deputies A. H. Brouard, A. C. Dudley-Owen, E. A. Yerby,
D. de G. De Lisle, S. L. Langlois

The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez, P. J. R. Roffey,
R. G. Prow, V. S. Oliver

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and S. D. G. McKinley, O. B. E.

The Clerk to the States of Deliberation

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

Absent at the Evocation

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

Business transacted

Evocation	1617
Convocation	1617
Tribute to Peter Derham	1617
Statement.....	1618
The economic and fiscal position for the second quarter of 2016 – Statement by the President of the Policy & Resources Committee.....	1618
Billet d'État XXI.....	1628
I. Parole Review Committee – Appointment of a chairperson – Philip John Taylor elected.	1628
II. Appointment of additional Employment & Discrimination Tribunal Panel members – Jason Hill, Darren Karl Etasse and Wayne Anton Hassall appointed.....	1628
Billet D'État XXIV.....	1629
I. Guernsey Competition & Regulatory Authority – Appointment of Chairman – Michael O'Higgins appointed	1629
II. Elizabeth College – Election of a new Director – Deputy Lyndon Trott elected	1630
Billet d'État XXI.....	1631
III. The Guernsey Financial Services Commission – 2015 Annual Report and Accounts – Proposition carried.....	1631
Billet d'État XXIV	1637
III. Closure of electoral roll for Vale by-election – Propositions carried	1637
IV. Vale By-election Ordinance – Proposition carried	1638
V. Changes to the Rules of Procedure of the States of Deliberation and their Committees – Propositions carried.....	1639
Schedule for Future States' Business – Proposition carried	1640
<i>The Assembly adjourned at 11.07 a.m.</i>	<i>1640</i>

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States of Deliberation

*The States met at 9.30 a.m. in the presence of
His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

The Bailiff: Members of the States, you will be aware that two meetings have been convened today, Billets XXI and XXIV. Without wanting to prejudge the outcome of the debate later this morning on whether to amend the Rules or not, I propose that we run both Billets together in a single meeting. Those in favour; those against.

Members voted Pour.

5 **The Bailiff:** In that case, Greffier, can you do the Convocation of the two Billets, please?

CONVOCATION

The Greffier: 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 7th September, 2016 at 9.30 a.m. to consider the items listed in Billet d'État XXI and XXIV which have been submitted for debate.

Tribute to Peter Derham

10 **The Bailiff:** Members of the States, you will have been very sorry to learn of the death of former Deputy Peter Leonard Derham. His funeral will be held later this morning at St Sampson's Church.

Peter was born in December 1940 and at the age of 16 he joined the Metropolitan Police Force as a cadet. In April 1962 he came to Guernsey where he served in the Island Police Force for 17
15 years, and for most of that time he was the road safety officer. Just two months after his arrival in Guernsey he married Janet Marley at the Vale Church.

In 1979 Peter, having resigned from the Island Police Force, set up his own driving school. Three years later he was elected as People's Deputy for the Vale, a position which he held until
20 1987, when he resigned that office to take up a Civil Service position with the Island Police as assistant traffic officer, being promoted to traffic officer some two years later.

Peter took early retirement as a civil servant in February 1997 and the following April was again elected as a People's Deputy for the Vale, on this occasion serving two full terms. In total therefore he served for almost 13 years as a Member of the States.

25 In his first period in office, from 1982 to 1987, he continued his interest – indeed his passion – for traffic-related matters, and he served as a member of the Public Thoroughfares Committee and as Vice-President of the Island Traffic Committee. He was also a member of the Children Board, the Telecommunications Board, and the Population and Migration Committee. When Peter returned to the States in 1997 he was elected as a member of the Broadcasting Committee, the Overseas Aid Committee and the Liberation Religious Service Committee.

30 Throughout his life Peter had many and varied interests. He had a love for the sea and enjoyed nothing more than when he was able to go out in his own boat. For six years he was President of the Guernsey Boat Owners' Association, and Peter's maritime interests also included working with the Guernsey Sea Cadets where he served as their Chaplain. Whilst he gained great pleasure from the sea, he also cared for those for whom a life at sea can be a dangerous and lonely occupation.

35 He served as Chairman of the Guernsey Branch of the Mission for Seafarers for a number of years. I am told that Freemasonry was an important part of his life, and a leading Island Freemason has informed me that Peter was a very keen and enthusiastic Freemason, who organised the Guernsey Masonic Choir. He had an interest in amateur dramatics and was a member of GADOC for some years. Peter developed an interest in the study and design of stained glass windows.

40 Indeed, the window in the west wall of the Baptistery of the Vale Church, which depicts the Descent of the Holy Spirit, was designed by him. Throughout his life Peter was sustained by a strong and active Christian faith. He was licenced as a Lay Reader and for most of that time was based at his parish church in the Vale. In recent years, however, his Ministry was focussed at St Sampson's Church. He was always willing to help

45 out where needed, and at various times he took services in most of the Anglican churches in the Bailiwick. As an adopted Guernseyman he worked tirelessly on behalf of his Island home and his fellow Islanders, seeking to improve the quality of life for us all and inspiring many with the passion he displayed for his numerous hobbies and interests.

50 Peter leaves behind a widow, Jan, and their two children, Nina and Carl, to whom we extend our sincere condolences.

Will you please rise to honour the memory of Peter Leonard Derham?

Members stood in silence.

The Bailiff: Thank you very much.

STATEMENT

The economic and fiscal position for the second quarter of 2016 – Statement by the President of the Policy & Resources Committee

55 **The Bailiff:** Before we move on, those who wish to do so on this warm day may remove their jackets.

The first item of business is a Statement on the economic and fiscal position for the second quarter of 2016 to be delivered by the President of the Policy & Resources Committee, Deputy St Pier.

60 **Deputy St Pier:** Sir, thank you for the chance to make a Statement on the Island's economic performance and the state of our public finances at the end of the second quarter.

In short, I am pleased to advise that revenue, expenditure and investment performance have all improved since my last statement. In August the Data Analysis Unit published the first estimate of Guernsey's GDP for 2015 showing real growth of 0.4%. While lower than forecast, given the difficult labour market conditions in the first half of 2015 this is not particularly surprising. Recent statistics show a more positive story: population numbers for the third quarter of 2015 showed that the working age population had stabilised after a three-year period of decline; by the first quarter of 2016, both the total number of people employed and the real median earnings were growing. This improvement was reflected in the data for both the financial services and the business and professional services sectors.

The construction sector continues to contract. However, the approval of plans for major developments at Leale's Yard and Admiral Park do offer improved prospects for this sector in the future.

The property market reported a substantial increase in the number of Local Market property transactions in the second quarter of 2016, with sales reaching their highest level for almost three years, although prices continue to contract.

At the end of the first quarter I informed the Assembly that a deficit for 2016 was being forecast in the order of £10 million to £15 million, and I outlined a series of measures being taken to seek to balance the position. I am pleased to be able to report that at the end of June the forecast deficit has reduced to £6 million to £8 million as a result of the actions taken to date, and some revenue improvement.

The single largest contribution is from a proposed dividend from the States' Trading Supervisory Board of £2 million, recommended by its Managing Director and Finance Director. This will be subject to consideration and ratification by the board. We must continue to explore options for maximising returns, and I hope and believe that the States' Trading Supervisory Board will be able to continue the work begun by the last Treasury & Resources board, to explore further opportunities across the incorporated and unincorporated trading assets, that will enable them to deliver valuable income and capital returns over the medium term.

In my statement in June, I outlined steps being taken to limit expenditure across the public sector through recruitment and overtime controls; the need to challenge any use of external consultants; and deferring or halting discretionary spending. The questioning and challenging of vacancies before any recruitment can commence has already yielded benefits so far totalling £700,000, which should continue to grow for the remainder of the year. Some of the posts in question have been scrapped, whereas in some cases recruitment has simply been deferred. However, all those posts deferred will be reviewed again before any recruitment commences, to see whether those positions can be permanently removed or reconfigured.

At the end of June a total of £500,000 of 2016 savings from all initiatives had been formerly signed off and removed from budgets, and those rose to almost £1 million by the end of July, and these savings are now included in our forecast.

In addition to these initiatives, the revenue position has improved over the period. Although there are no material changes to the overall Income Tax position, both Customs Duty and Document Duty receipts have increased in the second quarter, leading to a £2 million improvement in the year end forecasts.

Once again expenditure pressures remain in Health & Social Care with an overspend, currently being forecast in the region of £4 million, despite the significant increase in budget approved by this Assembly in 2015. Although I must caution that there are significant monthly variances in forward forecasting. However, there are some signs of progress in arresting this trend now appearing, with several cost saving initiatives beginning to deliver benefits, including the project to reduce the costs of agency nursing.

As set out in my last statement, if the measures put in place to balance the books do not prove sufficient, then it will be necessary to reduce the allocation of funding to the Capital Reserve, albeit that this will need to be replenished as part of our future budget planning. However, this

should be a last resort, and controls will continue to be applied and monitored in respect of recruitment, overtime and the use of consultants.

115 The Policy & Resources Committee is now in the midst of putting together a package as part of the 2017 Budget, which will start to deliver sustainable public finances for 2017 and the longer term. We have, of course, been working closely with the Principal Committees with regard to delivering 3% reductions in 2017, and planning for larger targets in 2018 and beyond. It is an absolute necessity to examine all areas of public expenditure, to ensure that services are customer
120 focussed, and are being delivered as efficiently as possible. This will inevitably mean changes to the way that things are done, and we need public servants to use their knowledge and understanding of the services they provide to propose different ways of doing things with the aim of maintaining services whilst reducing cost.

Over half of the overall cost of public services in Guernsey relates to people employed to deliver those services and support Government. It is vital, if we are to control expenditure and deliver transformation, that these staff have modern and appropriate terms and conditions. Outdated provisions, such as automatic annual increments, estimated at some £1 million for 2017, are no longer affordable or fit for purpose. They will need to be replaced by systems which fairly reward roles across the public sector. It is vital that this is now actively tackled as part of the public
130 service reform journey, and this will require engagement with staff and their representatives.

My Committee are very likely to recommend to the States, through the Policy & Resource Plan that will be debated in November, that we plan to return to surplus during the five-year life of our programme for Government. This will not be easy and will inevitably involve making difficult decisions, not only in prioritising spending, but also how we raise sufficient revenues, particularly
135 given our narrow tax base, the largest part of which, Income Tax from the working age population, is, as we know, under pressure from our aging demography. These decisions will not get any easier the longer they are postponed. Aside from the budget measures we will recommend in a few weeks' time, we also anticipate developing a credible, sustainable, medium-term fiscal strategy as one part of our Committee's contribution to phase two of the Policy & Resource Plan
140 to be debated in June 2017.

Sir, the States hold significant investments, property and trading assets, which all have a role to play in the management of our public finances, and I have previously undertaken to update the Assembly on these assets as part of these statements on the fiscal position.

In relation to the States of Guernsey Bond no further lending has been sought or approved since my last statement to the Assembly, although there are a number of potential loans in the pipeline. However, the General Revenue investment assets, which of course include the un-lent portion of the Bond proceeds, have performed well over the period. The investment return on the long-term and medium-term Investment Reserves in the second quarter was 5.8% and 2.3%, respectively. The equivalent year-to-date figures are 7.9% and 3.1%, comfortably exceeding the
150 returns necessary to pay the coupon by approximately £6 million. Outperforming the target return and reversing the £5 million shortfall experienced in 2015. Although, I must of course caution that we do still have nearly four months of this year remaining and that investment performance could change substantially during the remainder of this year.

In my statement on public service reform in June, I outlined the Chief Executive's plan to vacate at least two properties by the end of 2017 as part of the drive toward better managing our property assets for best overall benefit. I am delighted to report that these plans have progressed well, and I am now in a position to advise that the two properties are "Grange Road House", currently occupied by Education, and Cornet Street, currently occupied by Income Tax.

160 These moves should also help deliver other site reductions over a similar time line, and further details of these will follow in due course, if this is indeed the case. There is much work still to do to complete these moves, not least to ensure that the minimum of disruption to staff, and more importantly to avoid any impact of the services that they provide. These are the first changes arising from our determination to more effectively use our assets, but I am absolutely certain that

165 the new States' Trading Supervisory Board will want to identify further opportunities and drive this issue of ensuring the best use of our property portfolio.

Capital assets have been regarded as free for far too long, and this distorts behaviours and leads to large, complex and expensive capital projects, with the resulting assets often underutilised. We intend to address this through a range of initiatives, including charging notional rents for occupancy, considering the cost of capital in the appraisal of capital investment decisions and introducing asset accounting.

170 Sir, I would like to reiterate what I said in my last statement on the financial position. There remains some uncertainty around the likely extent of the fiscal shortfall in 2016, but that has not stopped us from taking action and will not stop us from continuing to do so. As I said at the beginning, I am pleased to have been able to advise the States of an improvement in our revenue expenditure and investment performance. However, we cannot, and shall not, be complacent. The Policy & Resources Committee is absolutely determined to do what it can to deliver the balanced Budget in 2016, that the States' approved, and is equally resolute in tackling the structural deficit by finding an equilibrium between the revenues we collect from our community and the funding of the public services we deliver, while nurturing and promoting a strong and stable economy.

180 Finally, sir, I am grateful to my colleagues, the Presidents of the Principal Committees for their agreement to a proposal for a rolling programme of periodic statements to this Assembly, subject, of course, sir, to your consent, to update Members on the work of their Committees to supplement these fiscal and economic updates.

Thank you.

185

The Bailiff: Members, it is over to you, you have 15 minutes in which to ask any questions of Deputy St Pier arising out of that Statement.

Deputy Green first.

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

Can I thank Deputy St Pier for his update on the fiscal and economic position?

195 Can I ask him this: he referred to the achievements that have been made this year so far in terms of savings; he talked about posts being scrapped, he talked about recruitment of certain posts being deferred, which will then be reviewed; can I ask him, is he content that the savings that he has announced today are actually genuinely recurring sustainable savings, or whether they are not, sir?

The Bailiff: Deputy St Pier.

200 **Deputy St Pier:** Some of them will be genuinely recurring. The £700,000 so far this year – I am confident that those are savings for 2016, but inevitably because some of those arise from posts which have been deferred, as I indicated in my Statement, it will be necessary to review whether it is possible to continue with that deferral, in other words for those posts to disappear, which would enable them to be recurring savings, whether those posts can be discharged in a different way at a different level. So some of them will be recurring, some of them will not. But it is as I indicated in
205 June; this was about short-term measures to help us to deliver in year savings for 2016. There is the wider issue of the sustainability of our finances which comes back to addressing the structural deficit which, again, I addressed in my Statement, sir.

210 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

215 The fiscal framework of the States requires structural deficits to be eliminated within five years of their being identified. Now, Deputy St Pier is talking about this happening by 2021, but the structural deficit was first identified in 2006 – which is not five years, it is 15 years. Does he, and

his Committee, not think that it would be more responsible for the States to address and eliminate the structural deficit before 2021 – in other words, early in this term?

The Bailiff: Deputy St Pier.

220

Deputy St Pier: Deputy Fallaize is quite correct in his analysis and interpretation of the fiscal framework. To be very clear, what I said in my Statement was the Policy & Resources are likely to recommend a return to surplus which of course goes above and beyond merely elimination of the deficit, a return to surplus by the end of this programme for Government in 2021.

225

So, absolutely, I would endorse, and it is very much the view of Policy & Resources that the elimination of the deficit, sooner rather than later, is a priority, but we would also go further and say, we also need to return to surplus to rebuild the reserves which have been expended with the longer period of deficit to which he referred in his question, sir.

230

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

235

Sir, the savings of £700,000 on recruitment, etc. certainly look impressive on paper, but I am wondering will the general public be given a breakdown of exactly where these savings have been made at some stage? I ask that question, sir, because my great concern is that silence can fuel speculation and misunderstanding in the community.

The Bailiff: Deputy St Pier.

240

Deputy St Pier: Sir, I am sure that this information has been collated at committee level, and obviously has been monitored by Policy & Resources in order that we can understand the impact of the measures taken in June and July, so I am sure further details can be provided. As ever, with provisional information there is always the balance between the amount of time that is required to collate and produce information and present it, versus the benefit of doing so, but in this particular instance I would expect that further information is available, and I will ensure that that which is available is distributed.

245

The Bailiff: Deputy Gollop and then Deputy De Lisle.

250

Deputy Gollop: I have two questions, I might have time for my second one later.

255

As a supplementary to what Deputy Green asked, the UK coalition government in the Cameron/Clegg era did an extensive trawl of senior management positions in the Civil Service as part of the changes relating to possible redefinition, redefining current package of incremental benefits etc. Will you actually be commissioning a professional, perhaps outsourced review of regrading and restructuring of middle to senior management roles within the public sector?

The Bailiff: Deputy St Pier.

260

Deputy St Pier: Sir, public service reform includes a whole set of work around terms and conditions of staff, and therefore the composition of our work force, but I would absolutely expect as part of the process of transformation that we are looking at the make-up of our workforce and, in particular, whether there are positions which can be discharged at a different level, and perhaps a less senior level than currently exists. It is absolutely essential that we keep this under constant review, as I said, because over 50% of the total cost of the public sector is in the employment of our staff. Clearly, many of those are performing vital front line services which are required, so we must not be naive about what can be achieved, but on the other hand neither should we be complacent. So absolutely it is a key part of public service reform.

265

The Bailiff: Deputy De Lisle.

270 **Deputy De Lisle:** Sir, balancing the books remains a critical issue and to address the deficit there is need to consider also further change to the corporate tax policy. Deputy St Pier does not mention this in his report.

It seems very unfair, sir, that while individuals, many with limited means, pay 20% tax many companies continue to pay nothing. Sir, can I ask, does Deputy St Pier see further change to the zero tax strategy?
275

The Bailiff: Deputy St Pier.

280 **Deputy St Pier:** Sir, I chose not to mention it in my Statement because it is absolutely certainty that Deputy De Lisle would raise it as a question! (*Laughter*) Because, as night follows day, Deputy De Lisle raises this question following every single Statement which I give on the matter.

All I can do is repeat the previous responses I have given, and indeed the previous policy of both the Treasury & Resources Department, as approved by the States through the Personal Tax Pensions and Benefits Review, which is to keep the corporate tax regime under active consideration in light of international developments, and that remains our position, that we will obviously continue to identify opportunities where we consider, and when we consider, that there are measures which could be brought to this Assembly as in the previous term, I personally would have no hesitation in bringing those recommendations to this Assembly for approval.
285

290 **The Bailiff:** Deputy Roffey and then Deputy Kuttelwascher.

Deputy Roffey: Thank you, sir.

I welcome the announcements that the automatic annual increments in pay are to be reviewed with a view to removing them. Can I ask Deputy St Pier, as part of that review whether he would consider the introduction of performance-related pay, particularly for public servants in the higher echelons – whether that would include the Bailiff, sir, I do not know?
295

The Bailiff: Deputy St Pier.

300 **Deputy St Pier:** Sir, as I am sure Deputy Roffey will have noted from close observation of my Statement, I referred to fair reward for public service employees, and in coming to a new system of fair reward, absolutely, I think that it needs to include consideration of performance management issues and appropriate reward for performance. So I would agree with Deputy Roffey, sir.
305

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

310 Regarding the welcome news of the increased returns on our investments, does the President of Policy & Resources know what proportion of that could be laid at the door of the devaluation of the pound against the dollar and euro?

The Bailiff: Deputy St Pier.

315 **Deputy St Pier:** I am afraid I am not in a position to provide Deputy Kuttelwascher with that level of detail at this moment, sir.

The Bailiff: Deputy Dorey.

320 **Deputy Dorey:** Thank you, sir.

Is the £2 million dividend from the States' Trading Supervisory Board a one-off payment or does he expect that to be repeated every year?

The Bailiff: Deputy St Pier.

325

Deputy St Pier: Sir, it is certainly in respect of the position as currently exists in terms of the reserves of the businesses currently under the oversight of the States' Trading Supervisory Board. However, there is, as part of the Policy & Resources budgeting process, some consideration being given to what can reasonably be expected as a recurring return from those assets. So over a
330 period of time we have received a number of special dividends from Guernsey Post and others as a return of capital, those are clearly not recurring. However, it is not unreasonable to expect a recurring return, consideration is being given to that and obviously that will involve a high level dialogue with the States' Trading Supervisory Board.

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

Deputy Laurie Queripel: Thank you, sir.

Deputy St Pier mentioned in his Statement that there will be a need to adopt modern employment terms and conditions. Could he tell the Assembly how advanced the development of
340 those new terms and conditions are, and when they are likely to be adopted?

Thank you, sir.

The Bailiff: Deputy St Pier.

345 **Deputy St Pier:** The work has not yet begun; it is part of the public service reform programme. But as I have indicated, it is something which needs to be addressed as quickly as possible, because it is such a significant part of our total costs.

The Bailiff: Deputy Tindall.

350

Deputy Tindall: I am obviously pleased to hear that the deficit has reduced, and that the Presidents of the seven Principal Committees and P&R are working together. Would you consider that the changes in the Machinery of Government and the creation of Policy & Resources Committee has had an influence in the way that the finances have improved, or would Deputy St
355 Pier consider it too early to say?

The Bailiff: Deputy St Pier.

360 **Deputy St Pier:** Sir, I think it is a little too early to say. However, what I will say is that I think the new structure of Government – perhaps because of the new structure of Government but perhaps also because of the composition of this Assembly – does appear to be showing a significant degree of desire to ensure that we can work together on addressing what are common problems, and are not simply the problems of a single Department, which perhaps was a feature of the previous structure of Government. So I suspect it is a combination of the two: the structure
365 of Government and, as ever, what is important to the people that are comprising that Government.

The Bailiff: I see that Deputies Green and Gollop want to ask second questions. Is there anybody who has not asked a question yet who would like to do so?

370 Yes, Deputy Yerby and then Deputy Soulsby.

375 **Deputy Yerby:** Sir, the stop and check recruitment process has an obvious appeal and the savings so far, of course, welcome – although they are only a 1/3% of the 2015 pay spend, but I would submit that it is neither good nor efficient governance in that it requires staff earning
£100,000 to make management decisions that should be made by staff earning £40,000, and in that respect it is obviously not a long-term solution. To what extent does the President anticipate that the public sector reform will address those concerns about management capability?

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

Deputy St Pier: I think Deputy Yerby certainly makes a valid point. However, of course, embedding and adopting and ensuring a culture of constant challenge in relation to recruitment should become part of one of the outputs of transformation, so that we ensure that this is a normal process of management, that consideration is given to whether a post needs to be
385 replaced and if so at what level and so on. So, yes, the measures that were taken earlier in the year are short term, but I would hope that it will help lead to long-term change and embed this as the cultural norm.

390 **The Bailiff:** Deputy Soulsby, then Deputy Graham.

Deputy Soulsby: Yes, I am thankful to my colleague on Health & Social Care, Deputy Yerby, for her previous question, as it ties in with mine. Does the Policy & Resources President agree with me that whilst 75% of the £700,000 savings have been made by Health & Social Care, this represents a measured approach to recruitment comprising just 30 posts out of the 2,000
395 employed by the service, and is in no way a recruitment freeze?

The Bailiff: Deputy St Pier.

400 **Deputy St Pier:** No, I particular welcome Deputy Soulsby's question because I think the statistics which are given do firmly evidence that this is a highly considered approach, and targeted, and is not a blanket freeze on recruitment, which it was perhaps interpreted by some. But it is clearly, as evidenced, producing a desired improvement.

405 **The Bailiff:** Deputy Graham.

Deputy Graham: Sir, we have had one predictable question from the predictable source; here is another one.

410 Deputy St Pier allowed to escape his lips the term 'working age population'. Whilst I agree that in terms of the fact that we have compulsory secondary education after 16 there is a clear concept of a working age beginning, but I would like to see a cultural change, to which I would invite Deputy St Pier to subscribe, whereby we really dispel from our thoughts the concept of a working age population reaching a particular in *vis-a-vis* one's age. (**Several Members:** Hear, hear.) (**The Bailiff:** Deputy St Pier.) I did not ask a question except that, would you, sir, agree that that is a good idea? (*Laughter*)

415 **Deputy St Pier:** Sir, I did not realise it was going to become a predictable question from a predictable source, and I will endeavour to ensure that it is not a predictable question in the future. I think certainly it is a very valid observation which Deputy Graham makes. I will certainly seek to ensure that the language which I adopt in future statements reflects that the challenge
420 around our Income Tax and ETI is around a reduction of those working in the economy of whatever age.

The Bailiff: The initial 15 minutes are up, but I see a few more questioners. I will allow another five minutes.

425 Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir.

Can I ask that part of the ... as Deputy Lester Queripel referred to, it would be useful to have a breakdown possibly of the £700,000. I am concerned about the risk of false economy, because we know there is currently an overtime ban, we own a great deal of built estate, people get into these buildings at the weekend when the public are not using them, if there is an overtime ban we can end up, like we have been in previous years, with a significant maintenance backlog that has come at a considerable cost.

430 Thank you.

435

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, again the question of false economy is a very valid one and a concern. However, just to reiterate, perhaps in a similar vein to the question from Deputy Soulsby, there is and should be no overtime ban, it is simply a monitoring and challenge to overtime. In some parts of the public service overtime may have become the norm when it is not strictly necessary, and it is those practices which should be challenged. Overtime which is required should still be capable of being authorised and delivered when it is required.

440
445 **The Bailiff:** Deputy Green.

Deputy Green: Sir, thank you.

From Scrutiny's point of view there is not a great deal of clarity about what the proposed reductions in the cash limits for the six Principal Committees, apart from Health, is going to mean in terms of implications for front line public services and those who deliver them. Would the President be prepared to commit to attend a public hearing which Scrutiny intends to hold to provide further clarification in terms of the general approach, in terms of the general thinking on the subject, and perhaps to enlighten us in terms of the conversations he has had with his fellow Presidents on this matter?

450
455

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, I am most grateful to Deputy Green for the courtesy of him inviting me, whether I would consider attending. I was not aware I had a choice. *(Laughter)* In all seriousness, I would, of course, be delighted to attend any such hearing on the matter.

460

The Bailiff: Deputy Dorey.

Deputy Dorey: Deputy St Pier mentioned about further reducing the amount transferred to the Capital Fund. When you look at the Annual Independent Fiscal Report since 2005 using four different measures using the most generous measure, only in two years have we been above the 3% of GDP that has been part of annual capital expenditure. Does he not believe, following on from Deputy Fallaize's question, that we should have a new debate setting the fiscal framework when two areas of it we obviously are not meeting and we have repeatedly not met, and we should now set a realistic fiscal framework that we can meet?

465
470

The Bailiff: Deputy St Pier.

475 **Deputy St Pier:** Sir, Deputy Dorey is quite right in his analysis of the capital spending to which
the States' prior Assemblies have committed. It is clearly essential that we do make appropriate
investment in our infrastructure, and as I indicated in my Statement, it is essential that, even if
short-term measures are required in 2016 to balance the position this year, it is not sustainable
and we will need to address appropriate levels of contribution to the Capital Reserve in the future,
480 and that absolutely has been part of the Policy & Resources Committee's consideration of the
provisions for the Budget for 2017.

The wider question in relation to fiscal framework ... certainly it is Policy & Resources' intent
that as part of the Policy & Resources Plan debate, that the framework itself – because it is so
essential in terms of ensuring the envelope of resources available to us – should be part of that
debate enabling this Assembly to consider the matter which Deputy Dorey has raised.

485

The Bailiff: Yes, this will probably be the last question.

Deputy Le Clerc: Thank you, sir.

490 An important part of forecasting is having accurate data, and in the past we have had issues
with Income Tax and a backlog of work, and I wonder if Deputy St Pier can give us an update on
any backlog of work in the Income Tax Department at the present time?

The Bailiff: Deputy St Pier.

495 **Deputy St Pier:** Sir, an almost predictable question that actually frequently arose from a
different source not too far away from Deputy Le Clerc in her previous role.

Again a very valid question. I would make the observation, as I did in response to previous
questions, that of course with over 70% of Income Tax coming from ETI then actually that is not
impacted by any delay in producing assessments *per se*. I am not in a position to give any detailed
500 statistics on backlog at present, although I can advise that things have improved significantly from
the position when action was taken by the last Treasury & Resources board a couple of years ago.
Of course, the long-term plan for addressing this is seeking to acquire new systems, particularly
through combining, of course, of the contributions and tax services – which is a project which
Deputy Le Clerc's Committee and mine are working on together, and that is intended to produce
505 significant efficiencies as well, in the discharge of those services.

The Bailiff: That then concludes question time and we move on with a number of elections
and appointments.

Greffier.

510

Billet d'État XXI

COMMITTEE FOR HOME AFFAIRS

I. Parole Review Committee – Appointment of a chairperson – Philip John Taylor elected

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 6th June, 2016, of the Committee for Home Affairs, they are of the opinion:

i) To approve the appointment of Mr Philip John Taylor as Chairperson of the Parole Review Committee for three years, with effect from 1st July 2016.

The Greffier: Proposition 13. Committee for Home Affairs, Parole Review Committee – Chairperson.

515

The Bailiff: The President of the Committee, Deputy Lowe, will speak.

Deputy Lowe: Thank you, sir.

520 It is a pretty straight forward Report. I do not wish to add anything to it, so far as to say, I would like to say a thank to the previous Chairman, Mrs Judith Haslam, who served 10 years on the Committee, and I would like to take this opportunity to place on record our thanks for her commitment to the Parole Review Committee over this time, and the Committee recommends to the States that the current member, Mr Philip Taylor, is appointed as Mrs Haslam's successor.

Thank you, sir.

525

The Bailiff: Is there any debate?

No. Then we go straight to the vote on Proposition P2016/13. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

II. Appointment of additional Employment & Discrimination Tribunal Panel members – Jason Hill, Darren Karl Etasse and Wayne Anton Hassall appointed

Article II.

The States are asked to decide:

Whether, after consideration of the Policy Letter under the above title dated 7th June 2016, they are of the opinion to appoint Jason Hill, Darren Karl Etasse and Wayne Anton Hassall as members of the Employment and Discrimination Panel with effect from 7th September 2016 until 28th February 2018.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

530 **The Greffier:** Proposition 15. Committee for Employment & Social Security – Appointment of additional Employment and Discrimination Tribunal Panel members.

The Bailiff: Deputy Le Clerc will open the debate.

Deputy Le Clerc: Thank you, sir.

535 The Employment & Discrimination Tribunal Ordinance requires the States to constitute and maintain an Employment and Discrimination Tribunal Panel on recommendations from what is now the Committee for Employment & Social Security. The Panel must consist of such number of persons as in the opinion of the States is necessary for the purpose of hearing and determining complaints under the provisions of the relevant enactments. This covers unfair dismissal, sex
540 discrimination, and minimum wage claims in employment. A panel of between 12 and 18 is considered sufficient to administer the tribunal process. The Panel has lost some members due to retirement and resignations, the addition of the proposed three members will bring the Panel up to 15.

545 The Committee for Employment & Social Security is proposing Jason Hill, Darren Karl Etasse and Wayne Anton Hassall as members of the Employment & Discrimination Panel with effect from 7th September 2016 until 28th February 2018. I ask the States to approve these nominations.

Thank you.

The Bailiff: Any debate?

550 No. We go straight to the vote. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Billet d'État XXIV

COMMITTEE FOR ECONOMIC DEVELOPMENT

I. Guernsey Competition & Regulatory Authority – Appointment of Chairman – Michael O'Higgins appointed

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Guernsey Competition and Regulatory Authority – Appointment of Chairman' dated 25th July, 2016 they are of the opinion:

1. in accordance with Paragraph 1 (2) of Schedule 1 of the Guernsey Competition and Regulatory Authority Ordinance, 2012, to appoint Mr Michael O'Higgins as Chairman of the Guernsey Competition and Regulatory Authority for a period of three years, with immediate effect.

The Greffier: Proposition 23. Committee for Economic Development, Guernsey Competition & Regulatory Authority – Appointment of Chairman.

555 **The Bailiff:** The President, Deputy Ferbrache.

Deputy Ferbrache: Hopefully you have had the opportunity, Members of the States to read the paper. I commend it to you. Mr O'Higgins, some of you will also have had the opportunity to meet. You have seen his CV attached to the back of the paper. He has the qualities ideal for this
560 role. He has steel, he has experience and he has a wry sense of humour.

Just two updates in relation to the paper: the salary that has been offered to Mr O'Higgins is £50,000 per annum, and that is spread across both Islands; and, in accordance with the directive helpfully given by Policy & Resources earlier, I am instructed – or advised, I should say – that that is about £2,500 less than the previous Chairperson, so it is a saving of some regard. But also I
565 would like to pass on the thanks to Mr Boleat. Mr Boleat was the original holder of the office. He dealt with the matter splendidly. We wish him well in his future pursuits.

I would ask the States to approve the appointment of Mr O'Higgins.

The Bailiff: Any debate?

570 No. We go straight to the vote. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

II. Elizabeth College – Election of a new Director – Deputy Lyndon Trott elected

Article II.

The States are asked:

(1) To elect a member of the Elizabeth College Board of Directors, who need not be a member of the States, to replace Mr. John D. Perkins whose term of office will expire on the 5th January 2017, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation, as set out in Section 1 of The Rules of Procedure of the States of Deliberation and their Committees.

The Greffier: Proposition 24. Elizabeth College – Election of a new Director.

575 **The Bailiff:** On this Article there can be candidates nominated and proposed within the Assembly.
Deputy Le Pelley.

Deputy Le Pelley: Sir, I should like to nominate Deputy Trott for this position.

580 **The Bailiff:** Deputy Trott. Is there a seconder?

Deputy Meerveld: Yes, I would like to second that nomination.

585 **The Bailiff:** Thank you, Deputy Meerveld.
Any other nominations?

No. In that case, we vote on the Proposition that Deputy Trott be elected as a member of the Elizabeth College Board of Directors, proposed by Deputy Le Pelley seconded by Deputy Meerveld. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare him elected.

Billet d'État XXI

POLICY & RESOURCES COMMITTEE

III. The Guernsey Financial Services Commission – 2015 Annual Report and Accounts – Proposition carried

Article III.

The States are asked to decide:

Whether, after consideration of The Guernsey Financial Services Commission: 2015 Annual Report and Accounts, they are of the opinion:

1. To note the annual report and accounts of the Guernsey Financial Services Commission for the year ended 31st December, 2015.

590 **The Greffier:** Proposition 16. Policy & Resources Committee – the Guernsey Financial Services Commission, 2015 Annual Report and Accounts.

The Bailiff: I understand that the Vice-President of the Policy & Resources Committee, Deputy Trott, will open the debate.

595 Deputy Trott.

Deputy Trott: Yes, sir.

The States are asked to note the Annual Report and Accounts for 2015, and I say move.

600 **The Bailiff:** Any debate?

Deputy Gollop.

605 **Deputy Gollop:** Sir, I do not seem to have attended as many presentations of the GFSC as I usually do, but I am sure there is an annual conference coming up. There is a sense within the industry, as far as one can tell, of steady progress being made. This Report seems less verbose than some of its predecessors, a bit more focused, and there are reasons to be cheerful. A more targeted system-based approach appears to be working. But of course in the post-Brexit context, I think generally speaking, unless there is any suspicion of untoward activity we need a lighter touch of regulation rather than a heavier touch, because if we are to play our best outside even being attached to a third party to the European Union, that does require skill and diligence.

610 Nevertheless, perhaps not everything in the garden is as lovely as it could be, and I turn to page 54 of the Report in paper form where I note that – and we have noted in the past actually – that the Jersey equivalent which also includes a form of company registry has more or less the same staff as Guernsey, despite obviously its larger population – albeit it is a different and in some

615 ways less successful financial industry – but when one looks at this on page 54 one sees that the full-time equivalent of staff has risen again to 103.8 from 101.7, which is almost a 3% increase, and the total number of staff has gone up from 105 to 109, and the staff above £40,000 to £80,000 per annum has increased by six. In fact, only 35% of the staff are actually paid less than £40,000 a year, which makes Deputies' pay quite good value perhaps.

620 What I would also say is that the budget has also risen, albeit not by a huge quantum, from £11.9 million to nearly £12.2 million. That budget, of course, is not provided by the taxpayer, but is provided by the industry and therefore could be seen as being several hundred pounds off every person on the Island on a *per capita* basis, and it probably takes away from our growth.

625 So I ask Deputy Trott and Deputy St Pier – and, in a way, Deputy Ferbrache as well – to ensure that the regulator is a first class regulator, that does its best for the Island, but also ensures that the Island can compete on the best possible terms with its near neighbours and neighbours further afield.

The Bailiff: Deputy Lester Queripel.

630 **Deputy Lester Queripel:** Thank you, sir.

Sir, we have before us a fairly impressive Report from the GFSC and I want to congratulate everyone at the Commission for the manner in which they responded to the wake-up call they were given by the previous Assembly in this Chamber on Wednesday July 31st 2013.

635 For the benefit of the new Members in this Assembly, sir, I would just like to spend a moment elaborating on that wake-up call, because it had a profound effect on the Commission and it relates directly to the accounts we have before us today.

Because during the debate in 2013 I said, 'things seem to have become a little too cosy at the Commission'. Former Deputy Roger Perrot said, 'the cost base was grotesque', the late Deputy 640 Dave Jones said, 'that the Commission was a regulator out of control', and Deputy Soulsby and former Deputy Richard Conder expressed major concern about there not being any indication in the report of the GFSC intending to address their costs. In fact, Deputy Conder asked the Assembly to reject the accounts – that is how concerned he was. He asked Madam Comptroller to explain the ramifications of the Assembly doing just that.

645 Just to explain to Members, sir, on that occasion we were being asked to approve the accounts, whereas today we are just being asked to note them. Sir, it is very much a case of the previous Assembly bringing the Commission into line, and the Assembly were never given any credit for that, either by the media or out in the community and they should have been because that had a major effect on the future proceedings at the Commission. Sir, there were a number of 650 reasons why I was proud to be a Member of the previous Assembly, and the way in which we sent a very clear message to the Commission that we wanted them to address their spiralling costs; that is one of those reasons.

Sir, if Members look at the second paragraph on the right hand side of the Chairman's statement on page 2, they will see that the Chairman says this:

'... [because] there was considerable unease about the growth in the [cost base at the Commission]. The Commission [made a commitment to cap] ... fee increases to 2% or less for a three-year period from 2013.'

655 He goes on to say that the Commission's defined benefit pension scheme was closed to new members, and a pay freeze for staff was introduced in 2014.

At the top of the page in the first paragraph, on the left hand side, we see that also in 2013 the Commission undertook a three-year review of practices and proceedings. That review comprised of seven key goals, and top of that list is to:

'... enhance and maintain good relationships with the government and ... business.'

660 Number two on the list is to:

'... raise the bar in terms of the Commission's professionalism and performance.'

Number three on the list is to control expenses. Number five on the list is to:

'... ensure that "business ..." is conducted to a high standard.'

That is a fairly basic, yet pretty comprehensive, set of key goals for the regulator of the biggest game in town, sir. In fact, one would be perfectly justified in assuming that the Commission would have already been doing all of those things, and for the Commission to have to undertake a
665 review of such basic practices and principles, that one would have expected to be normal day-to-day procedures, is surely proof that the wake-up call given by the previous Assembly cannot be underestimated, because it resulted in a major shift in behaviour at the Commission.

There is recognition in the statements made by both the Chairman and the Director General that the Commission had become far too complacent. I do have a lot of sympathy for the Director
670 General who recently said in the media that the Commission were, 'not in good territory' and that 'The States debate in 2013 was an [extremely] unpleasant experience' and that the Commission have since done 'an awful lot of work' to try to help politicians to have a better understanding of the role of the Commission.

In his statement on page 5, he tells us that:

'The Commission ... [are only too] aware that there are some people in the Bailiwick who think that [the Commission] have been ... unreasonable in taking robust enforcement action.'

675 He goes on to say in the next paragraph that what the Commission:

'... will not do is give up in the face of threats from firms or their legal representatives even if that involves ... staff being on the receiving end of abusive letters ...'

Sir, in my naivety I thought it was only Deputies and their families who received abusive letters. So I was quite shocked to read that. So we share common ground and an affinity in that respect with staff at the Commission.

I am afraid I have to disagree with my good friend, Deputy Gollop, but I take great comfort
680 from the assurance from the Director General, because that is exactly the kind of regulation the industry needs. I resonate completely with what the Director General says in the first paragraph at the top of page 5, when he says:

'We think stopping people laundering money, exploiting vulnerable citizens and abusing investors' trust is important.'

Sir, in conclusion, the Commission are in a much better place than what they were three years ago, and I commend them for that.

685 In closing, there is one more thing that I would like to focus on, because one thing I found odd about the 2012 report, I did mention during the debate in 2013, was that there were 17 photographs of senior staff and Commissioners at the GFSC but there was not a single telephone number to be found anywhere in the report. So, as I said during the debate, we knew what they looked like but we did not know how to get hold of them.

690 In this Report that is before us today there is now a telephone number and names of 18 senior staff and Commissioners, but there are no longer photographs. So now we know how to get hold of them but we do not know what they look like! *(Laughter)* Sir, I think it is much more professional when you see a face you can put to the name, and I think it always adds a personal welcoming touch to the report of any major corporation, but especially if the person being
695 photographed is smiling. Some of my colleagues may not agree with that, sir, but the Commission do, because I communicated with them about it and they have assured me that they will reintroduce photographs of senior staff and Commissioners in their next report.

A prime example of what I am saying, sir, can be found in the St Peter Port Douzaine Townie Magazine, of which I have a copy here, which has photographs of every St Peter Port Douzenier

700 and Deputy. The vast majority of whom are smiling and look extremely friendly and approachable – which of course we all are, sir, but, in the case of my good friend, Deputy Mooney, it is because he is a Douzenier as well as a Deputy, we have the pleasure of seeing not one but two photographs of him. It does not get any better than that, sir!

On that note, sir, I will quit while I am ahead.

705 Thank you, sir.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

710 Please may I also give a brief general endorsement of this Report? I applaud the efforts of the GFSC in achieving a balanced regime of financial regulation which incorporates fairness, deterrents as well as a measured approach to enforcement.

As a former Chair of the Bailiwick's Anti-Money Laundering Steering Committee, I was pleased to note the changes are in train following the recent Moneyval Report. In my view it is vital for the Commission to work extremely closely with the Law Enforcement's financial crime capabilities, in order to continue to identify and confiscate the proceeds of crime and where possible assist in bringing prosecutions before the Royal Court. Whilst much has been achieved, there is, as this Report suggests, more to be done. Furthermore, I recommend that the already strong partnerships that exist are further developed and that the collaboration established with our global Egmont financial crime organisations and with other regulators in order to vigorously attack those criminal elements which bring the financial industry into disrepute are activated. Guernsey must continue to achieve the recognition of the International Monetary Fund and in doing so maintain the excellent standing our financial sector rightly deserves.

Thank you, sir.

725

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I speak really because of the gentle prompting properly made of Deputy Gollop, and I agree with the points that he made. I do not know whether it is as a result of the 2013 States' debate or otherwise, sir, that the Commission has 'improved' and, frankly, I do not care a jot. The fact is that the Financial Services Commission should be firm, but only where appropriate; it should be lean, it should be efficient, it should be cost effective and it should encourage business and the financial sector, and it should listen and be receptive to their needs. If it does that, it will do its job properly; and I hope it does its job properly in future, and I believe it is doing its job properly at the moment.

735

The Bailiff: Deputy Tindall.

Deputy Tindall: Again, I would like to comment on Deputy Queripel's point. I think that industry had quite a bit of say in what happened at the GFSC and I would also like to say that there was a lot of hard work at the GFSC because of the outstanding Moneyval Report and obviously the example of the third party passport for AIFMD, it will also help with our standing under Brexit; and in my view, a good regulator and good regulation enables the finance industry to compete. Although the estimate for 2015 for the output for the finance sector decreased by 1%, I am sure that the good work of the Commission will continue and will assist in the time to come.

745

Thank you.

The Bailiff: Deputy De Lisle.

750

Deputy De Lisle: Sir, the Commission highlights contraction in the banking sector in terms of the reduction in staff, and also the number of licences, all of which seems to continue at pace.

755 Common issues that they indicate within their Report are intra-group outsourcing and the effective communication of bank policies and procedures to staff. Several staff have contacted me as a result of layoffs in the sector, sir, and continued concern with respect to their jobs moving overseas through outsourcing.

760 Now the Commission has also been active during 2015, supposedly, according to the Report, in supporting the Guernsey Government to do something about this situation, and I just wanted to draw the attention to the Assembly with respect to the continued demise of that sector – an important sector, actually, in Guernsey’s economy – and what actually is being done by the Government to resolve this particular problem, particularly of outsourcing local jobs.

Thank you, sir.

The Bailiff: Deputy Parkinson.

765

Deputy Parkinson: Yes, sir, it is not directly related to the accounts, but I am hoping Deputy Trott might take the opportunity in his summing up to refer to the recent financial disaster at Providence, and to comment on whether the Commission’s approach to regulation might need to change in the light of what has happened, and in particular whether the Commission will in future take more interest in the investment proposition of a regulated entity as opposed to its compliance with detailed procedural rules.

770

Thank you, sir.

The Bailiff: I see no-one else rising. Deputy Trott will reply.

775

Deputy Trott: Thank you, sir.

780 Sir, I think our colleagues at the GFSC will take heart from what they have heard this morning because Deputy Gollop set the theme by saying that they are making steady progress and there are reasons to be cheerful. He believed that post-Brexit a lighter touch regulatory style is needed, and I would remind him that the GFSC, as a consequence of the global financial crisis, did change their style of regulation quite significantly to a risk-based approach; and anticipating a question of that type today, I brought with me the documents that were sent to us at the time, explaining what risk-based supervision is. I think it is probably worth drawing on three paragraphs within that document. They say:

‘One of the lessons from the 2008 global financial crisis was that it is always vital to have sufficient knowledge about significant financial services firms because they have a greater capacity to affect the economy adversely.

Risk based supervision starts with the premise that not all firms are equally important and that a regulator can deliver most value through focussing his energies on the ones which are most significant and on the risks that pose the greatest threat to financial stability and consumers.

A risk based methodology provides a systemic and structured means of assessing different types of risk, ensuring that idiosyncratic approaches to firm supervision are avoided, and that potential risks are analysed for the high impact firms using a common framework.

As its core risk based supervision accepts the premise that resources are finite, that there is no unlimited pool of public or industry funding on which to draw, and that every regulator has to make choices about what it will do and what it will not do. It makes no prior judgement on what the right level of resources should be, but seeks to deploy the available resources in the most efficient fashion.

785 Now, sir, as lead on regulatory matters for the Policy & Resources Committee, I am able to give Deputy Gollop an assurance that we will continue to monitor all aspects of the GFSC’s performance, staffing and regulatory approach.

790 Now, sir, my good friend, Deputy Queripel, was pleased that the GFSC has agreed to publish photographs of its key staff. I hope Deputy Queripel will not mind, sir, if I mention to the GFSC that I think these photographs should be published in black and white, (*Laughter*) because we

have over a number of years heard from my good friend, Deputy Queripel, of the waste of printing such images in colour, so I shall pass that message on, with his agreement.

795 Deputy Ferbrache gave, I think, a good analysis of where the GFSC is right now. He said they are firm, lean, cost effective and receptive, and, particularly importantly, concluded that he believes they are doing their job properly at present. Let's hope that that continues.

Sir, whilst the comments from Deputy Tindall were of value, there was no question for me to address.

800 Deputy De Lisle talked about the contraction in the banking sector, and in particular what is being done by Government re the outsourcing of local jobs. Well, sir, in my experience there is little that we can do with regard to that particular issue. Businesses are free – as long as they do not violate any regulatory principles or conditions of their licence – to conduct their business in the most cost effective way, and that is the driver, regrettably, for the outsourcing of some of these lower paid jobs. Key for us, of course, is to ensure that the higher paid, higher value jobs, remain here in Guernsey, because our fiscal strategy is predicated, primarily, on receiving steady
805 levels of ETI on the back of those high paid, high value, jobs.

Now, sir, Deputy Parkinson asked me, arguably, the trickiest question of all with regard to Providence; it is a valid question and I understand why he has asked it, but of course this matter is ongoing – a liquidator has been appointed. I believe that there are ongoing regulatory matters that are being considered, and under the circumstances it would be inappropriate for me to
810 comment in any detail, other than to say that his point about the way in which IFAs sell products is something that is covered at some length within the document that I referred to earlier, on risk based supervision, and I know is of increasing focus for the GFSC in the discharge of its duties as a competent regulator.

Thank you, sir.

815 I ask the States to note the Annual Report for 2015.

The Bailiff: Members, we vote on that Proposition.
Sorry, Deputy Lester Queripel.

820 **Deputy Lester Queripel:** Sir, I would just like to clarify a point, if I may, that Deputy Trott made in relation to colour photographs in the Report. The expense that is incurred by the GFSC ... I have always focussed on expense incurred by the States' use of colour in the past. There is a distinct difference there, I just want to clarify that point.

825 **Deputy Trott:** Is Deputy Queripel asking me to draw the GFSC's attention to his political hypocrisy, sir, (*Laughter*) or would he prefer me to maintain my original stance?

The Bailiff: We vote on the Proposition to note the Annual Report and Accounts of the Guernsey Financial Services Commission for the year ended 31st December 2015. Those in favour;
830 those against.

Members voted Pour.

The Bailiff: I declare it carried.

Billet d'État XXIV

COMMITTEE FOR HOME AFFAIRS

III. Closure of electoral roll for Vale by-election – Propositions carried

Article III.

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 1st August, 2016, of the Committee for Home Affairs, they are of the opinion:

- 1. To approve the proposal that for the purposes of the election the Electoral Roll shall be closed on Saturday, 15th October, 2016.*
- 2. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.*

The Greffier: Proposition 27. Committee for Home Affairs – Closure of electoral roll for the Vale by-election.

835

The Bailiff: The President of that Committee, Deputy Lowe.

Deputy Lowe: Thank you, sir.

840

I think we would all agree, sir, we would prefer we were not actually putting this Report before us today and we still had Deputy Jones with us. However, we are now faced with a by-election and the Committee for Home Affairs has mandated responsibility for the electoral roll, which includes providing recommendations as to the closure of the roll prior to elections, and after careful consideration proposes that the current roll, compiled from 1st September 2016, should close on 15th October 2016.

845

This date is considerably closer to the date of the election itself than the time frame adopted in previous elections, which the Committee considers will provide additional opportunity for Islanders to register. Experience in other jurisdictions demonstrates that political interest does increase as significant electoral events approach, as illustrated by the surge in UK registrations prior to the Brexit referendum.

850

A publicity campaign is planned to highlight the deadline for registration, and the registration figures in Guernsey are lower than other jurisdictions and it is important steps are taken to address this. The Committee will be reporting back on this during the course of this term.

855

The Registrar General consulted on the benefits of later registration dates, following the 2016 General Election and has given consideration to the practical arrangements. I would like to assure Members that whilst the roll will not be closed prior to the opening of nominations, preventing the provision of completed rolls to candidates at this stage, the Registrar General has provisions in place to ensure that candidates are provided with the details of new registrants in an appropriate manner.

860

It is anticipated the costs of the by-election will be accommodated within the underspends from the 2016 General Election.

I ask Members to support the Report.

Thank you, sir.

865

The Bailiff: Is there any debate?

Deputy Gollop.

870 **Deputy Gollop:** Yes, I am sorry I missed the extra legislation review of this, but I note that the electoral roll has been extended to very close to the by-election time of Saturday 15th October, which is a development to be commended because it will enable people who are caught up in the interest of what the candidates might generate, or people who perhaps have changed address from one parish to another, to participate. But I hope that the technology involved in that – which presumably will be electronic, predominantly – could be adapted for general election because our deadline of 28th February in relation to the April was a very early deadline, even in comparison to the United Kingdom. There is a hint in the policy letter that, in fact, it may be ... a tornado is going across the speech, but never mind!

875
880 My other question to Deputy Lowe is that the time I believe listed is 15th October, which is a Saturday; does that mean Saturday morning or Saturday night at midnight, and how will that include paper changes? Presumably that will be entirely electronic that somebody is able to register as valid, because it is not on a normal Monday to Friday, so-called office hours, time.

The Bailiff: Yes. Deputy Tindall.

Deputy Tindall: I would like to support this Proposition, but I have a question.

885 When I was out canvassing, I was encouraged by the number of people who wanted to register after unfortunately they could not do so because the Roll was closed, so this will give them an opportunity and will encourage all of the electorate to register, but what I was interested in is whether or not – as I was informed by the Registrar General – it is actually possible to close the register on midnight before the date of the election? I obviously know the 15th October ... the reasons for that choice, but I was wondering if it was possible for future elections, perhaps even the referendum, whether or not it could actually be that close?

890 Thank you.

The Bailiff: Any further debate?

No. Deputy Lowe will reply.

895

Deputy Lowe: Thank you, sir.

900 With reference to Deputy Gollop's question, the website is taken down at midnight on that day. Certainly the Home Affairs Committee are looking to try and have this ... this is sort of a trial period to see how it will go. We think it will be successful because of the wish of people who were saying at election time once they knew different candidates were standing that they wished they had actually registered. So we are hopeful and are speaking to the Registrar General. He believes it is achievable. It is a perfect opportunity to give that a try and we hope that will happen for the General Election.

905 **The Bailiff:** We vote then. There are two Propositions. I put both of them to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

IV. Vale By-election Ordinance – Proposition carried

Article IV.

The States are asked to decide:

Whether they are of opinion to approve the draft Ordinance entitled 'The By-election (Vale) Ordinance, 2016', and to direct that the same shall have effect as an Ordinance of the States.

The Greffier: Proposition 22. States' Assembly & Constitution Committee – Vale By-election Ordinance.

910

The Bailiff: The President, Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I have nothing to add to what is attached to P. 22, which is to set the date of the by-election as
915 Wednesday 19th October.

The Bailiff: Any debate?

No. There is a single Proposition namely:

'To approve the draft Ordinance entitled "The By-election (Vale) Ordinance, 2016", and to direct that the same shall
920 have effect as an Ordinance of the States.'

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

V. Changes to the Rules of Procedure of the States of Deliberation and their Committees – Propositions carried

Article V.

The States are asked to decide whether, after consideration of the attached policy letter, they are
of opinion:

1. To amend the Rules of Procedure of the States of Deliberation and their Committees with
immediate effect as follows:

(a) renumber Rule 2(4) as Rule 2(5) and insert a new Rule 2(4) in the following terms:

'Notwithstanding the provisions of Rule 1 and the other provisions of this Rule the Presiding
Officer may, if in his or her opinion circumstances so require, instruct the Greffier to issue an
additional Billet d'État in respect of a Meeting for which a Billet d'État has already been issued
and any such additional Billet d'État shall contain the titles of original propositions designed to
enable the States to make resolutions thereon after being debated at the Meeting.'

(b) replace the existing Rule 37(3) with:

'If a member elected or appointed by the States to a Committee ceases to be a member of that
Committee before the expiration of the term for which he or she was elected or appointed, a
successor shall be elected or appointed by the States to complete the unexpired portion of that
term of office.'

925 **The Greffier:** Proposition 26. States' Assembly & Constitution Committee – Changes to the Rules of Procedure of the States of Deliberation and their Committees.

The Bailiff: Again, Deputy Fallaize will open debate.

930 **Deputy Fallaize:** Thank you, sir, for permitting this policy letter to be laid before the States today.

The Committee is making two Propositions at P26. I trust that the case that the Committee is putting for these two Propositions is set out well in the policy letter and I have nothing to add to that case and ask Members to support the Propositions.

935

The Bailiff: Is there any debate?

No. I put those straight to the vote then. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

**Schedule for Future States' Business –
Proposition carried**

The States are asked to decide:

Whether, after consideration of the attached Schedule for future States' business, which sets out items for consideration at the Meeting of the 21st September 2016 and subsequent States' Meetings, they are of opinion to approve the Schedule.

The Greffier: Proposition 35. Schedule for future States' business.

940

The Bailiff: Deputy St Pier, is there anything you wish to say?

Deputy St Pier: No, sir.

945 **The Bailiff:** Are there any amendments to be laid?

No. In that case I put to you that you wish to approve that Schedule. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it approved.

That concludes the business for this States' meeting.

The Assembly adjourned at 11.07 a.m.