



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 8th November 2017

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Present:

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

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

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

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Deputies M. J. Fallaize, N. R. Inder, M. M. Lowe, L. B. Queripel,
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The Castel

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M. H. Dorey, J. P. Le Tocq

The West

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The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez, P. J. 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

S. M. D. Ross. Esq. (H.M. Senior Deputy Greffier) ; C. Foster (H.M. Deputy Greffier) (morning)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur),
Deputy J. C. S. F. Smithies (*indisposé*); Deputy A. H. Brouard (*absent de l'île*)

Business transacted

Evocation	1930
Billet d'État XX	1930
I. The States of Guernsey Annual Budget for 2018 – Debate continued	1930
<i>The Assembly adjourned at 12.46 p.m. and resumed its sitting at 2.30 p.m.</i>	1969
The States of Guernsey Annual Budget for 2018 – Amended Propositions carried	1969
Convocation	1976
Statements.....	1976
General Update – Statement by President of the Committee for Home Affairs	1976
General Update – Statement by President of the Overseas Aid & Development Commission	1987
Questions for Oral Answer	1992
Education – College resources and staff; primary school catchment areas, development, retention and capital rebuilding; integration of special needs pupils; board vacancies	1992
Children's Social Care Services – Current situation; specific improvements and evidence to verify; areas of concern and plans to mitigate/manage; independent inspection arrangement; confidence in the system	1996
Midwifery staff – Disciplinary measures following death of Baby Jack in 2014; absences due to stress; resignations; recruitment; action against obstetricians	2002
Billet d'État XXI	2004
Elections and Appointments.....	2004
I. Police Complaints Commission – Re-appointment of members	2004
Statutory Instruments laid before the States	2006
The Data Protection (Processing of Sensitive Personal Data) (OFSTED) Order 2017; The Offences (Fixed Penalties) (Guernsey) Order 2017; The Firearms And Weapons (Specially Dangerous Air Weapons (Guernsey) Regulations 2017; The Wastewater Charges (Guernsey) Regulations, 2017; The Water Charges (Amendment) Regulations, 2017; The Companies (Guernsey) Law, 2008 (Amendment of Part XVIA) Regulations, 2017; The Beneficial Ownership (Definition) (Amendment) Regulations, 2017; The Beneficial Ownership of Legal Persons (Guernsey) Law, 2017 (Commencement) Regulations, 2017; The Disclosure (Financial Services Commission) (Bailiwick of Guernsey) (Amendment) (Commencement) Regulations, 2017; The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) (Commencement) Regulations, 2017; The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Beneficial Ownership) Regulations, 2017; The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) (Amendment) Regulations, 2017; The Waste Disposal and Recovery Charges Regulations, 2017; The Harbour Dues and Facilities Charges (Guernsey) Regulations, 2018; The Airport Fees (Guernsey and Alderney) Regulations, 2018; The Mooring Charges (Guernsey) Regulations, 2018; The Pilotage Dues (Guernsey) Regulations, 2018; The Forfeiture of Money etc in Civil Proceedings (Designation of Countries) (Bailiwick of Guernsey) Regulations, 2017	2006
II. Benefit and Contribution Rates 2018 – Propositions carried	2007

III. Protecting the interests of the Bailiwick of Guernsey as the UK Leaves the EU – Debate commenced.....	2019
<i>The Assembly adjourned at 5.38 p.m.</i>	2024

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCAATION

Billet d'État XX

I. The States of Guernsey Annual Budget for 2018 – Debate continued

The Senior Deputy Greffier: Billet d'État XX – the continuation of the debate.

The Bailiff: Deputy Le Pelley.

5

Deputy Le Pelley: Sir, Members, I thought long and hard about how to write this speech, and what message I want to deliver to the Assembly today. I know I have colleagues out in our schools and our services who want me to fight for every last penny we can get to ensure our education system delivers the best it can for our children and young people.

10

I know our parents do not want to see bigger classes, or fewer teachers, or more school closures, or cuts to services (**A Member:** Hear, hear.) I know our teachers and lecturers want a pay rise to help them with the ever increasing cost of living and working on this Island. Our Sports Commission wants more investment; our heritage assets need preserving; we do not want our local language to die out; there are calls to invest more in the arts; in services for young people; in our libraries; in early interventions for some of our struggling families, that will pay dividends in the long term. They all have strong cases for needing additional funding.

15

On the other hand, I look across at my political colleagues here in the Assembly and know that I, and my colleagues at Education, Sport & Culture, have an obligation to them to make sure that Education, Sport & Culture takes its fair share of the pain of cutting public spending.

20

In fact, over the past couple of decades, previous Education councils and boards have very much played their part, returning many millions of pounds of unspent balances to the States' coffers. Admittedly that is not the case in 2017, where, although we are spending less money year on year, we have not managed to meet the required savings.

25

Sir, there is a difficult balance to strike, and at the moment I am not sure if we have this balance absolutely right. Do we actually invest enough in our education services? Does this investment actually help us deliver the equality of opportunity for all to achieve their potential that we have all signed up for? I say this, not because I have the begging bowl out, but as a genuine question for this Assembly to mull over.

30

The Education, Sport & Culture Committee really does welcome the formation of P&R's proposed oversight group to, and I quote:

... oversee the development of initiatives and the delivery of budget reductions ...

Often, 'We welcome' is said through gritted teeth, but not in this case. I hope that the oversight group will allow P&R the opportunity to have a greater understanding of the challenges that are facing us. I want us – that is ESC and P&R – to have a collaborative approach, not a confrontational one.

35 As I have stated to the Assembly before, the Education, Sport & Culture Committee is facing a number of challenges. The vast majority of our budget is spent on staff costs, and the vast majority of these staff work in our schools and services, or indirectly supporting our children and young people. We need teachers and lecturers in front of our classes; we need specialist staff in our education support services, and our special needs services; we need learning support
40 assistants to ensure that our children are able to successfully access the education opportunities that will help them reach their full potential; we need caretakers to look after our school premises; we need school attendance officers, educational psychologists, careers advisors, development officers, the list goes on. We need the best we can get if we want to truly aspire to provide an excellent education service to all.

45 Sir, Members, we do take the opportunity to reduce our staff numbers whenever possible, we have combined roles, deleted posts, done things differently, devolved budgets directly to schools, partnered with the third sector, or outsourced services to try to bring this wage bill down. But all the time our children and young people's needs are changing and growing. They require different levels of support. This was recognised within the PwC report, which stated school and pupil
50 support has been experiencing an increase in demand to support pupils with learning difficulties and medical conditions in the main stream school system. For example, we have seen a huge growth in children with autism and communication difficulties needing support. This is not unique to Guernsey but is a trend being seen worldwide. How we support these growing numbers of children in future will be one of the challenges that we will need to address.

55 It is heartening to note that both PwC and P&R acknowledge that truly transforming education services takes time, and that the conflict between financial years and school years also presents some additional difficulties. Savings will come.

My Committee is happy to support the Proposition requiring us to report back to this Assembly in the June 2018 Policy and Resource Plan on our progress with the savings
60 opportunities identified in the PwC benchmarking report. I can confirm, however, that these work streams are already underway, with the majority addressed in our policy letter on the transformation of secondary and post-16 education, which we are due to publish shortly.

But, we are not limiting our search for savings to just these opportunities reported by PwC. All budget saving opportunities are brought to the Committee, carefully considered, and then
65 appropriate actions are taken. We have already had to make some unpopular decisions. We have identified savings of around £400,000 for next year. These savings include reducing the grants that we pay to our libraries; restructuring some of our school and pupil support services; reducing the cost of lunchtime supervision in our schools; delegating further budgets to schools; and reviewing training costs and improving income generation. But, even allowing for these savings,
70 our budget submission to P&R of £77.8 million remains some way off our allocation of £73.9 million. I would draw Members' attention to paragraph 6.34 of the Budget Report and thank P&R for recognising that there will inevitably be delays in the delivery of savings for some projects, and that due recognition should be given for this by way of temporary budget adjustments, and I quote:

Therefore, it is recommended that the Policy & Resources Committee be given delegated authority, on the recommendation of the oversight group, to increase the 2018 revenue expenditure budget of the Committee for Education, Sport & Culture by the value of savings from projects initiated in 2018 but due to deliver benefits between 2019 and 2021.

75 The Education, Sport & Culture Committee agrees that sustainable savings are best realised through the transformation of services, rather than simply cutting or reducing them. Decisions

taken by this Assembly next month could help us unlock some of these saving opportunities, as long as our proposals are supported by the majority of Members, and implementation is not delayed any further.

80 Of course, we must make sure that whatever structure we agree, it does not prevent us from achieving our stated 20 year vision to be a place where everyone has equal opportunity to achieve their potential.

I thank P&R for recognising that the opportunity of reducing the number of our secondary schools should generate efficiency savings, but that these savings are dependent on the decisions
85 taken by Members. I would also add that reducing the number and increasing the size of our secondary schools should be based on sound evidence and research of improved educational outcomes, and not some desire to cling on to vestiges of the past or structures we are comfortable with because we do not want change.

Sir, I would like to finish with a couple of further observations and requests. Firstly, local
90 management of schools, LMS – which I prefer to call delegation of budget and further empowerment of schools. Yes, LMS is important, yes, we are pursuing it, and yes, we have already delegated further budgets and accountability to schools. Yes, it may lead to further efficiency savings, but it is not necessarily the *panacea* that many think it is. Any system of delegation should not solely be about making savings, it should also be about improving outcomes.

95 It is interesting to note that the States of Guernsey, largely through its public service reform plan, has been centralising services and functions to achieve the very same efficiencies that we are looking to achieve, but by doing the polar opposite. LMS means decentralising budgets, functions and services, and delegating them back out to the schools. I say this, not because I believe that savings cannot be made in this way, but purely to sound the note of caution. LMS in other
100 jurisdictions has required more stringent monitoring and challenge, not less. Schools are required to have a more sophisticated approach to financial management, and it is essential that they have the skilled staff, and receive the support necessary, to enable them to link financial planning to improvement priorities, and for any local authority, or indeed central government to monitor the use of resources against these priorities.

105 Accountability matters and unless delegated school management is held accountable for outcomes, as well as financial efficiencies, the probability that it will substantially improve performance is low.

Future governance structures and further empowerment of schools forms part of our transformation plans, but until our new structure is agreed, and we have started the process of
110 transition it will be imprudent for us to implement anything quickly.

I look forward to some constructive discussions with colleagues on P&R about how the States existing financial procedures could be flexed to allow the sort of delegated arrangements that Members are looking for.

115 Finally, I know I have concentrated largely on education spend in my speech; I have done so because it makes up over 96% of our budget. But I will also touch on our sport and culture responsibilities, which although they do not command the same level of spend, do command the same level of attention from the Committee.

The Committee for Education, Sport & Culture is disappointed that despite fighting hard for our sports strategy and Guernsey language plans to be prioritised within the Policy & Resource
120 Plan, again they have disappeared from the latest policy priority list. I would like to reassure Members of the States, and members of the public, that these two areas still remain a priority for this Committee, and we will do everything possible within our existing resources to ensure that these important developments are driven forward as part of our business as usual activities.

125 Thank you, sir.

The Bailiff: Alderney Representative Jean.

Alderney Representative Jean: Thank you, sir.

130 While I may not welcome every proposal in the Budget for 2017, and what it contains, nor the increases in taxation, the need for various measures is understood. The 5.5% rise in fuel tax, well above inflation, will not be welcome in Alderney amongst OAPs, working families; our fuel bills are already much higher price per litre in Alderney. With our fishermen this will be another blow to their industry, as some of them travel to Guernsey and save as much as £200 to fill up here.

135 In relation to Alderney Electricity Limited, which, although a private company, over 95% of the shares are in States' hands, the company provides the essential and reliable supply of electricity, but its ageing infrastructure requires replacement in the very near future, at a cost in the region of £1.4 million. To achieve this, it proposes to secure a loan. The States of Alderney's perspective was that the optimum solution would be to make funds available from its Capital Reserves. However, from discussions with the Treasurer, it appears that a drawdown from the States of Guernsey Bond would be preferred, with the alternative being the company taking a commercial bank loan. I thank you for that. The Proposition in relation to this clearly sets out in the recommendations before us today, and I trust Members will support that one.

145 My second point relates to reported losses of Aurigny. Please appreciate no-one wants the Aurigny situation sorted out more than Alderney, and more than we all do, but please remember the figures quoted for 2018 are projected figures, not actual. Accounting can be very creative. Only a week ago the London City route was closed with only a 50% occupancy. If the figures had been published with that route on them, that would certainly be a different figure.

150 There is little to be gained in today's debate by trying to break down those losses in any great detail. But I am concerned that the figures, as presented today, are suggesting that in 2018 Aurigny will trade at a loss of somewhere between £3.6 million and £3.9 million, and it is being claimed that all but £700 of these losses should be attributed to the Alderney routes.

While it would be wrong to suggest that there is any creative accounting, the information presented today paints a picture of a major turnaround in the Airline's performance on the rest of the routes in an incredibly short time period.

155 Based on the accuracy of the Airline's previous financial forecasts, as pointed out yesterday, by Deputy Queripel, it appears to be an overly optimistic view from the management of Aurigny, while at the same time seeking to proportion nearly all of the losses to the Alderney routes. I cannot believe it. Next to this it needs to be remembered that the decision to switch to the Dorniers, which are the main cause of the increased cost, was a commercial decision of Aurigny's put to this Assembly. In short, we, along with all of you, want to see an improvement in the fortunes of Aurigny, but would ask amidst, that we do not make Alderney a scapegoat for the Airline's financial performance.

165 Aurigny's losses have ballooned, and something has to be done about it – on that we all agree. **(A Member: Hear, hear.)** But why has the Airline's deficit spiralled out of control so dramatically? They did not predict this catastrophe. The actual and forecast losses bear no relationship to the figures forecast just a couple of years ago. Again, that was pointed out by Deputy Laurie Queripel.

170 According to Aurigny, the vast majority of losses are occurring on the Alderney routes, but this is not due to a dramatic downturn in custom, or fares being set too low. High fares have met with customer resistance over the past decade, but numbers have not fallen off a cliff as might be presumed by anyone looking at these losses. Aurigny appear keen to persuade travellers to fly via Guernsey, but close examination of the statistics show that in every month this year the Southampton route has returned higher load factors than the inter-Island service. So how have the losses occurred? That is what we need to establish. We can only do that by examining the accounts line by line.

175 Given the stability of the Gatwick service, and the poll results showing Aurigny as being one of the more popular short haul airlines, you might believe that Aurigny is a well-run airline burdened by the basket case of services to Alderney. This is not the case. In recent years, and particularly since the introduction of the Dornier, Aurigny have been providing an appalling service to Alderney. The States did not take lightly to having a vote of no confidence in Aurigny's management, and the service has not improved.

180

Aurigny have four aircraft to operate Guernsey to Alderney and Alderney to Southampton. Recently, we have been down to a single operational plane, and on occasions that has only been able to fly in daylight hours. One aircraft spent far longer in the hanger out of service than in working order, and, as well as the repeated mechanical problems, services are frequently delayed or cancelled because Aurigny have not got the pilots to fly them. That is 100% down to poor management.

All the problems have a cost: stranded passengers have to be put up in hotels; many had to be bought seats on other Airlines to get them to Guernsey, and then shuffled across. Passengers have had to travel without luggage, which has then to be taxied on to their destination later. Recently, we had the bizarre situation of passengers bound for Southampton being flown first to Guernsey and then to Bristol and finally driven over 100 miles to Southampton. That is further than the distance from Alderney. Late running means the Airport has to be kept open beyond its agreed hours, resulting in huge bills for overtime, ground staff, air traffic control, fire service, all of which goes on the Alderney account.

Policy & Resources talk of the need to make alternative arrangements for financing the Alderney routes. I agree that Guernsey should not have to keep bailing the airline out, and nor should Alderney have to pay. We pay our taxes to Guernsey on the same basis as Guernsey residents –

I am sorry –

The Bailiff: Giving way to Deputy Trott.

Deputy Trott: Thank you. Through you, sir, thank you.

It is not my job to defend Aurigny; it is however, my job to ensure that argument is balanced. Now, the losses associated with the Alderney route have been independently verified by a big four accountancy firm, so this is not a figment of Aurigny's imagination.

I agree with much of what you have said. (**Alderney Representative Jean:** Thank you.) The second point I would make is that the issues around frequency and the issues around the airline service generally are at or around industry norms, they have made that clear. So whilst you, in Alderney, appear extremely aggrieved about the service, the service is not that distanced to what would be expected elsewhere serving a small jurisdiction.

Alderney Representative Jean: Thank you for your remarks. I do not think I can agree with them, because I think we need more examination of that without doubt, but I do thank you for them, Deputy Trott.

Now, where were we? I agree that Alderney should not have to keep bailing the airline out and nor should Alderney have to pay. We pay our taxes to Guernsey on the same basis as Guernsey residents and we already contribute to the airline's losses. I will go further into that a little later on. As we also contribute to the Guernsey buses, although we have none of our own and seldom have the opportunity to use them. A day return from Alderney to Guernsey actually costs flat rate £114. It is normally higher than that; if you want to book it is nearly £130. So residents do not visit often. The need is to deal with the poor management that is running up these huge losses. Proof will be found in the accounts. I realise what Deputy Lyndon Trott says, but I would like to examine those accounts line by line, I really would. I urge the States' Trading & Supervisory Board to carry out a forensic examination. Neither Guernsey nor Alderney can further tolerate the daily waste of money caused by unreliable aircraft, and the recurring failure to have pilots to fly them. (**A Member:** Hear, hear.)

I would also remind this States that Alderney is a determined Island. The lights are on, and Alderney continues to trade under very adverse conditions. We only have two direct routes: Alderney and Guernsey; Alderney and Southampton. Jersey is indirect and now not much good, and very expensive and involves, usually, an overnight stay. I say again, we only have those two direct routes and that is it, with a whole economy dependent upon them. The Alderney

235 Government has tried to do something about all this, Steve Roberts put forward a requête to ask States for a motion of no confidence in Aurigny's management. This was passed last year on its second attempt. It did not go the first attempt, this is grave stuff. I reluctantly voted for it on the second attempt, and that is a serious thing to do. But I do not know, did Guernsey's Government take any notice? Little has changed.

I would also remind the States that Alderney is part of the shareholding, as the purchase of Aurigny to protect the Gatwick slots came from general revenue.

240 Now, to the remarks from Deputy Lester Queripel, who is fed up with listening to the complaints from Alderney. My answer is do not listen, turn off your radio and do not listen, but ask yourself this question: if the Airline was running well you would not hear a single complaint would you, you would not hear a pin drop? Would you?

245 I have campaigned for years for an evidence based case to be put together. We now have Alderney States' Member, Steve Roberts', daily report. What has gone on for years is now, at last, being recorded and kept. Alderney's economy is badly affected by the poor performance of the management of Aurigny, and I ask this States to remember that when it makes decisions that will not just affect the Alderney States, but those decisions to blame Alderney itself and cut us down to size, you will affect every man, woman and child who lives there. Your decisions will undoubtedly affect every business and the tax take from them. Those families who fight with pride to exist in this difficult world, and all because Guernsey bought our airline and did not run it properly.

255 My final remarks centre around the statement released by the Chairman of P&R, Gavin St Pier, when he rebuked Alderney for its £450,000 overspend. I admit, compared to Guernsey's professional Government, our Government at times does not join up the dots, so myself and my colleague, Mr McKinley, had no knowledge of the letter that had been sent to ask you to loan us that money.

260 I understand what has happened in Alderney. We have faced all sorts of major issues there, not just Aurigny. Money has been poured into the Land Use Plan in defence of the FAB proposal in Alderney. It is over the top, and also consumed money in Alderney. I have made my views known about ARUP. We have nine books from them in all and 410,000 too complicated for Alderney's needs. PwC have been good value for money. We are spending on Brexit too, when we have our own team there, who are assisting us, and we have our team here in Guernsey. I have made my views known, we should only employ people on an as-and-when-needed basis.

265 Why do I make these points? I make them because I ask to be treated with common courtesy, with a little more notice of a statement from, supposedly, such a professional States, which I am proud to be part of. Delivery of such a statement sometime on Tuesday afternoon while I am making preparation to come here to you on Wednesday morning. I say the same to the States of Alderney, as I was unaware of what they were doing as well.

270 I ask only that you consider this very carefully when you think about a whole Island, a whole economy, a whole people. Whatever we do now is crucial, and must be done, looking not just at a loss, looking not just at Aurigny, but being prepared to address that loss. This has gone on for years, and now you are receiving reports, and some of you do know what is going on, on a daily basis.

275 I am so upset about this I cannot tell you, and so are the people of Alderney, and this absolutely has got to be sorted out. It cannot be just a patch and mend, 'There is a hole in my bucket dear Henry,' Let's fix it. Let's see to this management. Let's sort this out. But you have got to get hold of it by the root and deal with it. We cannot. We have tried. Our Government has done something. We put forward our requête and it was passed. What a grave decision to make for the Alderney States, what a decision, and nothing happened. Now it is time for action.

280 I am sorry to speak so bluntly to you. I respect you so much, all of you, and I ask now for your help.

Thank you. *(Applause)*

285 **The Bailiff:** Deputy Graham.

Deputy Graham: Sir, I cannot match the passion of Alderney Representative Louis Jean, on which I commend him. I shall try to make amends by brevity.

290 There is only one item on my agenda that has not been covered adequately already, and that is the question of TRP on residential property, if I may mention that.

First of all, a bit of context, if I may. When I first took my seat in the Assembly back in May last year, the outlook was pretty grim, and we need to remind ourselves about that. I think we were talking about a deficit at the end of last year in the order of £25 million, and even worse, it was really a structural deficit, which was of concern. Then we were almost lulled, I think, into a false sense of security in the sense that we benefited either from sound approach or from good luck in some one-offs, or potential one-offs. We had, for example, unusually high returns from our investments, not least from the unspent part of the Bond, and then the economy showed signs of growing and so on, but all the time really the feeling persisted that the structural deficit may still be there. Hence we have the rough proportion of 35:65 in terms of the share to be borne towards producing a balanced Budget on a regular basis, and then creating sufficient surplus to restore our reserves.

There are some of us, I think, who might be tempted to say it should not be a binary choice between 35 and 65, because ... It is a curious thing – as somebody who has only ever worked really in the public sector in one form or another, other than when I was very, very young – I look around the Assembly and actually the majority of the Assembly here have worked in the private sector or been wealth creators themselves. Now, to be honest, you would not think so, sometimes, to listen to the debate here, and how little we talk about wealth creation and growing the economy (**A Member:** Hear, hear.) as part of the solution to the problems we have. Anyway, having got that off my chest, 35:65, there are some of us, I think, who think that 65 in terms of saving and reducing services or doing services smarter is a big ask in terms of being an answer to the solution. Certainly in a sustainable way. So really, we need to be very careful about trying to lessen in any way the 35%, in my view.

305 But TRP is, for me, a very sensitive issue. I think we are in danger of treating TRP as a convenient milch cow really, rather than as a charge on services rendered. Of course, like all milch cows – it is a slightly indelicate metaphor, I suppose – a gentle squeeze every now and again just produced more and more milk, and it is too easy a way out for Government, or the temptation is there anyway.

Now, the privilege of living under a roof, having a roof over your head, is an extremely costly one, and one that is very hard to bear for a lot of our households, and it is going to be even harder with some of the inevitable charges that are going to come from the new waste treatment policy. I am really, for one, anxious to protect, as much as possible, those households that are struggling on those grounds.

320 Now, as I understand it, it is a Resolution of the States in 2015 that the TRP on residential property is going to increase annually by a rate of 7.5% way into the 2020's, is my understanding. Now, the thought that I have is that we ought to really subject that to an annual review as to the necessity at least for that rate to continue – if there is a possibility, for example, even an intention to extend TRP on commercial premises, and extend it into, for example, architectural practices, accountancy, the medical practices, and so on. Now, I do not think that is entirely going to replace the hole that will be left if you stop doing 7.5% every year, but at least it might enable us to reduce the rate of increase, and at least, I ask the Assembly, and P&R in particular, really to keep the subject of TRP for residential property under constant review and avoid the temptation of treating it as a milch cow.

335 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

I have a few comments that I would like to put forward on the Budget.

340 The Budget, sir, is not fair and innovative if it is continually hitting the same areas, and duty on fuel, alcohol and tobacco. This is hitting also at our tourism and hospitality sector, and we no longer provide, actually, the competitive edge and attraction in these areas that we once did, due to the continual rise, in part, of indirect taxes. If we want to maintain an industry already only a fraction of what it was, we need to make more competitive adjustments in tax in these areas.

345 Now, I note that the Guernsey Community Foundation has called for a more co-ordinated approach to those in need, and they are critical also of the implementation of a number of measures, through the Budget, that hit those most in need, such as increases in fuel and TRP. Now, they point to ways of delivering assistance to needy without adding to the welfare bill, sir.

350 If I move on to domestic TRP, at 10.2%, which is way above inflation, and why? It is fast becoming a mortgage around people's necks for life. I mean, at least we can get rid of our mortgage to the private sector, but to this one it seems as though there is no end. Again, the constant above inflation hikes in TRP are taking away the advantage that Guernsey has held in this area for decades. It is another competitive edge, actually, being eroded away. I would ask that we do look at revisiting this particular area, because in many societies that I have worked in, it has become a fact that one has to sell up on retirement, sell the place that one has been living in, and move into other accommodation, smaller accommodation. Now, I do not see that that is the correct thing that we should be doing in Guernsey, where we respect, really, homeownership and a fair way forward, so I would ask also that we look at that again.

355 Now, while the increase in the personal allowance by £500 to £10,500 is welcome, I think it is important to remember that the allowance has fallen behind. In fact, we have not been given that over many years, and it has fallen behind the UK where the personal allowance is now £11,500 with a basic rate now at 20%, like ours, for earning between £11,500 and £45,000. So, again, we are looking at a problem of the competitive edge for Guernsey, in terms of attracting people, businesses and so on to this Island, and also in terms of keeping our own people here, because we are losing a lot of our professionals due to the high cost of living.

360 Then looking at the section on economic context – that is 3.5, 3.6 and so on – overall the section highlights the effect of uncertainty created by the UK's decision to leave the EU. It gives the impression of an Island hiding behind external pressures such as Brexit. In the past we have managed to capitalise on change. The point I am making is that Guernsey faces internal pressures as well, and they are not brought out in that section. The failure this past summer, for example, in seizing the opportunity of an inter-Island ferry link and connectivity problems into the UK and France with reliability schedules and fares, are all cases in point, all of which have cost this Island dearly this past summer.

370 The plight we find ourselves in with the new Population Regime, of keeping and attracting staff in the retail and tourist sectors is another internal issue that is undermining confidence and creating uncertainty in our economy. Now, these are immediate problems to resolve, and they need highlighting in any section with respect to the economic context.

375 Now, sir, I worry also about the revenue raising measures beyond 2018, which appear to be more of the same for 2019, 2020, and 2021, and the lack of innovation, the lack of fairness, and the effect of like measures in forthcoming Budgets on the Island's comparative advantage and competitive ability. I think these are things that we really have to be looking at in detail.

380 I would like to just address one point that Deputy Fallaize made in his remarks, as a point of correction, actually, because our primary schools in the West District are not outside policy, La Houquette School now is a two-form entry school from this year, and the Forest Primary School is now linked to Le Rondin. They share the same headteacher; it is quite a large complex, it is no longer a single-form entry, if you like, but it is an Island-wide school as well. Just to give you an example, in Year 3 there are two classes: there are 18 at Le Rondin, 28 at the Forest in year three. There is a lot of synergy, if you like, between the two schools now, as the administration and the headteacher work with both groups of students across the *piste*.

Thank you for that, sir.

The Bailiff: Deputy Inder has been waiting a long time.

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Deputy Inder: Sir, thank you.

Deputy Pelley did a much better speech than I, and he covered most of the things I would like to have spoken about, but I am going to try and answer both Deputy Green's and Deputy Fallaize's questions that relate to why there were no amendments to the Budget from ESC and that means that we, as a Committee, agree with the cash limit targets, and/or if they are deliverable at all.

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The arm around ESC was phrased, actually coined, by Deputy Dudley Owen in a meeting that we had with the full PRC Committee and ourselves when we were discussing the PwC findings; and along with that, I think, I had a separate conversation with Deputy St Pier, and I think it is fair to say there is a recognition that the ESC, in terms of its cost control, is where HSC was two or three years previously – I think that is fair to say.

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Somewhere between our desire to work with PRC and a recognition that we have had a few problems within the Committee in terms of our understanding of where our budget ... Actually, I tell you what, I will give you a very good example. We, effectively, have two parts of our budget – 73% is on staff costs, 27%, as I have said before, keeping the lights on. It actually gets slightly worse than that, because the meeting ... I joined the board in, I think it was December of last year, and sometime in March ... we have had three meetings through the year from the business partners, all of which are given to us by PRC; they are PRC people and they are called business partners, and we have had three meetings.

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Meeting one told us that we would be on target, and this is a forecasted projection of where we are likely to be at the end of the year. Meeting two, same person, same staff from Policy & Resources, we were told we would be about £500,000 over, and all we had to do was do a bit of work with the grants, grab a bit from here, grab a bit from there, and we would still be on target. About three weeks after that we were told we were £2 million over budget. It happened that quickly. It happened within about two months. We had gone from meeting our target, to being £500,000 over, to £2 million; and, by the way, the person who delivered that information told us that they were going next week. So, this is a business partner from PRC, an HRC process that actually stops at Policy & Resources as well. It is nothing I recognise coming out of the private sector, we actually – sorry, sir, through you, sir, sorry – usual thing ... So to answer the questions of both Deputy Fallaize and Deputy Green, I am not actually convinced that there is that much fat in the system, and if there was, as a Committee we either have not been presented that fat, apart from the tall poppy stuff music service, music service get rid of that, 20% the teachers are paid, apparently. According to the PwC report, they are paid more than their English counterparts. Well, I have only been there nine months and if that is the case that they have been overpaid for such a long period of time – it certainly was not this Committee that got us into that position, if that, indeed, is the case.

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So we did not resist the arm around us, and we are happy to work with PRC. So, as Deputy Le Pelley said, we are happy to work with PRC, but actually, from my point of view, me being me, I think it is actually a bit of a trap – a bit of trap from Policy and Resources – because we do not control the budgets; the budgets are given to us, we do not control the HR process at all. We do not control that 73%; the only savings we can make at the moment are in the 27% area, and that is where we keep the lights on. So I am happy to work with Policy & Resources, and hopefully we will get to the point sometime in June or July where we can find where these savings are, because they do not look that obvious to me.

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Thank you, sir.

The Bailiff: Deputy Ferbrache and then Deputy Yerby.

Deputy Ferbrache: Sir, despite the fact that I supported an amendment, which was soundly defeated, I very much commend this Budget. I think it is an excellent piece of work. Do I agree

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with every line of the hundreds of pages? Of course I do not. Do I agree with every proposal? Of course I do not. Nobody can. But you have to accept that the finance committee – because that is really what P&R are when they exercise this function – are taking us forward in a measured way.

445 Now, their previous effort 12 months ago, I thought, was pale and insipid – so pale and insipid that I thought it was translucent. It is much better this time. It has some truly innovative proposals. Do I think it goes far enough? The answer is I do not. But it is on the way. I can see the members of P&R are on a journey where they realise that there is more work to be done, and I commend them for it. I commend them for some – and I just name some, because there are others – innovative proposals.

450 Now, on the one hand, we are trying to encourage growth, and on the other we get a very senior Deputy, a person who was in the States before any of us were in the States then criticising or commenting albeit saying he is going to approve it, he is going to vote for it reluctantly, when they mention their proposal about the Open Market; because the Open Market, in reality, has been in the doldrums for years.

455 So what do P&R do? They come up with a proposal which – they have got no guarantee – could invigorate it. What do we get, we get Deputy Roffey then saying, 'Well, I am not really sure. We have got to look at it,' and that is the problem; as soon as somebody comes up with a proposal, with an innovative proposal, which is a bit of a risk, it is 'Oh, we cannot do that.'

460 Last night I was in the company of somebody who used to work under a previous regime for the Financial Services Commission, and he said his time there was stultifying, and I thought what a lovely word, because that sums up what I feel when I am often in here, and when I am dealing with civil servants, and I am dealing with policy. I found the last 18 months stultifying, disappointing and like trying to run through treacle.

465 I attended a meeting yesterday lunchtime, where both Deputy Trott and Deputy St Pier, amongst others, were there, and if you recall, as part of the Policy & Resource Plan in June, we agreed that there be a review of air and sea links and infrastructure. I had hoped we would be reporting now, we are going to be deep into next year before we report. To me, that is unsatisfactory, completely unsatisfactory.

470 Now, we have heard many good speeches over the last day or so, but the two that stand out for me – that stand out for me by the proverbial mile – are, no, it is not Deputy Inder's despite me pointing at him – are Deputy Laurie Queripel and Alderney Representative Jean. Now, I have heard over the last 18 months several speeches of that quality from Deputy Laurie Queripel, because he researches things and he expresses his points very well, and he certainly did so yesterday. The passion that came through from Alderney Representative Jean's speech should have touched everybody in this Assembly.

475 Now, in relation to Alderney, it is a bit like, I think it might have been Deputy Roffey yesterday, said, we have a Health Service, quite right too – or it might have been Deputy Fallaize, I do not know, they are very similar – we have a Health Service which some people use very little, other people use a lot, but we have a Health Service. We have an education system where people who do not have children still contribute towards it. It is a bit like that with Alderney. Frankly – and we have got to speak frankly – whatever air service you put in for Alderney-Guernsey, Alderney-Southampton, will always require a subsidy, because the community is too small, and we are not suddenly going to go from 2,000 good people in Alderney to 4,000 good people in Alderney. We are going to have a community of *circa* 2,000 for the foreseeable future.

485 Now we have got to realise, because we are here with the States of Guernsey but we have a responsibility also for – because we have got all the tax provisions and all the others – the Bailiwick of Guernsey, which includes the 2,000 folk that live in the northern Island, some miles away, and the only real political contact we have with them on a periodic basis is when we are so pleased to see Alderney Representative Jean and McKinley come every three weeks, or so, and we are delighted to see them, and they make valuable contributions. But we have got to realise
490 that that is going to cost money.

495 However efficient we are, that is going to cost money. It does not matter whether you get rid of Aurigny, whether you bring in dinky-donky airline, whether you bring in easyJet – they would have a job landing in Alderney, they cannot land in Guernsey, but whoever you bring in, it is going to need a subsidy. Now, we have got to be realistic and we have got to decide as an Assembly, and as a Government, whether we are going to help Alderney in the way that was so eloquently and passionately expressed by Alderney Representative Jean – and I commend him for it. I think it was the best speech that I have heard in the last 18 months. I knew him years ago as well. It was a very good speech.

500 We have heard a lot recently about Paradise Papers, which was all political, all to try and disassemble this Bailiwick and others. Now, I have considerable admiration for the integrity and ability of Deputy St Pier. The only criticism I have ever made of him, sometimes, is that I think he could be a bit more punchy, but that is perhaps my style, and Deputy Trott's style, rather than his style. But in the way that he has responded on our behalf to the criticisms that have been unfairly made in relation to the Paradise Papers, I commend. **(Several Members: Hear, hear.)** It has been first class. *(Applause)*

510 The truth is they do not want to hear it out there, beyond these shores they do not want to hear it, because I was, on Monday night, it seems I go out every night because ... but on Monday night I was out with people who have done business in this Island for 25 years. I have done business with them for the last 15 years, and there was also not only me locally, there was another financial professional from Guernsey, who if I mention the name Deputies Trott, St Pier and Parkinson would know in a blink of an eyelid, and they would have the same view of him that undoubtedly I do. He made the point, he said we are tax neutral, we benefit the City of London by billions because of the way that we conduct our business, and he contrasted the way that you form a Guernsey company and that his son formed an English company recently. If you want to form a Guernsey company you have almost got to give your DNA, you have got to tell them who your granny was, even if you do not know who your granny was. You have really got to jump through so many hoops to be able to form a Guernsey corporate body. His son, 28-30 years of age, decided in England, because that is where he lives, he wanted to form a company, he formed it within 15 minutes. That is the reality of the situation.

525 Years ago when I was at A&F many years ago, I sat down with somebody from the OECD, and I have always had a little tendency, perhaps, to be blunt, and I said to this chap, I said you have got no control, you are a puppet of America, because the OECD is run by America, and I said there is Delaware, which is a complete scandal, you have done nothing about it, and they will continue to do nothing about it, and Europe can do nothing about it, because it is only in Ealing comedy that little countries can invade America. Now, Europe has Luxembourg and Malta, and I look towards Deputy Trott and Deputy St Pier. I think Malta is a zero tax regime, or it is certainly a low tax. *(Interjection)* Yes, so their rules – Oh that is fine, we will continue with those, that is fine. They look at Guernsey and say, we have got to face the fact that we are going to have to defend ourselves permanently against criticism, most of which is unfair, in fact, in this case, every single bit of it is unfair, forever. Those days are not gone.

530 That takes me to another point, really, which is relation to – and I have known Deputy Le Clerc for years and year, we used to work together, I was a director of a company that she worked for, ably worked for I hasten to add, many years ago, and she is an excellent choice doing an excellent job of her job in the States – but she said yesterday our economy is not struggling. Whether it is struggling, it is certainly not booming, because we could look at various statistics – for example, the recently published 2017 Guernsey Statistics, page 39. I will just take you to one, I am not going to take you physically to it, but I am just going to mention. Three years ago the construction industry employed 3,300 people, now it employs 2,700 people, and the construction industry is a barometer of our economy. We formed 71 – probably for the reason that this financial professional mentioned the other day – companies less in Guernsey last year, or in the last 12 months, than we formed the year before. You speak to anybody who is in actual business who is not in the public service, who does not have a guaranteed job, you speak to him or her

545 who is running a business and they will tell you that they are struggling. They are running faster to stand still, that is the reality of it.

But, when you come back to this Budget, and we have put money in – I am not using the right terminology, but I am sure that the people in this Assembly will know – and we have put money in our savings account, and we have put money in our investment account, and we are still balancing the Budget, that is a great credit to the people who run the economy of this Island, and we should commend them.

550 Deputy Soulsby, again, another very able Member of this Assembly, said, 'Well, Economic Development they are going to come forward with a Green Paper in December which we are ... and they will lead us' – she did not use that phrase, but that is in essence what I interpreted her to say – 'to the Promised Land'. No we will not, we are not the finance committee, and we cannot suddenly light up the world for you, we can suggest where things should go, the direction of travel. That is all we can do. There is no magic. It is not like getting a football manager in and all of a sudden expect him to be able to take you from the bottom of the league to the top of the league, it is a very slow, gradual process.

555 But I can tell you certain things that I – and I am not speaking on behalf of the four able members of the Committee, that I am fortunate to work with, I am not speaking on their behalf, because they can do that themselves – but the sea links are a problem. Deputy de Lisle referred to that. Over the years they have been a problem. I would love us to come to a proper arrangement with Condor, that would be the best solution, but if we cannot do that, we are going to have to do something far more radical. If we are going to do something far more radical, we are going to need the unequivocal 100% support of this Assembly.

560 Now, Deputy – I do not know if he was accurately quoted, because I have been quoted so many time on so many things and half the time it is wrong – but Deputy Parkinson was quoted, I think, at the Scrutiny meeting, as saying the only route that makes money, or any money of significance, is the Gatwick route. So the only way that Aurigny can be profitable is if it runs the Gatwick route and nothing else, that is my basic simple A-level economics.

570 So when we come to Aurigny, then I think we need to turn to the pages that Deputy Laurie Queripel referred you to yesterday. Pages 64 and 65 of the Budget Report, and pages 64-65 we come to – and this is the initial thing about the Transformation Fund, it is £26.6 million – and Deputy Soulsby corrected, yesterday, Deputy Queripel when he said, 'Well, £10 million, or nearly £10 million, has been spent,' but it is a difference with no difference because £10 million or nearly £10 million has been approved for expenditure, so that money is likely to be spent, it might not have all been spent, and I do not mean it disrespectfully, but when I turn to paragraph 7.14 on page 66, a lot of that, to me, looks to be frippery. I do not see a great deal of substance, because 7.14 reads:

The funding prioritised for Public Service Reform has been largely exhausted as it is being used to ensure the large and complex programme which covers all elements of the public service is being properly managed and co-ordinated. Resources have been deployed to develop the appropriate governance for the various elements of the overarching programme; ensure there is consistent and appropriate reporting of progress; help ensure benefits are identified, monitored and delivered; [etc. etc. etc.]

580 I do not really understand where the substance of that is. But it seems that £8 million or £9 million has been spent, or is going to be spent, on that. I agree absolutely with Deputy Laurie Queripel when he says he does not want to see the boys and girls, ladies and gentlemen, at the bottom being – my words, not his – shafted in this review. Because any organisation when it employs 5,000 people, whether it is private or a public sector, gets bloated: not everybody is productive.

585 I have seen it in an organisation I used to be senior partner of, it grew and grew and grew, and it had a manager for this and a manager for that, and in the end the managers took over, because they were not productive; they do not go out and clean the toilets, they do not go out and nurse the patients, they do not go out and teach the children, they do not do any of those things.

590 Though that is not to say you can have an organisation without administration, because you need administration, but I do not know why it has taken 10 years now.

We must be now, we are 19 months or thereabouts into this States; why can't we be saying that every job above a certain salary has to be evaluated in the next three to six months; that person has to justify their existence – if not, 'Here is a cheque, because that is what the law provides, off you go into the private sector, or off into the big hinterland'? Why can't we be doing that? Because that is what transformation is really about, not whether we have education move from this building to that building, or Home moving from this building to that building. All important, all part of the process, we should have done that by now. Let's get down to the nitty gritty, as Deputy Laurie Queripel said, so eloquently, yesterday.

600 Let's look at Aurigny. I am not criticising the management. I do not know. How can I know unless I open the books? I fully accept the point that Deputy Trott made when he interjected – accurately, no doubt – when Alderney Representative Jean was speaking. But I do not really see a great conflict between the two principles, because what Alderney Representative Jean was saying is, 'Look at the service. It does not matter about the frequency' – well he did not quite say that, I am saying it, it does not matter about the frequency etc. 'We are just not getting a good service.' We have got four planes, sometimes we have only got one, sometimes we have not got any, and we get the reports from Mr Roberts, or whatever the gentleman's name is, every day. I am not saying they are not accurate, but even if they are 50% accurate, it fills me with woe. Absolutely woe, completely unsatisfactory for the people who live and travel to Alderney. In fact, it is disgraceful. I am not saying it is true. If it is not true, let somebody come out and put up the true facts and figures tomorrow, because they must have them.

610 But let's look at page 74, which deals with Aurigny. Now, no doubt in absolute good faith, the then Treasury Minister, who I think may have been Deputy St Pier, in November 2015 put forward a policy letter and it said this:

... the States resolved, *inter alia*, to approve the recapitalisation of Cabernet Ltd (Aurigny Group) in respect of its cumulative losses of £19.9million up to [the end of] 2014 and its forecast losses of £5.3million for the years 2015 to 2017.

615 So, total losses for 2015, 2016 and 2017 were going to be £5.3 million. Look at the top of page 75 paragraph 7.61:

In respect of 2017, Aurigny is forecasting a loss of £6.8 million ...

620 For one year, that is £1.5 million more than was forecast two years would be the cumulative losses for 2015, 2016, and 2017, and we can see what the losses for 2015, 2016, and 2017, or the projected losses, were at paragraph 7.59: £2.3 million for 2015; £1.5 million for 2016; £1.5 million for 2017. Hopelessly inaccurate. You could not run a business like that, because you would be absolutely bust. But we have got to tell the truth, the only way that we can ... and we are going to come with a policy letter – whether it is a debate, whether it is December or January now, but I think it is probably likely to be December for air routes etc. – different to our Green Paper.

625 In connection with that, effectively, you are going to have to provide subsidy. You can call it whatever you like, whichever airline you bring in, whether you have a PSO a PSA, a DSO, a DFC, whatever you call it, you are going to have to give a subsidy to airlines to come to this Island, and to come to Alderney. No disrespect to Alderney Representative Jean, when he says that it has not been run efficiently – whoever runs it, there is going to be a loss. We have got to accept that as a community, and decide what we are going to do to help Alderney. The other routes – except for Gatwick, we are told – they all lose money, or they do not make much money. Well, we have got to see if that is the best we can do, or if not, we have got to do something. But we have got to grasp that nettle and realise that is something we are going to have to do.

630 As regards welfare, I get a little annoyed when I hear people say, 'Oh we cannot afford overseas aid.' I get really annoyed with that because, as Deputy Brehaut and I were talking about yesterday, and we had a little interchange about people complaining about the seats on the buses

– and they should complain about the seats in the buses, I am not saying that is wrong, but that is a first world problem, and whether the buses are satisfactory. (**A Member:** Hear, hear.) They might be the wrong buses, they might be the right buses, but they are things that our citizenship complain about, but when you are living in Bangladesh, or you are living in India, or you are living
640 in Africa and you are having to drink polluted water, or the children cannot get education, or you are just living on the streets as a seven-year-old because your parents have abandoned you, that is real poverty. (**Several Members:** Hear, hear.) If we, as a civilized community cannot do more for those people, I do not want to be part of this Assembly, I do not want to be part of a society that cannot help people who need help. (**Several Members:** Hear, hear.)

645 Everything is relative, but against that, I think I may have mentioned that I went to Amherst School before, and I went to Amherst School from 7 to 11, because in those days you went to Vauvert infants etc. and I went back for the 11-plus debate to Amherst School and saw the teachers. I was a bit early and I was waiting and the kids came out of assembly, every one of them was polite, every one was polite, one or two were a bit shy so they did not smile, perhaps I
650 frightened them, I do not know, but the kids came out of assembly they were polite, I spoke to the teachers, and there is local poverty, because whether it is politically incorrect or not, I do not give a jot, most families cannot help themselves, or are on welfare, there are some families that can wean themselves off welfare, and if people in here do not think that there are some families that cannot wean themselves off welfare – when I say families, I mean parents, but not one child, not
655 one seven-year-old, eight-year-old, nine-year-old, he or she cannot wean themselves off welfare, because they have got no control over their lives at their age, and there were kids at that school that I was told by teachers that I respect that were living in circumstances that you would not expect in Guernsey in the 21st century. They were having breakfast clubs; they were providing those kids with meals; they were providing those kids with perhaps the best meal in the best
660 environment that they were going to have in their lives. We have got to do more here too.

We can only do more with a productive ... with economic policy that allows people to prosper, that allows wealth to trickle down. I do not want to cut off aspiration. I have been very fortunate in my life, I have managed to aspire to certain things, I still, even in my veteran years, want to aspire to things further, because you must always be forward looking, you can do nothing about
665 yesterday. But the only way we are going to do that is to encourage us to be innovative, because then we can do all the things that we should be doing, by increasing overseas aid, by attacking poverty in our community, and by commending this Budget to the States of Guernsey.

The Bailiff: Deputy Yerby.

670 **Deputy Yerby:** Sir, my vote on this Budget is going to be a little unusual, so I am just going to spend a couple of minutes outlining why.

Members will recall that just a couple of months ago, Deputy Shane Langlois and I tried to amend the so-called Medium Term Financial Plan, which we did not feel was at all realistic. We were, of course, unsuccessful at the time, but I have not changed my view, and in a sense it is
675 underlined by the content of this Budget, because the Budget is already slipping away from what was contained in the Medium Term Financial Plan. By way of example, the £5 million allocation to the Core Investment Reserve is balanced off by not giving the £5 million grant to the Health Service Fund. It is, effectively, moving money from one savings pot to another.

680 Other States' Members have already repeated the scepticism that we heard in the last debate about the targets that are being set through returns from the States' Trading Supervisory Board, and, of course, the cash limit for the Committee for Education, Sport & Culture is several million below what that Committee said initially it thought would be realistic. So, in many ways, the Budget is already not fulfilling the Medium Term Financial Plan that Policy & Resources said they
685 could deliver on, let alone what we thought would be possible.

However, I do not believe in voting against either the Budget as a whole or specific Propositions which, arguably, are kind of a gender tower unless you are willing to put something

690 else in to replace them, and frankly it is too soon. We had our attempt at trying to structure a better financial framework a couple of months back. We did not succeed. I think the States needs to lie in the bed that it has made for a little while before it wakes up. So, in effect, because I do not want to give the impression that I am now acquiescing in the Medium Term Financial Plan, or that I think it is reasonable, but because I do not think that voting against it, without providing an alternative is appropriate, I am going to be abstaining on the majority of the Budget votes.

695 I am not, sir, going to ask for a recorded vote on every single Proposition so that my abstention can be put on the record, I will merely note my silence in the overall Propositions by giving this speech now.

700 There are, however, one or two exceptions, where I am going to vote, either Contre or Pour for specific reasons. One of them is Proposition 20, which relates to the arm around Education's shoulders, that Deputy Inder referred to. I have to say to him, and his fellow Committee members, that sometimes they might come to feel that that is more an arm around their neck.

705 I am afraid I do not share the diagnosis that it was largely close oversight from unrealistic financial targets that brought HSC into a better position now than it was several years ago. That is as much due to a fair wind to political patience and to officer level stability. Things have to be allowed. We know that most of the real savings that we can achieve are through longer-term transformation. Education, in particular, have a big transformation on their hands through the future of secondary education, and although we all have different ideas about how best that can be achieved, the one thing that we know is that we want them dedicating themselves 100% to carrying that through successfully. I am very afraid that an oversight group such as is proposed here will be a distraction, will risk setting back the transformation, will give the Committee other things to worry about and create a climate of following ... It is sort of the reverse of, 'Look after the pennies and the pounds will look after themselves.' Actually, we need to be looking at the big picture here, and carrying through the whole transformation of secondary education, rather than chasing the 50 pences down the back of the sofa.

715 As I said, sir, because, as others have said, any amendment to Education's budget should have come from that Committee, and because I have not put in an amendment to the Committee's budget, I am not going to vote against the linked Propositions 19 and 38(c) which relate to the actual budget that is being set for Education, but symbolically because I think it is such a bad idea I am not going to support the creation of this oversight group.

720 Sir, I also intend to vote clearly against Proposition 23, which, essentially, pins the blame for the Budget not fitting in the fiscal framework on the introduction of Income Support. Now, there are a number of factors which result in the Budget not fitting with the fiscal framework – some of which I have just discussed, and I am not going to bore Members with again. To pin the blame on Income Support is not only misleading, but feeds exactly the kind of distasteful debates that we had yesterday, and honestly, sir, I do think the Policy & Resources Committee should be ashamed.

725 Finally, I was not planning to do this, but as Deputy Queripel yesterday announced his intention to vote against the overseas aid budget allocation, I might have to vote in favour of it in order to counterbalance him.

730 If other Members want to change the way that we do overseas aid, or even stop it altogether, then I would urge them to do that in the context of a full and thorough debate on the overseas aid policy letter at the end of this month, (**Several Members:** Hear, hear.) not a throw away vote on this Budget.

735 Sir, it would be a kick in the teeth to the poorest in the world, which Guernsey have served so well over many years, and frankly, and not to put too fine a point on it, in the current climate it would be a body blow to Guernsey's reputation as a mature, fair and responsible jurisdiction on the international stage. (**Several Members:** Hear, hear.)

Thank you, sir.

The Bailiff: Deputy Tindall.

740 **Deputy Tindall:** Thank you, sir.

I find this Budget reflects a sensible approach to our improving financial position. However, having listened to the speakers in this debate and taken on board their views, I still have a few queries, and observations. However, firstly, I echo Deputy Ferbrache's well said points. I just wish to quote one contributor to the *Panorama* programme – all of this is legal, and that is the problem. It is legal. So I say the EU need to deal with the problem, not by attacking those supporting their economies legally.

745 Working through the Propositions in numerical order, I start with Proposition 12 and the proposal to remove the means of taxing a settlor interested trust. I would like to know why this form of taxation is dissuading some high net worth individuals, especially as we are retaining the anti-avoidance measures, and there should be a means to terminate the trust. It seems to be an unnecessary and retrograde step.

750 With regard to Proposition 19, I am particularly disappointed that the Scrutiny Management Committee has not requested a larger budget – something which was considered a distinct possibility when the new Government structure was being designed. I say this, not because I do not appreciate the need to be frugal, but because I wanted to see this Committee have real teeth. Some may find that request for extra money profligate, but they may have forgotten that as with other requests for funds for projects taken on by the States, that scrutiny leads to good government, leading to saving money and spending wisely. (**A Member:** Hear, hear.)

755 Continuing with this theme, Proposition 33 asks for approval for an increase in funding for the transition to the new regime of population management by half a million pounds. Whilst I acknowledge this was a major project, please can I ask the Committee for Home Affairs to consider undertaking a review, and not wait to do a post-implementation review. Whether or not it is accepted, of course, it is cutting more than £2 million. This, I think, will give I, and others, the assurance that the way the transition has been undertaken is being appropriately managed, and, if not, lessons can be learned sooner, rather than later.

760 I believe the policy framework created by the Population Management Law is suitable, as these policies can be amended, and has been on occasion. However, I am concerned about the backlog, and the strain on the staff this transition has incurred, and I see no reason to take a step back and make sure that everything is in place going forward to support them and businesses without waiting for scrutiny through questions, parallel policy letters, or a review by the Scrutiny Management Committee, especially as this could be after the horse has bolted.

770 Also, much to my disappointment, and after hearing Alderney Representative Jean and, for balance, Deputy Trott's speeches, the Transport Licencing Authority has been advised we should not discuss airlines, including any dinky-donky airlines, and should abstain on Proposition 35. Again, five politicians are hamstrung by the advice on the effect of the present system of Government, although on this occasion I do agree with the advice and will abstain, and so request a separate vote on Proposition 35.

775 Finally, sir, I would like to make a request I make on many occasions when attending the Legislation Review Panel, and the previous Legislation Scrutiny – sorry, I have forgotten the name of it, the previous incarnation – a request that sometimes gets derision, which I find disappointing in this day and age, considering the underlying purpose of my plea. It is for gender neutral drafting when and where we can.

780 At paragraph 5.53 on page 34 of the Budget, it refers to the gender neutrality in certain legislation. Certainly the legislation seeks to have a gender neutral effect, but it is not written in a gender neutral language. In Proposition 14 we are asked to approve a second schedule, but it contains the phrases, he, his and himself, they appear only six times, so it is really easy to change, and I ask for this, for it would only take a few minutes to alter.

785 As Matt Bevin, an American politician said – an American politician I might add who is a Republican and still, I believe, the 62nd Governor of Kentucky – while it may seem small, the ripple effects of small things is extraordinary. I ask because it would show we are treating people equally, in our words as well as our deeds. It is the 21st century and not the 19th.

Thank you, sir.

The Bailiff: Deputy Dorey.

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Deputy Dorey: Thank you, Mr Bailiff.

I generally agree with the comments made by others about it is encouragingly improving the economic situation and the improved finances of the Island. I still think we have a long way to go, and I think some of the comments about not funding the health fund and we are still drawing money out of the Core Investment Reserve, which I will speak about, illustrate that.

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Firstly, I would like to talk about Proposition 13 about independent taxation. I know others have spoken about it, but I fully support the proposal and I actually congratulate P&R who have fulfilled both the requirement to have independent taxation and for allowances to be transferred. I think when proposals were brought before they were particularly criticised when allowances could not be transferred because the effects on, for example, a pensioner couple, when one of them has the main income and the other partner has a very small income and it did not allow those allowances to be transferred. It also applies at the opposite end, when you get a young couple who have just started a family where one of them might decide to take some time off work to look after the new child. The transfer allowances will help those as well. So, I urge Members to support Proposition 13, and I congratulate P&R on that proposal.

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I disagree with Proposition 10, which is to do with bringing in this tax cap of £50,000 to attract people to the Open Market, I think Deputy Roffey covered that point very well in his speech. But I also add that, from next year Jersey will have a minimum taxation that is required for new residents of £145,000 per year. So I do not understand why we need to be so generous to attract people. If people want to move to the Island they will, I do not believe we need to give such large reductions in taxation, and therefore I cannot support that Proposition.

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Proposition 2 is in relation to the Core Investment Reserve and the movement of £5 million, which I am pleased that they are moving £5 million back into the Core Investment Reserve, but the interest for the year in 2016, £18.5 million, was transferred out of the Core Investment Reserve, and so far to date, following the policy there will be £8 million transferred out in 2017. So this is only putting back a small amount of the money that has been removed from that, due to the investment return being greater than maintaining the value in real terms.

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I welcome Proposition 28, which P&R say that the transfer out in future will not be automatic, that it will be a decision of P&R, but, as in the P&R Plan, one of the Resolutions was that we were aiming for the Core Investment Reserve to be 100% of general revenue. I think that we have to stop removing money from the Core Investment Reserve and allow at least the investment return of that money, because in some ways the £5 million looks like we are doing something, but in fact we are taking more than we are putting in. So, we are actually so far to date, by the end of September we would be taking out £8 million this year and, obviously, that will grow presuming the investment return improves over the last three months. So we will be taking out more than we are putting in.

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As others have said, I am disappointed that on page 45 they are suspending for another year the grant to the Health Fund, which identifies £4.9 million, which is the grant from general revenue to make up the necessary funds for that Fund.

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We know that primary charges are very high in the Island, and we also know that relating to that, A&E charges are very high. We know that the number of consultants is constantly growing, and we know we have an ageing population. I think it is very short sighted to not put that money into the Health Fund as the Health Fund funds those particular expenses, and we are going to have to increase the grant for people going to primary care in future. I just do not see as a community that we can maintain the cost of primary care at such a high level, and have a policy of trying to reduce the cost of health, because often it would result in increased health charges with people putting off going to the doctor.

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845 One of the other comments I would like to make is in relation to legislation prioritisation. I notice that, I think, we have had an email saying that it is going to come in January to the States or late next year. It should have come in the P&R Plan, which is disappointing, but I personally think that if we had a party system of government it would not be acceptable to have the delay in legislation that we currently have. A party would expect legislation to be done very quickly after deciding on a policy. We, I think, have got used to accepting delay in legislation. I think if we are here to govern, and that is what we have been elected to do, we should be able to make Laws in an acceptable time period, (**Several Members:** Hear, hear.) and currently, I do not believe we can. 850 It is not acceptable. So I think that in future years P&R have to look at funding drafting Laws with a considerably increased budget, so that we can turn around decisions of this Assembly in an acceptable period of time.

855 On the P&R Plan I agree with Deputy Green's comments about the time it has taken to bring it back to the States. I think we are more than a third through this term, I just do not think that is acceptable. I think Deputy St Pier will know from when we sat on the Review Committee, I wanted a more aggressive timetable in terms of the P&R Plan coming back to the States. We did not envisage this third step, having to come back in the Budget. We have done it now, but I really think that we have to sit down and look to do it in a shorter period of time.

860 I go back to party politics. If we had parties we would have a manifesto setting out a programme before a Government got elected. I do not want party politics, but we have to behave in a manner that is more like that, and be a lot quicker in producing our programme for our term. I urge P&R and, perhaps, with SACC, which I am a member of, to look at how we can do it quicker in future, so that we can get on with our programme that we decided and not delay it for nearly 865 19 months.

Aurigny – I think a lot has been said on that. I do not really want to add to that, apart from saying that I am pleased that rather than relying on the Capital Reserve, they are making provisions in the General Revenue Account Reserve for the losses. My only criticism is it is in the text, and I believe there should be a table setting out the position of the General Revenue 870 Account Reserves, which clearly show the Propositions. I believe that would be more transparent and clearer in future. So I would urge P&R to do that in a future Budget.

My final point is in relation to something Deputy Parkinson said in relation to financial engineering in order to be able to transfer the necessary funds into general revenue. He mentioned about the cranes, which I presume are the cranes at the Harbour. A similar thing was 875 done last year about the Outfall, and I believe there was a Proposition which became a Resolution of the States on that. Looking back at the Resolutions of the States in relation to the cranes, I think that you would have to bring a Proposition back to the States to rescind the previous Resolution of the States in relation to the financing of that if we are going to alter it. So I urge you to think about that P&R and the States' Trading Supervisory Board before making that decision.

880 That sums up my points.
Thank you.

The Bailiff: Deputy Kuttelwascher.

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

Sir, I have great empathy with P&R in regard to their responsibility in preparing a Budget. I had four years of that, it was an experience.

890 Having said that, I then think how would I name this Budget. In the past we have tended to name Budgets, we had a Budget for Health; and I will not say it is a Budget for Nothing, because there is no name for it, but something was said yesterday which gave me an idea, and I am going to name it the Halloween Budget. Now, there is a specific reason for that, because yesterday in his introduction Deputy St Pier mentioned that Education, Sport & Culture were going to get an increase in their budget which was obviously temporary in anticipation of future savings, and one

895 of my colleagues in my vicinity shouted out, 'It's a trick!' and I thought trick or treat. If there ever was a Budget full of tricks and treats this is it. (*Laughter*)

I will just mention one or two, because it is true. I mean, what is a treat? If your personal allowance has gone up by £500, you are going to be £100 better off, but then if you happen to drive a lot and drink a lot and smoke a lot, it is gone. So you have to balance it, and everybody's personal budgets are different. Some people may actually come out better off, and I would love to find one, because I think most people at the end will be worse off, but then, I think well there is nothing else we can do, because P&R are constrained by how they can raise money at the moment.

905 Now, I presume even after this Budget we will still have 75% of our income coming from various forms of income taxes, so you have got to hammer the Income Tax if you want more money. As for the non-income taxes – and I still call them selective consumption taxes, which we call duties – you hammer those. And that is where we are, there is nothing else that we can do at the moment. In that regard then I am supportive of this Budget. I would not go so far as commending it, I just think it is an inevitable result of our situation. There is nothing else that can be done.

910 There are a lot of tricks in it, but they have sort of been touched upon, if you decide you are going to raise capital by raising a loan instead and then moving it – I mean, smoke and mirrors is a way, it is a way of doing it. Now, it is a perfectly commercially viable thing to do. It was not that long ago, and it is in the public domain, Lloyds Bank sold their building in Smith Street and then leased it back. There must have been a reason for that, they obviously raised some capital but now they are just paying a leasing charge. It is obviously some fiscal advantage to them and a financial one. I think we will see more of that. But, is it a real saving or do we really have the money? No. because we exchange a cash lump sum for a liability. But, anyhow, that is the way the world works, isn't it?

920 The real problem is going to come in the next two Budgets. I think we are sailing on calm waters. Now you can only sail on calm waters if you have got a little bit of wind, and I think that is how our economy is. We have got a little bit of wind, we are doing our thing, but we are not booming, and I do not think unemployment rates are, necessarily, an indicator of what the state of the economy is, because a lot of people who lose their jobs just go. Take the building industry. I suspect most of the downturn in employment in the building industry were people who were here temporarily and have just gone, and it has happened elsewhere. So unemployment is not necessarily an indicator of the state of our economy. It is one, but not on its own.

930 So what is the storm on the horizon? Well, the most immediate storm now is the *Paradise Papers*. I was thinking should we call this a Paradise Budget, but definitely not. (*Interjection*) The problem with that is it has highlighted the issue of having a corporate tax rate, a general corporate tax rate, of zero. That has become the issue. Now, if it was, I think it was, 2013, if Apple had come to Guernsey and said, 'We will use this company thing here', I think we would have been jumping with joy at the time saying, 'Please do'. I suspect we were disappointed they went to Jersey. So that is the problem.

935 So, why is that the possibility of a perfect storm? Well, there is a review of our tax structure, and there is this threat of possibly being blacklisted, and I remember one of the issues that was a blacklisting possibility is having a zero tax rate. So we then get to the situation – and I suspect there is quite a high probability that is a real possibility – supposing our zero rate, corporate tax rate is, as it were, the cause of any possible blacklisting, what do we do? Well, we go down the route of basically Deputy Parkinson, where we have got to look at some sort of territorial tax or something else, not have zero tax.

940 It is a shame because there are lot ... a couple of companies were mentioned. I think Ireland has a 5% tax rate, and they are being told to levy a tax, which they are refusing to do, by the EU at the moment, for another company. There are all sorts of tax havens within the EU.

945 The UK has its own internal tax havens. One of them is ISAs, and it is a tax haven for people of all income rates. You can put so much away a year out of the hands of the taxman and it grows. If

you started putting the maximum amount away in ISAs when they were created you would all be millionaires, if you left it there, all outside the tax net. It is an unfair world but that is how it is. It always is, so we have to defend ourselves. So, if we had to go down the route of really reviewing corporate taxation in a hurry, that will be a massive budgetary upheaval, because it is very easy to introduce it, but then we have got other issues.

950 We have got Social Security payments payable on incomes up to about £137,000 or so. Now, that was introduced to try and mitigate the loss of taxes, that would have to be changed because otherwise the cost of employment here would be totally uncompetitive with say Jersey, who still have a top income of, I do not know, £45,000, £47,000, it is different. There would be a big
955 upheaval. We had a massive increase in TRP for finance companies to help mitigate it. We charge a lot more in TRP for finance companies than they do in Jersey. So if we went down the route of somehow reintroducing some sort of corporate taxation, more generally, although we do have it up to 20% here, that will be a challenge, a big challenge.

Now, I want to mention just one issue regarding tricks as opposed to treats. It relates to treating pension contributions as, shall we say, a tax allowance. When you look through this Budget it was something highlighted to me, again, yesterday, and it is something I sort of thought well there have been no complaints from anybody about this. Once you get to this magic rate of about £147,000, I think it is at, you will have your ability to make contributions into a pension fund reduced as far as tax benefit. If you are earning £200,000 a year and you want to put £50,000 in a
965 RAT you will not get any tax relief. What do you think? That is all right.

Historically I have always thought of pension contributions and pension as being deferred pay. You pay the tax when you retire because you will receive an income. Now, you are going to get a situation now where in a certain section of our income range you have got to pay the tax before you put in, you can put what you like in if you pay the tax per unit. However, because of our tax cap and there are somewhere between 20 and 30 people in this ... if they are above this tax cap all that money can be put away in a pension scheme, but they would not have paid tax on it. So we have now got a certain section of the community which will not have that benefit, which applies to those at the lower end and those at the top. Now that, I think, is bizarre. It is a pension issue, so I am hoping Deputy Trott will have a few words to say on that, and why he thought fit that this was
975 a good idea. I am not sure that it is. It is, actually, another hurdle in attracting, not necessarily, the highest net worth individuals, but some people ... someone comes in, they are earning £200 or £300 grand, somewhere even as self-employed, I think the tax they pay is significant.

So, I just wanted to highlight that this is another trick, and it is buried in all the detail. It covers a couple of Propositions, and I think it is unfortunate. But, at the end of the day, I am going to support all the Propositions as amended, because I think that is what is going to happen anyhow. Do I like all of them? No. But I understand the difficulties, and with a complicated Budget like this, with 40 Propositions, if you start mucking around with them too much it makes life very, very difficult in rearranging it.

So I will not go as far as commending, it is as expected. I still think it is very much a Halloween Budget. Unfortunately, with a lot more tricks than treats, but that is life. In our current
985 environment, the way we arrange our collection of taxes, there is not much else we could do.

Thank you, sir.

The Bailiff: Alderney Representative McKinley.

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Alderney Representative McKinley: Thank you, sir.

I naturally wish to echo, very firmly, all of the comments made by my fellow Alderney Representative Louis Jean, who spoke with deep passion and sincerity and aired the true concerns of the majority of our Islanders, particularly with concern about Aurigny.

995 As we speak, the rumours going round Alderney at the moment are the Southampton route has already been cancelled. I know that that is not true, but I think it would be nice if we could hear that point made at the end of this debate. I know it is up for consideration. There is a petition

being prepared in Alderney right now, which we are going to be asked to bring to the States, I think, at the end of November.

1000 One of the problems, of course, when trying to assess the actual breakdown of the £3.6 million or £3.5 million is that Cabernet, or Aurigny's accounts are not open to the public, so we cannot see the accounts anyway, so we cannot get a breakdown of what the actual true costs are.

Deputy Ferbrache mentioned that it is rather difficult to provide an airline with a reliable service etc., for only 2,000 people. But, if we do not improve our transport links – certainly our air links – the 2,000 is going to reduce considerably, and we are going to lose a lot of our second home owners, who bring a tremendous amount of, actually, income, and provide a lot of money, I think, for the States of Guernsey, also.

1010 Quite often the weather is a problem, but in general terms, I think, the fault lies with the management of Aurigny, and that is that. We are totally happy with all the other staff – the pilots, the ground staff, the booking staff, everybody else. We are unhappy with the management. Anyway, enough on Aurigny, I am not going to talk any more about that.

1015 First, there is an observation in the report in respect of the format of the States' accounts budgets, and particularly focussing on the way capital expenditure is treated, with the whole sum, effectively, being written off in the year it is spent, meaning that when we look at an average year, we do not get a true picture of the costs of running the Bailiwick. If these were commercial accounts you would each year see a fair share of that capital cost presented in the form of a depreciation figure. Now, I appreciate that to introduce more commonly recognised accounting procedures will come at a cost, but I note that it was over five years ago, in March 2012, that the Assembly approved the implementation of more modern and appropriate accounting standards, and gave the Treasury & Resources Department the necessary budget to do it. There may well have been an update on this in the intervening years, but I would, none-the-less, be grateful if the President of the Policy & Resources Committee could advise us on where things stand in this regard.

1025 One of my roles within the States of Alderney is to maintain a watching brief on health and social care matters, and it is in this respect I see that the Committee for Health & Social Care is to be faced with a real terms reduction in its budget of 2.5%. Undoubtedly, this will be a challenge, but HSC's financial performance in recent years has been excellent. I would, however, be interested to learn from either the President of the Committee for Health & Social, or the President of P&R, on what progress is being made to avoid the significant surcharges being proposed for the treatment provided by UK hospitals for people such as us who are resident outside of the European Economic Area. I believe the charge is going up to 150%. Furthermore, if no resolution is found, will HSC be able to gain access to the Budget Reserve to address any resultant shortfall in its funds.

1030 Turning now to capital expenditure, I would ask Members to be aware of the condition of Alderney Airport runway. It is a major concern to us, and I know that the Environment & Infrastructure Committee is addressing this issue. Whichever airline or airlines provide this essential link between Alderney and Guernsey, and Guernsey and the UK, there needs to be a runway which is the right width, and in a fit state; and in this respect there is an increasing anxiety over the extended time it is taking to secure funding through the States' Capital portfolio process it is driving us towards a critical break point where the runway might become unserviceable and it could result in a serious accident. Naturally, this would be catastrophic for Alderney, and in turn for Guernsey, as the high value businesses, such as gambling, might simply migrate away from the Bailiwick, not least because the major repairs to the runway and its restoration to its original 23 metre width, could take 12 to 18 months to complete.

1045 My final contribution on the Budget is to reinforce the merits of having a personal tax cap for wealthy individuals, and thus support the proposals as set out. I do not personally benefit from these measures, and I suspect I never will, but it is attractive to people who are considering relocating to Guernsey or Alderney and should be continued.

1050 Finally, naturally, I would like to say a sincere thank you to the States of Guernsey, and all who sit in this States, for all that they do, and all that you do, to support us in Alderney, particularly, obviously, with regard to transferred services. I know that we have problems. You know we have problems. I know that we have challenges, some of which you do not necessarily support, but we are genuinely grateful for all that you do for us.

Thank you.

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The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Sir, I rise just to respond to comments made by the Alderney Representative, with regard to health care charges.

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Sir, this is something that we have been aware of for some time now. The UK National Health Service Charges for Overseas Visitors Regulations 2015 introduced new charges of 150% to non-EEA, and effectively therefore EU nationals, which we obviously fall into. The relationship that we have with NHS Trusts for off-Island operations and medical procedures is such that they did not want to make that charge, and our initial contact with UK government made it clear that they did not realise the implications of that towards us, because, obviously, other British Overseas Territories have different arrangements.

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Sir, the engagement is ongoing. Obviously, it does not just apply to Guernsey, and at the moment, I was in Westminster just last week and we were lobbying all our contacts there to ensure that this anomaly gets resolved as expeditiously as possible.

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The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

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I want to start by referring to a somewhat oblique remark that was made by Deputy Roffey yesterday, who somehow or other in his judgement considered that the six representatives for St Sampson's discharging their democratic obligation in supporting a very large number of their constituents by joining them on a march was somehow or other reflective of our individual collective views on population.

I give way, sir.

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The Bailiff: Deputy Roffey.

Deputy Roffey: Can I just point out to Deputy Trott I did not mention the St Sampson's Deputies, but obviously the cap fits extremely well! (*Laughter*)

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Deputy Trott: Well, indeed, sir. But what I would say to Deputy Roffey is do not be so judgemental because I am certainly not, sir. Only a few days ago I found myself in a queue in one of the Co-operative outlets. In front of me was a – is there still a connection – I am not aware, are you still a director of – through you, sir, (**A Member:** Yes, he is.) yes. And no doubt, through you, Deputy Roffey considers policies very carefully.

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Now, what I witnessed was interesting, but I am not being judgemental about it, I witnessed a young mother, and she must have spent between, I do not know, £20 or £25 on a number of sugary drinks, and a number of items of junk food. (**Deputy Gollop:** It was me.) (*Laughter*) It could have been, Deputy Gollop, but on this occasion it was not, it was a young mother, who was striving hard to balance her work life issues. Now, sir, she bought this whole bulk of junk foods from this particular retailer and then was handed a 10p reduction voucher for her fuel. Now, did I, sir, think to myself, well this impacts somehow or other on Deputy Roffey's credentials, either with regard a sugar tax or with regard to environmental issues to do with fuel? No, I did not, sir, and that is an example of how different we are in our assessment of things that we see.

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1100 Now, sir, moving on from that. I think there is a paragraph, a sentence or two on the Budget,
on a page, that is worthy of reference because it shows the difficulties that we have in terms of
ensuring that we do not have a middle income squeeze in any Budget that we produce. Because
the latest data shows that 10% of households pay no tax. The top 10% pay one third of all tax, and
households below 60% of median earnings pay only 6% tax. There is no question at all that our
1105 tax system is becoming more and more progressive with each budget presentation to this
Assembly.

Sir, my next point is this, if the Education, Sport & Culture Committee came to this Assembly
and said, 'We are terribly sorry but we have overspent by £18 million,' what would you say? You
would be horrified. I would go as far as to say, sir, you would probably be disgusted. If the
1110 Committee for Health & Social Services came to this Assembly and said, 'We are very sorry, but
we have overspent by £28 million,' you would be equally horrified.

Let's not forget that Alderney overspent its budget by an equivalent percentage – an
equivalent percentage. Let's not also forget that the £3 million a year, plus, that general revenue
subsidises the Alderney routes, is far in excess of that allocation from general revenue, such is the
1115 extent of the subsidy. Now, sir, we are not hypocritical, because Guernsey no longer has the
London City route. Why? Because it was costing £2 million plus a year to underwrite – very
significant sums of money. Now there is a difference, and I am the first to concede that difference,
and that is that the Alderney routes, or the capacity on the Alderney routes is much, much, higher,
but the reality is that we do not take difficult decisions in isolation. Those decisions affect us all,
1120 because of our fiscal union.

Now, sir, on page 37 of the Budget Report and, in particular, paragraphs 5.69 and 5.70, we are
reminded of the difficulties around Fuel Duty. Now, sir, I am going to read from this paragraph,
because I would like to make some comments immediately thereafter. Members may have noted
that I agree with my colleagues on Policy & Resources on all counts, with the exception of Fuel
1125 Duty, and particularly Fuel Duty on road diesel.

In the 2017 Budget Report, the Policy & Resources Committee highlighted the shrinking tax base from motor fuel and
that, in order to provide revenue stability, consideration should be given to whether the scope of fuel oils subject to
excise duty should be extended. The Committee prepared a consultation on this matter in early 2017, but decided
against proceeding with it at this time. Having considered the matter carefully, the Committee is of the opinion that it
would not be appropriate to look at the excise duty chargeable in isolation from the environmental and energy
policies of the States. Therefore, it is the desire of the Policy & Resources Committee that the question of scope of
duty on all fuel oils should be looked at as part of the work on the energy plan being led by the Committee for
Environment & Infrastructure to ensure that not only is the tax base sustainable but that it ... supports the States'
energy policy.

It quite simply does not at this time. We are told, sir, that there has been a 2% fall in the
consumption of fuel. No, there has not. There may have been a 2% fall in the amount of fuel
purchased on Island, but I doubt there has been any significant fall in the amount used on Island,
the amount consumed on Island. There is one very good reason for that: diesel in France is, in
1130 sterling terms, on average, about 17.5% cheaper than it is here. Now, when I was a boy, sir, my
parents always came back on fumes because it was so much more expensive in France. Nowadays,
sir, there can be hardly a Guernsey person returning from France that does not have a full tank.
Why? Because the savings are so material. Even more, sir, than the 10% voucher that one gets
when one spends £20 or more at certain times of the year in a Co-operative outlet.

1135 Now, what is the point? Well, the point is that not only are we not getting the tax revenue from
that, sir, but we are clearly not impacting on environmental policy because all that is happening is
that people are, sensibly, avoiding the duty, but at the same time are still polluting the Island to
the same extent. So that matter clearly needs to be looked at.

1140 Now, sir, in Deputy St Pier's opening remarks, he made the point that he disagrees with Policy
& Resources on a single issue as well, and this is quite a complicated technical issue, so I hope
that the Assembly will bear with me, but it refers to Proposition 12, and in particular paragraphs

5.44-5.47 on page 32. Because of its complexity, I am going to read some paragraphs from the Budget, sir, and then give some background around it:

Where an individual puts income or property into a settlement, of which they may benefit, it is considered a revocable settlement to which anti-avoidance provisions apply. The consequence of this is that the income of the settlement is deemed to be the income of the settlor, including income of any companies or other entities that are held or under the control of the trustees of the settlement (whether those funds are distributed by the company/entity or not).

Now, sir:

Following the repeal of the deemed distribution provisions with effect from 1 January 2013, there is now a difference in tax treatment of the income in a company held directly by a Guernsey resident and where a company is held or under the control of the trustees of a revocable settlement. As it is understood... this may be dissuading some high net worth individuals from relocating to Guernsey, which is a policy workstream prioritised by the Committee for Economic Development, it is recommended that the Income Tax Law is amended such that a settlor is only liable to tax on distributions from a company or other entity held or under the control of the trustees of a revocable settlement, rather than the income which arises to such a company or entity.

1145 Now, this next bit is important, sir, because:

The Director of Income Tax would, however, retain discretionary powers to invoke avoidance provisions where necessary.

Now, sir:

Further clarification will be set out in a Statement of Practice, which will be prepared in conjunction with the. [Guernsey Society of Chartered and Certified Accountants]. This is considered to be a technical change to ensure taxation of revocable settlements reflects the current taxation of companies, which will ensure that Guernsey's regime is consistent with other jurisdictions in order to be attractive to high net worth individuals who are considering relocating to Guernsey. This amendment will have a minimal effect on income tax collected, as the same tax position could be achieved through dissolution of the trust.

1150 Now, sir, those are the words in the Budget, and these are my words that may make what I have just said a little easier to digest. Income of any companies or entities held within a revocable settlement is deemed to arise to the settlor and is taxable on them whether those funds are distributed by the company entity or not, whereas income of a company is only taxable on a shareholder on distribution of those profits.

1155 Now, sir, the Guernsey Society of Chartered and Certified Accountants' tax sub-committee requested this change, as they believed it was, as I referred earlier, deterring certain high net worth individuals from moving to Guernsey, and the measures enable us to become consistent with regards this tax position with other jurisdictions. It puts the settlor in an adverse position against holding interest in a company directly, and that could result in some behavioural changes. Any financial impact is likely to be due to timing, i.e. instead of the taxation as income arising in the company, it will arise on a distribution.

1160 So, sir, I hope that has satisfactorily covered that point. It does, of course, give Deputy St Pier the opportunity to, again, talk to us in a somewhat technical nature, for which I apologise in advance. But I do, sir, share the views of others that this is a sensible progressive Budget. I cast my mind back to, I think it was, June 2006 – or was it June 2007, one or the other – when this Assembly debated the changes, the substantial changes to our corporation tax regime. I said then that it would probably take us a decade to return to a sustainable balanced Budget. It has taken
1165 us nine years, sir, and that is the position.

Thank you.

The Bailiff: Deputy Brehaut.

1170 **Deputy Brehaut:** Thank you very much, sir.

I too, I was gazumped by Deputy Ferbrache, I also wanted to give praise to the President of P&R, and commend him on his calm, assertive and confident manner in which he presented not only to the local and national but to the international media.

1175 Also, Deputy Ferbrache referred obliquely as to whether we have the right bus on the Island. Well, our buses are made by the Wrightbus Company of Northern Ireland so they are all the right buses.

1180 Can I say before I quote directly from Deputy Queripel, who raised the point on energy policy before, I will give way to him, I will give way to him, if need be, because when I wrote to SACC and before them what was it, I think the House Committee, I proposed the idea we have a rule to give way, so that debate could be as inclusive as possible, and I am a democrat and I like there to be contributions that can sometimes diffuse a situation. So I am prepared to give way. I think for any of us to jump to our feet and conclude that, 'I am talking to you, you are going to listen,' is perhaps not the most endearing debating technique that there is.

1185 Now, Deputy Lester Queripel spoke of energy policy, one off expenditure, energy demand studies and he, I think, referred to the security of supply in all that. There was a note made, yes, I think he said, although the questions were to P&R actually, I think. Why is the money needed? Why will it take three years? Why do we need one to begin with? Then he also referenced the Hydrocarbon Supply Programme and questioned the ongoing funding.

1190 Just on the on-going funding on the Hydrocarbon Programme, we are doing something which is, I think, the hydrocarbon project has been broadly commended by people, it has been an extremely thorough process, but what we have done is, in consultations with the consultants to get us to this stage, at every stage we have had to go back to P&R to secure funding to get to the next stage, so we will have to do that again. So when we bring a policy letter to the States and the States, hopefully, approve it, then we go back. Now, that is a very thorough process, and *Hansard* will record the States' Members' support, or otherwise, but for any consultants this 'We are with you, then we are not,' and they have got other projects to do ... then we have to re-engage with them. It is not perhaps the most linear of processes, if I can put it that way, for projects of this size. But, with regard to the specific remarks made by Deputy Lester Queripel, if I could just quote from Alan Bates, who is the Chief Executive of Guernsey Electricity on energy policy and energy infrastructure and he says:

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Energy infrastructure and investments are 25 to 50 year, or longer, decisions, without an update to the policy to reflect the changes we could make decisions which would cost the Island dearly for a very long time, without delivering the value aspired to. When you consider GEL's investment plans alone are hundreds of millions, the cost to review looks like money that will be well spent.

1205 Those are his words, not mine, the cost of review looks like money that will be well spent. Now, Guernsey is not ahead of the curve with regard to energy policy, and these are just a few headlines from international papers: *The Independent* says, 'Nearly 140 countries could be powered entirely by wind, solar and water by 2050'; *BBC News* – 'New diesel and petrol vehicles to be banned from 2040 in the UK'; *The Guardian* – 'British power generation achieves first ever coal free day'; and *The Mail On-line*, incidentally – 'UK carbon emissions at their lowest level since 1894 after Britain rejects coal powered stations'. Well, of course, that is the *Mail On-line*, so probably if you complete the crossword you win a free bag of coal, they are not particularly consistent in that regard.

1210 So there will be further expenditure with regard to energy policy, in writing the policy and there will be further expenditure with regard to getting the mechanism in place sometime down the line.

1215 Now, E&I's budget is relatively small, all taxpayers' money is significant, but our budget is *circa* £12 million, or just below, and we are not big spenders, E&I. However, there is a disproportionate level of scrutiny with the expenditure from E&I, I have to say, whether it is the cycle paths, whether it is signage in a car park, we have experienced calls for resignations, and had a great deal of scrutiny with regard to relative levels of expenditure.

1220 Now, there is a confusion sometimes, about general revenue and Transport Strategy funds, because we do not get the receipts from petrol, and I think the public think we do. That is general revenue. The schemes that we progress are covered by First Registration Duty, largely, and that First Registration Duty is then spent in aspects of the Transport Strategy. So, when people say you are wasting taxpayers' money, because that is their political viewpoint, in fact, we are spending money that people who chose a certain vehicle opted to pay, knowing full well that if they chose that vehicle that there would be a certain level of emission duty on it.

1225 Just quickly, because I forgot to mention it early on, when I just keyed off my speech, Deputy Lester Queripel also said that he asked, I think, 41 Rule 14 questions; he should reflect that those 41 questions actually needed 14 answers, so anyone is welcome –

1230 **Deputy Lester Queripel:** Sir, point of correction.

The Bailiff: Deputy Lester Queripel.

1235 **Deputy Lester Queripel:** Sir, I never once said I submitted 41 questions to E&I. Sir, I think Deputy Brehaut needs to withdraw that statement because he is misleading the Assembly.

1240 **Deputy Brehaut:** Well, I apologise, sir, if it was not referenced directly yesterday, I was in the library, sorry, the States' Members' room, and I thought he did refer to the Rule 14 questions. However, it is a statement of fact that Deputy Lester Queripel did put 41 Rule 14 questions, and all I would ask is –

1245 **Deputy Lester Queripel:** Sir, point of correction,

The Bailiff: Deputy Lester Queripel.

1250 **Deputy Lester Queripel:** Sir, I never submitted 41 Rule 14 questions. So Deputy Brehaut is still misleading the Assembly.

The Bailiff: Deputy Brehaut.

1255 **Deputy Brehaut:** Okay, sir. Within the region of 36, because I think the questions were structured in, if the answer to (a) is not this, then the answer to (b) surely will be. It was that type of structure. So whether it is 36 or ... anyway, but the point I am making is, if we talk about States' expenditure, please, Members, with a project like this, come in and speak to E&I, we are willing to speak to people, to go and find detail over the hydrocarbons project. When people ask high volumes of Rule 14 questions, you engage senior staff, the Harbour Master, and it is incredibly time consuming. If we were to cost the answers to those questions it would be immense, that some senior staff, and bearing in mind our answers then had to be sent off to the consultants to ensure that we were correct, and that process took a considerable amount of time, and money, probably more than the cost of the signage that we have recently put out, was probably incurred in answering the Rule 14 questions.

1260 Now, I too am a bit of a fan of Alderney, and I want to support Alderney in what they do. I cannot, however, support the Proposition in the Budget which asks for the States to give the tax concession to people coming in to the Open Market or, sorry, taxing whatever it is of £50,000, because, from reflection, I think we did a similar thing to assist Alderney, and what would concern me, is that the people who were contemplating going to Alderney then, if you like, were attracted to coming to Guernsey. If I can say Alderney's needs at times is greater, and trying to get their population raised up in Alderney would be a worthwhile thing and Guernsey should not do anything to the detriment of that broader aim.

1270 Two things – E&I would like to progress many things, because if you look at the level of
expenditure, if E&I, for example ... we could do things in a different way, we could spend money
on independent consultants to get them to design schemes, we could get them to implement
them, we could get them to sign them off, we could get them to do the whole thing. We would
then be criticised, of course, for calling in external consultants when we had on-Island staff.

1275 But the reason that our budget is within margins is actually because we are treading water, and
it takes longer to do things because we have not got the staff to do it. So on the one hand we
have Members of this Assembly saying that at certain levels we have too many staff, I know that
E&I at times simply do not have the staff present to implement schemes that we would like to see
implemented. So, okay, we have come in on budget but, actually, there is an argument that we
could do things in a fundamentally different way using external consultants and do them a great
1280 deal more swiftly.

What we have to do, urgently, is review the issue of Fuel Duty. Now, if Members would have
held their vote and supported what became the Majority Transport Strategy Report, we actually
would not have been facing this issue now, so we did kick the can down the road. I know people
were saying well, 'You want people to buy smaller cars. You want them to buy more fuel efficient
1285 cars. You want them to buy electric cars,' and we do, but we were always aware that when you
have that type of behavioural change it comes at the expense of revenue. So, clearly, E&I and P&R
will be coming back to this Assembly to do something with regard to the fuel revenue.

I do not share Deputy Trott's view on the 2% figure and France, mainly because Condor
conspire not to get you there, (*Laughter*) just to fill your tank. I should imagine Condor burn a
1290 great deal more fuel in the to-ing and fro-ing of getting you to fill up your car than you are ever
going to burn, as well.

Now, Deputy Kuttelwascher said this was a 'trick or treat' Budget. Well I am grateful it is,
because bearing in mind the Paradise Papers I would not want it to be a November 5th Budget,
with Catherine wheels, fireworks and rockets. Thank you, Deputy Gollop, but there is no doubt
1295 that we will look back, bearing in mind the direction the external influences are going, we will look
back at Budgets like this and see in relative terms, perhaps, how easy it is to do things and we
may see this Budget in the light of ... perhaps slightly differently when external influences outside
dictate other patterns and when we have to, as Deputy Parkin- ... I beg your pardon, Deputy
Charles Parkinson keeps saying, or repeats frequently, that our corporate tax structure may need
1300 to be revisited at some time.

Thank you, sir.

The Bailiff: Deputy Gollop.

1305 **Deputy Gollop:** Yes, thank you, sir.

It is true that Deputy Parkinson has made the remarks Deputy Brehaut referred to, and perhaps
we are listening to the wisdom of his words in the last few weeks as certain things have come to
pass.

1310 First of all, I would like to mention one or two of the other speeches. Deputy Dorey had very
much stressed the importance of legislation being prioritised; well, I note in the Budget this year
the Royal Court has a significant increase, but that is perhaps due more to the plans for the
referendum.

But it is fair to say that expert legal draftsmen – which is a specialist sub-species of lawyer, or
advocate – do not come, necessarily, plentifully or cheap. They are a resource and when I was
1315 President, or Chairman, of the Legislation Select Committee for four years, I felt a bit like – well
Deputy Roffey alluded to it at the time in his *Press* column – a bit of a puppet, toothless President,
because I had so little powers. I mean to start, although I was sitting in a role that was once the
Bailiff, your predecessor, sir, sat in, it was a very different context, and the difficulty I had was I, in
no sense, controlled the prioritisation of legislation, or the human resources side of who did what
1320 and who got paid what, and indeed, I would suggest, to be radical, that it might not be wise for us

to double our number of professional draftsmen, for example. We, perhaps, would be wiser to outsource some of this work to persons in Whitehall, or other offshore jurisdictions, or private sector law firms, but that would require a change of culture, and maybe a change of style in legislation beyond being gender neutral and those points.

1325 The second point I would make is Deputy Ferbrache, particularly, referred to relative social, not poverty necessarily, but lack of social privilege and, perhaps, with regrettably some of our children who may or may not attend breakfast clubs. Well, I know for a fact that some of the Members – Deputy Le Clerc, for example, has been regularly participating in breakfast clubs, and I was disappointed that I did not become a member because I was too old, because they were very
1330 much designed for the children.

But I did miss a breakfast with some of my colleagues today, because I went for a breakfast held by one of the Island's accountancy firms, Price Bailey which was going for growth. Now, it certainly was not a free lunch or breakfast for me because it turned out that one of the major issues they had concerned about growth, apart from transport – and I too will not be voting on
1335 the Aurigny part of it – referred to planning, but they did admit that things had got better in the last year, perhaps. Their grievances, of course, their suggestion was that in fact in the real estate field they felt busier than they had been in the previous two years, but that was from a low base, so maybe we are seeing now, finally, an upturn in the architectural and construction fields, with, hopefully, a more flexible planning system that is expertly administered and monitored.

1340 I agree with what Deputy Soulsby said, and Deputy Ferbrache, and others, that maybe this Budget is not as focussed as it could be on what I would call infrastructural issues and economic growth.

Attached to it were the 23 main strategic policies of our Policy & Resources Programme and, in fact, only about six of them refer directly to the economy, and that is true of our four aims; there is
1345 really only one that is measured on our economy and, perhaps that is where we lack a particular focus.

Deputy de Lisle mentioned, intriguingly enough, that we were falling behind the competitiveness of the UK in relation to personal allowances. Well, he could have mentioned too that the situation is even less good compared to our nearest neighbours, the Isle of Man has now
1350 a personal tax allowance of £12,500, and in Jersey, according to the published budget, it is £14,900 – that is a significant difference. Of course, they have a different structure, they have married person's allowances and so on, but, effectively, it is a quantum difference between Jersey and Guernsey. Now, we can all point out that Jersey has a different tax structure than us, but the point is made.

1355 The increase in personal allowances to £10,500 amounts, effectively, to £100 a year for persons on that level. That is equivalent to less than £2 a week. I remember Employment & Social Security were somewhat criticised last year for suggesting a pension increase less than £2 per week because it satisfied RPIX; this is less than £2 a week, it would barely buy me a bag of jelly babies, that is the reality of the situation. Although I am told I am not supposed to have the junk food,
1360 according to Deputy Trott, obviously, and others. *(Laughter)*

We are withdrawing those personal allowances for the high earners up to a point. We are a long way behind the 20 Means 20 philosophy of Jersey, and I remember when Deputy Roffey was a States' Member the first time round and we had, in those days, back in the 1980's, an Income Tax structure which facilitated a complicated system of marginal tax relief. It was overly
1365 complicated, but in the age of IT, rather than the age of the abacus, it should be easier to implement, and I think we should, effectively, look again at a much more sophisticated tax and benefits system that would really be means-tested rather than this blunt approach.

Effectively, the £10,500 is a lot for somebody on that income, but it is a gesture just for those higher up the scale in the upper middle, and one could add to that observation that although I
1370 will support the Open Market provisions, I have reservations – but I will perhaps mention that in a subsequent debate. The interesting facet of that kind of scheme is once a lucky individual, a successful hard working individual, has paid their £50,000 Document Duty, and has paid their

1375 £50,000 tax, which is very gratefully received by us in the hypothetical future, let's say this individual has an income of a million pounds a year, it means, effectively, they are on a tax rate of 5%, whereas that is a different situation than someone on the lower personal allowances.

Indeed, one person came up to me and said they were worried about relative poverty on the Island, but the raising of the personal allowances should alleviate it, but I do not think £1.95 a week will do that much to alleviate relative poverty.

1380 I also put forward a different point of view and I will be accused of feathering my own nest, I suppose, but the cigarette increase is a harsh policy in many ways, (**A Member:** Hear, hear.) I mention it because we know duties on cigarettes and tobacco were initially done as a quick way of raising money, like most duties going back several hundred years, look to the smugglers and the coves and all that kind of thing. Then, of course, about 15 years ago there was a change of culture, and the taxation was imposed partly for public health and safety reasons, a discouragement to smoke, a bit like a bag and tag tax. The problem there is that it is
1385 overwhelmingly regressive. I meet with a lot of people who are on low incomes, many of them receive benefits; many of them have mental health problems; many of them are not allowed alcohol, many of them are on other kinds of drugs; they do not have what most people would think would be a happy or a fulfilled existence. They are desperate to smoke, arguably they are
1390 addicted, and they cannot go an hour without popping out for a cigarette, and they are being forced to pay a fortune in cigarette duty, above the rate of inflation.

The Bailiff: Giving way for Deputy Soulsby.

1395 **Deputy Soulsby:** I thank Deputy Gollop for giving way.

I cannot leave that comment unchallenged, quite naturally being President of Health & Social Care. Two aspects to this: one, if people are struggling to give up they should contact our quit line service, which is absolutely fantastic; it has done a lot for our own staff who were smoking at PEH. The second is, would he not agree with me that the real problem here is the amount of sales that
1400 take place which are duty free, but that is something that we need to tackle.

A Member: Hear, hear.

1405 **Deputy Gollop:** Two or three points on that. I do appreciate that any and everyone has the right and indeed is encouraged by Health & Social Care to participate in their excellent programmes, but it still does not remove the essential point of the regressive nature of the tax, because if you are a highly successful person eligible for the tax cap, the amount of duty you pay on a packet of cigarettes is negligible. If you are a person in receipt of social benefits or a hard working person on a low income, it is still an additional form of tax. It is a VAT of the worst kind.

1410 As regards the duty free point, I take on board the arguments of that, but I have yet to see, perhaps, the States banning duty free at States-owned outlets, for example. But we will look at that.

To a degree, my same arguments apply to alcohol, and likewise, domestic TRP could be seen as an additional tax on householders, and reflects the fact that our tax base is somewhat limited.

1415 I will be interested in seeing what happens with the Social Investment Commission, it does strike me as a nice compromise between those who want a fully-fledged gift aid and those who do not, and I probably would be happier with a more generous gift aided solution.

I was pleased, I heard rumours of two amendments that did not appear, one amendment was about, perhaps, restructuring overseas aid, and I was rather pleased that did not appear, because I
1420 think the will of the Chamber is very clear that we do support, as Deputy Ferbrache says, our international obligations.

But one amendment that I was toying with supporting but never made it to the Chamber – perhaps I should have put it myself; well, I heard that certain Members were keen to put an amendment that would have capped, not the taxation, but the income of higher level very senior

1425 public officials. Now, I do not know how you would define that role, and it could have got messy, but it was an interesting idea and, perhaps, chimes in with what Deputy Laurie Queripel, Deputy Ferbrache, and others, were saying about the need for a rigorous reassessment of our human resources personnel, especially at that level. Because that is surely the most fundamental way to cut unnecessary expenditure.

1430 Nevertheless, I was slightly frightened to hear of the efficiency drive, not that Deputy Ferbrache suggested it, or Deputy St Pier or Deputy Trott, but surprisingly enough, Deputy Fallaize said we must be efficient at Education, Sport & Culture and look at such aspects as potentially merging the College of Further Education and the Training Agency, and also touched on the primary schools.

1435 I thought that, really, given our smallness of community and the diversity and choice we wish to encourage, together with growing our economy, and supporting our young people, we really need to make those kind of decisions, which might be the way forward, on educational and social and economic grounds, not on efficiency grounds. (**A Member:** Hear, hear.) I think, for too many years, the States has just worked on a sort of let's hire a firm of accountants, let them tell us what we already know, and let's cut subsidies. We need to evaluate things for reasons other than just efficiency.

I am also, perhaps, resistant to the expenditure constraints of both Health & Social Care and Education, because I suspect that they are not very realistic.

1445 I am puzzled a bit about the overall message here, because we have had, effectively, an interventionist boost to the Open Market, which encourages our high achievers, but at the same time, we have the rather targeted measure against persons from the professional legal background who are expected to pay more commercial TRP. Now, not surprisingly they were outraged by that, it has not particularly been an issue in the Chamber today, but certainly they did resist that in the strongest terms, and the accountants perhaps felt lucky that they were not included within that particular enclave. Somebody just mentioned architects, probably as Planning Chairman, I should not go into that one, but I think that it is a dangerous path to go, because if we really do need more money, there are many other ways of looking at it, from the environmental taxes we kicked into touch last year, to the return of a sales tax, to let's face it, a restructuring more fundamentally of our Income Tax.

1455 I perhaps would take Deputy Trott to task, who said that the Budget was really in a more progressive direction, admittedly a few years ago he said he wanted more redistribution of wealth, which sounded surprisingly left of centre from Deputy Trott, but according to the summation in the Budget, it says the latest data shows that 10% of households pay no tax. I would disagree with that, with that expression, '10% of households pay no tax'. You can identify the kind of person they are thinking of. But actually, chances are, that person may drive a car, they may buy cigarettes, they may buy alcohol, so they do pay taxation, albeit in a different form.

1460 Then the next point says top 10% pay 32% of all tax. Well, it used to be 40%. I remember for a long time we were told the top 10% tax earners on the Island were paying 40% of all our tax. Now they are only paying 32% of our tax. So maybe, as Deputy Le Clerc and others have said, it is the squeezed middle who are paying proportionately more of the burden, and if that is the case we really do need to reevaluate, on a much deeper level, our personal tax and benefits.

1465 Sir, I do see this as another treading water Budget, with nothing particularly objectionable in it, but many points, one could question the overall political direction. I think we are not, perhaps, making the harder decisions we need to, of balancing our taxation with ways in which we could actually create more tax incentives, and reduce taxation for many people, whilst having a wider range of taxation options to apply.

The Bailiff: Deputy Paint

1475 **Deputy Paint:** Thank you, sir.

I was not going to say anything more on this Budget, but I feel I had to stand to support Deputy Lester Queripel, and myself, who has also put in Rule 14 questions with regard to the hydrocarbons project.

1480 I discovered some massive flaws in this project, I have had two meetings ... following the two Rule 14 questions I had, both Deputy Queripel and myself met with Gavin St Pier and his team to point out these flaws. We had to push to meet him again to speak about this, exactly the same again. Now, I understand Deputy St Pier has been extremely busy lately, but yesterday I asked him if he had proceeded and he told me he had not.

1485 Well, let's get this finished. These massive flaws have got to be sorted out. So I give fair notice, I choose to give fair notice, that if this is not sorted out by this weekend I will release to the media what we have found out. I was hoping not to do that, but it has got to be done. There is, believe you me, a huge amount of money being spent, and will be spent, if it is not sorted out now.

1490 I do not like to operate this way, I prefer to actually speak to the people, as was requested, but I am afraid they are not listening. We have got to sort this problem out one way or another, and if we do go through the media, what other course have we got, we are ridiculed for writing Rule 14 questions – no, I am sorry, I am not standing down. You do this all the time. (*Interjection*) It has got to be sorted.

Thank you, very much.

1495 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

I did have a speech prepared, but everyone has actually sort of spoken about it, so I do not want to repeat what everyone has said.

1500 But one of the few questions that I did have is about Aurigny, and if we vote down that Proposition, it just means they – just please, Deputy Gavin St Pier, if you could correct me if I am wrong, through the Chair, sorry. If we vote down this Proposition, all it is doing is not releasing the funds to them, it is not actually improving the service, it is not getting more airlines, so actually, all we are doing is putting the airline in jeopardy even more and it is not solving the main problem.

1505 Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

1510 Like Deputy Oliver, most of the points that I might have raised have been adequately covered.

It is tempting to respond to Deputy Trott's intriguing arguments on Guernsey losing all its revenue to France, but I think most people probably understand that fuel vehicle efficiency is really the main driver of that trend globally, and has already been pointed out it is something that is in hand in terms of the energy, the review of that area in general.

1515 Energy policy again, as Deputy Paint has just spoken, the Committee for Environment & Infrastructure is always willing to talk with people. I am not sure what these questions are, I am not aware, that have been asked to us that if anyone has any questions then the Committee's door is always open.

I will give way to Deputy Brehaut.

1520 **Deputy Brehaut:** Would the Deputy not agree with me that my attendance in front of the Scrutiny Panel next week, where hydrocarbons are on the agenda, is a good opportunity for any member of Scrutiny to ask any question they like with regard to expenditure on the hydrocarbons project.

1525 **Deputy de Sausmarez:** Absolutely. I welcome scrutiny, and I think it is very important that if people have concerns that those concerns are answered, and if they have questions that those are

1530 answered as well. I am just slightly mystified that there appear to be questions that have been asked that we are not aware of, but perhaps it is to P&R, I am not sure – but, anyway. Environment & Infrastructure’s door is always open, and we love a chat.

Deputy Lester Queripel: Sir, point of correction, please.

1535 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Sir, there is obviously a communication problem here, because Deputy de Sausmarez said that E&I are not aware. The second meeting that Deputy Paint and I had with Deputy St Pier was attended by Deputy Brehaut, and Deputy Dorey. Surely, they should have told the members of their own Committee what questions were asked, and what was discussed? So Deputy de Sausmarez is misleading the Assembly, and I would like her to withdraw that statement, and also to apologise to Deputy Paint and I for trying to ridicule us and discredit us when we have done everything that we knew we had to do in the correct manner.

1545 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: I cannot see what there is to withdraw, sir. I was perfectly aware of that meeting. What I am not aware of is any questions subsequent to that meeting that remain unanswered that we can help with. I was speaking in a personal capacity, I would be more than happy to discuss this issue, as I am sure my fellow Committee members would be, and I reiterate that the Committee’s doors are always open. If anyone would like to come and have a chat about it I would welcome them with open arms. As a personal statement, I will stick with it.

1550 I do not want to spend too long on energy policy either, because I think, again, most Members of the Assembly are very conscious of how important it is to have a robust energy policy as a modern jurisdiction. It is very important. Energy is a fundamental facet of our community, and it is very important that we have an explicit and pro-active policy to guide those decisions, not least the commercial decisions that were referred to in Deputy Brehaut’s speech.

1560 The main reason I stood really, was on the issue of independent taxation though, and I too welcome it, and I think it is about time. Our current system sends out, I think, a very unfortunate message about the role of women, in particular, in our community, and the value of women to our economy. I wholeheartedly agree that it is time to change.

1565 I understand Deputy Fallaize’s ideological stance, and I do have sympathy for it, actually, but I would like to expand on Deputy Dorey’s rebuttal of it. Well, I do not know if it was a rebuttal of it, but I would like to expand on Deputy Dorey’s word of warning and the effect that it would have on certain groups – and Deputy Roffey also referred to them. In particular, couples who have young children, and I just think we need to think very carefully about the effect, without mitigating measures. Now, this is the thing, without other mitigating measures, we need to think about the effect of encouraging people inadvertently, perhaps, to rush back to work, and it is not just parents in fairness, it does apply to other caring roles too, but I think we do have to think very carefully about the role of carers in the community, and so actually I welcome this measure as it stands in the Budget Report, I am not adverse to independent taxation means independent taxation in the future –

I give way.

1575 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy de Sausmarez. Would she agree that permitting the allowance to be transferable during periods of maternity leave, or for any determined period thereafter, would overcome that problem without allowing all allowances to be transferable which is extremely expensive?

1580 **Deputy de Sausmarez:** Absolutely, and that is one of the mitigating measures, but I would actually take issue with the maternity leave issue, we need parental, shared parental leave, it is such ... and not the kind of rubbish version they have got in the UK, either, proper, actual, workable parental leave –

I give way to Deputy Merrett.

1585 **Deputy Merrett:** Would Deputy de Sausmarez agree with me, also, it could be elderly dependent relatives, not just the young?

1590 **Deputy de Sausmarez:** I do, hence my earlier reference to the role of carers, not specifically parents. I do think these are important issues, and I do think they can be focussed. I would like to hear what Deputy St Pier has to say on the issue.

I would also like some clarity: we have an idea of timelines on phase one of independent taxation but no indication on phase two, so if he could please provide an indication on that as well, I would appreciate it.

1595 Generally speaking, there has been much talk, especially this morning, about looking at our tax structure, which, I think, is inevitable, and I only hope it is done on our own terms, as much as possible. However, I do think as and when we look at our overall tax structure we do need to give serious consideration to the balance of the tax burden shouldered by individuals compared with corporate entities, because I believe that too much of that burden is being shouldered by individuals at the moment. That is my personal opinion, and I would like to see a better balance in that respect.

Thank you.

1605 **The Bailiff:** I see no one else.
Deputy St Pier will reply.

Deputy St Pier: Thank you, sir.

1610 Thank you to everyone who has contributed to the debate. I am not going to respond, clearly, to every comment that has been made. Many have been matters of personal opinion and comment on the Budget. So I will seek to respond to a number of the questions, perhaps not all of them, and to respond to any comments which I consider to be most appropriate.

1615 Deputy Laurie Queripel raised a number of issues in his speech at the beginning of the debate, in relation to paragraph 4.34 and the question of affordable housing. Really that is an issue for the Committees for Environment & Infrastructure and Employment & Social Security, and I know that it is one they are actively considering in light of the KPMG report and as the Budget says, clearly, Policy & Resource is there to support any policy recommendations that come out of that work, and I am sure both those Committees will have heard the comments that Deputy Laurie Queripel made in relation to the issue of affordable housing. He certainly raised some valid questions and challenges.

1620 In relation to paragraph 6.72 which was the issue of delegated authority over some of the Capital Reserve for third party projects, to give an example of the kind of project which this might touch upon, the one that caused P&R to think that we probably needed to think about trying to create a mechanism that could enable some of this work, was dialogue that we had with the Guernsey Botanical Trust at Sausmarez Park, and the proposals that they have there for the development of the Victorian Garden touched on some of the policy areas which crossed the Committee for Home Affairs and the work that they do with prisoners, the Committee for Education, Sport & Culture, the work that they do with primary schools, and of course, the Committee for Environment & Infrastructure, that is responsible for that area. It was, clearly, never going to be a priority for any of the Committees, quite understandably it did not fit within any of the individual Committees' policy plans. So, in the absence of that, a concept such as that would never proceed anywhere. So that is the reason, that is the sort of thing we are talking about. It is

not the same as, I believe; I do not know a great deal about it, but he did refer to the Jersey scheme, and I do not think it has the same connotations, or methodology, as that particular scheme. I hope that gives some indication. That is not, by the way, any indication that P&R are particularly inclined to support that particular project, no decision has been made. Clearly, if this Proposition becomes a Resolution, then further work will need to be done to engage with the Guernsey Botanical Trust if, indeed, they wish to proceed with their plans, in order that a decision can be made. So it is absolutely not pre-empting, in any way, that decision, but I hope it does give some kind of indication of the sort of project –

1640 I will give way, sir.

The Bailiff: Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

1645 I thank Deputy St Pier for giving way. Yes, I did mention the situation in Jersey, and the concern for me is the amount of oversight and governance that might go into the allocating of these funds. I cannot quite remember the context in Jersey, but there was public money given to private parties, I think, and ended up being wasted, or not providing any sort of value. So I think it is more from the point of view of not just the project, but the oversight and the governance and the involvement of P&R in making sure that money is well spent and provides value. So I just wonder if there could be some comment on that structure as well.

1650 Thank you.

Deputy St Pier: Sir, that is a fair question and comment, and I am grateful to Deputy Laurie Queripel for that clarification of his question. Clearly, further consideration would need to be given to that, and that very much would be seen as being the next stage in this particular programme, if the Proposition does become a Resolution. Clearly, there would need to be a business case that would need to be proved by P&R. The question then of the ongoing level of oversight – for example, if we work with that particular project, whether it would be delegated to one or more of the other Committees in relation to a particular project ... These are things that do need to be considered and worked out, but I think the point about governance and oversight of public money is one that clearly P&R are very cognisant of. That is why, to be fair, we felt that the limitation in terms of the quantum that we have put in the Budget Proposition is one that we think is reasonable, to allow consideration of third party projects that do support, the important criteria of course, is that it does support, it is not any project, but is supportive of the Policy & Resource Plan priorities, and the Policy & Resource Plan outcomes. So, in other words, there would still need to be sponsorship and support from the Principal Committees that are responsible for a particular policy area. This is not giving P&R *carte blanche* to support any particular project that they have a whim to support.

1660 In relation to paragraph 7.45 and the Transition and Transformation Fund, as is made clear in paragraph 7.45, the Committee will be reporting annually, and the last report that took place was by way of statement in December 2016, and we have indicated through that particular section of the Budget Report that there are lots of commitments now to report back to the States on the Policy & Resource Plan in different ways, and we feel that the most appropriate way to do that is through the annual update to the States in June of each year. So that very much is our intention and proposal.

1670 I think also, to make clear, in response to what the funds are being use for, to refer back to the 2016 Budget Report when the States were asked to prioritise the use of the Fund. It was made clear at that time that investment at this stage should be restricted in order to ensure that the plans are properly developed and benefits considered before approval to proceed with individual initiatives is sought. So the amounts that have been allocated so far have largely been in that planning phase and not for the delivery of the benefits. The exceptions to that are some specific projects, Population Management, which was referred to by at least one Member, and the

1685 implementation of the States' Review Committee proposals, and we then set out on pages 121-124 of the 2016 accounts, more detail on the actual expenditure of the Fund. So Deputy Laurie Queripel would need to refer back to those accounts in relation to that. I hope that gives a little more information to him.

He also requested confirmation that the modernisation of terms and conditions would apply to all grades and, absolutely, that is the case.

1690 He challenged the question of the security of the income stream for Aurigny to support the Bond. I think, actually, Deputy Parkinson really addressed that when he spoke, and I do not think there is a great deal I can add to that.

1695 I think, with respect to Deputy Queripel's other questions relating to the Bond, I do think, to be fair, all of those questions were given a pretty fair hearing in the Scrutiny Management Committee's interrogation of myself and the States' Treasurer a few weeks ago, and again, I do not feel I have got a great deal that can be added to the comprehensive meeting of that Committee, hearing of that Committee.

1700 Deputy Green questioned in relation to when phase three of the withdrawal of allowances would take place. This very much is linked to the introduction of the so-called CATS, the Contribution and Tax System, and that programme of work is under way. Not wishing to be a hostage to fortune and putting a date in the Budget Report for the implementation of that, it is one of the challenges which affects the answer to this question from Deputy Green and also those in relation to Deputy de Sausmarez's question on the next phase of independent taxation. It is dependent on that, it is a big programme of work, and significant expenditure on new systems for both Social Security and Income Tax, but that we would expect next year to bring a policy letter to the States in relation to that particular project, as it will need the States' approval for substantial expenditure from the Capital Reserve to implement. So I think, at that stage, we will have a much clearer idea of an implementation timetable, that will then enable us to deliver further change in relation to both phase three and the independent taxation.

1710 Deputy Green also questioned in relation to TRP and its extension to other professional services. I think, as the Budget Report suggested, it is something that we are keeping very much in mind; other professional services, I guess, would include doctors, dentist, accountants, architects and so on. No decisions have been made in relation to that, but what I would say is that we do have a challenge under the Medium Term Financial Plan of an additional £3½ million of revenue to find, on top of the other assumptions around domestic TRP and so on, in each of 2019, 2020 and 2021, so it is very likely that we will need to give serious consideration to that particular aspect of business-related TRP in future years, and I think that is what the Budget Report is referring to.

1720 Deputy Parkinson kindly confirmed that he does expect the States' Trading Supervisory Board to be able to find the budgeted £5 million this year, which is change from a fairly recent development, and a change from my most recent statement on the subject, and that, obviously, is a very welcome development. I was also grateful to Deputy Parkinson for his other comments in relation to the achievability of future targets. I think that was a very balanced account of where the States' Trading Supervisory Board are on that.

1725 In relation to Deputy Green's comments on the 23 priorities, I do note that. However, what I would say is it is a significant improvement on the 200 that existed before. (**A Member:** Hear, hear.) through this process. He also made his comments in relation to the whole process has taken too long. Again – and particularly, of course, with the addition of this final phase through the Budget Report – the previous two phases, of course, were adhering to the States' Review Committee process which, as Deputy Dorey said, when he spoke, he would have liked to have much shorter, but nonetheless that was the process which the previous States had agreed, and in relation to both Deputies, of course, I would say that having any kind of policy plan for this States is a significant improvement on having none, and I think, clearly, we should be having ambition in the iterative development of this process of spending it up. I think that is perhaps the key point that they were making.

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Deputy Lester Queripel asked a raft of questions in relation to energy policy, which I think Deputy Brehaut dealt with a number of those, so I am not going to run through them all. But I will give way.

1740 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: It is very much appreciated that you have given way, Deputy St Pier.

Can I just ask you to make it clear to the Assembly that all expenditure on the hydrocarbons programme is overseen by P&R?

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Deputy St Pier: I am grateful to Deputy Brehaut for making that point, which was one that I certainly was going to make, and certainly in relation to this particular Proposition for the funding for the energy policy. We are not making the decision here today, sir, that that cheque is being written to E&I to run off and get on with the policy; we are merely prioritising that sum, if you like, putting it in the right pipeline, and giving delegated authority to us to release it, but it will be necessary for the Committee for Environment & Infrastructure to make their case, in the same way as all other Committees do in accessing funds.

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I think the point I was going to make, before Deputy Brehaut's intervention, was to say that the energy policy was due to be reviewed in 2016 and it has not been. I think, again, as both Deputy Brehaut and Deputy de Sausmarez pointed out, there have been substantial changes in the energy market since 2012, significant changes in the oil market, the developments of renewable, development of battery technology, Brexit itself, that do make it entirely appropriate that the States do need to consider energy policy again, particularly, in the context of the relationship with hydrocarbons, and I think that is the point that has come to the fore in the last few months, that there is no point in looking at one without the other. That is certainly the view that P&R have taken in putting this recommendation before you.

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In relation to Aurigny, I note Deputy Lester Queripel's offer to –
I will give way.

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Deputy Lester Queripel: Sir, point of correction.

The Bailiff: Deputy Lester Queripel, point of correction.

Deputy Lester Queripel: Sir, I appreciate that Deputy St Pier is thinking that Deputy Brehaut answered all of the questions, but my questions were specifically aimed at P&R, so I can gather and establish their views of the business case that was presented by E&I. Because if they were not presented with all the details in that business case, then I am not sure that I can agree to £375,000 being released without knowing that P&R were aware of all the details. I did ask one, two, three, four, five, six, seven questions specifically to the President of P&R to seek the Committee's views – so I would like him, please, to answer as many of those questions as possible, if not all.

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1775

Thank you, sir.

Deputy St Pier: Sir, I am not going to run through and answer all the questions, I do not feel it is necessary in responding to this particular debate. (**Several Members:** Hear, hear.) What I will say, is the business case has not yet been presented in relation to accessing those funds. That is the next stage, that is the point that I was making beforehand. This is merely prioritising and delegating authority over that sum, and I think that is sufficient information and explanation on which Deputy Lester Queripel can make a decision, whether to support the Proposition or not. I do not intend –

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Deputy Lester Queripel: Sir, point of correction, please.

The Bailiff: Sorry, what did you say, Deputy Lester Queripel? I did not catch –

1790 **Deputy Lester Queripel:** Point of correction, please.

The Bailiff: If it is a point of correction.

1795 **Deputy Lester Queripel:** I disagree with the President, sir, with the utmost respect.

The Bailiff: That is not a point of correction.

1800 **Deputy Lester Queripel:** I think sir, he is misleading the Assembly, and I really do not see how we can vote for £375,000 of taxpayers' money to be released –

The Bailiff: Well, that is –

1805 **Deputy Lester Queripel:** – when P&R do not even know what the details of the business case are.

The Bailiff: That is not a –

Deputy Lester Queripel: I still persist, sir, that –

1810 **The Bailiff:** That it not a point of correction, Deputy Lester Queripel.

Deputy Lester Queripel: But, sir, Deputy St Pier keeps saying he is not going to answer my questions; well, why can't he answer all the questions? Surely P&R are aware –

1815 **The Bailiff:** I cannot compel him to answer the question. You have asked him to answer the questions, he has said that he does not think it is appropriate. You will judge it and vote accordingly.

Deputy Lester Queripel: I appreciate that, sir –

1820 **The Bailiff:** – but I cannot order him to answer the questions.

1825 **Deputy Lester Queripel:** I appreciate that, sir, but now I am going to have to submit some Rule 14 questions – and I will risk being ridiculed for that – to P&R to answer the questions that I am asking in the Chamber.

The Bailiff: Well, we need to move on with the debate. That was not a point of correction.

1830 **Deputy St Pier:** Sir, in relation to Aurigny, I note his offer to assist in chairing meetings. No doubt that is a matter which, I guess, in particular, the States' Trading Supervisory Board may wish to consider as shareholder.

1835 In relation to what the incentive is to break even and what will happen if the Propositions are not approved in relation to funding for Aurigny, as was implicit from Deputy Oliver's speech, sir, the implication very much is that the airline would, effectively, be unable to continue trading if it has not got the assurance of funding; the directors of the company, in my view, would be required under Company Law to consider whether they are in a position to continue trading.

So if the temporary overdraft is provided, how temporary will it be? Well, I think as paragraph 7.66 makes clear, it will be temporary until such time as a possible future recapitalisation of the airline is considered, as is referred to in the report.

1840 Deputy Fallaize referred to independent taxation. I think his views were clearly diametrically
opposed to those of Deputy Dorey, and I am grateful to both – well, all three Deputies who spoke
on the matter, Deputies Dorey, Fallaize and de Sausmarez. I think the proposals are very much a
1845 response to the previous debate. In terms of their future evolution in the way that Deputy Fallaize
suggested, well that clearly is a matter for future States. P&R are presenting the proposals as this
report presents them, and I think Deputy Fallaize will have to make a decision based on what he
sees before him. I cannot make any commitments in relation to the future evolution of
independent taxation, but I do note that there are clearly differing views in relation to whether
there should be any future evolution of that.

Deputy Soulsby did make some comments in relation to – not perhaps strictly related to the
1850 Budget, but in relation to the need to incentivise and drive the development of the economy,
which I think, with which many Members, I am sure, agree. Also in relation to the need to avoid
regulatory tape, and I think, in particular, reference to the GDPR process. Clearly, the European
Union's directive on data protection is something that we are having to get on and implement, it
is absolutely essential that we do that, and I am not sure it is something that we can avoid. But, I
1855 know that the Committee for Home Affairs will return to this Assembly, as and when necessary, in
relation to that matter further.

Deputy Parkinson, in relation to the matters related to the Code of Conduct Group ... I think all
I can say at this moment is that we are, of course, in active dialogue with the group, and we do,
indeed, expect that process to have completed, at least, this next stage by the end of the year, and
1860 in light of that, of course, as is made clear in the Budget Report, we do, of course, keep the
implications of that process under review in terms of the impact on our corporate tax regime, and
I think that is about as much as I am in a position to say at this particular point. I think others have
referred, obviously, to the recent public comment on this in relation to the Panama Papers, and as
my media comments indicated yesterday – and I think Deputy Parkinson would agree – there is
1865 absolutely no accident of timing in relation to that and the Code of Conduct process.

Deputy Prow asked some question in relation to paragraph 1.25 and 1.26 and really what that
related to. What we were seeking to refer to is that need for Committee support, which was
emphasised in the report, relates to those aspects of things which are provided for Committees'
use; so whether that is the property, property transformation, whether it is IT, whether it is
1870 premises, whether it is HR, finance – all the things which Deputy Prow referred to.

What we were seeking to draw attention to, through our comment on the Budget Report, is on
those matters we will need Committees to embrace the need for transformation and not to seek
to preserve their own particular ways of working, in the sense of becoming a blocker to change,
'Because this is the way we have always done things in our particular Committee'.

1875 In other words, I am trying to avoid the reference to silos, I cannot find a way of doing it. It is a
reference to that issue, which has often been a challenge to some of those inter-committee
savings – and I think property is probably the biggest and most important one – where we do see
significant savings in the future? Again, we expect a joint policy letter from Policy & Resources
and the States' Trading Supervisory Board on the future management of property, which we hope
1880 will enable us to unlock those future savings.

Obviously, we will be looking for the support of the Members of the Assembly to enable us to
do that and then, in due course, as I say, we will need the Committees to not become a blocker to
future change. I hope that provides some – I do not say provides assurance – but that provides
some explanation of where we were coming from in that reference.

1885 Deputy Roffey made a reference to the Open Market and was clearly reluctant to support that
particular proposal. We certainly will keep the whole initiative under review. I think, as Deputy
Ferbrache made the point very well, it is an innovative idea. We have no idea whether it will work,
and, absolutely, we are committed to keeping it under review, and we will make recommendations
for future change as and when we believe necessary.

1890 I am grateful to Deputy Le Pelley for his comments and, in particular, just to reaffirm publicly
that, of course, the process is intended to be that collaborative process and I think, actually, the

dialogue that we do have regularly between he and I, but also between our Committees, I think, very much is within that spirit.

1895 Deputy Graham made a reference to domestic TRP, and whether that policy in 2015, through the personal tax review, to double it in real terms over 10 years up to 2025, could be reconsidered. What I would say is that the assumption that that policy will continue its course was one of the underlying assumptions of the Medium Term Financial Plan, which the States approved in June.

1900 So, subject to change in circumstances, that is the policy that P&R is likely to pursue in future budgets. But there may well be, of course, other changes in circumstances, whether it is the over or under performance of the economy versus our expectations, and so on; whether it could be a change in corporate tax, in light of the Code of Conduct etc. So, in a steady state we will be continuing that policy, but of course I can give him the assurance that if that steady state changes for any reason then we will make appropriate adjustments to our policy.

1905 Deputy de Lisle made some references to indirect taxes being too high, but also that allowances are falling behind. Both of his statements I cannot necessarily disagree with, the challenge is we cannot do it all. We cannot do both.

1910 I think Deputy Inder made some comments in relation to the support for the Committee for Education, Sport & Culture in terms of the finance business partner and how information had been unsatisfactory for that Committee during this year, in terms of their financial performance during the year. Again, not strictly a Budget matter, but I think it is worth responding to that publicly in this debate, because it is a matter which has been referred to before.

1915 I cannot disagree with his factual account of the process by which information was presented to the Committee, and how it changed in a relatively short period of time. What I would add to that account is, of course, the finance business partner is working with and compiling information which is coming from the budget holders within the office for the Committee for Education, Sport & Culture, so there is a reliance on each other, if you like, to ensure that information is relatively accurate.

1920 I cannot disagree with Deputy Tindall's comments on gender neutral legislation. I think that is probably one for all Committees to keep in mind as they review appropriate legislation. Certainly, as and when we do get round to the wholesale review and re-enactment of our Income Tax legislation that, of course, would be an ideal opportunity in which to get that right.

1925 Deputy Dorey's comments in relation to the Core Investment Reserve – I note his comments there. I think, in particular, he correctly observed that the excess investment return for 2017 will go into the, or come out of the, Core Investment Reserve into the Capital Reserve, under current policy, and, of course, it may well be that we will actually be recommended that, in fact, we reverse that in due course. We will see how the year turns out. His comments are absolutely valid, and I think all I would say, of course, is the policy was driven at the time by the pragmatic position in which the States found itself, that in order to ensure we had sufficient capital, that felt like the appropriate thing to do. Now, the change in policy feels like the appropriate thing to do, given the change in circumstances, but I suspect Deputy Dorey knows that, although he disagreed with policy at the time.

1930 In relation to the need for more resources for legislation, again, that was a comment which drew some support from the Assembly at the time. This is, perhaps, an appropriate juncture at which to say I was going to draw it into the Brexit debate later in the week, sir. That P&R have agreed to more resources for the Law Officers to assist with the response to Brexit, partly because of the pressure that it is putting elsewhere in the system in terms of drafting. So, we are aware of the pressures which do exist in that area.

1940 I also agree the need to ensure that the future funding for Aurigny is, indeed, transparent and I pick up his comment, sir, also in relation to the need to consider the Resolutions in relation to the funding of the cranes, originally, and that clearly is something that P&R will need to discuss with the States' Trading Supervisory Board to make sure that if there is anything that requires to come back to this Assembly that we do bring it here.

Deputy Le Tocq responded to Alderney Representative McKinley in relation to surcharges at UK hospitals, and I note his comments in relation to the state of the runway in Alderney.

1945 Deputy Brehaut, in relation to the proposals for the Open Market and his comparison with Alderney – what I would say, of course, is that the Alderney concession is somewhat different. First of all, it does not require a minimum payment of Document Duty, and also, it is a concession for a longer period, it is a five-year concession. So I think it is actually appealing to slightly different markets. I cannot agree that it undermines the Alderney offer.

1950 Then I note, finally, sir, Deputy Paint's comments in relation to hydrocarbons, which I think also was picked up by a number of others who spoke after Deputy Paint.

So, with that, sir, I do encourage Members to support all the amended Propositions.

The Bailiff: As Members can see, it is now 12.45 p.m. I suspect voting is going to take some time, because there is going to need to be a lot of separate votes, and some of them may be recorded votes.

I propose we rise now and resume at 2.30 p.m.

1960 But can Members please come back with a clear idea of what they do want to vote for, because I hope we can go through the Propositions fairly quickly with voting? So we will need to know clearly which way they want to vote on each of them

*The Assembly adjourned at 12.46 p.m.
and resumed its sitting at 2.30 p.m.*

The States of Guernsey Annual Budget for 2018 – Amended Propositions carried

The Bailiff: Well, Members, we vote now on the Budget Propositions.

There have been so many requests for separate votes that, I am almost tempted to put all the Propositions to you individually and separately.

1965 But, I am going to try and take them in blocks.

I know that there is a request for a separate vote on Proposition 10, but can we put 1-9 all together? Nobody requests a separate vote on any of those.

I remind you that Proposition 3 has been substituted by the new Proposition inserted, following the successful Amendment 2, proposed by Deputies Soulsby and Le Clerc.

1970 We vote on Propositions 1-9, inclusive. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

1975 Next, Proposition 10 has to be taken separately (**A Member:** Can we have a recorded vote?) and we will have a recorded vote on Proposition 10.

The Deputy Greffier: The voting this session, sir, begins with St Peter Port South.

There was a recorded vote.

Carried – Pour 29, Contre 8, Ne vote pas 1, Absent 2

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Tooley
Deputy Gollop

CONTRE

Deputy Brehaut
Deputy Lester Queripel
Deputy Laurie Queripel
Deputy Green
Deputy Paint

NE VOTE PAS

Deputy Yerby

ABSENT

Deputy Smithies
Deputy Brouard

Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Hansmann
Rouxel
Deputy Graham
Deputy Le Tocq
Deputy Dudley Owen
Deputy de Lisle
Deputy Soulsby
Deputy de Sausmarez
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley

1980 **The Bailiff:** Members, the voting on Proposition 10 was 29 in favour, with eight against and one abstention. I declare Proposition 10 carried.

Next, Proposition 11. Those in favour; those against.

Members voted Pour.

The Bailiff: That is carried.

Proposition 12 is a separate vote. Those in favour; those against.

Members voted Pour.

1985 **The Bailiff:** I declare that carried.

I think we can take 13 through to 19. Everybody happy?

Deputy Fallaize: Thirteen separately, please, sir.

1990 **The Bailiff:** Thirteen separately. We vote on Proposition 13.

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

1995 Fourteen to 19, I think we can take together; and I remind you that Proposition 17 was deleted and substituted by a new Proposition, under amendment four, proposed by Deputies St Pier and Trott.

Propositions 14-19, those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

Proposition 20 has to be a separate vote. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

2000 Propositions 21 and 22, I think, we can take together. I am reminding you that Proposition 22 was deleted and substituted by a new Proposition, under amendment five, proposed by Deputies St Pier and Trott.

So, Propositions 21 and 22. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

2005 Proposition 23 has to be separate. Proposition 23: those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

24 to 29, I think can be –

A Member: Can I ask that 25 is taken separately, sir?

2010

The Bailiff: Okay, we will vote on 24, then. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

25 –

2015 **Deputy Roffey:** Can I ask for a recorded vote for 25?

The Bailiff: A recorded vote on 25.

There was a recorded vote.

Carried – Pour 33, Contre 4, Ne vote pas 1, Absent 2

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe

CONTRE

Deputy Laurie Queripel
Deputy Hansmann
Rouxel
Deputy Dorey
Deputy Roffey

NE VOTE PAS

Deputy Yerby

ABSENT

Deputy Smithies
Deputy Brouard

Deputy Graham
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy Dudley Owen
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley

The Bailiff: The voting on Proposition 25 was 33 in favour, with four against and one abstention. I declare Proposition 25 carried.

2020 26 to 29, we will take together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

Can we take 30-33 all together? Does anybody want those voted on separately?

Deputy Lester Queripel.

2025 **Deputy Lester Queripel:** Could I have 32 voted on separately, please, sir, with a recorded vote for that one?

The Bailiff: In that case, we will take 30-31 together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

2030 We will have a separate vote on Proposition 32.

There was a recorded vote.

Carried – Pour 35, Contre 1, Ne vote pas 2, Absent 2

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann

CONTRE

Deputy Lester Queripel

NE VOTE PAS

Deputy Inder
Deputy Yerby

ABSENT

Deputy Smithies
Deputy Brouard

Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Dudley Owen
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley

The Bailiff: On Proposition 32, we have 35 votes in favour, with 1 against and 2 abstentions. I declare Proposition 32 carried.

Proposition 33. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

2035 Proposition 34. Those in favour; those against.

I declare that carried and I think we have already had a request for a recorded vote on Proposition 35; I suspect that is what Deputy Lester Queripel is standing for?

Deputy Lester Queripel: Yes, sir.

2040 Thank you.

The Bailiff: So, a recorded vote on Proposition 35.

There was a recorded vote.

Carried – Pour 27, Contre 6, Ne vote pas 5, Absent 2

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Brehaut
Deputy Tooley
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann
Rouxel
Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq

CONTRE

Deputy Lester Queripel
Deputy Mooney
Deputy Inder
Deputy Dudley Owen
Deputy de Lisle
Alderney Rep. Jean

NE VOTE PAS

Deputy Tindall
Deputy Gollop
Deputy Paint
Deputy Yerby
Alderney Rep. McKinley

ABSENT

Deputy Smithies
Deputy Brouard

Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

The Bailiff: On Proposition 35, there were 27 votes in favour, with 6 against and 5 abstentions.
I declare Proposition 35 carried.

2045 Next, Proposition 36. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.
Proposition 37 has been deleted and substituted by a new Proposition, under amendment six,
from Deputies St Pier and Trott.
Those in favour; those against.

Members voted Pour.

2050 **The Bailiff:** I declare it carried.
Now, Proposition 38(j), the budget for Overseas Aid & Development Commission. We will have
a separate vote on that.

2055 **Deputy Fallaize:** Can we have a recorded vote, please, sir?

The Bailiff: We will have a recorded vote on Proposition 38(j).

Deputy Paint: Could we have a recorded vote on 38(e), please?

2060 **The Bailiff:** Well, we will take (j) first and then we will take (e).
We will take (j) first because I had called (j) first.
We are voting now on the budget for Overseas Aid & Development Commission.

There was a recorded vote.

Carried – Pour 37, Contre 1, Ne vote pas 0, Absent 2

POUR

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder

CONTRE

Deputy Lester Queripel

NE VOTE PAS

None

ABSENT

Deputy Smithies
Deputy Brouard

Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann
Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Dudley Owen
Deputy Yerby
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley

The Bailiff: On Proposition 38(j), 37 votes in favour and 1 against. I declare it carried.

2065 Next, we vote on Proposition 38(e), the budget for the Committee for Environment & Infrastructure, again with a recorded vote.
Proposition 38(e).

There was a recorded vote.

Carried – Pour 35, Contre 1, Ne vote pas 2, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Ferbrache	Deputy Paint	Deputy Lester Queripel	Deputy Smithies
Deputy Kuttelwascher		Deputy Inder	Deputy Brouard
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			
Deputy Gollop			
Deputy Parkinson			
Deputy Le Clerc			
Deputy Leadbeater			
Deputy Mooney			
Deputy Trott			
Deputy Le Pelley			
Deputy Merrett			
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Fallaize			
Deputy Lowe			
Deputy Laurie Queripel			
Deputy Hansmann			
Rouxel			
Deputy Graham			
Deputy Green			
Deputy Dorey			
Deputy Le Tocq			
Deputy Dudley Owen			
Deputy Yerby			
Deputy de Lisle			
Deputy Langlois			
Deputy Soulsby			
Deputy de Sausmarez			
Deputy Roffey			

Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley

The Bailiff: Proposition 38(e) was carried by 35 votes in favour, 1 vote against and 2 abstentions; 38(e) was carried.

We vote now on the remainder of Proposition 38. Those in favour; those against.

Members voted Pour.

2070 **The Bailiff:** I declare it carried.

Next, Proposition 39. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Finally, Proposition 40. Those in favour; those against.

Members voted Pour,

2075 **The Bailiff:** I declare it carried.

That concludes the Budget debate.

Unless Members request otherwise, I propose that we move straight on with the next meeting and invite the Deputy Greffier to read the convening notice.

CONVOCATION

The Deputy Greffier: Billet d'État XXI, 2017.

2080 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 Courthouse on Wednesday, 8th November 2017, at 9.30 a.m. to consider the items listed in this Billet d'État, which have been submitted for debate.

STATEMENTS

General Update – Statement by President of the Committee for Home Affairs

2085 **The Bailiff:** We start with a general update on behalf of the Committee for Home Affairs by the President, Deputy Lowe.

Deputy Lowe: Thank you, sir.

2090 Thank you for the further opportunity to update the States and the wider community on what has been happening within Home Affairs. My inaugural speech in March was comprehensive and clearly outlined the Committee's long-term priorities and operational priorities. I do not intend to repeat them in such detail today.

The Committee for Home Affairs' mandate is far-reaching, and it is not possible to cover every aspect of its wide portfolio in a relatively short briefing speech.

2095 To this end, I would like to reiterate the Committee's desire to work collaboratively with other States' Committees and would urge Members to contact me if they wish to discuss the detail of any aspect of the Committee's mandate, whether that be to do with policing, Guernsey Border Agency, prison, probation, Fire & Rescue, emergency planning, lotteries and gambling, electoral roll, data protection/GDPR, Trading Standards, population management, Domestic Abuse Strategy, Justice Policy, JESCC, Police Complaints Commission, and Family Proceedings Advisory Service. I am sure I have probably left out some others as well, in which case I apologise. Even if I have, the message is the same, please come and talk to me; I will endeavour to answer any of your questions.

2100 It is important to reiterate the Committee's view that, as a Government, our first duty is to maintain the security of our people. We consider that the Committee's principal responsibility is to ensure that Guernsey is a safe and desirable place to live, work and do business.

2105 With this objective in mind, the Committee clearly identified its priorities in its response to Phase Two of the Policy & Resource Plan, which I covered at length in my initial speech. Those priorities are: the Bailiwick's response to Brexit; the implementation of new data protection legislation; the development of a Cyber Security Strategy; and the evolution of a Justice Policy.

2110 I do not intend to labour the details of these workstreams today, but rather provide a summary of direction and activity which has taken place in the last six months. It is important to recognise the complexities of each of these workstreams and, as a result, any desire to deliver quick wins is not always possible.

2115 Sir, moving on to Brexit, the Committee for Home Affairs is committed to ensuring that we are best positioned to meet the challenges associated with the UK's withdrawal from the EU. This remains one of the primary focuses in the Committee's response to the P&R plan and will be a core area of concentration for the Committee for the next two years.

2120 The Committee has secured dedicated resources in the short-term from the Policy & Resources Committee, for which we are grateful. However, the amount of work should not be underestimated, and further resources will be needed, particularly if we are to ensure that Guernsey's interests are taken into account and wherever possible new opportunities are seized, so as to maintain and promote our respected international identity.

2125 I would like to thank Deputy Prow as the Home Affairs Committee representative, who is fully engaged in the P&R Brexit Sub-Committee, which meets on a regular basis and ongoing close working – with the UK government, the other Crown Dependencies, the Law Officers, Economic Development, P&R, industry, the GFSC, the Brussels Office, and the wider States of Guernsey – is ongoing.

Moving on to data protection. In May 2018, a new data protection regime will come into force in the EU – the General Data Protection Regulation (GDPR) – along with a directive which applies a similar regime to exchanges of personal data between law enforcement authorities.

2130 The new Data Protection Law will be considered by the Assembly on 29th November 2017. The Committee will be presenting the Assembly with a further policy letter which will provide proposals for the new regulatory regime from May 2018 to support the regime.

2135 I move on to cyber security and information management. The Committee continues to work with colleagues from across the States, with Jersey colleagues and the private sector in developing cyber security and information management strategy for our jurisdiction. This is essential for our continued success as an international financial services and digital centre.

2140 I am pleased to report positive progress in this area: very recently, an MOU has been signed with our Jersey counterparts to facilitate a collaborative approach to dealing with cyber security matters, including, at an operational level, to allow a Computer Emergency Response Team to be established jointly with Jersey to provide practical assistance in dealing with cyber-attacks.

The Committee has built upon the strong foundations to develop a positive working relationship with the National Cyber Security Centre and an MOU will be signed in the near future, securing co-operation and assistance. It is anticipated that the Bailiwick Cyber Security Strategy

2145 will be considered by the Committee for Home Affairs before the end of this year and subsequently published.

2150 Last, but not least, another of our key priorities identified in the Committee's work in relation to the Policy & Resource Plan is the need for the Committee to develop an inclusive Justice Policy, building on the work of the Criminal Justice Strategy. The Committee for Home Affairs recognises that Justice Policy must contribute positively to the development of a responsible, tolerant and inclusive society.

The Justice Policy Working Group, which includes representatives from key justice agencies has met, with an objective to working closely with other States' Committees and the third sector to ensure that we are successful in maintaining a community that is safe and secure, but which is also inclusive and committed to social justice.

2155 Other areas of our mandate: the Family Proceedings Advisory Service is our smallest service and undertakes a difficult and sensitive role, representing the interests of children and young people in public and private legal proceedings.

2160 Following the recommendation of the 2015 Marshall Report, the Committee for Home Affairs have facilitated an independent review of the service, which was completed in October by Ofsted, and the Committee is awaiting the outcome of this review. The Ofsted inspection report will be published in full in mid-November.

The Police Complaints Commission. The Committee has prioritised a review of the current legislation and working practices surrounding how complaints in respect of the Guernsey Police are handled.

2165 Recognising that, some five years after the introduction of the regime, it is opportune to evaluate current practices based on the practical experiences to date, the Committee anticipates that this review will be concluded by the end of the year, with solid recommendations for the evolution of the complaints regime.

2170 Now, Law Enforcement. I advised the Assembly in March that Her Majesty's Inspectorate of Constabulary has been invited to carry out a full inspection of the Law Enforcement in Guernsey and can now confirm that comprehensive terms of reference have been agreed and the inspection will take place next month, the findings of which will be published in the first quarter of 2018.

2175 HMIC will look at the performance, leadership and strategic direction of Guernsey Law Enforcement, ensuring that law enforcement agencies are delivering high quality services that the public expects and that value for money is being considered at all times.

JESCC – The Joint Emergency Services Control Centre. As we have previously publicly acknowledged, there have been staff and teething problems, the Committee is appointing a strategic head to address these issues to ensure an efficient deployment of our emergency services

2180 Population management. It is important to consider the significant developments in relation to the Population Management Regime since the introduction of the new Law, particularly given the considerable amount of political and public discussion around the subject.

2185 The Committee has publicly stated its commitment to continuous monitoring of the new regime and work to review, and amend where necessary, policies affecting the administration of the Population Management Law.

Recent feedback from the industry has been encouraging, although we do recognise that not all like the new regime but, I repeat the message to Members: please encourage businesses to work with their industry independent representative who will work with us.

2190 An example of how we resolved the difficulties expressed to us caused by the limited period of grace afforded to employers for making an application for permits for new staff and, as such, the Committee agreed to extend the grace period to seven days.

Following constructive dialogue with the Population Employment Advisory Panel, the Committee has also agreed some policy changes to help employers to retain staff during a difficult period, as we all feel the effects of the uncertainty brought about by Brexit. There are

2195 further proposals coming to the States at the end of the month that, if approved, will assist further, so I hope that my fellow States' Members will be able to support them in due course.

As well as these immediate changes, the Committee is also actively engaged in the more fundamental review of the Law directed by the States in March, along with representatives from Economic Development, P&R and Environment & Infrastructure.

2200 Prison. It should be noted, that whilst the Prison population has risen over the past few months, there has been a significant reduction in the numbers of repeat offenders and that numbers of first-time offenders are now higher numbers than repeats.

2205 I should also like to inform Members that the Prison's healthcare manager, Carolyn Barrett, was recently made a Queen's Nurse – one of only 1,000 nurses ever to receive this award and, to our knowledge, the first working in the Prison Service.

Last in my 10 minutes limit, the Probation Service has recently relocated to the Information Centre from private rental accommodation, to secure efficiencies. The centre provides a central and accessible location for clients.

2210 So, sir, that concludes my update on a number of matters falling under the mandate of the Committee for Home Affairs. I am happy to take questions.

The Bailiff: Are there any questions, which I remind you need not be limited to the contents of the Statement, but may extend to any matter within the mandate of the Committee?

Yes, Deputy Laurie Queripel.

2215

Deputy Laurie Queripel: Thank you, sir.

I would just like to ask Deputy Lowe, in regard to the Ofsted review, has there been a consultation process involved in that, so that service users can make a contribution towards it?

2220 **The Bailiff:** Deputy Lowe.

2225 **Deputy Lowe:** I thank Deputy Queripel for that. There were very clear terms of reference, which were set out and agreed by Ofsted. It was very much a case to ensure the process was actually looked at, that members of the public and the children and the staff are following all of how they should be operating. The report will be published, as I say, in the middle of November. So, it is not long, and you will be able to see it.

But we were very satisfied with how it was handled and, indeed, we are looking forward to the report.

2230 **The Bailiff:** Deputy Roffey.

2235 **Deputy Roffey:** In March, when the States discussed the Commencement Ordinance with the new population regime, they resolved to instruct the Committee for Home Affairs to bring a report as soon as possible on how they intended to treat younger people from both Alderney and Sark, under the regime.

As that was now eight months ago, can we have it explained why it has not come so far and when we can expect it?

The Bailiff: Deputy Lowe.

2240

Deputy Lowe: I thank Deputy Roffey for his question.

2245 We just have not had the time to do it, at this moment in time. It is still on the radar. It has certainly not been forgotten about, but it is more important at this moment in time that we actually clear the backlog and make sure that we keep our community and our economy going, but we definitely will be doing it.

Those staff are extremely tied up at the moment, dealing with the new Population Management Regime.

The Bailiff: Deputy Yerby.

2250

Deputy Yerby: Thank you, sir.

It is great to hear that there are fewer repeat offenders. Without more context, it is hard to make sense of the rise in first-time offenders. Does the President know what offences, or what categories of offences, are driving that increase?

2255

The Bailiff: Deputy Lowe.

Deputy Lowe: I can give you that information. I did not bring it, but we do have that information.

2260

We feel that we are probably seeing the effect, now, of having education in the Prison, where we were able to help prisoners in there to gain qualifications as well and the work ethic. It has made a huge difference.

2265

The prisoners, instead of being locked up all day, are now having to work between 8 a.m. and 6 p.m., so they are into that ethos, so that when they leave the prison as well, with the support to be able to try and get employment. I think we are seeing the knock-on effect now of why we have got more first-timers in the Prison than the repeat offenders.

2270

But I am more than happy to let you have that information. Just for all of you, it is on the website. We print it fortnightly on the website; it has all the details on there about what category they are, whether they are from the UK, wherever they are from, the age groups. There is a whole breakdown and all that information is on the website.

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you.

2275

Deputy Lowe mentioned the Joint Emergency Services Control Centre. A month or two ago, her Committee very kindly provided a copy of the internal audit, in relation to the Scrutiny Management Committee. I wonder whether her Committee has had a chance to consider whether that document should be made public.

2280

The Bailiff: Deputy Lowe.

Deputy Lowe: As Deputy Green would know, we really wanted that to be made public. We were not able to. That was the stipulation by the Internal Audit. They do not allow the internal audit reports to be published.

2285

But we did say we would share it with you in full, which we have committed to do so and you have had it. What we did say was we would put a summary out, reflecting as much as possible what was in that report. We want to be open with everybody over the JESCC.

2290

There have been problems, there are still problems. We are getting in the strategic head to look at that and work with us for that, but we are still intending to put out a summary of that JESCC internal report.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Could the President please advise us how close we are to introducing the Sky Fence at the Prison?

2295

The Bailiff: Deputy Lowe.

Deputy Lowe: The Sky Fence is actually *in situ*. The drone element is *in situ* and we are waiting for the legislation. There is an amendment that needs to be made to the legislation.

2300 It actually works, but we had to operate within the Law. We are waiting for that to come back and it is just a matter of time. It is out of our hands, but everything is working. It has been tested.

The Bailiff: Deputy Leadbeater.

2305 **Deputy Leadbeater:** Would the President agree with me that the legislation, in regard to Sky Fence, is in the hands of the Committee for Economic Development?

The Bailiff: Deputy Lowe.

2310 **Deputy Lowe:** Yes, I do agree with you, Deputy Leadbeater.

Deputy Kuttelwascher: Point of correction, sir.
We were just asked –

2315 **The Bailiff:** We do not have points of correction on questions.

Deputy Kuttelwascher: A supplementary, then, sir, if I may?

The Bailiff: Well, Deputy Fallaize is waiting to ask, but you go ahead.

2320

Deputy Kuttelwascher: Sir, we, as a Committee, have been asked whether we approve the need for the legislation to progress and we have done that.

So it is not in our hands. It must be in the hands of the Law Officers, not in our hands. That is all, because it was suggested it was in our hands, which I do not think it is.

2325

The Bailiff: Deputy Lowe, do you want to reply to that?

Deputy Lowe: No, I have not really anything to add to what I have already said, sir.
We are waiting for this amendment to come back.

2330

The Bailiff: Deputy Fallaize.

Deputy Fallaize: I am a bit concerned about what Deputy Lowe said in relation to Internal Audit. Now, I entirely acknowledge that she has said, not for the first time, the Committee wanted the JESCC Report to be published and I accept that, but Internal Audit is an internal function of the States, and internal administrative functions of the States cannot tell States' Committees what to do and what not to do.

2335

I think the Policy & Resources Committee is responsible for Internal Audit, so has her Committee written to the Policy & Resources Committee to request permission to publish the Report and, if the Policy & Resources Committee has said no, why has Deputy Lowe's Committee not considered asking the States for permission to direct for that Report to be published?

2340

Ultimately, it is for the States and States' Committees to decide what is and what is not published, not for members of staff.

2345

The Bailiff: Deputy Lowe.

Deputy Lowe: I do not disagree with you, Deputy Fallaize, and I can assure you that all five political members of Home Affairs were not best pleased that that was the approach.

2350 It was a stipulation, it was carried out under that, that it was for Internal Audit and not to be published and it was a case of going down that route, rather than delaying it, and costing us money, a considerable amount of money, to have an external audit when, actually, all we wanted to do was find out what was going on.

2355 So providing we gave a summary to all of you, we were satisfied with that. But we did fight against that, I can assure you.

The Bailiff: Deputy Gollop.

2360 **Deputy Gollop:** Recently, on a phone-in, we had two veteran Deputies, Deputy Lester Queripel and Deputy Paint talk about compulsory registration of voters. Then the following week we heard Deputy Graham and Deputy Tindall talk about how to make the Electoral Roll work better.

What efforts are Home Affairs doing to ensure there is automatic enrolment of electors onto the Roll?

2365 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

The Electoral Roll, if I remember rightly, it was a case of it was going to be taken from the data that is held with Employment & Social Security, as part of the Census, and it was going to be taken from there.

2370 Currently, as we know, the referendum is coming up and we are looking to have staff moved across or assist us in some way and that was in agreement with P&R and, of course, we need to make sure that we have got that all in place. We are against the time limit for that as well.

2375 If I remember rightly, there was an outstanding Resolution, and I would have to check with that, that it would be automatic anyway. It would be a case that it would be opt-out. I am not quite sure – in fact, I know – that would not be in place before the referendum.

The Bailiff: Deputy Dorey.

2380 **Deputy Dorey:** JESCC is an essential public service. Deputy Lowe referred to problems at that service. Can she outline the problems and the effect it has on the quality of the service?

The Bailiff: Deputy Lowe.

2385 **Deputy Lowe:** I think that, again, has been on public record. If it was not for emergency services, the plug would have pulled on that a long time ago, because I think it does need to be looked at; hence we have taken on a strategic head for that.

2390 It is emergency services. We have no choice. We have to answer those phones. We have to make sure they have got the resources in there, which is costing us money on overtime, because of the staff turnover. It has been quite incredible on that. It takes quite a long time to train people for that.

2395 It is not a case of just answering the phone, because a lot happens these days when they answer the phone. They talk through the emergency and they are helping at the other end. These are people that are now qualified to make sure that, if somebody phoned up with a heart attack, they can talk you through how to help that person while the ambulance is coming along to deal with it.

2400 It is very much a case of staff turnover, and the terms and conditions of the hours that the staff are actually working. That has been changed once already and looks like it may be changing again and that is why, once we have got all that detail, we can actually take it forward because the Committee, again, have said, 'We need to know, once and for all, how this is going to operate, because it has run away with the cost.'

More than what we were anticipating.

The Bailiff: Deputy de Lisle.

2405 **Deputy de Lisle:** Thank you, sir.

With respect to the Population Management Regime, there was mention by Members, in debate, on discrimination with regard to birth right. I would like to ask whether this is something that, when the President comes forward with a report, with respect to amendments to the management regime, whether this will be something that will be included and reviewed beforehand?

2410

The Bailiff: Deputy Lowe.

Deputy Lowe: That most definitely is going to be considered.

2415 It was part of a States' decision as well. The Members that are on that, they had a meeting last week. It was actually mentioned there. It is going to be looked at by this review, which is with P&R, Home Affairs, Economic Development and Environment & Infrastructure. They are the ones that are looking at this review and it will be part of that to make sure that they come back with that.

2420 Again, all our Committee, and as population management is with us, are united to make sure that that is followed through.

Deputy de Lisle: Can I ask when that is coming through, sir?

2425 **The Bailiff:** Deputy de Lisle asked when is that coming through. I did not call him to ask the question, but he asked it anyway! *(Laughter)*

Deputy Lowe: Why not!

2430 Well, as quick as it can. There is no doubt this review does need to take place. The States' Resolution is actually to have it back in the first quarter of 2019, which gives them virtually a full year to do that. All of those on that Committee, which met last week, are mindful they need to try and get it back to the States before then. So we are not looking at a long time away, hopefully.

2435 There is lots of work to go on and, again, the thing with this one as well is they need some of the expertise that is working currently in population management, trying to clear the backlog, and keep our economy going.

So it is pulling them away to be able to do that. But they are getting on with it and it is very much going to go forward quicker than slower, as far as we are concerned.

The Bailiff: Deputy Tindall.

2440

Deputy Tindall: Thank you, sir.

2445 Deputy Lowe confirmed there was continuous monitoring of the Population Management Regime but, again, she has referred to the problem of the staff dealing with the backlog, rather than, say, a review of policy such as the treatment of young people and I would just like confirmation that there will be a lessons-learned review, so that these things can be learned, the way it has been resource-managed. More particularly, that it is not repeated for the introduction of the new Data Protection Law?

The Bailiff: Deputy Lowe.

2450

Deputy Lowe: Thank you very much.

We will be having a project review, an overview of how it went. But we need to carry on where we are at the moment, until we can actually get things and see daylight and make sure things are running smoothly.

2455 I can assure you we will be having a project review to see exactly what you are saying there. Because it has taken far more resources again than we were expecting, and a lot of that was through the transitional period because it was a case of it was more complex than perhaps we were expecting, some of the staff were expecting, and the way it had been planned.

2460 We have got resources for that. I am extremely grateful to P&R. We have worked very closely with them and they have been very supportive in helping us and putting resources in there.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

2465 I was just concerned at the message that is being sent out, with regard to the answer by Deputy Lowe from one question, which is on JESCC, which is the political board want information to be out there for the public, yet they cannot release the actual report.

Can you not reframe the report in your own words and release it to States' Members?

2470 **The Bailiff:** Deputy Lowe.

Deputy Lowe: That was my answer five minutes ago, that we are actually going to do a summary of what was in the internal report.

2475 That was what I said last time, as well, that we will be putting it in our words, as close as we can, to the internal audit, without publishing the internal audit; replicating it as though it is a Home Affairs report on what has been found within the internal audit.

Deputy Brehaut: Supplementary, please, sir.

2480 It was the word 'summary'. This is the third year JESCC has been overspent and we just want the overspend to stop, so we will need to understand why it is happening.

Deputy Lowe: You and I alike, Deputy Brehaut. You do not actually think we are delighted there is an overspend on it?

2485 We are not delighted, we have a staff turnover. We are here to do a service for the emergency services. We have no choice. If that had been the case, where we can take the health records, you were on HSSD at the time, that ran away with money, it never actually happened and in the end the plug was pulled because nobody was dying over health records.

Nobody in this Assembly would actually want us to pull the plug on answering the phones in the emergency services.

2490

The Bailiff: Deputy Roffey.

2495 **Deputy Roffey:** Just to seek more clarity on exactly that issue. I understand why there would be some internal audit reports we would not want published, but having seen it on Scrutiny, none of our members, political or otherwise, could see any reason whatsoever why this one would not be good in the public domain.

As Home Affairs obviously feel exactly the same way, does it not seem absurd that there is some kind of artificial block to that and will the President seek to overcome that so that we can gain public confidence by putting this into their domain?

2500 I worry people will listen to this question and answer and think there is something to hide, when there is not.

Deputy Lowe: Well, they will only think that from some of the questions that are being posed here.

2505 I cannot say it any clearer. We are going to replicate what we had in the internal audit under Home Affairs. If some Members want to make more of that and say we are hiding things, that is a matter for them.

The full report has gone to Scrutiny, so those on Scrutiny will be able to see what we are putting out is either accurate or not, and I am very pleased to see that Deputy Green is nodding in agreement, because that is what we have assured we will do.

2510

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

2515 I would just like to ask President Lowe: I am very comforted that they have now met with the (inaudible) regarding reviewing Population Management Law under States' Resolution, but could Deputy Lowe please confirm how many times the parties have so far met?

The Bailiff: Deputy Lowe.

2520

Deputy Lowe: Yes, I said they met last week, which was the first one, which was the terms of reference, which had to be agreed.

There was a programme set there, at that meeting, which all members signed up to. They all signed up to the time limit put in that, as well, and we are now waiting for the information, which we shall obtain from Population Management, with extra resources again being put in by P&R to assist that that will be put forward and not held up.

2525

The Bailiff: Deputy Merrett.

2530 **Deputy Merrett:** Does Deputy Lowe believe that waiting eight months for that first meeting is an acceptable period of time?

The Bailiff: Deputy Lowe.

2535 **Deputy Lowe:** No, not at all, because the Resolution, which Members in this Assembly voted for by a majority said that a review would be taken after it had been in process for a year.

We have not waited a year, we have actually waited eight months, and started this process. So there is no criticism on any of the four Committees that are involved with that, because we are actually not following the States' Resolution, which said, 'Start in a year's time', we are doing it in eight months.

2540

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

2545 At the Budget presentation some weeks ago, Deputy St Pier said, with population, they had made an allowance of £500,000 on the population office. Deputy Lowe said it may be £250,000. All Committees have essential services, all Committees have budgets; so does the Home Affairs have a tight grip on the expenditure at both JESCC and the population office?

2550 **The Bailiff:** Deputy Lowe.

Deputy Lowe: If we go back to the States' meeting where that question was posed, and Deputy St Pier and myself both answered it, it was £500,000, but £250,000 of that had already

2555 been paid back to P&R and we were having the £250,000 back because it is costing more than we wanted, or were expecting, so we had it back to pay for the resources to get the backlog.

The Bailiff: Deputy Gollop.

2560 **Deputy Gollop:** Changing topic slightly. It is still very much in the public eye, the apparent lack of a Customs post on Sark. Has the Committee made any progress in working together with Chief Pleas, or some other Sark organisation, in facilitating greater provision of Customs for the purposes of leisure tourists and yachts people, especially from France?

The Bailiff: Deputy Lowe.

2565 **Deputy Lowe:** That is one that is out of our hands, Deputy Gollop. It is for Chief Pleas to approach us to say if they actually want it.

2570 There are people in Sark who want it, but it has never come from Chief Pleas. Of late, in the last few weeks, there has been approach by Sark, through the official channels, and I believe they are working with law enforcement and having meetings.

The Bailiff: Deputy Yerby.

2575 **Deputy Yerby:** I welcome the emphasis on an inclusive justice policy in Deputy Lowe's speech. Going back to the question of prison, in general terms what consideration does the Committee give to upstream such preventive work to keep people away from crime in the first instance?

The Bailiff: Deputy Lowe.

2580 **Deputy Lowe:** That is an Education one really. We deal with the end effects. But certainly, what we see quite a lot of, and the numbers have gone up, in the Courts is community service, because it is far better to keep people in the community, so they can support their families, when there are young ones involved, rather than have a criminal record by going to prison.

2585 It is very much a case of education really for all of us, to promote the wellbeing of looking after ourselves, trying to keep yourselves on the straight and narrow and that is very much on the Education side. It is not really the prison side to do that.

The Bailiff: Time for one more question, and one only.
Deputy de Lisle.

2590 **Deputy de Lisle:** Can I ask for an update on community policing, sir?

I am just wondering whether all the parishes have a community policeman now, or community policing, generally, and also whether the Town is community policed 24 hours a day, seven days a week?

2595 Thank you.

The Bailiff: Deputy Lowe.

2600 **Deputy Lowe:** Well, the Police service is available 24 hours, seven days a week, so if anybody sees anything or wants any support from the Police, just please give them a ring.

If you see anything untoward, in behaviour or anything suspicious, that is what the Police are there for and they will come and attend any incident, if the resources allow, to see what is going on, put the person who phoned at ease, either assuring them that they have caught whatever the individual was up to, or have spoken to them.

2605 There is a 24-hour service from the Police. The Community Police, *per se*, just the Community Police on their own, I am not sure at this moment in time how many we currently have, but I am more than happy to give you that detail and I can check with the Head of Law Enforcement.

**General Update –
Statement by President of the Overseas Aid & Development Commission**

The Bailiff: Next, we will have a general update Statement from the President of the Overseas Aid & Development Commission, Deputy Yerby.

2610

Deputy Yerby: Thank you, sir.

It is quite a month for the Overseas Aid & Development Commission. Members will no doubt have seen the Commission's policy letter on future developments, which I think will be debated at our States' meeting on 29th November, as well as the annual report on the Commission's activities, which is appended to the agenda for that meeting.

2615

I will try to keep this Statement fresh, and avoid tedious repetition. However, I do invite Members to make full use of question time to cover any concerns that might arise ahead of our next debate. In doing so, I would also repeat the invitation I have made to all, to sit in on meetings of the Commission and learn more about our work. A number of Deputies have done so already this year, and I trust they felt welcome and found it informative.

2620

The mandate of the Commission is:

To distribute funds voted by the States for aid and development overseas by making contributions to ongoing programs and to emergency and disaster relief.

We also have a responsibility to engage the private sector – which might be businesses, philanthropists, community groups or passionate individuals – in raising funds to support overseas aid. At present, we do this mostly through match-funding arrangements.

2625

The States' budget for Overseas Aid & Development this year is £2.715 million, with a further £200,000 ring-fenced for emergency relief, amounting to just over £2.9 million in total.

The Commission is supported by one-third of one staff member, although the value of her effort and expertise is far greater than that. The six lay members of the Commission, all of them experienced professionals, perform the role entirely voluntarily. Any travel or training which I or the commissioners undertake on behalf of the Commission is funded privately by us, not by the States. In other words, the back-office costs of the Commission are utterly minimal, and our whole budget goes directly towards the front line – to investing in projects that make sustainable change among the poorest communities in the world.

2630

We are now halfway through allocating the Overseas Aid & Development budget for this year. Over the summer, we invited applications for projects that meet our criteria – improving health and hygiene, education, food, security, safe water, and livelihoods.

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We received 241 applications, for projects in 45 of the least developed countries in the world, requesting a total of £8.3 million; that is over three times the amount available to distribute.

The Commission now meets once a month, from September to December, to review and evaluate all these applications and determine those which best meet our criteria, in order to allocate funding. I am confident that we will comfortably be able to invest £2.7 million in projects, 'which help to provide the basic needs of the world's least developed countries' and 'generate a lasting and sustainable improvement in [their] living condition' – and, indeed, that a great many other good projects will not be able to be funded.

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In the course of this year, the Commission has also made emergency awards for relief efforts responding to some of the worst disasters currently affecting the world.

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2650 This includes the ongoing conflict in Yemen, which has led to the destruction of essential infrastructure, widespread hunger and a terrible cholera outbreak; the drought across eastern Africa, which threatens starvation and famine among four or more of the world's poorest countries; and, most recently, the horror unfolding in Myanmar, forcing hundreds of thousands of the country's Rohingya people to seek safety in neighbouring Bangladesh.

2655 Our budget for emergency relief is small: only £200,000 a year. However, I should be clear that many of the projects funded from our core budget are either focused on disaster prevention and resilience – for example, raising homes and schools above flood levels in low-lying areas, or promoting peace and stability through access to education and decent livelihoods – or on rebuilding and reconstruction in places that have been scarred by war, scarcity or disease.

2660 The Commission is very conscious of its duty to be a good steward of public funds. The steps which we take to ensure good governance, at every stage of our work are set out in depth in section 6 of our policy letter. I have personally met with the States' Director of Financial Crime Policy, at my own instigation, to assure myself of the strength of our governance arrangements. I, and some of my commissioners, have visited projects in the field, in order to see how these are working in practice.

2665 Indeed, I have just returned from visiting projects delivered by Impact Foundation Bangladesh in the country's remote districts of Chuadanga and Meherpur. In the spirit of full transparency, I will declare now – and I will include it in my formal declaration of interests – that I was hosted by the charity for two days and one night during my visit and they were of course warm and generous hosts.

2670 I had the opportunity to see a number of projects funded by Guernsey, including equipment to treat groundwater which, in Bangladesh, is dangerously contaminated with arsenic. This project has finally allowed the charity to provide safe drinking water to patients, staff and students in their Meherpur hospital. We have also funded eye-care equipment which will help to prevent sight loss, which can substantially affect people's ability to earn a living.

2675 I thought I might return with a sob story. And it is true, the area is very poor; people are scraping by, earning a pittance through hard physical labour, often well into their old age. Threats to health are manifold and treatment options few. Access to education, indeed even to literacy, is far from universal. But, actually, I do not want you to pity, I want you to be proud; because, sir, I was overwhelmingly impressed by how much is being done – and with how little.

2680 It looked to me that the charity we have supported has introduced services and facilities which have transformed and saved lives. I heard that, in broken English, from the mouths of school-children and prosthetics patients I met, and I witnessed it in the lives of many more who could not speak my language, except in smiles and gestures. This is not a sob story, it is an investment for our Islands to be proud of. And there are many more like that, all around the developing world.

In closing, I will touch on two further developments.

2685 First, as Members will know, Guernsey is a Fair Trade Island. Responsibility for promoting Fair Trade within the States sat with the Policy & Resources Committee, but this has recently transferred to the Commission by mutual agreement, and we will be working closely with the Guernsey Fair Trade Steering Group as the Island seeks reaccreditation in 2018.

2690 Second, and finally, next year we will be looking to appoint two commissioners to succeed those who are reaching the end of their term of service. We are extremely blessed, both by the high calibre of our commissioners, many of whom have professional backgrounds in the core areas of the Commission's work, including health care and agriculture, and by their willingness to commit hours and hours of their time to a voluntary role which is all-too-often in the public firing line.

2695 It is timely for me to record my thanks to current and previous commissioners for their service. It is entirely thanks to their hard work and commitment that the Overseas Aid & Development Commission is able to make such a positive difference in the world, of which we can all be proud.

Several Members: Hear, hear.

The Bailiff: Any questions?

2700 Deputy de Lisle.

Deputy de Lisle: Yes, sir, I have one.

Given, the increasing number of major hazard emergency occurrences, worldwide, in the past year or so, will the Committee be looking at splitting the budget between emergency awards and the regular budget awards that are provided?

2705

The Bailiff: Deputy Yerby.

Deputy Yerby: As I said, sir, the Committee already has a separate budget for emergency awards, although it is a small part of our overall budget.

2710

In our policy letter to be placed, we are suggesting that we remove the ring-fence, so there is potential to put more or less into emergency awards, as the need arises. But I should emphasise that the most important thing to do is to be ready for these emergencies. We understand the causes of many of these emergencies and we can help poorer areas to prepare for them.

So our regular budget goes mainly into projects that do that preventive work and that is absolutely vital.

2715

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I would welcome the chance to attend the meetings and maybe an annual review, as I sat on Deputy Le Tocq's Committee when he was in the role.

2720

But I neither accepted nor understood all of our policies then. My question to you is, do we have a special role in supporting, locally, Guernsey-based charities that are across the world, or is it done very much on a case-by-case basis?

2725

The Bailiff: Deputy Yerby.

Deputy Yerby: The Commission can only support projects that fall within our guiding criteria.

However, there are quite a number of Guernsey charities who do work in that field. We make special efforts to encourage them to apply. Our Commission secretary puts on a workshop every year to invite local charities to come and learn about our application process and he will walk anyone who wants it through the application process.

2730

We look favourably on charities that have a Guernsey link, so if the project is a good fit with our criteria then we hopefully are able to support them.

2735

The Bailiff: Deputy Inder.

Deputy Inder: Deputy Yerby will be aware of a short email exchange I had between myself and the Youth Commissioner, Kerstin Neason.

We were talking loosely, or probably I was, about VSO-type service – that is a voluntary service organisation – conceptually the use of public funds to create a two-way benefit. One beneficiary from the full fund to the country or the project that needs assistance and, possibly, something that brings our children, used in some capacity, to assist in any of those projects.

2740

I am just wondering if the Overseas Aid & Development Committee had given any thought to that two-way benefit since our last exchange?

2745

Thank you, sir.

The Bailiff: Deputy Yerby.

2750 **Deputy Yerby:** I think if Deputy Brouard were here he would be nodding fervently in support, because he is another great believer in sending people out to work with their own hands. In fact, the reason why he is not here is because he is doing exactly that.

I have arranged with the Youth Commissioner to take that conversation further. The Commission does support some projects which involve sending volunteers out, but I should also say that we have to be careful that there really is a mutual benefit. Because these projects have to be thought through carefully, so that you are not just sending unpaid labour into a market where there is already a surfeit of unskilled labour.

So it takes some thought.

2760 **The Bailiff:** Deputy Oliver.

Deputy Oliver: If the Impact Investment Fund is successful, would you consider investing further in this and, therefore, perhaps lowering the amount of the GDP for the account of the impact investment doing well?

2765 **The Bailiff:** Deputy Yerby.

Deputy Yerby: I think the question is would we be prepared to change the balance of our overseas aid budget between what is directly grant-given and what is invested.

2770 It is a little premature, because the States has not even yet approved the concept of an impact fund. I know that there is a strong body of support for purely grant-giving overseas aid and I know that there is another body of support for impact investment and increasing that.

At this stage, all I can say is that we need to give it a couple of years to see how it plays out. But very happy to revisit it.

2775 **The Bailiff:** Deputy Paint.

Deputy Paint: Sir, is the President aware of the total amount of monies that have been sent for overseas aid by private charities, persons and possibly churches?

2780 **The Bailiff:** Deputy Yerby.

Deputy Yerby: The short answer to that is no.

2785 There will never be any way to quantify private giving. There might be a way to quantify the amount that is invested in overseas aid activities by local charities if all charities were required to publish their accounts. However, that is some way off, if it is ever going to happen.

2790 I am conscious of the context of this Statement and I would like to assure Deputy Paint that the international targets that exist for a government giving to overseas aid were set in the expectation that people would also give privately and that charities would also act privately. It has got to be a partnership between government-giving, corporate-giving and individual activity.

The Bailiff: Deputy Roffey.

2795 **Deputy Roffey:** Would the President agree with me that, whereas major disasters that we see on our television screens may well get Deputies thinking that is where they want their money to go, in reality, sad though those situations are, they are the ones where it is most easy for the major aid organisations and the DEC to raise money from the public and, therefore, it is important to protect the lines you are giving for the sort of capacity building projects that are less sexy, but just as important?

2800 **The Bailiff:** Deputy Yerby.

Deputy Yerby: Yes.

2805 Again, I think we need to put this in some context. Even those eye-catching issues that result in public appeals usually find their fundraising targets fall very far short of the actual need and they really are genuine disasters.

But, yes, we have a vital role in reaching neglected causes in neglected communities. I think we do that very well and it is important that we recognise the value of that and protect it.

The Bailiff: Deputy Dudley Owen.

2810

Deputy Dudley Owen: Yes, sir.

2815 In the light of recent news coming from the Red Cross, I think they had some issues with regard to corporate governance overseas, would the President please be able to elaborate on conversations she has had with the Financial Investigation Unit, I think Deputy Yerby said it was, and how corporate governance extends not just in Guernsey about the work that is being done directly in committee over here, but how that extends overseas to the beneficiaries, etc.?

The Bailiff: Deputy Yerby.

2820 **Deputy Yerby:** I would encourage Deputy Dudley Owen to refer to section six of our policy letter, which sets out our governance arrangements in considerably more detail than I am able to do now.

2825 But I would assure her that we have various stages of the governance process. We check charities at the application stage. We undertake more thorough checks, if we agree to make a grant. We release our funds in two stages normally, and the release of the second stage of funding is contingent on a satisfactory interim report, with charities demonstrating that they are performing as they promised and on budget.

2830 We are able, if we need to, to require the return of funds and we are not afraid to do that, if it comes to it. So there are governance checks and processes in place at every stage to ensure that Guernsey's money is being appropriately spent.

The Bailiff: Deputy Soulsby.

2835 **Deputy Soulsby:** Sir, I would just like to say I am pleased that Fair Trade now fall under the Overseas Aid & Development Commission.

Would she agree with me that we should all take great assurance from the fact that the Fair Trade market is audited and anybody providing that mark has to follow set criteria and it is not something that a bunch of retailers/suppliers/creators can make up and just stick on their products?

2840 It is heavily, independently audited.

The Bailiff: Deputy Yerby.

2845 **Deputy Yerby:** Yes, the States, having just had a debate on trading standards, we are very alive to the fact that authentic and independently verified standards are vital and, when you are thinking about the supply chain for products such as Fair Trade coffee, it is really important to be assured that the people at the start of that supply chain are getting a fair deal and fair treatment.

When you read about that going wrong, it goes so horribly wrong.

2850 **The Bailiff:** Deputy Gollop.

Deputy Gollop: I have a follow-up really on the Fair Trade question. I remember when the then Chief Minister, Conseiller later, Deputy Mike Torode, introduced us as a Fair Trade Island, but we lost our coffee ladies.

2855 What guarantee does Deputy Yerby, as now the politician responsible, give that we will continue to have Fair Trade coffee and other drinks of an appropriate quality across States' estates?

The Bailiff: Deputy Yerby.

2860

Deputy Yerby: I do apologise to Deputy Gollop for the loss of his coffee lady! *(Laughter)*

In respect of Fair Trade generally, it will be core to a re-accreditation as a Fair Trade Island that we continue to ensure the supply of Fair Trade coffee and other things.

2865 I will be in communication with each of your Committees to ensure that we are doing this and doing it as thoroughly as we can.

The Bailiff: I see no one else rising.

We will move onto Question Time.

Questions for Oral Answer

COMMITTEE FOR EDUCATION, SPORT & CULTURE

Education –

College resources and staff; primary school catchment areas, development, retention and capital rebuilding; integration of special needs pupils; board vacancies

2870 **The Bailiff:** The first Questions are to be asked by Deputy Gollop, of the President of the Committee for Education, Sport & Culture.

Deputy Gollop.

Deputy Gollop: Thank you, sir.

Thanking Deputy Le Pelley for answers at a busy time.

2875 My first Question is: will Education, Sport & Culture, in the light of the continuing funding, as we decided last month, of the private independent Colleges, for the foreseeable future, be considering how best to utilise the resources, staff and maybe space to assist superior outcomes for the transformation of secondary education?

2880 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: Thank you, sir.

As Members will be aware, the Committee is due to publish its proposals for the transformation of secondary and post-16 education in a matter of days.

2885 This policy letter will cover: agreed population projections; the capacity required for both our current and future pupil numbers; how we will organise learning in our new, all-ability secondary schools; and the improved educational outcomes that we can expect.

The Colleges are self-governing, independent institutions, which control their own admissions and which, from September 2019, will be for fee-payers only.

2890 It is the Committee's understanding that the Colleges are operating at high levels of occupancy, at the moment, and the opportunity to utilise their resources, staff and space would be restricted in a number of ways, including whether they had the right space at the right age, the right gender and in the right year group.

2895 We would, of course, not seek to utilise any resources of the Colleges when it would be more efficient to use our own schools. But if that were not the case we would be open to co-operative arrangements.

The Bailiff: Are there any supplementary questions?

2900 **Deputy Gollop:** Yes.

Thank you again for assurance of the co-operative arrangements, but at what timescale will we, in the Assembly, in the wider community, know that there are any outcomes of this offer?

The Bailiff: Deputy Le Pelley.

2905

Deputy Le Pelley: That, sir, is going to be dependent on what is going to be happening to education in the next year or so.

We will try to get as much information back to all Deputies as soon as possible.

2910 **The Bailiff:** The next Question, Deputy Gollop.

Deputy Gollop: Thank you, sir.

2915 In view of the Answers given by Education, Sport & Culture last month, to Deputy Jennifer Merrett regarding continued support for funding the Roman Catholic faith specialist primary schools, can policy consideration now be given to a more flexible, free system of choice by parents, teachers, families and pupils for state schools of choice, beyond the rigidity of current catchment area policy?

The Bailiff: Deputy Le Pelley.

2920

Deputy Le Pelley: The current catchment system, in the majority of cases, guarantees children a place in their neighbourhood school. The Guernsey system's strength is that it prevents the chaos that we see elsewhere, in other jurisdictions, where parental choice operates.

2925 While on the surface, it may seem attractive to support the concept that pupils should be allowed to attend any school, irrespective of where they live, a more considered analysis rapidly reveals deep flaws in this argument. Popular schools would not have any free places available and would continually be over-subscribed. This would bring its own set of problems, just as in the UK, and indeed introduce a necessity to filter places according to still more criteria. One of these would inevitably be proximity to a particular school.

2930 Schools that, for whatever reason, are deemed unpopular could struggle to attract viable pupil numbers. It would be difficult to recruit staff to these schools and they would inevitably decline, with the eventual possibility of becoming so-called sink schools.

2935 It seems absurd to suggest that a free-for-all for places would be an improvement on the current, catchment-based system. In reality, access to certain schools would be confined to the more articular and persuasive parents. Evidence from other jurisdictions also shows that segregation along social lines increased substantially when parental choice was introduced. Not quite the inclusive system that I believe Deputy Gollop would wish to see.

Sir, Members, the catchment system has served the Island well for generations and should continue to do so.

2940

The Bailiff: Any supplementary questions?

Deputy Gollop.

2945 **Deputy Gollop:** I have two supplementaries that arise from that. The first is: would the President agree that there is a possibility within Guernsey of catchment areas developing along income lines, because we are aware that some parishes have people of greater incomes and have greater property prices? Does that not, in itself, create a form of segregation?

2950 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: Two questions in there.
The first one is, possibly yes, and the second part is, possibly yes.

2955 **Deputy Gollop:** And my second question is that, bearing in mind Roman Catholic parents clearly have a choice of school, as to whether to send their offspring to a faith-based school, supported by the States, or a catchment area primary school, what is the rationale for that choice when the same opportunity is not granted to, say, Anglicans, Methodists or Muslims?

2960 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: Yes, Deputy Gollop is correct, sir, that that could be an interpretation of the choice that some Catholic families would have. That is true.

2965 There is not the total choice that he is suggesting there, because the Catholic schools, the independent schools, do operate on a north/south divide, in that the families that live in the catchment area to the north tend to attend the St Mary's and Michael School and those that live in the south tend to attend the Notre Dame du Rosaire School – although there can be exceptions.

2970 **The Bailiff:** Your next Question, Deputy Gollop.

Deputy Gollop: My third Question is: in view of the obvious campus inter-relationship of primary and secondary provision on, currently, for example, La Mare de Carteret site, will Education, Sport & Culture be bringing shortly to the States their strategic thinking on primary school development, retention and capital rebuilding?

2975 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: Thank you, sir.

2980 I would remind Members of the relevant States' Resolution from October 2013. In summary, we were directed to agree that discussions shall take place with the diocesan authorities to consider how Catholic primary provision is provided in future, for example, through federation or merger of Notre Dame du Rosaire and St Mary and St Michael primary schools.

To agree that over the next five-10 years efficient and effective primary provision in the area served by the Forest Primary School and La Houquette Primary School shall be revisited by a future Education Department.

2985 Sir, Members, this is not a priority at the moment. We have a huge change agenda relating to secondary and post-16 education that requires agreement and implementation. Further primary transformation has not been privatised, either within our own Committee policy plan or, indeed, the States-agreed Policy & Resource Plan and the 23 policy priorities that we have agreed earlier today.

2990 I can reassure Members that our two Catholic primary schools already work very closely together and have very little spare capacity. Our primary provision across the Island is operating efficiently and effectively. The Committee believes that no current changes are required.

The Bailiff: Deputy Gollop, is this a supplementary?

2995 **Deputy Gollop:** My supplementary question there is: I know we are perhaps preceding events, but in the event of the States deciding on, for example, a two-school model, would the provision of primary facilities in some areas then be considered a very relevant component part of an holistic way forward?

The Bailiff: Deputy Le Pelley.

3000 **Deputy Le Pelley:** We will decide that if and when a two-school policy is laid before the States and if and when that two-school policy is approved.

The Bailiff: Your fourth Question, Deputy Gollop.

3005 **Deputy Gollop:** My fourth Question is will Education, Sport & Culture be bringing robust proposals to the States of Deliberation – as soon as possible, preferably by and within the December meeting – ideas and options for considering further harmonious integration, rather than arguable segregation of children and young people with special needs, conditions, behaviours and disabilities to the new schools' ideal model and plans?

3010

The Bailiff: Deputy Le Pelley.

3015 **Deputy Le Pelley:** Sir, the Committee for Education, Sport & Culture is committed to an inclusive system of education, ensuring that all children and young people have equality of opportunity to achieve their potential.

There has been a significant focus on developing greater inclusion and equality across the schools – *all* schools – and education services over the past couple of years. All the proposals outlined in our policy letter, which will be published in the next couple of days, support the aims of the Disability and Inclusion Strategy and also comply with the UN Convention on the Rights of Persons with Disabilities.

3020

The Bailiff: Deputy Gollop.

3025 **Deputy Gollop:** Thank you for that reassurance of compliance, but would the Committee agree that the new curriculum is working towards an objective of greater integration? If it is not, why is it not?

The Bailiff: Deputy Le Pelley.

3030 **Deputy Le Pelley:** I think we, as a Committee, would believe that it is.

The Bailiff: Your final Question, Deputy Gollop.

3035 **Deputy Gollop:** Thank you, sir.

Bearing in mind the sizeable tasks, workloads and panel board roles Education, Sport & Culture members are expected to undertake, has the Committee considered expanding your Committee with two extra, full-time political Members, after activity with SACC, or filling with our sports educationalists or disability specialists, the two long-vacant non-States' members' committee places on the board?

3040

The Bailiff: Deputy Le Pelley.

Deputy Le Pelley: Sir, the Committee has access to a wide range of experts and professional advisers across all areas of its mandate, which it can call upon at any time, as required.

3045 In line with other Committees, we have prioritised our workload and these priorities have been supported by the Assembly and widely published.

We have discussed the nomination of non-voting members to the Committee, but do not currently plan any such appointments. As for adding two additional full-time political Members, that is an interesting concept and, perhaps, one for SACC to advise on, as this would require a change to our mandate and constitution and may also have implications for other Committees with similar workloads.

3050 If I could just add, right at the end there, sir, that personally I am very happy with the Committee as it is currently constituted.

3055 **The Bailiff:** Deputy Gollop.

Deputy Gollop: I have never envied the workload of that Committee and maybe that is one reason I did not volunteer for it.

3060 But I did hear recently on a phone-in that the Committee role for participating in the university pilot project was not able to be filled due to various commitments. Perhaps that would be an example of a role that you might need an additional member for, the inter-committee working party, I mean, on that?

3065 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: I am not sure exactly which person could not manage to do what commitment, but there are always people within our board, within our Committee, who are prepared to step in and take-over from those who may be conflicted or may have other conflicting duties to perform.

3070 I reiterate, we are quite happy the way we are currently constituted.

COMMITTEE FOR HEALTH & SOCIAL CARE

Children's Social Care Services – Current situation; specific improvements and evidence to verify; areas of concern and plans to mitigate/manage; independent inspection arrangement; confidence in the system

The Bailiff: We move on to Questions from Deputy Green to the President of the Committee for Health & Social Care.

Deputy Green.

3075 **Deputy Green:** Sir, thank you.

In early 2015, an independent review entitled Service Diagnostic in Respect of Children's Social Care concluded that the local service would be judged inadequate on an Ofsted evaluation, due to the inability to evidence to clear governance, the lack of outcomes measures and performance data, the lack of senior leadership commitment to corporate parenting and the lack of joint working to promote the welfare of children in need.

3080 The first question, sir, in the final quarter of 2017, how would the President of Health & Social Care assess the present state of the Children's Social Care Services in Guernsey and is it still correct to view the service as 'inadequate'?

3085 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: The author of the original diagnostic has recently reviewed the action plan arising from the 2015 Diagnostic Report and concluded that there have been huge improvements in the intervening period.

3090 It is her professional view that the service, overall, still requires improvement, but there are aspects of the service that would be regarded as 'good', for example the specialist fostering services for children with complex needs and the MASH process in relation to safeguarding children.

3095 **The Bailiff:** Any supplementaries?

Deputy Green: No supplementary on that, sir.

The Bailiff: No one else has one, so your next Question?

3100 **Deputy Green:** The second Question sir is: if Children's Social Care Services have improved since 2015, what specific improvements have been made?

The Bailiff: Deputy Soulsby.

3105 **Deputy Soulsby:** The professional view of the author of the original diagnostic is that the greatest improvement is a clear strategic and operational leadership of the service and the focus on performance data and outcomes for children, located firmly within the CYPP for 2016-22.

3110 Particular areas that she highlights include: clearer governance and strengthened ICPC arrangements; improved data suites, including outcomes measures; a corporate parenting strategy; improved multi-agency working through the Multi-Agency Support Hub, MASH; and the team around the child and new professional process; an emphasis on partnership working with children and the families at the CYPP; a frontline restructure with associated skills mix review; the closure of Le Carrefour and the restructure of children's residential care; an online specialist fostering scheme; the ongoing development of the joint children and adult safeguarding unit; review of children's disability services and progression of the 1001 Days programme.

The Bailiff: Any supplementaries?

3120 **Deputy Green:** A supplementary on that, sir, yes.

Does the President of Health & Social Care have any evidence that is based on an independent, external evaluation to back up the assertions of progress that she has just outlined?

The Bailiff: Deputy Soulsby.

3125 **Deputy Soulsby:** Sir, that sounds like Question three, rather than a supplementary to that question.

I would like to ask, through you, sir, whether Deputy Green is happy with me answering Question three?

3130 **Deputy Green:** I confess that Question three is quite similar to the supplementary, sir, but I was suggesting that the supplementary was slightly different.
If it helps, I will ask Question three.

3135 **The Bailiff:** Ask Question three and then if you want to tease out anything else you can ask a supplementary.

Deputy Soulsby: Sir, if it is not question three, it is one of the other six.

Deputy Green: There is some overlap, obviously.

3140 Sir, the third Question is: is there any independent evidence available to verify any of the improvements in the service?

The Bailiff: Deputy Soulsby.

3145 **Deputy Soulsby:** The diagnostics author continues to be retained by the Committee as an independent, external consultant, focussing on improvement, transformation and providing some external quality assurance.

Following the scheduled implementation of a new Children's Social Care IT system early next year, there will be regular reports to senior staff and the Committee, highlighting areas of good practice, as well as areas for development, together with plans to address any risks or concerns.

3150 The Island's Safeguarding Partnership, formerly the ICPC, and the CYPP Supervisory Group receive regular reports about children's outcomes, as well as areas of concern in relation to Children's Services' performance.

3155 The ICSP, as it is now known, has an independent UK Chair and produces an annual report, which evidences the improvements in multi-agency working, led through the Committee and the CYPP.

Performance data shows the service is beginning to be able to demonstrate clear impacts on the lives of children. The existence of such data is, in itself, an improvement on the position identified in the 2015 diagnostic.

3160

The Bailiff: Deputy Green.

Deputy Green: Yes, a supplementary on that.

3165 Deputy Soulsby mentioned performance data. The question would be: would Deputy Soulsby be happy to allow the performance data in question to be evaluated by an independent third party, with expertise in the assessment of children's services, such as, for example, Ofsted, who have recently been undertaking work in relation to the Committee for Home Affairs?

The Bailiff: Deputy Soulsby.

3170

Deputy Soulsby: Sir, at some stage, I suspect that would be a good idea.

3175 I would say, at the moment, we have a service which, we have seen from my answers to Question two, has been doing a lot of work and is heavily involved in that work. My concerns would be for such a review at this present moment in time, with that work ongoing, it would actually slow down the progress at which it is currently being made and which we are considering high priority and have included in the Policy & Resource Plan.

The Bailiff: Deputy Yerby.

3180

Deputy Yerby: Sir, does the President understand why the expertise of the professional is considered valid in drafting the initial diagnostic report, but apparently less so in implementing the changes outlined in that diagnostic report?

The Bailiff: Deputy Soulsby.

3185

Deputy Soulsby: Is Deputy Yerby saying why should we consider the author of the diagnostic's conclusions now less so than when she originally did the diagnostic?

No, I do not understand why her conclusions now should be considered in a lesser light than they were back then.

3190

The Bailiff: No one else? Your fourth Question, Deputy Green.

Deputy Green: Sir, thank you.

3195

The fourth Question is: what areas of concern still persist in relation to Children's Social Care Services?

The Bailiff: Deputy Soulsby.

3200

Deputy Soulsby: There are still concerns relating to the lack of early help services available to children who do not meet the threshold for social work through the MASH; the recruitment and retention of social workers and the associated risk of delay and ineffective interventions; the IT system, including the lack of quality assurance possible whilst a new IT system is implemented and the demands being placed on staff, as part of this implementation; and the pace in implementing changes to the threshold for legal intervention to protect children, which was highlighted in the 2016 Professor Marshall's Report.

3205

The Bailiff: Deputy Green.

Deputy Green: A supplementary on that, sir.

3210

Just to give the Assembly and the public an idea of the scale of the recruitment challenges in relation to Children's Social Care Services, can Deputy Soulsby comment on what the percentage of current social work roles within this particular area are currently vacant, across HSC?

The Bailiff: Deputy Soulsby.

3215

Deputy Soulsby: Sir, I am not able to give precise percentages at this moment in time. What I would say is our challenges are very similar to those in the UK in terms of vacancies and I think our percentages are about the same.

3220

The Bailiff: Deputy Gollop.

Deputy Gollop: I recall one issue of concern that Professor Marshall flagged up in the Scrutiny hearing was the lack of data or meaningful examples from the Island of Alderney. Does Health & Social Care continue to monitor Alderney as an extra special community that needs exactly the same inputs as Guernsey?

3225

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, yes, Alderney is very much in the forefront of our minds, particularly as we are undertaking the development of a new model of care.

3230

Alderney is very much in our thoughts and, certainly, we have regular discussions with services over there.

The Bailiff: Deputy Green, your next Question.

3235

Deputy Green: Sir, the fifth Question is: what plans exist to manage and/or to mitigate the continuing areas of concern in this local service?

The Bailiff: Deputy Soulsby.

3240 **Deputy Soulsby:** The Committee has approved additional funding for early help and we are awaiting a business case for additional future funding, through the CYPP.

3245 There is no simple answer to the recruitment issues facing the Bailiwick, as Guernsey is competing with the UK, who are also struggling. We are looking at plans to train and grow our own social worker workforce, with Jersey, as well as plans for a targeted recruitment drive in the UK.

The head of service is also continuously re-evaluating the workforce and skills mix, to ensure that the social workers we do employ are used to the best effect and have access to continuous professional development.

3250 **The Bailiff:** Deputy Green.

Deputy Green: Sir, I had understood –

3255 **The Bailiff:** I did on mine, but mine is marked 'draft' so I did not know whether the final version ...

Deputy Soulsby: The Committee hopes to be in a position to publish a consultation document on changes to the Children Law, early next year.

3260 Under phase 2b of the Policy & Resource Plan, which Members approved today, a key priority for this term is a Children & Young People's Policy, which includes the implementation of the Children & Young People's Plan.

The Bailiff: Is that complete, because I have another paragraph, as well, marked (c)? You have read (a), (b) and (d). Mine is only marked 'draft'.

3265 **Deputy Soulsby:** I have read (c). Oh!

We are in the process of implementing Mosaic, a UK-recognised IT system for recording in care management. This will reduce the work burden for social workers and also provide capacity to easily quality-assure practice and produce reports under-pinning performance information.

3270 This should be in place by March 2018.

The Bailiff: Deputy Green.

3275 **Deputy Green:** Sir, I am glad Deputy Soulsby has read that bit out because my supplementary is on that bit! (*Laughter*)

The follow-up question on that, sir, is: given the experiences of some recent IT system implementations in the States, including HSC, does the President of Health & Social Care believe that her department have access to the skills and resources necessary to effectively implement the proposed IT system in HSC?

3280 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: I should just clarify I did not leave out that sentence just because I was expecting that to be a question!

3285 The implementation of Mosaic is not just in the hands of HSC, it is very much through our IT business partners in Policy & Resources. It is being managed as a project, which is just not as an IT system implementation. There are challenges and I think part of those challenges relates to our old systems that need updating elsewhere.

3290 But it is being managed in an appropriate way and I think a lot of lessons have been learned over the years, in terms of IT implementation.

The Bailiff: Your next Question?

3295 **Deputy Green:** Sir, yes, the sixth Question: the recently published report by the Jersey Independent Care Inquiry recommended that Jersey should establish 'a truly independent inspection arrangement' for its children's services, which will 'have the confidence of children's staff and the wider public'; should Guernsey establish a truly independent inspection arrangement for Children's Social Care?

3300 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: I will try and answer all of this one.

3305 The Committee would support such an arrangement. However, the Jersey Report refers to children's services. Children's social care is only one aspect of these services, albeit a crucial one. The inspection regime in the UK recognises this and targets all partners who are providing services to children, looking at inter-dependencies and about how well those services work together to safeguard and promote the welfare of children.

3310 We do not have recognisably integrated services that would fit the current UK system and want to ensure that any such regime is developed with the Island's context in mind and in partnership with our colleague Committees.

There are ongoing discussions in respect of the possible engagement with other Crown Dependencies in relation to thematic peer reviews.

The Bailiff: Deputy Green.

3315

Deputy Green: A supplementary question on that, sir. One of the key themes of the reforms proposed in Jersey is an increase in the general transparency in the oversight of children's services. They see independent inspection as one of the keys to the process. Would Deputy Soulsby agree with me that it is perhaps essential to gain genuine reassurance on the quality and safety of these services from an independent source?

The Bailiff: Deputy Soulsby.

3325 **Deputy Soulsby:** I do, and I would just encourage Deputy Green to read our policy letter, which comes out very shortly, which addresses this very fact.

The Bailiff: Your last Question, Deputy Green.

3330 **Deputy Green:** Yes, sir, the seventh Question. I will ready the policy letter when it comes out! Does the Children's Social Care System have the confidence of children, staff and the wider public and, if so, how can that be objectively verified?

The Bailiff: Deputy Soulsby.

3335 **Deputy Soulsby:** The Committee considers regular performance data, from across the whole of HSC, and also receives detailed reports on individual service challenges. We have no reason to suspect that the Children's Social Care System does not inspire confidence, although we are aware that there is still room for improvement.

3340 As with any service, there are complaints and compliments. There is a robust, independent governance function who monitor and investigate complaints and this regulatory function will be further strengthened under proposals due to be presented to the Assembly in December, in respect of the transformation of health and care services.

We routinely seek service-user feedback and are setting up a Children in Care Group. We are, however, aware of the need to provide a more objective and evidence-based approach to quality.

3345 The Committee is clear that there is a continuing improvement journey and has welcomed and continues to welcome external scrutiny and advice to inform service improvement.

The Bailiff: Deputy Green.

3350 **Deputy Green:** There is a supplementary, sir. Just one on this.

I am encouraged by that answer. The question would be: given the complaints that are made, is there any merit in the establishment of an ombudsman service in Guernsey, who would have the power to independently investigate concerns raised by members of the public in this service, but right across the services of the States as well?

3355

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, again, I would reference Deputy Green to the comments that we make in our policy letter which will be published shortly.

3360

The Bailiff: That seems to conclude that series of Questions and we move on to Questions to be asked by Deputy Dudley Owen of, again, the President of the Committee for Health & Social Care.

**Midwifery staff –
Disciplinary measures following death of Baby Jack in 2014;
absences due to stress; resignations; recruitment;
action against obstetricians**

The Bailiff: Deputy Dudley Owen.

3365

Deputy Dudley Owen: Thank you, sir.

I think it is worth saying, in advance of the Questions, that at the time of submitting the Questions I was not aware that the inquest had opened last week.

3370 To turn to Question one, against the backdrop of the public naming and shaming of three staff members of Guernsey's maternity staff in the recent NMC ruling against them, in respect of a case in 2014, including the dismissal of these ladies and the suspension of one, can HSC provide details of what disciplinary measures were, or have been or are being, taken against the senior leadership staff members to whom these midwives reported to during that period?

3375 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Sir, Deputy Dudley Owen's Questions surround the tragic death of Baby Jack in 2014 and subsequent events.

3380 The inquest opened last week and the presiding judge made very clear that parties ought to exercise restraint in commenting publicly until the inquest concludes.

Given the ongoing inquest and the judge's clear direction, HSC is exercising restraint and would request other parties to do the same, as it is concerned that any comment in relation to the matter or those matters associated is inappropriate at this juncture.

3385 I would, however, reiterate HSC's unreserved sympathy to Baby Jack's parents. At the conclusion of the inquest, subject to the permission of the Presiding Officer, I will, on behalf of the Committee, give a statement to the Assembly under the provisions of Rule 10.

3390 Given Deputy Dudley Owen's choice of words, in respect of public naming and shaming, I have to question the general appropriateness, notwithstanding the specific circumstances I have previously set out, of a States' Member utilising the provisions afforded by Rule 11 to seek a public discussion in relation to the disciplinary measures.

HSC is unable to discuss individual staff circumstances or any disciplinary measures which may, or may not, have taken place, other than to say there has been a wholesale leadership, within and across HSC since 2014.

3395 It is also important to recognise that nurses and doctors are responsible to their own different professional bodies, who have separate procedures, which are in the public domain.

The Bailiff: Your next Question, Deputy Dudley Owen.

3400 **Deputy Dudley Owen:** Can HSC confirm how many staff members, in midwifery, especially senior staff and/or managers, have taken a leave of absence for stress or stress-related illness from the date of the case in 2014 to the present day and, further, how many staff members have resigned during the same period?

3405 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: In light of the Answer to my first Question and the timeframe available, HSC will not be commenting on this matter. We would also question whether, even if we were in a position to respond, it would provide a misleading picture, without knowing the cause of stress or resignation.

3410

The Bailiff: Deputy Gollop.

Deputy Gollop: May I ask a supplementary question?

3415 **The Bailiff:** It seems difficult to think how there could be a supplementary question arising out of the answer, but you can ask it.

3420 **Deputy Gollop:** I welcome Deputy Soulsby's decision, subject to your approval, of a statement at the close of the current inquest, but is that the right time for a statement on that issue, if there were other professional inquiries done to a professional organisation, at what point does this become publicly debatable?

It is really more of a probity question on the nature of this sort of situation.

3425 **The Bailiff:** It is arising from your first Answer, I think, Deputy Soulsby, but are you able to answer it?

Deputy Soulsby: I am not aware of any other professional inquiry, other than the inquest. At the moment that is where we stand and that is the position we are taking.

3430 **The Bailiff:** Deputy Dudley Owen, your next Question?

Deputy Dudley Owen: What recourse has been taken against the MSG obstetricians, who were ultimately responsible for the prescribing of the relevant drugs administered instead by midwives during the period?

3435

The Bailiff: Deputy Soulsby.

Deputy Soulsby: In light of the answer to my first Question, HSC will not be commenting on this matter.

3440

The Bailiff: Your last Question, Deputy Dudley Owen.

Deputy Dudley Owen: What is the overall staff cost of the incident, including enhanced severance and pension payments, and have there been resulting difficulties in recruitment of midwives since 2014?

3445

The Bailiff: Deputy Soulsby.

Deputy Soulsby: The direct and indirect costs arising from the incident, or more properly, the resulting extraordinary review by the NMC, are incalculable in terms of impact on services as a whole and remain ongoing with the inquest.

3450

There has been a lot of hard work by staff at all levels throughout the organisation, who have turned the service around, which was validated by the NMC themselves and who pointed out, at their most recent visit, that we are a very different organisation to that in 2014.

3455

It is therefore disappointing that the constant media attention and political speculation over the last three years, which appears to have reached a new high recently – or should I say low, given certain comments that I have heard over the last few days? – diverts attention away from this fantastic work.

I am so proud of what the nursing midwifery staff do and the daily praise we receive from our service-users that, it should be noted, outstrips complaints by 15 to one. This is not common and, indeed, when we passed the data to KPMG as part of the development of a new operating model, they thought we had left out a decimal point and it should 1.5 to one, because it is so different to elsewhere in the world.

3460

It would be great if our local media could make that the headline tomorrow.

3465

A Member: Hear, hear.

The Bailiff: That concludes Question Time and we move on, Greffier.

Billet d'État XXI

ELECTIONS AND APPOINTMENTS

I. Police Complaints Commission – Re-appointment of members

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled Police Complaints Commission: Reappointment of Members of the Committee for Home Affairs, they are of the opinion

- 1. To approve the reappointment of Mrs Bonita Louise Hamilton as an ordinary member of the Police Complaints Commission for four years, retrospectively with effect from 1st July 2017.*
- 2. To approve the reappointment of Mrs Ann Patricia Nippers as an ordinary member of the Police Complaints Commission for four years, retrospectively with effect from 1st July 2017.*

3470 **The Deputy Greffier:** Article I, Committee for Home Affairs, Police Complaints Commission – re-appointment of members.

The Bailiff: Deputy Lowe.

3475 **Deputy Lowe:** Thank you very much, sir, and I would like to apologise to you, sir, and to Members of the States for bringing this report a little bit late. Unfortunately, it came off the radar, owing to staff shortages at the time.

3480 Nevertheless, we would very much like to put before you and hope you would support the approval of the reappointment of Mrs Bonita Hamilton as an ordinary member of the Police Complaints Commission and to approve the reappointment of Mrs Ann Nippers as an ordinary member of the Police Complaints Commission, who have both done sterling work during their time on that Commission.

I ask Members to support this States' Report.

3485 **The Bailiff:** There are two Propositions: the reappointment of Mrs Bonita Louise Hamilton and Mrs Ann Patricia Nippers, both for four years, retrospectively with effect from 1st July 2017. I put both to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them reappointed.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The Data Protection (Processing of Sensitive Personal Data) (OFSTED) Order 2017;
The Offences (Fixed Penalties) (Guernsey) Order 2017;
The Firearms And Weapons (Specially Dangerous Air Weapons
(Guernsey) Regulations 2017;
The Wastewater Charges (Guernsey) Regulations, 2017;
The Water Charges (Amendment) Regulations, 2017;
The Companies (Guernsey) Law, 2008 (Amendment of Part XVIA) Regulations, 2017;
The Beneficial Ownership (Definition) (Amendment) Regulations, 2017;
The Beneficial Ownership of Legal Persons (Guernsey) Law, 2017
(Commencement) Regulations, 2017;
The Disclosure (Financial Services Commission) (Bailiwick of Guernsey) (Amendment)
(Commencement) Regulations, 2017;
The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment)
(Commencement) Regulations, 2017;
The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey)
(Beneficial Ownership) Regulations, 2017;
The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc.
(Bailiwick of Guernsey) (Amendment) Regulations, 2017;
The Waste Disposal and Recovery Charges Regulations, 2017;
The Harbour Dues and Facilities Charges (Guernsey) Regulations, 2018;
The Airport Fees (Guernsey and Alderney) Regulations, 2018;
The Mooring Charges (Guernsey) Regulations, 2018;
The Pilotage Dues (Guernsey) Regulations, 2018;
The Forfeiture of Money etc. in Civil Proceedings (Designation of Countries)
(Bailiwick of Guernsey) Regulations, 2017

3490 **The Deputy Greffier:** The following Statutory Instruments are laid before the States: The Data
Protection (Processing of Sensitive Personal Data) (OFSTED) Order 2017; The Offences (Fixed
Penalties) (Guernsey) Order 2017; The Firearms And Weapons (Specially Dangerous Air Weapons)
3495 (Guernsey) Regulations 2017; The Wastewater Charges (Guernsey) Regulations, 2017; The Water
Charges (Amendment) Regulations, 2017; The Companies (Guernsey) Law, 2008 (Amendment of
Part XVIA) Regulations, 2017; The Beneficial Ownership (Definition) (Amendment) Regulations,
2017; The Beneficial Ownership of Legal Persons (Guernsey) Law, 2017 (Commencement)
3500 Regulations, 2017; The Disclosure (Financial Services Commission) (Bailiwick of Guernsey)
(Amendment) (Commencement) Regulations, 2017; The Criminal Justice (Proceeds of Crime)
(Bailiwick of Guernsey) (Amendment) (Commencement) Regulations, 2017; The Criminal Justice
(Proceeds of Crime) (Bailiwick of Guernsey) (Beneficial Ownership) Regulations, 2017; The
3505 Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of
Guernsey) (Amendment) Regulations, 2017; The Waste Disposal and Recovery Charges
Regulations, 2017; The Harbour Dues and Facilities Charges (Guernsey) Regulations, 2018; The
Airport Fees (Guernsey and Alderney) Regulations, 2018; The Mooring Charges (Guernsey)
3505 Regulations, 2018; The Pilotage Dues (Guernsey) Regulations, 2018; The Forfeiture of Money etc.
in Civil Proceedings (Designation of Countries) (Bailiwick of Guernsey) Regulations, 2018.

The Bailiff: I have not received notice of any motion in respect of any of the above.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**II. Benefit and Contribution Rates 2018 –
Propositions carried**

Article II.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Benefit and Contribution Rates for 2018', dated 2nd October 2017, they are of the opinion:

- 1. To set the contributions limits and rates as set out in Table 4 of that Policy Letter, from 1st January 2018.*
- 2. To set the standard rates of contributory social insurance benefits as set out in Table 7 of that Policy Letter, from 1st January 2018.*
- 3. To set the prescription charge per item of pharmaceutical benefit at £3.90, from 1st January 2018.*
- 4. To set the contribution (co-payment) required to be made by the claimant of care benefit, under the Long-term Care Insurance Scheme, at £200.62 per week, from 1st January 2018.*
- 5. To set the maximum weekly long-term care benefit at the rates set out below, from 1st January 2018:*
 - (a) £444.57 per week residential care benefit for persons resident in a residential home;*
 - (b) £585.76 per week elderly mentally infirm (EMI) benefit for qualifying persons in a residential home; and*
 - (c) £829.99 per week nursing care benefit for persons resident in a nursing home or the Guernsey Cheshire Home.*
- 6. To set the maximum weekly respite care benefit at the rates set out below, from 1st January 2018:*
 - (a) £645.19 per week for persons receiving respite care in a residential home;*
 - (b) £786.38 per week for the elderly mentally infirm (EMI) rate for persons receiving respite care in a residential home; and*
 - (c) £1,030.61 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home.*
- 7. To set the supplementary benefit requirement rates at the rates set out in Table 13 of that Policy Letter, from 5th January 2018.*
- 8. To set the weekly benefit limitations for supplementary benefit at the rates set out below, from 5th January 2018:*
 - (a) £670 for a person living in the community;*
 - (b) £549 for a person who is residing in a residential home; and*
 - (c) £787 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home, or as an elderly mentally infirm resident of a residential home.*
- 9. To set the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit at £31.41 per week, from 5th January 2018.*
- 10. To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit at £52.91 per week, from 5th January 2018.*
- 11. To set the supplementary fuel allowance paid to supplementary benefit householders at £27.20 per week, from 27th October 2017 to 27th April 2018.*
- 12. To set the rate of family allowance at £13.90 per week, from 1st January 2018.*
- 13. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 17 of that Policy Letter, from 1st January 2018.*
- 14. To rename 'supplementary benefit' as 'income support' and to make all necessary amendments to legislation to allow and reflect the name change.*

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

3510 **The Deputy Greffier:** Article II, Committee for Employment & Social Security – Benefit and Contribution Rates for 2018.

The Bailiff: Deputy Le Clerc.

3515 **Deputy Le Clerc:** Thank you, sir.

I am pleased to present my Committee's recommendations for the Benefit and Contribution Rates to apply from January next year. I will not be covering every point in the paper; I will just focus on some of the headlines.

3520 We are recommending that contributory benefits are uprated by 2.8% for 2018. This is in line with the June 2017 RPIX figure. The usual pensions uprating policy is to increase contributory benefits by approximately one third of the difference between the June RPIX figure and the median earnings index for the previous December.

3525 This policy cannot apply this year, as median earnings for December 2016 were lower than RPIX for June 2017. We are, therefore, proposing that the fairest approach would be to apply RPIX to contributory benefits, as the policy would mean applying an increase that is lower than inflation. This, effectively, creates a double-lock for this year. We believe that this will provide a fair pension for 2018 that maintains the link between the income of the working population and pensioners, so that pensions grow if earnings grow.

3530 Before the 2.8% increase is applied, we are proposing an adjustment to the 2017 rates for contributory benefits and contributions. This is to reflect the change in how the median earnings index is calculated. This affected the figure used for our uprating for 2017. We are, therefore, proposing that the 2017 rates are re-stated, and more detail is provided in our appendix one of this Report.

3535 This will result in an increase of £6.18 per week for those pensioners with a full contribution record.

We are not proposing any changes to contribution rates for 2018, but we recognise that, in order to improve the long-term sustainability of the fund, additional contributions may be required in the future.

3540 The actuarial reports, which were appended to last year's policy letter on Benefits and Contribution Rates, predict that the Guernsey Insurance Fund will be completely exhausted by 2046. While this may sound a long way off, it is important that we start making preparations soon, to protect pensions for future generations.

3545 As part of our second-pillar pension work, we will be looking at our operating policy and the sustainability of the Guernsey Insurance Fund and we will bring our policy paper on both to the Assembly next year.

Similarly, the sustainability of the Long-term Care Fund continues to give us concern. The actuarial review for the fund indicated that if no action was taken the fund would be completely exhausted by 2031.

3550 The 0.5% increase in contribution rates for all classes, except employers, applied from January 2017, goes some way to improve the sustainability of the fund, by extending its life out to 2047. One of the workstreams which came from the Resolutions of the February 2016 debate on the Supported Living and Ageing Well Strategy is to address the strategic funding issues for long-term care. Work is progressing to investigate and break down the costs associated with long-term care. We will report back to the States on this work during 2018.

3555 The actuarial review on the future of the Guernsey Health Service Fund only projected 15 years ahead. This is because it can be hard to predict future health care costs. As outlined in the Budget debate, we have agreed to forego, for a further year, the grant contribution from general revenue to the Fund. During 2018, we will be working closely with P&R and Health & Social Care, with

3560 regard to future funding of health care services from the Fund, ensuring that funding meets the Island's health care needs. It may involve challenging some of the existing principles.

If we conclude that changes are needed, these will be proposed to the States in due course.

3565 Moving onto Supplementary Benefit, in anticipation of the SWBIC proposals being implemented from July next year, we are proposing that the long-term rates are increased by the June 2017 RPIX of 2.8%, while the short-term rates are held at the 2017 rates until Income Support comes in.

3570 Under the new scheme, the short-term rates for most people will be lower than they are now, while the long-term rates will be, in the main, mostly higher. For those who will see their benefit reduce under Income Support, this measure will be a first step in the transition phase. Further proposals on transitional arrangements and other small amendments to the original March 2016 policy letter would be brought to the States in early 2018.

Last year, the increase to the benefit limitation was higher than inflation. This was to help reduce the likelihood of poverty being created for larger families, as a result of the cap. For 2018, we are proposing an increase of inflation-only and we know that we will need to continually review the policy on the benefit limitation, after Income Support has been implemented.

3575 With our increased mandate we often overlook one of the significant parts of our work and that is unemployment. Perhaps that is because, year on year, the numbers have dropped and this year the number of unemployed people has reduced significantly. Latest figures for end of September show a drop from 367 in September 2016 to 276 in 2017. We have a hard-working, dedicated team in the Job Centre, working with employers and the third sector, getting jobseekers
3580 into work and those people on benefits who have work requirements.

There are signs of a buoyant job market in the retail section at the moment, which is very positive for the economy and for our jobseekers. We will be issuing quarterly reports on unemployment figures, which will continue to provide more detailed statistics and additional dialogue.

3585 The rate of Family Allowance was frozen at £15.90, from 2013 until last year, when there was a reduction in the payment to £13.50 per child, per week. This was to help fund the provision of universal pre-school education. We believe that, for Family Allowance to remain a valid benefit, it should increase in line with inflation, as other benefits do. In addition, the Committee is aware they have an outstanding Resolution regarding Family Allowance and we apologise for the delay
3590 in bringing back recommendations to the Assembly this year.

I can advise that this is, in part, due to resources and because we have been awaiting the outcome of the HSC proposals for the transformation of health and care across the Bailiwick. The paper from HSC is due to come before the Assembly this year and includes consideration as to how existing fund streams, such as Family Allowance, might be re-organised and re-directed to
3595 ensure the available finances are used to best effect to support Islanders.

We believe that, through joint working with HSC, we will be able to fulfil the obligations of the outstanding Resolution and bring back proposals, hopefully in the next 12 or months or so, on the future of Family Allowance.

3600 A significant project the Committee has been working on is Longer Working Lives. Deputy Shane Langlois will be presenting our proposals, which have arisen from the public consultation. It is likely that the paper will come to the Assembly in January, so I will not say too much now. But what I will say is that we believe it is very important for the population to be prepared to work later in life and for barriers to be removed to enable them to do so.

3605 Members will recall that I delivered a statement regarding the implementation of the Disability and Inclusion Strategy last month. At that meeting I gave an honest assessment of the Committee's progress to date. That led to negative coverage in the media and on social media, regarding the ongoing delay in the enactment of disability discrimination legislation and implementation of the strategy as a whole.

3610 I would like to point out that the strategy is a cross-cutting piece of work. While my Committee has responsibility for co-ordinating its implementation, commitment and action is necessary from

across the States and the community as a whole, in order to deliver their specific output to the strategy and the overall objective of the strategy, which is to change attitudes towards disabled people and carers, so that they can be active and engaged.

3615 The Committee has done its best to progress the strategy within existing resources. However, we are robbing Peter to pay Paul and this is simply not sustainable in the medium to long term. It is clear that the strategy is under-resourced, and a different approach is necessary in order to expedite progress.

3620 At the end of last week, I had a very positive meeting with Deputy St Pier and Deputy Stephens to discuss this matter. It was agreed that a step change was required in order to inject more pace into the disability discrimination workstream, and that this was best achieved through the recruitment of a specialist resource to lead the work and advise the Committee. The Committee has been asked to submit a business case for the additional funding necessary to recruit such a resource. We will be working on this as a matter of urgency.

3625 We also discussed the future need for a new general revenue budget to support the strategy, once the existing budget has been exhausted. It was agreed that this should form part of the business case submission seeking funding for a specialist resource.

3630 I do understand why people are unhappy about the ongoing delay. Please rest assured the Committee is just as keen as the wider community to see disability discrimination legislation enacted. However, the development of new legislation is always a complex process that takes time and we are committed to delivering legislation that is well-suited to the Island's needs.

Sir, I do not want to repeat the whole policy paper in this opening speech and we believe that the proposals we have put forward for this year are aligned with our policy plan, which was approved by the States in June this year.

3635 I ask Members, therefore, to support our proposals in full.
Thank you.

The Bailiff: Deputy Oliver.

3640 **Deputy Oliver:** Sir, I would just like to thank Deputy Le Clerc for mentioning the Disability Strategy, but I was just wondering if she could just give the Assembly reassurance on the £250,000, what has actually been spent of that money?

3645 Also, in regard to the longer working lives, for those people that can no longer work, will there be protection measures to make sure they do not have to work? Because I understand that there are many jobs that you can work past the working age and it is completely possible, but there are also other jobs that you physically cannot.

It is making sure that we have got the balance to protect those people that cannot work as much as the people that want to work.

Thank you.

3650 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Sir, I would like to just ask a few questions, perhaps, on the benefits limitation.

3655 That comes on pages 21 and 22 of the Report. In the UK, the cap is set at £500 to get people back into work. That is £26,000 a year. In order for a working person to take home that amount of money, they would have to be on a salary of around £35,000.

The cap setting here, proposed at £670, £650 at the moment, that is £35,000 a year, which is nearly £10,000 above that in the UK. In order for a working person to take home that amount of money, they would have to be on a salary, I calculate, of around £51,000.

3660 So, to suggest an end, which is a suggestion in here, in your Report, to the benefit cap, as the Employment & Social Security Department is suggesting for Guernsey, appears to many to give the wrong message.

3665 The benefit cap in the UK sends a clear message – and that is at £500 – that there is a limit to how much the welfare state will provide. It also provides a strong incentive to beneficiaries to move into work, through ensuring that work pays. Now, to what extent is all this being considered by your Committee for Employment & Social Security?

3670 That is question one. Question two is, with the lift in Income Support, is the Committee still intending to lift – and I am talking about that of yesterday – the £2.5 million extra that is being awarded to Supplementary Benefit, or Income Support, as you are calling it now, this year and next year, 2018? And, of course, the £4.5 million from then on being awarded.

3675 With this lift in Income Support, is the Committee still intending to lift the benefit limitation from £650 to £670, as proposed in this policy letter, or are you retracting that to £650. I note that, for example, about inflation was given last year and I take it that above inflation, or actual inflation, has been given this year.

3675 The third question. One of the reasons for this policy letter coming at this time was so that it, sort of, integrated or followed the Budget and came in at the same time, so that we had the two together, both Budget and the Social Security intentions, proposals for uplift.

3680 The question is, has this been integrated with the work of the Budget? Have there been discussions and a policy driven, in particular, with the £2.8 million uplift in Income Support that is coming through in 2018?

Has this uplift, through the Budget, been integrated in thinking and in policy development with this uplift of £650 to £670, in terms of the benefit limitation?

I thank you, sir.

3685 **The Bailiff:** Deputy Green.

Deputy Green: Sir, thank you.

3690 Four points. The first one is in relation to the pensions uprating policy, or the uprating policy for social insurance benefits, which is referred to on page four, paragraph 2.1 onwards. The Committee, rightly, sets out there that they are deviating from their usual uprating policy and they have to justify why that is.

I just wondered, sir, whether there is something inherent in the policy that we have got at the moment that means it is just not sustainable. Paragraph 2.1.2, on page four, says:

The second Resolution above requires the Committee to explain in detail any recommendation to deviate from the policy. The Committee is proposing to amend the policy for 2018 because it cannot be applied when inflation (RPIX) is higher than median earnings. Instead, the Committee is recommending that rates are uprated by RPIX only for 2018.

3695 I understand that, sir. ESS clearly are deviating from the established policy, but I wonder whether this really shows the big limitation of that current uprating policy and is it really time, already, to review that?

3700 It is entirely possible that inflation might well be greater than median earnings in the coming years. We seem to be in that kind of economic era and I just wonder how useful or how sustainable that current uprating policy is, given the economic circumstances of this year/last year and possibly the year after.

3705 Secondly, in relation to Supplementary Benefit, pages 20 and 21, I just wanted to make a point. I cannot remember who it was now, but somebody was talking about short-term rates for Supplementary Benefit, when we talked about the Budget – it may have been a member of Employment & Social Security, I cannot remember now – but I cannot help thinking that we really need to ask the Committee for Employment & Social Security how they are going to address the issues with short-term rates, because, as I understand it, the short-term rates are going to be frozen at the current 2017 rates. I am just concerned that, potentially, the issue there is I do not think that is quite right. People who are on short-term benefit rates have a life to live, like everybody else, and I just wonder whether the President could comment on that?

3710 I understand why that is being done for the next period, because of the decisions that have
been made in relation to the SWBIC proposals and the position there is that the long-term rates
are being increased and the short-term rates are, in effect, being reduced. But I would like some
reassurance from the Committee that the interests of the people on the short-term rates are
being looked after, both now and also under the Income Support system once that comes in in
3715 the middle of 2018.

Just continuing on Supplementary Benefit, in terms of the benefit limitations, the point is made
at 9.22 of page 21 about the two adjustments that can be made in respect of the benefit
limitation, which seems to introduce quite a big, discretionary element in how the Committee
deals with the benefit limitation. I have never been terribly comfortable with that. I used to sit on
3720 Social Security in the last term and Deputy Le Clerc was also on that Committee. I just wonder
how we square that kind of discretionary approach. There are two adjustments that the policy
letter tells us can be made in relation to the benefit limitation, to make it more flexible.

The first adjustment is in relation to discarding Family Allowance and the other is about
disregarding earnings. I just wonder how that exercise of discretion actually takes place in
3725 practical terms and, basically, what principles are adopted by the administrator, presumably when
those kinds of discretionary decisions are made; because I am not clear from the information here,
how that works in practice.

I suppose if the policy is not clear, in terms of how that discretionary approach is locked in,
what principles are actually used, is there not a risk of a certain level of inconsistency of approach?

3730 The third point is in relation to Family Allowance and it is in relation to the States' Resolution
that followed from Deputy Dorey's amendment, which is mentioned under the Family Allowance
section at 10.1(5). That successful amendment directed the Committee to 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 ...

3735 – including medical, paramedical, dental, optical, physiotherapy breakfast clubs, school
homework clubs, school meals and holiday clubs etc.

I supported Deputy Dorey's amendment on that occasion; I am disappointed that no further
progress in that regard has been made and I just wonder when we can perhaps expect some
proper progress on that.

3740 I think, generally, as a States, we should be moving in a more family-friendly direction and it is
disappointing when the progress on these things cannot be maintained. I would be grateful if
there was an indication in terms of when that States' Resolution, following on from Deputy
Dorey's successful amendment, will actually be actioned.

3745 Finally, in relation to the Longer Working Lives initiative, I had a constituent of mine who raised
some issues with me about this, at a recent Castel parishioners' surgery. I will take the opportunity
to raise the matter in the Assembly. The constituent of mine feels there are certain factors that are
not being taken into account by those leading the Longer Working Lives programme, including
the extent to which many older people spend much of their time looking after grandchildren, so
that their parents can work; the extent to which many older people do voluntary and charity work
and the extent to which some older people may be physically or otherwise incapable of work due
3750 to disability, whether full-time or part-time.

So, the question really is: can the President of Employment & Social Security assure my
constituent that such concerns are being taken seriously and will be factored into the initiative
going forward?

3755 **The Bailiff:** The Deputy Gollop.

Deputy Gollop: Yes, thank you.

3760 As the Committee knows, sometimes they do not need to have opponents on the floor of the States, because I am doing that on the Committee occasionally. Nevertheless, you will see my name happily signed on the back of this with all the other members and I am virtually unanimous in supporting it all.

3765 But there are some points that intrigue me. The first, Deputy Green has reminded me of, relating to the Family Allowance. Now, we have not necessarily always agreed with everything Education Sport & Culture have done in that area for the last two years, as a Committee, and I have been in a minority, disagreeing with what the rest of the Committee think. So that has been an interesting one.

3770 As Deputy Le Clerc reminded us, and we heard, too, from Deputy Soulsby earlier in her question time, in reality, the Health & Social Care Committee are very far advanced with their target operating model and that will, I think, ensure the States is on an extremely sound basis on which to look at targeting further an holistic health model of children's services and getting the best possible financial deal under current resources.

3775 So I think that is one reason why we have not independently progressed the Dorey amendment. Another is our policy making resources are extremely stretched and we have taken more interest in SLAWS, in the disability and equality work and in the integration of housing and, particularly, what you could loosely call SWBIC – Income Support work – and extra working lines. Also, policies to do with maternity leave, paternity leave and income. So you will see all of those shortly.

3780 Where, perhaps, I have one or two, not reservations, but points I wish to bring on board is Deputy de Lisle questioned our strength in increasing the benefit limitation. I remember I, like Deputy Green and Deputy Le Clerc, sat on the previous Committee that was chaired by Deputy Langlois and it was fair to say he and one or two other Members were questioning of the benefit limitation model because at the time we started working, the Rt. Hon. Mr Duncan Smith was a Minister with responsibility for that area in the UK government and he was reducing the benefit limitation. That led to a sub-debate, I think, with Boris Johnson MP, who was then Mayor of London, questioning it.

3790 The thing about the UK is it is a very large country, compared with Guernsey. I went there recently. I attended the Green conference, for my sins. It was up in Yorkshire and being not one of the highest paid States' Members, I had to watch my pennies a bit. I was somewhat surprised and gratified when I popped in corner stores in Yorkshire to see how relatively inexpensive food and many products were. Yorkshire is nowhere near London, let alone Guernsey.

3795 A dilemma for social welfare for Guernsey, Jersey, the Isle of Man and similarly extremely successful offshore communities, or communities where we have a lot of high achievers and professional services, is that has an inevitable effect on the cost of many core commodities, which means living economically on the Island is less easy. We are almost, in some areas, from real estate to domestic property prices and perhaps alcohol, at London prices, generally speaking. Therefore, a benefit limitation here is harsh and you cannot directly compare a UK model with us.

3800 Now, Deputy Green has come at this from the other angle, questioning administrative discretion. Of course, we could abolish a benefit limitation altogether. At the moment, we have a half-way house of a benefit limitation which is fairly rigorous, but nevertheless, propped up occasionally by administrative discretion.

3805 I am sure Deputy de Lisle, along with every other Member, would not want to see very needy people, perhaps with large families or in unusual circumstances, going without. It is the general proposition of being a welfare-friendly society that worries some Members but, as I think we established yesterday and today, Guernsey has a particularly low proportion of unemployed people and, as you know, we import workers on a significant scale.

So, fortunately, with the exception of a minority of cases, which are quite heavily targeted by what amounts to a compliance regime, Guernsey has no benefits culture and that is the way, I think we as a board act and wish to continue.

3810 However, three areas that interest me: if you look on pages 31, 32 and 33, you will see the financial performance of the funds and, for whatever reason – well, we have extremely able investment managers and an extremely able investment subcommittee; that is good reason in itself – they have been doing pretty well recently in terms of their performance, which has resulted in achieving one of Deputy Langlois’ objectives – Deputy Shane Langlois, but also Deputy Allister Langlois – of achieving a good expenditure cut for a number of years.

3815 On page 31, the main Insurance Fund, our lifeline, has an expenditure cover of five years. Then, on page 32, the Health Service Fund is only 2.9 years – only 2.9, that is still fairly good – and the Long-term Care Insurance Fund is 3.9. So, in approximate terms, you have five years, three years and four years.

3820 Now, I question why there is a differential between them. I know, obviously, P&R’s policies have contributed, perhaps, to the health side of that, but nevertheless there is a disparity there. Because, clearly, we are on target with the insurance fund, at least for the foreseeable future, but not necessarily the other two. I, personally, would not have objected if the Committee had decided this time to have gone further with very small, reasonable increases.

3825 For example, if you look on page six, for an employed person, in the jargon ‘class one’, the employer supports 6.6% and the employee 6.6% of their package, combining to a 13.2% total. Now, when you look at how that breaks down, 8.5% for the Guernsey Insurance Fund, for in-work benefits and, of course, the pension, 2.9% for the Health Service Fund and 1.8% for the Long-term Care Insurance Fund.

3830 If, for the sake of argument, without doing a lot of research in depth on this, the Health Service Fund was 3%, and the Long-term Care Insurance Fund was 2% – an overall, global increase of 0.3% – you would be able to see a more sustainable situation developed in long-term care and, maybe, an experimentation of a limited service provided into people’s homes. With the Health Service Fund, we know that Deputy Fallaize, along, indeed, with the whole board and many of the staff, have worked extremely hard at different models, looking at a substitution for our former reciprocal health agreement.

3835 Now, clearly, there are financial risks with that, even though, we hope, not too many. But, again, with a slightly higher insurance fund, one could afford to have perhaps a greater scale in that.

3840 So I think it is perhaps wrong to assume that this Assembly – or maybe I am wrong – would never, under any circumstances, look to an increase in what people pay to the funds, because surely it should also be balanced against the costs of getting provision in the private sector, the overall package of burden, and what you get back?

3845 For example, I am sure if you did an opinion poll with the public and asked them, ‘Do you want to pay more social insurance?’ they would say no. If you ask them, ‘Do you think Granny should be living in a residential home for reasonable rates without us having to top it up by selling the family assets?’ they would say yes. It all depends how you ask the question.

My other point related to the view that we are, in some sense, generous with the public’s money. I would argue much of the time we are not, and I will give you an example on page two of the Resolutions. We are going to vote today, and I am sure we will, on Resolution 10:

To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit at £52.91 per week, from 5th January 2018.

3850 Now, we are paying somebody who, for whatever reason, is obliged to live in the UK, a personal allowance, which is effectively small expenditure money that persons might use for personal clothing, for example, or gifts or other necessities that are not covered by room and board.

3855 We are giving that person £52.91, I do not like the phrase pocket money, but some people would see it as that. In reality, it is expenses of integrating yourself into the community. So we pay for somebody who happens to live in the UK, whether it be Cornwall, Yorkshire, London or Northumbria, £52.91, but Resolution 9 makes clear that the same person who is living in a

3860 Guernsey or Alderney home is only eligible for £31.41, a differential of over £21. That, effectively, means that we base what we consider we can allow for Island residents over £20 less than the equivalent person in the UK.

3865 When I asked why, the answer given was that is the UK policy, but they have got more money to burn. Well, I think we need to reassess that. Of course, I would also point out that when you look at an earlier Resolution to set the contribution co-payment required to be made by the claimant of Care Benefit at £200.62 per week, that is a slight increase on the current amount, but it can lead to individuals who are living semi-independently in the community with a variety of disabilities with maybe only £25-£30 a week personal spending money. They do find that kind of level of income extremely difficult in what is a high-priced and relatively expensive community.

3870 So my call to the Committee and to the States is to reassess some of these rates and allow people in need more discretionary spending, because if we are a caring, compassionate society who wants to achieve greater social inclusion and greater integration, it is extremely disconcerting. I am often surrounded by people walking around, perhaps in less prosperous parts of St Peter Port, who say that they are broke, who say that they have no money and who are in a degree of despair. That is a picture that, perhaps, we do not necessarily see across the Island as a whole, but I regularly come into contact with individuals who do feel that they are on the wrong side of the poverty line.

3875 Overall, I will vote, of course, for every Proposition in this Report and hope that we will continue to make progress next year on what I would consider to be a more meaningful social policy framework.

3880 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

3885 I have a question for Deputy Le Clerc. It relates to paragraph 16.2(2). We are told in that paragraph that the details of the proposed scheme that covers medical insurance for travel to the UK will be reported to the States in 2018.

3890 Is Deputy Le Clerc able to tell us, please, if we are any further advanced with that reporting date? I cannot see Deputy Fallaize or my brother, Deputy Laurie Queripel, resting on their laurels on this one, since they laid the amendment that instigated this piece of work. I fully appreciate that the department have got a lot of work to do and I assume, rightly or wrongly, that they have a list of priorities and, if that is the case, can Deputy Le Clerc tell me, please, where this issue sits on that list of priorities?

3895 I ask that because, as we know, the Resolution directed the department to report back to the States last month. So I am wondering if there is any way the department can hurry this along a bit?

3900 Talking about trying to hurry things along a bit; as we all know, the department are responsible for progressing a Disability and Inclusion Strategy. That piece of work has been hindered by a lack of resources for several years and that, as we know, has disappointed and understandably upset thousands of our fellow Islanders, because we raised their hopes and then we let them down badly.

3905 My question is this: can Deputy Le Clerc tell me, please, how much of a priority this piece of work is? Is this right at the top, at number one? Is it at number two, number three? Where is it, exactly, on the list of priorities?

3910 I will close, sir, by praising Deputy Le Clerc, her Committee and all the staff at the department. I think Deputy Le Clerc has an excellent Committee around her and I do not think we could wish for a better Committee at our Employment & Social Security department.

I am not the only one who is of the opinion that Deputy Le Clerc, her Committee and all the staff at the department are worthy of such praise, because dozens of pensioners have asked me to pass on their thanks for the £6.18 a week increase they will be receiving in their pensions, as of 2018. They felt very insulted last year, when the pension increase was a meagre £1.64, because

3910 that did not really help them to cope with the rise in the cost of living in any way, shape or form. But this year is a completely different story.

I know there is a reluctance in the States to talk up good news stories, but this really is a good news story for pensioners who are struggling. They struggle week in, week out, throughout the whole year. We do not often get the opportunity to celebrate good news stories in this Chamber, 3915 so I am going to celebrate this good news story, on behalf of pensioners out in our community.

Seeing as I am a pensioner, my personal thanks to ESS here because I will also receive a handsome weekly increase come 2019. So thank you everyone at ESS for giving the pensioners and the States such a good news story to celebrate.

I appreciate that Deputy Le Clerc is probably going to say the praise I am lauding upon them all is not justified, because the Committee and the department base their increases on RPI, RPIX, 3920 RPIY, RPIZ, all sorts of other statistics, but statistics mean nothing to pensioners who are struggling to survive. It is having a roof over their heads, having enough food to eat and staying warm in the winter that is uppermost in their mind.

I will leave it there, sir, and I hope that the media report this good news story for pensioners 3925 who struggle to survive.

Thank you, sir.

The Bailiff: Deputy Langlois.

3930 **Deputy Langlois:** Thank you, sir.

Deputies Oliver and Green both raised the subject of longer working lives, which is referenced in the Uprating Report. I just wanted to reassure them and other Members of the Assembly that the policy letter will be lodged this Friday, hopefully debated in January. It probably answers a lot of your questions.

3935 But, I think the overriding sense I got from the questions seemed to be that the policy letter, or the idea behind it, are constraints and they will not be that. They are enabling policies to balance, in effect, the rise in the States' pension age. There will not be any loss of protection, which seemed to concern Deputy Oliver. Deputy Green mentioned caring and that is, as you will see, a very large part of the policy letter, concerned with that.

3940 I will not say any more now and spoil it for Members! (*Laughter*)

The Bailiff: Deputy Le Clerc will reply.

Deputy Le Clerc: Thank you, sir.

3945 Deputy Oliver has asked about the budget that came across with the Disability Strategy and I sort of pre-empted her question. Originally there was a budget of £250,000 allocated to the strategy and I can advise that all the staff resources currently allocated to the strategy have not been resourced from this £250,000 budget. We have taken staff off of other ESS projects to work on the strategy so, again, no staff resources came across with the mandate from Policy Council.

3950 With regard to the budget, there is approximately £100,000 left. We have been careful with the budget as we were unsure where future funding might come from and £150,000 of the budget has either been spent or earmarked as follows.

Part has been spent on commissioned work from the Business Disability Forum, and the Business Disability Forum has undertaken a comprehensive audit of the States of Guernsey and 3955 given advice and help that will inform all of the Committees and the States on how we can improve our operations and better accommodate people with disabilities.

Another part of the budget has been spent on information and awareness-raising, through the Signpost website and the Disabled Go.

3960 Finally, another part of the budget has been spent on the work commissioned by ourselves with the Guernsey Employment Trust and that has been preparing the good practice guide for

employers and employees, as well as the disability charter and some additional training for those businesses that require additional training.

Longer working lives, Deputy Oliver, I believe Deputy Langlois has covered that. So, I hope that is sufficient.

3965 Deputy de Lisle, the benefit limitation is one of the hardest things that I found when I was first elected, on Social Security Department, to get my head around. The benefit of having Deputy Andrew Le Lièvre speak many times in this Assembly on social welfare benefit reforms has improved my knowledge.

3970 I would just like to say the benefit limitation is the highest amount that we will pay out to families. That does not mean that we will pay out every single family that £670. So, if you are only a one-person family, you would only get your welfare allocation and your rent paid for you. That does not come anywhere near the benefit limitation.

3975 Actually, we have got some families in Guernsey that require more than the £650 current rate, so it actually means, particularly those families with children, we cap the amount that we can actually help them. So we are automatically putting those families in poverty.

3980 I did ask, following the last benefit limitation increase, what the effect had on the uptake of additional families coming into the welfare system, and I think everyone is always afraid that it is going to open the floodgates and we are suddenly going to have hundreds and thousands more people on welfare. Well, we are not. It was somewhere between 15 and 20 additional families we were able to help by increasing that benefit limitation last year.

What I can say to Deputy de Lisle, and I know he was concerned about the figures that we debated yesterday on SWBIC, is that all those calculations have been based on the assumption that we will approve the £670 benefit limitation today. So those costs that we approved yesterday in the Budget have taken into account the additional benefit limitation.

3985 We have discussed this in full of Policy & Resources because, actually, it is the staff on the Policy & Resources team that help us with all the data and the calculations of how much everything costs. So they have been fully aware, and we have had regular meetings with P&R this year, on the discussion of the funding of SWBIC and that has been included in that.

3990 Deputy Green, the operating of the pensions, I think the policy does show some limitation and I think, again, in my opening speech, I did outline that we know that we need to review that policy. There is an outstanding Resolution that we need to come back to this Assembly by 2020. We think we need to come back sooner than 2020 and, as part of that second pillar pension, it is linked very, very closely and we have got staff resources looking at the second pillar pension and our uprating policy; and, I believe, we will be coming back next year with an outline of where we are going, because we do believe those are quite closely linked.

3995 The short-term rates, yes, they have been frozen. If we put up the short-term rates, I think we would have Deputy de Lisle standing, again, complaining about the additional costs. We knew that they were penal. For those that worked on the SWBIC working group, it was always a concern that these were very, very low rates and I know the Committee has been concerned about these low rates, but it was agreed by this Assembly. There are some assumptions that, in the short-term some of the things that are in the basket of goods that are in the long-term rates are not necessarily needed on those short-term rates.

4000 However, we felt that it would be wrong to increase them from January, only to decrease them back again in July. So that is why the decision was taken by the Committee to freeze those rates.

4005 There are certain households that, when SWBIC comes in in July, they will automatically go on to long-term rates. Pensioners, for example, will automatically go on long-term rates and we will be doing a communication plan to advise those people on short-term rates what the impact will be.

4010 For most of those on short-term rates, it is only for six months. So, for the first few months of the year we will be fine, because most of those people, at the moment, will eventually move onto long-term. But, we know that we have got some work to do and some communication. Some people go in and out of those short-term rates.

4015 Benefit limitation, the earnings disregard and the Family Allowance, my understanding is – and I have not got an officer present here, today, sir, because, with sharing our officer with Education, I said I would just manage on my own today, rather than him being here – that we take off the earnings disregard and Family Allowance, before we decide on what the benefits would be.

So the wording may be slightly misleading in there. But, if I can come back to Deputy Green and the Assembly with a clearer idea on that?

4020 Family Allowance, yes, I think I have got to hold my hand up and say we have not done what we need to do on the Family Allowance. Again, in my opening speech I explained that is due to a lack of resources. I think, for the Committee, we have been putting a lot of our effort into SWBIC and other areas of our mandate.

4025 Again, to apologise, part of this will come from the reforms that Health & Social Care are making and, when they bring their policy report later this year, I think there will be some clear indications of where we can use some of that Family Allowance, in exactly the way that Deputy Dorey originally intended in his Resolution.

4030 I think, actually, it was a reminder that some of the things, like the breakfast clubs and things like that, that would be hopefully ideas that would be coming from, potentially, Education. But it may be that the work from Health & Social Care on their 1001 Days and family interventions ... So I just do apologise on that, but I am hoping that we will find a way of spending that money in due course.

Longer working lives, Deputy Langlois has already covered that.

4035 Deputy Gollop – you never know what Deputy Gollop is going to say! I have to wag my finger occasionally in Committee meetings, as you can imagine, and I am sure he will accuse me of bullying him, but there we are! *(Laughter)*

He does know how difficult it is when bringing policies to increase contribution rates to this Assembly, because he was part of the previous Social Security Department board and we brought recommendations several times and they were refused.

4040 I think, though, there will be some changes but, again, that has to be part of the work of looking at the Guernsey Insurance Fund, with the secondary pensions, which I have already mentioned. The Health Care and Long-term Care Fund, he is fully aware that we are working with Policy & Resources and Health & Social Care and looking at that and looking at the structure of that and looking at allowances, and that will come back to this Assembly in due course.

Deputy Queripel, I think he has joined my fan club! So thank you, Deputy Queripel.

4045 With regard to the Disability Strategy, it is in our Policy & Resource Plan. It is in our top five priorities and, again, as I have outlined in the speech, I came to realise, after my statement to the Assembly a few weeks ago, that we had not got the resources; and we have spoken with Policy & Resources and that was a very positive meeting and now it is up to the Committee just to put that business plan against that extra resource. I really think we will be able to get some momentum going on that.

4050 I think, apart from that, sir, that is everything. I just ask you to support all the recommendations.

I see Deputy Queripel is standing, I must have missed something.

4055 **Deputy Lester Queripel:** Sir, please just to ask about the other question I asked, about travelling to the UK; how much of a priority that is?

Deputy Le Clerc: Ah yes, sir, sorry about that.

4060 It is fair to say, on the Reciprocal Health Agreement, that we have not made the progress that we wanted, because whenever we received any work on this, back to the Committee, I am afraid we did not think it was good enough really.

That is not a reflection on the staff that have been working on that. It is just, when we looked at the original ideas and proposals, we just did not think they were workable. So we are still

4065 having a look at that and it may be now that, instead of asking an insurance company to do that work, we bring that in-house and we have some sort of agreement in-house.

But I will say the possibility is that will just be looking at a scheme that enables people to travel to the UK, but there will not be the reciprocal part where people will be covered when they come and need treatment in Guernsey.

4070 It has been more complex than we imagined and, as I say, I think we have to be honest and say that what we have seen before the Committee, we did not feel was robust enough to bring to this Assembly. So we have delayed on that until we feel that there is something workable.

Thank you, sir.

4075 **The Bailiff:** I have not heard anybody request a separate vote on any of the 15 Propositions, so I will put all 15 to you together.

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

POLICY & RESOURCES COMMITTEE

III. Protecting the interests of the Bailiwick of Guernsey as the UK Leaves the EU – Debate commenced

Article III.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled Protecting the Interests of the Bailiwick of Guernsey as the UK leaves the EU, dated 26th September 2017, they are of the opinion:

- 1. To approve the legislative proposals set out in paragraphs 6.4 and 7.1 (particularly paragraphs numbered 1, 2 and 3 of the letter from H.M. Procureur reproduced therein) of the Policy Letter.*
- 2. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.*

4080 **The Deputy Greffier:** Article III, Policy & Resources Committee – Protecting the interests of the Bailiwick of Guernsey as the United Kingdom leaves the European Union.

The Bailiff: Deputy St Pier.

4085 **Deputy St Pier:** Sir, I welcome this timely and important debate on this policy letter. The title, of course, Protecting the interests of the Bailiwick of Guernsey as the UK Leaves the EU, has been chosen carefully.

Negotiations between the UK and the EU are ongoing and at the moment, as we all know, is not completely clear. That is probably somewhat of an understatement.

4090 The UK and the EU are still in the first phase of negotiations, until sufficient progress has been made. It is only then, of course, that the other 27 Member States will allow phase two to commence, in relation to discussions on a future relationship.

4095 But I think there is one thing that is more certain and that is the timescale. Unless otherwise agreed, given the provisions of Article 50 of the Treaty, the UK is still going to leave the European Union in March 2019.

Now, some in the Assembly may wish otherwise. Some may actually believe that it is simply not going to happen. Of course, politics being what it is, they may well yet be proved to be right. But we cannot assume that that is the case and we must continue to plan for the consequences of the UK's exit from the European Union in March 2019. So there is, of course, limited time available for us to respond to any challenges that may be ahead, and we do need to be sure that Guernsey can act quickly to protect the interests of the Bailiwick and the legislation proposed in this policy letter is intended to provide us with the means to do exactly that.

This Assembly has previously debated two other policy letters relating to this issue. Firstly, in June last year, we debated and approved high-level objectives for us to pursue during this process and these objectives remain as valid then as they are now. Although, of course, we have learned a great deal about much, since then, and we will, of course, continue to seek to secure the best interests for the Islands.

Then, of course, in March this year, we resolved to note the triggering of Article 50, which formally started the UK's withdrawal process. Just to remind Members, the Assembly directed the Policy & Resources Committee to submit a policy letter to recommend:

... the repeal and/or amendment of the European Communities (Bailiwick of Guernsey) Law 1973 and any other enactments identified in this Policy Letter.

Also, the enactment of legislation to preserve those EU measures which are applicable to the Bailiwick, by virtue of Protocol 3, and which it is appropriate to preserve, as part of the Bailiwick's domestic legislation, following withdrawal of the United Kingdom from the European Union.

Finally, the enactment of any other legislation or:

... the taking of any measures which it may be appropriate, necessary or prudent for the States to enact or take.

So, sir, this policy letter which is before the Assembly today is the response to those earlier States' Resolutions.

Since the UK's decision to leave the EU, there was of course initially a lot of talk about the Great Repeal Bill. The UK's European Union Withdrawal Bill, retitled, is currently going through the United Kingdom Parliament ... perhaps more correctly describe it as having stalled. But this Bill will repeal the 1972 European Communities Act, which took Britain into the EU and meant that European law took precedence over laws passed in the UK Parliament.

So the Withdrawal Bill does more retaining than it does repealing, and it will convert existing EU law into UK domestic law, wherever practically appropriate, so that on the day after the UK's exit, the same rules and laws will apply as they did the day before. That, of course, is to provide stability and legal certainty.

It will also ensure that the UK stays equivalent to EU standards on exit day and this will help, it is felt, the negotiations on the UK's future partnership with the EU.

It is after exit that the UK Parliament will then decide about any subsequent changes to their domestic law. Now is not the time for a bonfire of EU regulations for the UK. That is how it is felt. It is a time for ensuring there is stability where possible.

So we are now needing to carry out a similar exercise in the Bailiwick and our European Communities Law 1973 was enacted to give effect to those EU rights and obligations that apply because of Protocol 3.

One of the functions of this Law is to ensure that the European Community regulations, within the scope of Protocol 3, have force in the Bailiwick. In addition to our 1973 Law, we also have the European Communities Implementation Law which the States enacted in 1994, and that was to allow any necessary measures to be implemented by Ordinance, rather than by Projet, including for areas not covered by Protocol 3.

So, while our links to the EU are more limited in scope than the UK because of Protocol 3, there is nevertheless a considerable amount of work to be done in the Bailiwick to make sure that

all the necessary EU measures remain in force on the UK's exit day and that we, too, are able to provide stability where we can.

4145 So these proposals before the Assembly today will help ensure the States can provide certainty for individuals and businesses in our Bailiwick, so that the same Rules will apply on the day after exit.

4150 While, of course, as we know, we played no part in the UK's decision to leave the EU, having not participated in the referendum, we will play a part in this exit. Whilst the change is much more dramatic for the UK than the Islands, we are not immune from the effects of Brexit and we do, of course, need to ensure a smooth change on exit day, to protect our interests. Hence this policy letter.

As this Assembly has discussed before, we have four main priority areas in relation to the UK's exit. These were agreed with the other Crown Dependencies and we continue to work, very closely, with our counterparts in Jersey and the Isle of Man on all of these issues. The Crown Dependencies stand to gain far more by sharing a unified approach during this approach.

4155 We have also been working closely with other Committees on our four main priorities: customs and trade, free movement of people including immigration and the Common Travel Area, fisheries and agriculture and financial services. Work is also ongoing in the field of transport, energy supply and communication.

4160 To ensure Brexit is as smooth as possible for Guernsey and to protect the interests of the Bailiwick, we may need to legislate quickly in some of these areas, to ensure that we can work within the timescales of the UK's exit from the EU. That is why the policy letter, in addition to implementing our own Withdrawal Law, is also proposing to enact a series of Projets de Loi to provide enabling provisions to allow us to act quickly in these areas, when needed – the equivalent of the Henry VIII provisions that have been referred to in the UK's legislation.

4165 The Policy & Resources Committee is working closely with the Committees with the relevant mandates and expertise, to ensure that we are fully engaged in this process; and Deputy Prow, I know, will shortly, I hope, speak on the areas which fall within the mandate of the Committee for Home Affairs, including customs and immigration, and I would like to just take this opportunity to thank him and also, through him, his Committee for the considerable amount of assistance which
4170 has been provided, and also to the Committee for Economic Development, who have been actively involved. Those two Committees in particular.

The Policy & Resources Brexit Group meets fortnightly to discuss these matters at a strategic level and to update on any developments, every other week. That includes representatives from the two Committees I have mentioned, as well as from industry; and the President for the
4175 Committee for Home Affairs referred to that in her statement earlier, sir.

This group has been a very effective way of providing strategic leadership and co-ordination and very quickly updating everybody on the approach we have taken, and the work undertaken so far, and I think this policy letter is a testament to the close working which has gone on.

4180 We are, of course, also keeping in regular contact with the States of Alderney and the Chief Pleas of Sark. We have held discussions with the UK government about their Withdrawal Bill, and the UK is aware and does understand that we need to undergo a similar legislative process here in the Bailiwick. They have acknowledged that there need to be parallel parliamentary processes in this Island to reflect the changes in the UK.

4185 While the process is, in some ways, less daunting for us than the UK, it is no less complex, of course, for us. Given our more limited resources, it could, in some areas, be considerably more challenging for us to undertake this process. For this reason, we need to ensure that we start to work on the legislative process immediately, to ensure that the Bailiwick is fully prepared, come the day of the UK's exit.

4190 As I referred to in the Budget debate, sir, to support this work, the Policy & Resources Committee, on Monday, approved additional resources for the Law Officers, to be able to provide the wide-ranging advice and support that is required.

4195 We are also discussing with the UK how the proposal for implementation or transitional phase – that phrase is used inter-changeably – towards the new UK/EU relationship and the form of this transitional phase is not yet known, or its period, but it will be important to know what that relationship will be. We will need to do what we can in order for us to be able to transition as well.

Sir, this policy letter comes at an important time for the Bailiwick, as we seek to protect our interests in the negotiations between the UK and the EU, which of course continue amongst great uncertainty; and developments in the last 48 hours in relation to the stolen data very much, I think, is part of that process and agenda as well, as has been commented in the media.

4200 So I welcome the chance to debate this important matter in the Assembly. We must ensure that the Island has got all the tools to mitigate from the potential detrimental impacts of exit and I think that the proposals are very much part of that toolkit. So we are hoping that the Assembly will, resoundingly, support the Propositions and I look forward to the debate.

4205 **The Bailiff:** Could I just have an indication of how many people are presently intending to speak in this debate? Just four people, or five, six? Oh, right. We are obviously not going to conclude it this evening then.

Have we got time for one speech? Deputy Prow, how long is your speech? It looks like a sheaf of papers you have got there.

4210 **Deputy Prow:** It will be 10 minutes shorter than Deputy Queripel's Budget speech, sir!
(Laughter)

About five minutes, sir.

4215 **The Bailiff:** Five minutes? Perfect.
Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

4220 I rise to fully support the opening remarks of the President of Policy & Resources. I believe he succinctly and well outlined the need for this third, Brexit-related policy letter.

In particular, the letter is vital, as the UK's decisions to leave the EU do make it absolutely vital for this Bailiwick to also protect our interests.

4225 To do this, we must provide to this Assembly a good understanding of the opportunities and challenges we must grasp. It has been said before, and I do not apologise for saying it again, this has to be the most wide-reaching and important political issue any States has had to grapple with in many decades.

4230 I also support the President of Home Affairs when she very ably addressed us on the Brexit implications in her update Statement. In particular, she outlined, and so has Deputy St Pier, the joined-up process of engagement and consultation both on-Island and off. I further endorse her comments around the need for all States' Members to engage and, where necessary, to challenge these processes.

Sir, as the Home Affairs representative on the P&R Brexit Committee, may I quickly outline what I need to speak about?

4235 The implications of Brexit impinge very heavily on the mandated responsibility of the Committee for Home Affairs; not least, the movement of goods and the movement of people, which includes EU citizens' rights and the maintenance of the Common Travel Area. Currently, all these matters, which are highly technical and operationally demanding, are completely influenced by Protocol 3 and the underpinning EEC legislation, which Deputy St Pier has referred to, enacted way back in 1973; and, of course, the ongoing development of customs legislation and the extended immigration acts, up to the present day.

4240 Without exception, all legislative regimes and enabling Government agreements that expedite trade and the movement of people hinge on the ability to do business with the UK, the EU 27 and the rest of the world.

4245 The UK, by triggering Article 50, have now completely altered this legislative landscape, which will now need a drafting process of simultaneous demolition and rebuilding, in both jurisdictions.

Sir, I shall attempt, as briefly as I can, to explain what needs to be achieved in terms of those legislative requirements which fall under the responsibility of Home.

4250 I shall not refer in detail to all the legislation affected, as it is well-covered in the policy letter. In particular, section 1.3 on page two in the executive summary, section 2.1 on the background, on page three, and section 6, areas of priority, on page 15, 6.1 to 6.6.

This is a crucial read, as it outlines the pressing Home Affairs legislative considerations, regarding customs and trade, free movement of people, including immigration. In particular, I would emphasise the point made in Sections 6.2, 6.3 and 6.4 about the need and ability to move quickly, which unfortunately is something governments, including the States, find difficult.

4255 In summary, in terms of legislation, what does this mean and what are the challenges and opportunities that we need to exploit? Protocol 3 has served us extremely well over the past four decades. The Bailiwick was outside of the UK but enjoyed being part of the UK customs territory and had free movement.

4260 The enabling legislation will need to be repealed and replaced. In doing this, we must protect our historic trading rights with the UK, including maintaining our existing right to set and raise our own indirect taxation regimes.

4265 We need to ensure that the UK's exit negotiations, we obtain the best options we can in trading with the EU 27. With regard to exploiting opportunity of wider trade with the rest of the world, the benefits for Guernsey of joining the UK's World Trade Organisation membership are being explored.

4270 Much work is being done with regard to extensive round table meetings with the UK, including with H.M. Revenue and Customs, and the UK Department for International Trade. In these endeavours, we are completely aligned with our sister Island. This unprecedented challenge is identical, and we need to exploit the best opportunities, which means a joint approach with Jersey gives us a better chance of a successful outcome.

Policy & Resources, Economic Development and Home Affairs are, therefore, actively pursuing all available avenues, together, with our Jersey counterparts.

Whatever the outcomes, the States needs to ensure that it can enact enabling legislation by Ordinance, relating to customs and trade.

4275 I now move onto the Brexit implications upon the movement of people. First, I should say that Home Affairs are completely aligned with Policy & Resources and, indeed, the decision of this Assembly regarded the protection of EU and British citizens. This is dealt with in the policy letter at 6.3 on page 15. It is hoped this is one issue which the UK and the EU 27 will soon reach an agreement on a settled status concept and other provisions that could then be extended, by
4280 Guernsey, to this Bailiwick. Again, we are actively engaged with the UK on this.

We are also actively consulting on the specific matter of the Channel Islanders concept which is contained within Protocol 3, as it falls away, to ensure that those affected are protected by the same negotiated rights of British nationals resident in the EEA.

4285 I will now address immigration. This is outlined in sections 6.3 to 6.6 on pages 15 and 16 of the policy letter. I cannot underestimate the challenges that the triggering of Article 50 by H.M. government has presented to the UK and the Crown Dependencies. The effect of the falling value of Sterling and the realisation there is a need to maintain a viable, sustainable workforce, is an issue that must be addressed both by the UK and the Crown Dependencies.

4290 All countries around the world employ immigration regimes, which have to balance the pressures upon their provisions and access to public services and infrastructure, whilst welcoming non-residents who add economic value, by providing relief to labour and skill shortages. What is abundantly clear is that the UK will introduce new immigration legislation, as a result of Brexit. It is anticipated that the legislation will also be extended to Guernsey and other Crown Dependencies within the Common Travel Area. The CTA ensures the continuation of the long-standing,

4295 constitutional arrangement, relating to the free movement of people between the Crown Dependencies and the UK, who are by far our major business partner.

Home Affairs, in close consultation with P&R and Economic Development, will therefore need to maintain a very similar immigration regime to that of the UK. As the policy letter points out, significant work, therefore, is required in both negotiating and close working with regard to extending and modifying the immigration acts, which would need to apply in this Bailiwick.

4300 Immigration legislation is a complex area and it needs to be addressed in an holistic way. The policy letter teases this out at section 6.6. and points out the differences between Population Management Law and the provisions of the extended Immigration Acts. Consideration will need to be given to the relationship, particularly with regard to skills and labour shortages, between the PML and the new Immigration Rules.

4305 The effects of Brexit also need to be considered in the round. Home Affairs are well aware of this and are actively working and consulting and joining up approaches. The Committee has also appointed myself and Deputy Leadbeater to sit on the Population Review Committee, and we look forward to progressing this with our partners in P&R, Economic Development and Environment & Infrastructure, with regard to the wider picture.

4310 I have made no reference to perceived progress or lack of it in the negotiation process between the UK and the 27. I will leave that to others, save to say that the uncertainty created by triggering Article 50 helps no one, including this Bailiwick.

4315 In the words of Donald Rumsfeld, former US Secretary of State, 'There are known knowns, known unknowns and unknown unknowns.' We need to legislate in a way that caters for that concept and enables us to act quickly in relation to the first two and accept the certainty of the third.

4320 However, this must, of course, mean that the democratic process of parliamentary scrutiny is not in any way over looked, but it will mean unprecedented joint working across Committees, the other Islands of the Bailiwick, but also the Crown and with business and the population.

4325 In summary, I conclude by saying that, in my view, we are beginning to enter a new phase, as the UK and the EU 27 begin to move from position papers to either agreed or clearly disputed positions. H.M. government are starting the process of publishing White Papers and now engaging in parliamentary debate. The momentum and workload will, therefore, pick up to a much faster pace.

4330 Broadly, therefore, this States needs to urgently do three things: (1) understand what the UK and the EU 27 are deciding and consult with Jersey, where appropriate, around our interests, which may not always be the same as those of the UK; (2) consult with stakeholders and make policy decisions around their interests, obligations and opportunities; (3) undertake a significant process of consultation and drafting of legislation and obtaining States' approval.

I look forward to the continued support of P&R in making sure that the unprecedented workload required by Committees and the Law Officers is fully resourced, in order that those opportunities can be fully maximised.

Please support the two Propositions submitted by P&R.

4335 Thank you, sir.

The Bailiff: We will rise and resume tomorrow at 9.30 a.m.

The Assembly adjourned at 5.38 p.m.