



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 9th November 2018

*All published Official Reports can be found on the
official States of Guernsey website www.gov.gg*

Volume 7, No. 29

ISSN 2049-8284

*Published by Her Majesty's Greffier, The Royal Court House,
St Peter Port, GY1 2NZ. © States of Guernsey, 2018*

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, J. S. Merrett, G. A. St Pier,
T. J. Stephens, C. P. Meerveld

The Vale

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

The Castel

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

The West

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

The South-East

Deputies H. J. R. Soulsby, 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

J. Torode, Esq. (H.M. Greffier) (morning) ;
S. M. D. Ross Esq. (H.M. Senior Deputy Greffier) (afternoon)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur) (*absente*); Deputy P. R. Le Pelley (*indisposé*) ;
Deputy J. P. Le Tocq (*relevé à 10h 22*) ; Deputy A. C. Dudley-Owen (*absente de l'île*);
Deputy H. L. de Sausmarez (*relevée à 9h 41*)

Business transacted

Evocation	2259
Billet d'État XXIV	2259
I. The States of Guernsey Annual Budget for 2019 – Debate continued	2259
<i>The Assembly adjourned at 12.30 p.m. and resumed its sitting at 2.02 p.m.</i>	<i>2294</i>
Procedural	2295
The States of Guernsey Annual Budget for 2019 – Debate concluded – Propositions as amended carried	2295
Procedural – Continuation of sitting to take Billet XXVI – Proposition carried	2324
Billet d'État XXVI	2325
Elections & Appointments.....	2325
I. Election of the President of the States' Assembly & Constitution Committee – Deputy Inder elected.....	2325
II. Election of four Members of the States' Assembly & Constitution Committee – Deputies Yerby, Merrett, Le Tocq and Ferbrache elected	2342
<i>The Assembly adjourned at 5.58 p.m.</i>	<i>2345</i>

PAGE LEFT DELIBERATELY BLANK

States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

Billet d'État XXIV

POLICY & RESOURCES COMMITTEE

I. The States of Guernsey Annual Budget for 2019 – Debate continued

Article I.

*[See full text of original Propositions including Schedules at:
<https://www.gov.gg/CHttpHandler.ashx?id=115715&p=0>]*

The Greffier: Billet d'État XXIV, the States of Guernsey Annual Budget for 2019.

The Bailiff: And we open general debate. Deputy Lowe.

5 **Deputy Lowe:** Thank you, sir.

Over the last year, the Committee *for* Home Affairs has been working diligently to contain and constrain expenditure. In common with many other Committees, we are faced by financial pressures driven by demands and expectations both from outside the Bailiwick and from within.

10 There is real commitment to effect savings and do things differently in order to maximise the services offered and to minimise expenditure. Since May, we have been working closely with Policy & Resources Committee to identify savings within Home Affairs through the joint forum of the Oversight Board. This has proved to be most effective and constructive. Short-term and medium-term savings have been identified and are being progressed to ensure we are all well placed to continue with our tight budgetary control.

15 It may not have gone unnoticed that Home Affairs are set to remain within its budget, aside of two matters: first, that we have not as yet been able to deliver up to the full financial savings target of £350,000. Some of this relates to rented property which was vacated at the end of last year but for which we cannot claim the savings until it is re-let by Property Services. This is most unfortunate and out of our hands. We have done our bit but we are at the mercy of others and
20 the marketplace.

25 Second, we have spent £75,000 which was not originally budgeted for to engage Her Majesty's Inspectorate of Constabulary to carry out a long overdue audit of policing and more generally, law enforcement. As a Committee we received and considered the final report on Monday last week. It was then issued in full to States' Members on Thursday and to the public on Friday – following through our commitment that we would publish it in full.

It does not make for comfortable reading, but this is something the Committee recognised might be the outcome, but in the interests of doing what is best for the Bailiwick it was determined it was not going to shy away from having an external objective review of its largest surface area.

30 Some of the findings are particularly critical. In this respect, both the Committee and the Head of Law Enforcement and his successor need to consider and implement the recommendations. However, key elements, such as the ongoing IT requirements, are going to need significant investment from the Policy & Resources Committee and through the Future Digital Services Project.

35 The HMIC report described the IT infrastructure within Law Enforcement as some of the worst it has seen. This was re-emphasised to me and Committee members, as we recently walked around meeting staff. The common concern was the IT systems and infrastructure, which meant many hours of productivity were being lost each and every week. I quote: 'It's crippling our work.'

40 I do not expect the President of P&R to be able to work miracles, but would seek his assurance that he will use his best endeavours to ensure the money and technological resources are made available in this coming budgetary period to ensure Home Affairs IT is not just stabilised, but that tangible steps will be taken to ensure it is fully fit for purpose by this time next year.

45 Other savings we are driving through are to vacate further commercially rented properties, including our head office at Les Vardes House, which we will be seeking to do in the first quarter of 2019. However, while there may be savings to the States as a whole on paying third party rent, the benefit may not show through for Home Affairs, as there would be rent and service charges to pay if we move into one particular States' property which is under the management of Property Services. Demonstrating charging remains inconsistent across States' properties.

50 Turning back to the Budget Report, one of the reasons for a modest increase in the Home Affairs budget for 2019 is to ensure progress is made in driving forward cyber matters. This will be used for the employment of an officer to focus on and make progress on policies in respect of cyber from a safety and security perspective, to guide the Committee and the States, as well as giving assurance to members of the public and businesses that the Island is implementing appropriate and proportionate measures.

55 As I have previously updated Members, there are continuing financial pressures caused by rising prison numbers and the fact the prison is nearing capacity. This is primarily as a result of longer-term prisoners and not short-term numbers, as these are down. It is therefore likely that within this budget period the Committee will have no alternative but to ask the Policy & Resources Committee to release additional revenue and/or capital spend to address what is largely a hidden but critical service which is essential for the wellbeing of our community.

60 This leads me neatly on to the review of the whole justice system. This is not about quick fixes. The Oversight Board and both P&R and Home Affairs Committees have recognised that delivering justice in the context of a safe and secure society is a major part of Bailiwick life, standing cheek to cheek with the other pillars of health, education and the economy. By 'justice', we mean more than solely the criminal justice structures. At present, there are multiple strands which contribute to elements being fragmented, which consequently leads to some duplication of effort inefficiencies and suboptimal service for people involved in receiving and delivering it. This is part of the longer-term savings to which the Budget Report refers.

70 I intend to provide the Assembly with more detail on the Justice Framework Initiative and the progress being made later this month, when I give the six-monthly Statement on Home Affairs matters. Suffice to say in terms of the Budget for 2018 and 2019, there will be investment in research and stakeholder engagement, including with service users, professional officers, the third

sector, the judiciary, States' Members and the public. It will be a significant piece of work but one which has the potential to deliver significant benefits throughout the transformation.

75 Finally, extensive in-year time and resource investment has been required on Brexit matters within Law Enforcement. We continue to progress some preparations for whatever situation may unfold beyond March 2019, with significant additional requirements anticipated. We know P&R have said publicly the necessary resources will be made available in whatever form that takes, be it through the Brexit Transition Fund or by other ways. We thank them for their continued support.

80 In conclusion there is much going on and an undeniable pressure for increased expenditure in multiple areas, but overall Home Affairs, working in close concert with Policy & Resources, is making good progress.

Thank you, sir.

85 **The Bailiff:** Deputy de Sausmarez, do you wish to be relevée?

Deputy de Sausmarez: Yes, please, sir.

The Bailiff: Deputy Lester Queripel, and then Deputy Green.

90

Deputy Lester Queripel: Thank you, sir.

I apologise to Deputy St Pier if I should already know this, but I am in need of clarification regarding Propositions 33 and 36, please, because they seem to be asking for money to do the same thing.

95 I say that because Proposition 33 is asking us to approve up to £8 million to fund the programme of organisational and service design; and Proposition 36 is asking us to approve to £2.1 million to be spent on public service reform – and for both those sums to come from the Transformation and Transition Fund. But they sound like the same thing to me, sir. So is the President please able to tell me what the difference between organisational and service design
100 and public service reform actually is? I appreciate I might be merging two entirely separate issues, but the way in which the text is laid out in paragraphs 1.16, 1.17, 1.19 and 3.9 through to 3.12 also appear to be merging both as well. So I would very much appreciate clarification on that issue, sir, please.

105 But I am going to vote against Propositions 47 and 48 because Aurigny have had several years to sort out their financial problems and have failed miserably. I do not think we should be giving away millions of pounds of taxpayers' money (**A Member:** Hear, hear.) so easily every year without challenge. The understanding is that Aurigny pay back the huge amounts of money the States have lent them over the years and at least break even at some stage. But how can a company that is always in debt ever get out of it, unless they transform the way they operate? So
110 we keep piling debt upon debt by lending them even more money, when we know they will never be able to pay it back. That is a crazy situation and like a lot of things in politics, sir, it makes no sense whatsoever.

On the issue of the Impact Fund for Overseas Aid, I am disappointed that I was not kept up to date with these developments by P&R. I say that because I am sure Members will recall that I fully
115 supported the setting up of this fund in the debate on the future of our involvement in Overseas Aid. At that time it was being proposed that a quarter of a million pounds be invested and in my speech at that time I said I thought we should be a lot more proactive than that and invest at least a million pounds. It was then that P&R promised to keep me up to date with developments but they did not, so I am once again on a roller-coaster ride through my emotions. But whilst I am
120 disappointed about that, I am delighted to see the Proposition in the Budget.

On the issue of the bond, I think the majority of the States made a huge mistake yesterday when they voted against the Queripel-Yerby amendment, and there is no doubt in my mind that they will live to regret that. Like Deputy Laurie Queripel, I will not be in the next Assembly because I am not standing in the next election. (**A Member:** Shame.) But I ask my colleagues, now is the

125 time to change your mind if you voted against the Queripel-Yerby amendment. You should be
thinking very seriously now, in my view, about changing your mind and voting against the
Proposition.

Even though I asked Deputy St Pier to explain what had changed in his mind since 2012, when
he said that if we lend money to developers there will be a risk that house prices will then increase
130 but if there was a risk *then*, then surely there is still a risk *now*. But he did not explain what had
happened in his mind, when he responded yesterday. He did respond to my request to please not
use the phrase Deputy Roffey used, when he said, 'Events, dear boy, events,' but he merely said
things have changed. So the reality is he said the same thing, but just used different words. I still
did not get the explanation. So the question still stands, and I would like an answer to it, please,
135 when Deputy St Pier responds. Seeing as it was considered to be a risk lending money to
developers to build houses in 2012, why is it now not considered to be a risk in 2018?

Thank you, sir.

The Bailiff: Deputy Green.

140 **Deputy Green:** Sir, thank very much.

On behalf of the Scrutiny Management Committee, we did have a number of concerns with
aspects of this Budget. I will speak in that capacity to begin with and then towards the end of the
speech, I will speak in my personal capacity.

145 In relation to the points that the SMC had, firstly I think we do need to look again at the
relevant timeframe for the submission of amendments to the Budget. The time available for
amendments should be increased in future years, in the opinion of the Committee. The timing of
the Budget Report release and the subsequent States' Meeting does not necessarily provide
sufficient time for elected Members to consider potential amendments in the detail required. In
150 any case, Members need more structured advice and assistance where detailed financial
modelling is required, and we would like to see a more collaborative and transparent approach
from Policy & Resources with Committees, which might help to reduce the number of
amendments in the future.

155 Secondly, sir, concerns have been expressed that the Budget Report itself should not be used
inappropriately as a vehicle for introducing major new policy initiatives, (**A Member:** Hear, hear.)
for example, Proposition 33. Proposition 33 on Public Sector/Civil Service Transformation may well
have much to commend it, but in the view of the SMC, this sort of development should ideally be
subject to a dedicated separate policy letter.

160 It also reminded Members of my Committee of the radical plans to introduce the States of
Guernsey's bond within the text of a Budget only a few years ago in 2014 and using the Budget as
a vehicle for the major issue of the Civil Service reorganisation, rather than in the dedicated policy
letter, has somewhat cast a shadow, I think, sir, over the whole of the Budget process –
notwithstanding whatever the merits of those proposals are. So in the view of my Committee,
165 radical departures in policy should be dealt with in a separate policy report, if proper scrutiny and
oversight is to be achieved. (**A Member:** Hear, hear.) Major matters being tucked away in the
Budget is not good governance and we would suggest that it needs to stop.

170 Thirdly, while some members of my Committee expressed concern about the use of inflated
GDP figures under the old methodology for the 2019 Budget and the implications that has for the
fiscal framework, we were also mindful of the need for some caution in the approach to the
revised GDP figures, firstly because we know that GDP is a somewhat flawed metric for offshore
economies like Guernsey anyway, but also because as a Government we need to fully understand
those new figures for GDP before we actually begin to apply them politically. Moreover, there
does need to be, as P&R have indicated that there will be, a root-and-branch review of the fiscal
175 policy framework, followed by a proper debate on this within the next year of the States. The SMC
is entirely supportive of the review that he and I have indicated on the fiscal framework. We would

like to have additional clarity on how the fiscal rules will be reviewed, by whom and over what particular timescale.

180 It does certainly raise a number of philosophical issues about the size of Government once again, which have been looked at before but in view of the new revised GDP figures, it focuses the mind even more, so we would also like to have further assurance around the future role, if any, to be played by the external economic advisors to the States and to Policy & Resources. Is it the intention to still have an annual independent fiscal policy review of the Island's position, which up until very recently had been carried out by Prof. Geoffrey Wood and Dr Andrew McLaughlin or is that not going to be the case going forwards?

185 Nevertheless, sir, the revision of GDP has significantly impacted on the fiscal framework criteria and under the adjusted figures, the totality of States' revenues as measured against the revised data is much lower than previously believed at 21% of GDP, while the actual financial value of the 28% of GDP limit has gone up and the 3% of GDP target for capital spending which this Government misses time and time again, on actual spending, has now potentially become even more of a challenging problem under the revised GDP figures.

190 The SMC therefore hopes that the review of the fiscal framework can be carried out effectively by the time of the next Budget and we would expect to call members of P&R to a public hearing in due course to help transparency around the new framework, in light of the GDP adjustments.

195 So the next point on behalf of the SMC is that there are references at paragraphs 8.34 to 8.36 to the policy planning process that reaffirm the view of the SMC that the process is both flawed and needs to be corrected. We are told at paragraph 8.34 that:

Principal Committees have now indicated that delivery of the priority workstreams cannot be resourced by using only their existing complement of policy staff and, through the budget process, submitted requests for a total of eight additional policy officers.

That this is the case, despite the fact that all business cases should include submission for extra resources in the first place, rather affirms our view that there are too many priorities under the current Policy & Resources Plan and that clearly we cannot presently resource those priorities.

200 The fact that the flawed process will not be subject to a reduction and refinement in the number priorities until June of 2019 means to us that this Assembly will be leaving it very late indeed to hone the policy priorities and that means that there is every danger that this States' Assembly will go down in history as the States that have struggled to achieve any particularly meaningful change. I hope that this is not the case clearly, but that is the way of looking at this, unless we get that policy prioritisation process under much greater control and quicker than we planned to do, sir.

205 Now, I want to turn my attention to the issue of the capital spending programme. It is paragraphs 8.74 to 8.78 in the Budget Report.

210 My Committee feels that the overall lack of progress made with capital projects means that we must ask questions about how effectively the capital portfolio process is working. Whilst we acknowledge the intention to transfer the sum of £54.5 million to the capital reserve, we remain concerned that the whole gateway process has become a bureaucratic beast that has not helped Committees to facilitate their capital projects within reasonable time limits.

215 In paragraph 8.74, there is an acknowledgement that significant delays have been encountered and in 8.76 we are told that:

... it has become apparent that there is a general lack of capacity and capability for initiating and developing projects. The greatest demand is for support to define the fundamental components of a project in terms of its scope, deliverables, timescales, resource requirements and budget.

This is, sir, in the view of the SMC a substantial admission that the present system is not fit for purpose.

We are also told that a small team of capital business partners will be appointed to assist in the delivery of that portfolio, but it is clear, sir, that it is clearly the case that the existing portfolio

220 team should be able to help unblock that system themselves. It may be the case that the extra
appointment of the capital business partners is required, sir, but it does remind us that if the SCIP
gateway staff are supposed to both gatekeepers and facilitators at the same time, that is an
inherent conflict in their role and if that had been ironed out at an earlier stage, then perhaps we
would not have seen the delays that we have.

225 Sir, additional funds are being requested for work that arguably should be part of the existing
portfolio team's role and we would ask: will this be paid out of the increased SCIP budget
proposed for 2019, which is an extra £400,000? We would also ask: why are the existing staff not
working with service areas to support delivery of the portfolio? This role should not just be a
gatekeeper role; it is also a facilitation function.

230 There is also a cost of £215,000 in the 2019 Budget for supplies and services in the SCIP
operating costs budget. We would like to have some greater clarity about what exactly that will be
used for.

I think there are three further points that the Committee wanted me to raise. Firstly we do
continue to have concerns about the funding arrangements in place for Aurigny. The current
235 arrangements whereby the company is offered expensive internal finance options that it then
declines and then seeks external finance from the marketplace does not seem that sensible or
efficient, if the Guernsey Government is the ultimate guarantor in any event and would eventually
cover any losses incurred via future recapitalisation. In short, the Committee feels that we urgently
need a more coherent approach or at least further justification for the use of the overdraft
240 facilities as per Propositions 47 and 48.

Secondly, we put on record once more our concerns about the decision to decline to top up
the Health Service Fund from general revenue. Indeed, it is not abundantly clear that other funds
such as the Core Investment Reserve have been prioritised over the Health Service Fund. If the
only real justification for the repeating of the lack of topping-up from general revenue of the fund
245 is because healthcare funding generally is all under review, then we really do need to get on with
that review process as soon as possible, rather more quickly than what we are doing now.

And finally, from the SMC's point of view, we express again our concerns regarding the
external audit process. In their January 2016 policy letter regarding the future of the scrutiny
process, the former Scrutiny and Public Accounts Committees concluded that the new SMC
250 should formally appoint the States' external auditors, rather than their previous role to
recommend, and that the new Committee should enjoy an enhanced role in this regard, including
to agree formally the audit timetable for the year with the States' Treasurer and the external
auditors. The Committees at that time believed by adopting this approach, an appropriate degree
of independence could be assured.

255 However, the States at that time chose not to follow the advice of those Committees, which
was based on experience, and decided to place many of those responsibilities with P&R. As such,
the current arrangements benefit from a very limited involvement from the SMC. I believe that this
current position could be significantly enhanced by the formation of a truly independent audit
committee, whose role could comprise many of the functions recommended by the former PAC
260 and endorsed by members of the current SMC. An independent audit committee would greatly
improve independence and transparency regarding the external audit process and in our view
should be actioned as soon as possible.

Sir, that is all I propose to say on behalf of the Scrutiny Management Committee.

I am now speaking in my personal capacity and I think I have four points: the first of which is
265 about the historic underfunding of IT, which has been brought into sharp focus by the HMIC
report, which Deputy Lowe talked about a moment ago. I think they described it as the *worst* they
had ever seen – not *among* the worst; *the* worst. I may be wrong there, but I think they said *the*
worst they had ever seen. So my question to Deputy St Pier on this is: when can we expect to see
a proper fully developed recovery plan for IT, not just for the Committee *for* Home Affairs but
270 perhaps more broadly? And indeed is the President of P&R confident that we have put sufficient

money aside to sort the substantial problems with the IT systems across the States? Can he give us assurance on that?

275 Secondly, sir, and this is probably the most political point I am going to make in this speech, and I think it was reflected upon by Deputy Gollop when he when he spoke earlier on this week. It seems a very long time ago now, Tuesday. I am not sure that this is a Budget that will really restore much of a feel-good factor to much of the Island. I think we are in a situation where many in the Island are struggling. There have been very few measures in this Budget that will actually genuinely provide much in the way of respite for those working people in the Island who are working all the hours that they possibly can, but because of the costs of living, the costs of
280 housing, some of the other things that we have identified in the Scrutiny review of in-work poverty, there is very little politically in this Budget that is going to materially improve their situation. What you gain on the swings in terms of the increased allowances, you are going to lose in other areas. I hope next year we can see more of a focus on the issue of in-work poverty. I am sure that the report that we are about to release will have some impact on that.

285 The next point, I just want to touch upon Propositions 34, 35 and 36 which are Propositions that have not received a lot of attention so far in this debate. Those three Propositions, 34 to 36, are once again asking for increased delegated authority for the P&R Committee. We tend to see this in the Budget year on year. It is a gradual increase in the amount of power being requested and it may well be that there are good reasons for that, but I think when Deputy St Pier sums up I would like to have a greater idea of why that is the case – a bit more justification in terms of why
290 that is the case – because it can be seen adversely. Indeed, some people who attended the Castel Parish surgery last week did comment specifically on these three Propositions. I think it would be beneficial to have a bit more transparency on the record about why those increases in delegated authority are being sought.

295 And finally, sir, if we are not careful, I think we are in danger of having a States in this political term that is in danger of achieving if not nothing, very little. As far as I can see the capital programme has become becalmed, the record on transformation is at the very best patchy – in other respects faltering. Yes, we are in surplus and that is good and we have to respect that, and that has been hard won. But what other major, tangible achievements have we actually had?

300 I think the last message I want to give is that time is running out. We need to crack on with capital investment. We need to crack on with transformation. We are still waiting to see those major improvements. It really is a case of *tempus fugit*. We have only got 15, 16, 17 months left of this political term. The time is *now* for action. (*Interjection*) No.

I think I have had enough of the rhetoric, sir, and I would actually like to see some action,
305 particularly on capital investment, particularly on transformation.

Thank you very much.

The Bailiff: Alderney Representative McKinley.

310 **Alderney Representative McKinley:** Thank you, sir.

Mr Bailiff, Members of the States, although there are only a few pages in the Budget Report that refer directly to Alderney, I feel it necessary to get to my feet early in this general debate on the Budget and lay down some important markers with regard to Alderney.

To many in Guernsey, Alderney has been seen for decades either, at worst, as a constant
315 financial drain or at best as an irritant. It is only fair to say that this has only resulted in equal and opposite reaction from many in Alderney. It is about time actually now that that negativity is buried once and for all, and that this Assembly and the Bailiwick as a whole view Alderney as an asset which could enhance the Bailiwick, both economically and socially, rather than an island always being perceived as a liability. (**A Member:** Hear, hear.)

320 While of course there has been investment in a number of capital projects primarily related to social services, a lack of investment over the years in some other economically related infrastructure issues, such as obviously in relation to the Airport and the Harbour, are now causing

economic uncertainty. In addition, it is recognised that in a real and genuine attempt to remedy economic decline, Alderney has tried to champion a number of potential projects which for various reasons have not got off the ground.

For many years, the true net cost of running Alderney was basically lost in the Guernsey accounts, and only recently has this position changed. In the 2017 accounts, approved by the Assembly earlier this year, the bottom line showed a net deficit to Alderney of £6 million. Half that amount was attributed to losses incurred by Aurigny on the Alderney-Southampton route and the Alderney-Guernsey route, even though the actual management accounts had not been made public. We are still wondering exactly how that £3 million was made up.

This is particularly relevant in terms of how the apportionment of indirect costs are allocated and what the one-off costs incurred were in the transition of fleets from the Trislander to the Dornier, an operation which was not without real problems, and those problems completely outside of Alderney's control.

However, that is in the past and clearly falls into the 'glass half empty' camp. I should say that there have been remarkable improvements in Aurigny since the arrival of the new Dornier that came at the end of August. The service that we have had since then has been considerably better than the service that we were having before then.

If one views the position of the now, as a promoter of the 'glass half full' view on life, overall revenue generated per head in Alderney is not far short of the revenue per head generated in Guernsey, despite the level of GDP per head on the population in Alderney being only half that of Guernsey.

If one views Alderney's air services as the Island's lifeline bus route – indeed, it is the only mode of year-round transport for the Alderney residents, the business community and visitors alike – the overall loss, even at the £3 million figure, needs to be put into context, in that it is far less than the subsidy that Guernsey, including the Alderney taxpayer, allocates to just the bus service (**A Member:** Hear, hear.) or the annual grants paid to Elizabeth and Ladies' Colleges.

It should also be highlighted that the cost per journey of just one pound on Guernsey buses has not changed for many years now.

I think we also need a ferry service and we have had an excellent ferry service for 11 weeks this year and it was used by a lot of people who came from Guernsey to Alderney for the first time and were actually amazed at how lovely the Island was. We would like to improve our ferry services and have an all-round service not just to Alderney and Guernsey, but possibly to the mainland UK also.

Therefore we hope that as a result of the current PSO – and I am talking now specifically about airlinks – any financial support for its air services is properly identified and viewed as an economic and social enabler, rather than a cost that should be minimised, regardless of the negative impact on the Island. One can see the simple economics of cutting back on lifeline air services, which in turn reduces economic activity, which in turn reduces revenue take, and therefore tax take, which then increases the net costs of running our Island.

As far as the 1948 Agreement is concerned, this has certainly stood the test of time. Indeed, I understand that over the 70 years that it has been in place, it has been reviewed a number of times, and yet on each occasion it has been considered still to be robust and relevant. It is no bad thing that the Agreement is being reviewed, or you are suggesting that it should be reviewed, but given the need to build the trust between the Islands and that a holistic approach is taken on all aspects of economic and social benefits, we believe that an independent chair would be appropriate during this review.

The primary objective is to build bridges but at the same time, Alderney must continue its real desire to seek practical ways of developing its economy. A number of initiatives are currently being pursued and it is important that these are not jeopardised by negative thinking. We look to Guernsey for support. We are looking at Atlantis – a major tidal energy company – whose chief executive is visiting Alderney today. Mr Jean and I were hoping to get back in time to meet with them, but I am not sure they will even get there in the weather that is planned for this evening!

375 But sir, Atlantis is looking; a small company, Nova, is also looking at putting some tidal power in just to provide electricity for Alderney, because our electricity costs are very high.

We are also hoping that a Dutch company will be developing Fort Tourgis to an 80- or 90-bedroom hotel, and that company has the full support of the Dutch government. They are also thinking possibly of building a marina, as part of that project.

380 There is also, once again, a person who actually put in a bid for a marina is having another look at it this year. So I may not have mentioned yesterday, we are looking at it, most definitely.

This leads me finally on to the possibility of Alderney being able to access bond funds for capital investment on projects which will directly benefit the Island's economy, and such access would be on a full understanding that the States of Guernsey will see a financial return equivalent to the interest costs of 4%. In this respect, I would welcome the President of P&R's confirmation that access to the bond could be an option open to Alderney if a sound business case is made.

Alderney will be featuring a number of major debates over the next coming months, and I hope that the Assembly will take the glass half full approach to the future of Alderney.

390 Could I just finish by saying we in Alderney are extremely grateful to you in Guernsey for all that you do to support our Island. We are very grateful for the transferred services. You might like to know that actually the Island Medical Centre has in the last two days been awarded some national prize – I am not quite sure what it is, but it is something that is of considerable importance, I believe. You will also know that the education results last year were very good in our St Anne's School.

395 So I think specifically obviously the Committees for Health & Social Care and the Committee for Education, Sports and Culture. But I also thank Committees such as Environment & Infrastructure for the work they are doing on the Breakwater and all other Committees who come to Alderney from time to time. We would love to see you there. Please come and join us. Thank you for all you do for us.

400

The Bailiff: Deputy Ferbrache and then Deputy Roffey.

Deputy Ferbrache: Sir, excuse my voice. The speech that Alderney Representative McKinley has made was, I think most apt, very sincere, very productive and constructive and I commend him for it. (**Several Members:** Hear, hear.)

405 Alderney is part of the Bailiwick. Now, when I was a Member of the Advisory & Finance 1997 to 2000, we gave up the idea of expecting Alderney, because of its size, to balance its budget, because before then, from 1948 to about 1997/98, the constraints and the strictures upon Alderney were that they would actually balance their budget. Having regard to the economic realities, all you can expect from a small community like Alderney is that it works as efficiently as it can, but it is a part of the Bailiwick and it cannot be expected to have the same economies of scale, because it is 2,000 people instead of 63,000 people, and it has an airport to serve 2,000 people, where our airport serves 63,000 people. It has one secondary school – one school, really – so therefore it cannot be expected to be as financially efficient as a community; just as we cannot be expected normally to be as financially efficient as other communities that are larger, albeit we are.

410 That takes me to where I was going to start, which is that despite the fact that I voted against certain of its Propositions wholly unsuccessfully, I commend this Budget to the States. I commend the good work of P&R, I commend their journey in relation to financial stability and I commend their work over last two or three years in taking us from a position, with the support of the States, whereby we were a loss-making community to the fact that we have got a balanced-ish Budget. So that is well said and the point is that we talk about – Deputy Green talked about – capital really needing to be unlocked and we need to spend it. Deputy St Pier has already said that: that is their aim. But he and his Committee are concerned that those capital projects have not been unlocked and we need to unlock them.

425

Deputy Fallaize said something in a previous debate about we are not doing enough – and I agree a hundred percent with him – to help those who are just managing. That is the broad-brush margin from say £33,000 to £60,000, we are not doing enough. That is not meant as a criticism because you cannot do everything today. We are not doing enough to help and I would like to see next year's Budget focus on projects, ideas, schemes to do that, because we cannot keep taking money from people. I know we have got a period of time but eventually that period of time will end. We cannot keep heaping costs upon the commercial users because when you actually look at the profits of businesses, they are not great. If we were taxing corporate entities in the old conventional way that we did pre-Zero-10, we would not actually get a lot of revenue from a lot of companies because profits are not significant. So we have to have regard to all of that.

I really enjoyed and I think people out there enjoyed that lovely exchange a day or two ago between Deputy de Lisle and Deputy Trott, when Deputy Trott rightly said we are one of the low-tax communities – we are undoubtedly. But Deputy de Lisle also rightly said, 'Tell that to the people.' Tell that to the people of Guernsey. Tell that to the people of Alderney. Tell that to the people of the Bailiwick, when they are struggling to pay their bills. We walk down our high street – I know it exists in the high streets in England but I am not English, never wanted to be English; I am a Guernseyman, I am here for the benefit of the Guernsey people – whether they are English people now living here or whether they are people like me who have lived ... well, I have lived here for 67 years – well, no I have lived elsewhere for a time, but you know what I mean. Or my family has lived here for hundreds and hundreds and hundreds of years. We are all people of Guernsey and our prime aim is to benefit the people of Guernsey and Alderney and the other parts of the Bailiwick.

Now, when we look at the Budget which gives us a surplus, where we are going to put over £50 million into various reserves, including the modern-day equivalent of the Rainy Day Fund – because that is what it is, one of the funds – that has got to be a success by anybody's standards. But Brexit will, if Mrs May tells us what she says she knows, and we are going to have Brexit very soon and there is going to be an almighty war between the Tory party itself and the Labour Party – or the Communist Party, as it really now should be called – we are going to have that kind of confrontation. We do not know what that is going to bring but that is undoubtedly a test that P&R and all of us are going to face in the next 12 months.

We have also got the fact that President Trump has got another two years to go and who knows what is going to happen in relation to world affairs in the next two years?

So there are pressures in Health. Health is very well run by the present Committee, but it has undoubtedly financial pressures. The real cost of health costs will go up over the next few years; however efficiently it is run, that will happen.

Education is going on its brave march towards the ... I don't know if it is a brave march; it is something. But Education is going on its brave march. Undoubtedly there will be an unlocking of capital because the schools are going to need great transformation over the next three or four years, and that will involve many millions. We cannot quite gauge from Deputy Fallaize at the moment how many millions that will be but it is going to be a lot of millions.

Going back to Alderney, it is the intention of the States' Trading Supervisory Board to bring a policy letter to the States at the end of January about the Alderney runway. Clearly that is at the moment still in train, but that will be hopefully something that will please the public of Alderney, etc.

But we have got other concerns as well. We have had the minister – and it is always a Lord, isn't it? We never get the real one; it is always a Lord – saying there are problems with Sark. We all know that the proprietors of Sark Electricity Company have written a letter saying they are going to switch the lights off in three weeks. I very much hope that does not happen, but if it does look as though it is going to happen, Guernsey is going to have to intervene. There is no other way. Guernsey Electricity will have to intervene.

There has been comment about Aurigny, and you should not, and I hope I have not, turned native since I have become President of the States' Trading Supervisory Board, but what are the

options? We have to live in the real commercial world. Guernsey is a tiny place, the Bailiwick is a tiny place. We have all heard in the recent months a publication of the Flybe accounts, their budgets. Who knows what is going to happen to Flybe? We have got to have our own state airline ready to assist, ready to perhaps operate other routes that it does not currently operate. We have to give it every assistance. Of course it must be run efficiently. Of course it has to do the best it can. Of course it has to have good management. But if we going to do anything which is going to take away support for Aurigny at this time, we are not doing the Bailiwick of Guernsey any kind of good service at all. So we have to have regard to that.

I could say much more about this Budget. It is a good Budget. I am going to vote for all the Propositions that have been put forward, even the amended ones because that is the view of the Assembly and there is no point re-voting them and rehashing them, even if there are some of them that I may have voted against.

But we have a long and difficult financial road to go and to take. I *hope* that we are not going to have one of Deputy Trott hyperbolic use of exaggerated adjectives to say how wonderful we are, how fantastic we are and we should be patting ourselves on the back. Much of that is true. Much of it is true but we have to live in the real world and realise that we are in difficult waters. We need to help that middle bracket and we need to move forward.

The Bailiff: Just before I call Deputy Roffey, Deputy Le Tocq, do you wish to be relevé?

Deputy Le Tocq: Thank you, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

After three days and 40 amendments, I am beginning to lose the will to debate. (*Laughter*)

A Member: Sit down then!

Deputy Roffey: Beginning to, but not quite there yet! (**Several Members:** Ah!)

But I think that is a serious matter. I do think we need, looking forward at Budget debates, to try and be a bit more disciplined in what we throw into them. (**A Member:** Hear, hear.) I do not think we are going to have a very detailed discussion of the main Propositions today, for exactly the reason that we all feel war-weary after the last three days.

Now, Deputy Green has pointed out that maybe the Civil Service Reform should have been a stand-alone thing and that is fair enough, but I do not think it is just P&R to blame here. I think many of the amendments actually could have been perhaps requêtes or some of them brought by Committees where clearly the members were concerned about something. It is a difficult balancing act, because most things have a budgetary impact and therefore you can easily make the case, 'Oh, the time to debate it is in the Budget so we can weigh up the cost of them against all of the other things in life,' if you know what I mean. But if we go down that route too far, we are going to end up with 50 or 60 amendments and a huge long debate, and as we are in future going to debate Social Security's non-contributory schemes in the same debate – the same meeting, anyway; not the same debate – I do think looking forward, P&R needs to perhaps liaise with the rest of the Chamber to make sure that we manage this process in a way which means that when we talk about the Budget we really do have time and energy to focus on the Budget.

Before I move on to some of the other points, I talked about Social Security's non-contributory schemes: I was slightly alarmed during the course of the three-day debate to hear a member of Social Security basically saying that actually we all know that some of the schemes in Social Security are unsustainable at the moment, but of course the States will not agree to put up contributions and therefore there is no point in asking. It reminds me a bit of a previous President

530 of Education who was passionately against the 11-plus but thought there was no point in bringing proposals to the States because the States would not wear it.

I actually think that if they do think that their schemes are unsustainable – whether the answer is just a straightforward increase in contributions or something else – then they are morally bound to actually bring that to the Chamber, and if we do not support them in sorting that out, then we collectively own the unsustainability and the irresponsibility of that situation. (**A Member:** Hear, hear.) But I think if they do not bring proposals, they are responsible. Therefore, I just want to throw out that warning, sir.

540 I, like Deputy Ferbrache, think this is a good Budget. There are lots of things I do not like about it, but overall in the circumstances I think it is a good Budget, and I think it is slightly unfair of Deputy Green to say this is not a feel-good budget. How on earth did he expect it to be a feel-good budget, when we as an Assembly passed a Medium Term Financial Plan that told P&R we wanted them to raise more taxes from the – ?

Oh, yes, right.

The Bailiff: Deputy Green.

545 **Deputy Green:** Sir, I just want to make clear the point I was making. I did not say that this is not a feel-good Budget. I was saying in the minds of many of the working people of this Island who are struggling to make ends meet, there would be little for them to feel good about this Budget.

550 **Deputy Roffey:** I fully accept that clarification but the point is I think that generally the tenor over the last few days has been moaning at P&R, 'Why are you putting up taxes?' They are putting up taxes because we told them to put up taxes. We passed ... In fact I wanted them to put them up slightly more, so I have got even less of an ability to moan! In fact Deputy Ferbrache as well wanted them to put it up slightly more.

So I think we have to be even-handed here. If we think now that we are in the sunlit uplands and the Medium Term Financial Plan is no longer appropriate, then we should actually bring a requête to change the Medium Term Financial Plan. I will not sign it because I do not believe that we are there yet. I hope we are in the foothills, but I think that is all we are at the moment.

560 With that in mind, I am not sure I am going to vote for Proposition 5. I find this participatory budgeting a gimmick. I think it is really quite an effective gimmick and if we had money coming out of our ears, then I think I would probably say, 'Well, why not? It is a nice gesture.'

565 I know, I take the point, that we are being told it is being funded once off and it is out of the windfall of the one-offs, the unexpected surplus we had last year. But I think once the genie is out the bottle and you start going down this route, it will be very difficult to say to the Island we are going to stop doing it. So I would rather defer this for a year or two until we know we are on a really sound financial basis, before actually putting a million pounds aside in this way.

570 I am absolutely delighted with the Proposition 4 for the Impact Fund. To be honest I was slightly ashamed when we were suggesting setting up the smaller Impact Fund and the way of financing that was by cutting down on the budget of overseas aid for a number of years, because these are loans. These are loans that may make a return. It is a form of an investment. Yes, it is a more thoughtful form of investment, with less return than if we were just going for putting it in the Core Investment Fund, but it is an investment and it should not have ever been seen as a substitute for our programme of giving.

575 But anyway that is past. P&R have moved on from that and I am absolutely delighted with the response they have come up with and I like to congratulate them on that.

580 Just bringing up a couple of points, before I get to my main point that I want to make, Deputy Queripel says Aurigny will never be in a position to pay back all the money that has been put in. Of course they could. I think they could be made quite profitable in quite short manner. If they cut themselves down to say just doing Gatwick and one rotation a day to Manchester or maybe one

or two others, they could become a profitable airline. And the Island would be so much the poorer for it.

585 So I do think we need to make a judgment on Aurigny. We cannot say we need to use them as an economic enabler, we need to use them to maintain connectivity, they have to be ready to step in if Flybe decide to cut some routes to Guernsey, and all that sort of thing; but of course they have to be focused just like a commercial airline. A commercial airline would not provide that insurance policy that Aurigny do. That does not mean that I think there necessarily is no room for improvement in efficiency; it just means that I think if we just said the mantra of 'when will they make money?' then I think we risk an own-goal, I really do.

590 Again, the last thing before I move to my main point. A number of people have suggested that we are accumulating an awful lot of money in our capital reserve. I am sure there are projects coming along that will deal with that very effectively, but I was slightly worried listening to Alderney Representative McKinley, when he said going forward what we should be focusing on is building bridges. I presume he meant that metaphorically, rather than physically (*Laughter*) in which case I do agree with him!

A Member: A very long breakwater!

Deputy Roffey: It used to be longer – you can always restore it!

600 I think the main point I want to raise: I am slightly frustrated, if I may say through you to Deputy Green, that we have not yet debated the report on in-work poverty that was completed, I think in the early summer, because I think there has been a theme running through a lot of the debate on these amendments about how to focus. If you think right back to the Merrett-Yerby amendments about allowances, some of us were saying we need to be more focused than just putting up the personal allowance. Deputy Yerby says we need to allow people to spend their money the way they see fit, rather than control them. Yes, Income Support may actually lead us down to that dilemma, but there are ways of providing focused tax allowances which do actually tick both boxes, which are affordable because they are focused, but actually leaves more money in people's pockets to decide how to do it.

610 It should not be a surprise because until about 1984 or 1985 Guernsey did just that. Everybody had a basic allowance and it was quite small and on top of that there was a second tax allowance that started to be withdrawn fairly low down the income scale – more or less a little bit above middle earners, I think, or round about the middle earner impact. So for instance, instead of trying to increase the £11,000 personal allowance to £12,000 at huge expense, if you actually increased it by £2,000 with an additional personal allowance only applicable to those on modest earnings, then that would be far more affordable and far more focused. (**A Member:** Hear, hear.) It would mean that you start to withdraw it quite low down the income scale compared with the clawback that we are seeing at the moment. It would mean that the person earning £40,000 or £50,000 a year would say, 'Hang on! For every extra pound I earn, you're taking 30p instead of 20p', but they would still be better off because they would be starting to pay tax at a higher point. You have to face that criticism down and explain it.

625 I would go further. If the only way to afford it was to reduce the basic personal allowance from £11,000 to say £10,000 so that those Islanders that were on £50,000, £60,000 or £70,000 a year were slightly worse off in order to afford to put an additional personal allowance in, then I would support that because the people in the £20,000s and £30,000s would still be better off.

There was a lot of talk in this debate about: 'It's not just important to be competitive for the better earners; we have to be competitive for the people in the £20,000s and £30,000s.' That is the way to do it.

630 And then we flow on through the other debates. We had debates about TRP; a lot of concern about the elderly people who might be on very modest earnings. That would help them too. Admittedly, it would not if they were just on the pension because they already would not be paying tax. So that would be a matter for welfare to approach. But there are an awful lot of people

635 who have got an income just above that, because they either have a small private pension or
some savings put aside and are earning something like £12,000, £13,000, £14,000 a year and we
are taxing them at the moment! They are finding life incredibly difficult and we are taxing them.
But we cannot afford to put the allowance up to £14,000 or £15,000. It would cripple our economy
but we could have a focused one that quite soon up the income scale was then withdrawn.

I know that people on £40,000 or £50,000 will moan. 'Every extra £100 I earn, instead of paying
£20, I am now paying £25 or £30.' But I think, if we want to do something, we have to do
640 something and that is the approach to take. I know it is going to be recommended in the report –
it is not going to actually come up with the answers. It is going to suggest, I am afraid, that P&R
looks at a scheme exactly along those lines.

Likewise when we come to age-related allowances: people said a lot of old people are wealthy;
we said actually by and large they tend to be poorer. They are not all taking second holidays and
645 going on cruises. Well, we could short-circuit those arguments by doing it through exactly that
sort of scheme. If they were elderly and poorer, they would benefit from that additional personal
allowance. If they were elderly and wealthy, then don't worry, they won't.

I was ashamed of this States in the mid-1980's when they absolutely sacrificed fairness on the
altar of simplicity by getting rid of the additional personal allowance. (**A Member:** Hear, hear.) It
650 would simplify the tax system. Well, in the 1960's and 1970's we managed to operate a system
where we had additional personal allowances and basically down at the tax office they were
working on an abacus at the time. Now with our soon-to-be super-IT system that we know we are
going to hear about later in the debate, if we cannot manage that then I think it is really shameful.
(**A Member:** hear, hear.)

655 So I think the key to almost the first two days of debate that we had ... Not to petrol, I am
afraid – that has got other answers – but to a lot of the first two days of debate is to look at
additional allowances only for those on modest incomes that would disappear, I am afraid, by the
time you get to £40,000 or £50,000.

Sir, other than that, I say that I think we do need probably a review of the Medium Term
660 Financial Plan sooner rather than later. I know it was put in for a long period and I am not taking
for granted that we have turned the corner as much as some other people. But I want to really to
appraise where the situation really is. I think that sometime by the next Budget it would help
debate in that Budget if we had all reaffirmed where we are going to collectively, because if we do
reaffirm where we are, then I think we will then have to be disciplined about what amendments
665 we bring that would breach what we had just reaffirmed. But if circumstances have genuinely
changed over the last two or three years, since ... It was only 18 months ago we affirmed it, but it
would be two or three years by the time we re-debate it. I would recommend to P&R that they do
an update on the Medium Term Financial Plan and either ask us to reaffirm it exactly as it was or,
if they think it wise or prudent, make some changes to it.

670 But by and large, I do not *like* the budget, but I think it is a good one – and I do not think that
is a contradiction in terms.

The Bailiff: Deputy Graham.

675 **Deputy Graham:** Thank you, Mr Bailiff.

Members of the States, in former times Lieutenant Governors were under a remit, usually
about quarterly, to correspond privately with the Home Secretary or whoever happened to be the
Secretary of State of the day, really to give the state of the nation in a sort of discrete way and it
worked both ways. The Lieutenant Governor would give a frank view of how he thought the Island
680 was doing and if he would give an equally frank view of how he thought the response of Her
Majesty's Government was.

Almost 100 years ago – in fact, 95 years ago – one such correspondence actually us very
germane to today. The then Lieutenant Governor was trying to stave off what could have been a
constitutional crisis over the negotiations as to how much Guernsey and Jersey should pay

685 towards the costs of the Great War, and there was serious danger of a constitutional crisis over it. The United Kingdom Government, via a commission, wanted to commit the Channel Islands, or certainly Guernsey, to paying £75,000 each year to the UK Government for 100 years. So had it worked out we would still have five years to go.

690 Anyway, in trying to put over the sort of Guernsey way to the Home Secretary of the time, the Lieutenant Governor quoted this. This is a direct quote from a portfolio of letters that are in a little collection in the Priaux Library, I think it is 'Dear Home Secretary' or something like that. The Lieutenant Governor wrote as follows:

The typical attitude of the old class of Guernseyman towards taxation is shown by the remarks of one old man who deprecated the abolition of the capital tax.

This is in 1923.

He said, 'It is a very good tax indeed.' So I asked him, 'Well, if it's a very good tax indeed why do you wish to see it abolished?' He then said, 'Because it is so easy to evade it.'

695 I do not quite know that that old boy would have anywhere to go these days. Next week, I am under an obligation to go and visit a widow in the Castel who is in her early 80's and who is on a modest income of around about £15,000 a year. I am going to see her because she pleaded with me that during the debate I would argue for retaining her tax allowance as an old lady. So I am going to see her, and I am not quite sure how to put over the message.

700 Deputy Ferbrache alluded to point made by Deputy Fallaize in the debate, that the thrust should be that we should look after those who are having a hard time, the 'just about managing'. But ringing in my ears are the words, 'Well, yeah, as long as you are not over 64 or 65'. The words are still ringing in my ears from yesterday are that the message from one or two Members of the Assembly to the elderly is, 'Look, count your lucky stars. You are no longer bringing up a family.' They have done that but they are no longer doing it. 'You don't have a mortgage anymore and
705 you count yourself lucky because you're using up a disproportionate level of our social services and our health services.' Not an easy message to put over.

And then, just to rub it in, we also had P&R in the form of their President saying, 'Actually, well look, a quarter of them anyway are on income support so we needn't worry about them. The rest: there they are languishing in their pensions that are related to final salaries. What is the worry?'
710 Now, I am not going to give that message and I am not going to stir things up when I go to see this this widow, but if I was cynical, that is the sort of message I could give.

I could add to it that actually the Assembly seems to be in the mood to say to an individual who is earning £99,000 a year, 'You can benefit by £100 from the review, from the uprating of the personal tax allowance', and if that person happens to live in a household with a partner who is
715 equally well off that household will actually be benefiting by the tune of £200 in their pockets. 'But you, because you are 75 or 80, will not get an uplift to your tax allowance this year.'

Now, you take it from me that I am going to put that message over as delicately as I can and explain the realities, but it is a pity that I have to tone that message down, in my view. With that in mind, I think that mechanistically the only option in front of me is to vote against Proposition 26, I
720 think it would be, and if I am right in that, I would ask for that Proposition to be taken separately, please, sir.

Right, having got that off my chest, I am interested in what the reaction of the business community is going to be to this Budget. I think they will probably regard it as reasonably neutral and I think if they are realistic, they will probably say that next year's Budget is actually a reflection
725 of the last two or three years, really, of how well we have done or how well we have not done. And it is as it is and in fact there are signs, certainly from P&R, that they are anxious to stir the economy up, get it going even more at a greater pace than it is now and to diversify it. I suppose the initiative *vis-à-vis* more freedom to use the bond in the way that they envisage is an example of that.

730 But I wonder what the business community will think of the Assembly as a whole when they
look at the 23 amendments that were placed other than by P&R, and I cannot remember one of
them related at all to giving a stimulus to the economy or to diversification. I suppose you could
say that the Merrett amendment that would have frozen the duty on diesel and petrol would have
indirectly been a help, but I do not think that was the target – that was not the reason for it – but
735 it would have been a satisfactory outcome from business. There may be one or two other
examples, but the general thrust of them was not towards gearing the economy up. I think we
need to be careful as an Assembly as to the message that we are giving.

Deputy Green raised the issue of capital and of capital expenditure and the non-existence of it.
I do not think really that is anybody's fault particularly here at the moment. The wheel grinds very
740 slowly. Certainly on Education, Sport and Culture, we are doing our best to try to oil up the wheels
both in terms of transformation, which again is what Deputy Green was stressing, and in terms of
the capital expenditure that will go with it. We are really doing our best and we look forward
towards the middle of next year to receiving the endorsement of this Assembly for the plans that
we have for 11 to 18 education and beyond.

745 I personally would pay tribute to P&R and to the Assembly as a whole for what we have
achieved over the last two and a half years. Sometimes it is very easy when you listen to certain
sections of the media, to think that we have done virtually nothing right. I think those of us who
have served in it know that that is not actually the full story, but we have still got some way to go.

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

Deputy Le Clerc: Thank you, sir.

I am going to open my speech as President of Employment & Social Security and then I will go
on to my personal comments.

755

The Bailiff: Can I just interrupt you. The clock has stopped. I do not know whether the
recording is still running because if we are not recording, we will not get *Hansard*.

The Greffier: We still have a proper recording.

760

The Bailiff: We still have a recording even though the clock is not running.

The Greffier: That is right.

765 **The Bailiff:** Okay, thank you. I just wanted to make sure, otherwise we would not have a
complete *Hansard*. (*Interjections*) Perhaps that is 10.30 at night, I am not sure!

Deputy Le Clerc: Thank you, sir. I don't know where to start!

770 I am not going to cover in detail any of the income support or benefit limitation increases,
other than to say thank you for the support in the October debate and the approved increases will
make a difference to many of those on income support.

ESS are committed to delivering equality legislation before the end of this political term. We
are making significant progress and have been working with various stakeholders on the
development of an Equality and Rights Organisation – an ERO. This has all been done with a small
775 budget of £250,000 approved by this Assembly in 2013. We have a small residual amount that we
will use in 2019 for awareness-raising, but we do not have the funding for the further policy work
or for the implementation of the strategy. Without the budget commitment from Policy &
Resources Committee, we will not be able to adhere to our promise of establishing an Equality
and Rights Organisation in 2019. The ERO is the organisation which was promised in the Disability
780 and Inclusion Strategy and will be set up to advise businesses and employers, as well as

individuals in relation to non-discrimination and equality. Sir, it is a fundamental part of the strategy.

785 Our original thoughts were to bring an amendment to the Budget. However, following various exchanges and recognising the States' commitment to the disability, equality and inclusion in the Policy & Resource Plan, the Committee has been reassured by Deputy St Pier and P&R that funding will be made available following approval by this Assembly of our policy paper and business plan, which we aim to bring in early 2019. If funding is not made available, the implementation of this strategy will be further delayed and our promise to the people of Guernsey to bring in legislation will also fail.

790 Although this work has only been under the Committee's mandate since May 2016, it is important for us to maintain the momentum that we have gained in progressing this work. I am grateful to Deputy St Pier for his assurance that we will gain access to the necessary funding following approval of our policy letter next year, and I reiterate how dependent this strategy is on the availability of resources.

795 Now I would just like to continue with my own thoughts on some of the Budget.

Firstly, I would like to thank P&R for following my suggestion and other people's suggestions of including the diagram on page 7 of our current reserves. I think that will be really useful going forward and for other people outside of the States looking at that.

800 I would also like to add that I am supportive of the increase in the Budget for the additional policy officers. I think we are recognise that we are all struggling at Committee level with the need for policy officers and I only hope that access to those policy officers is not too onerous!

805 Just a couple of things that came up from other people. Deputy Green talked about the Health Service Fund and his disappointment that we were not receiving the grant to the Health Service Fund this year. It was something that was discussed in our joint meetings with Policy & Resources and I think it is fair to say that in future there are going to be changes to the Health Care Fund and the Long Term Care Fund, and I think that was another consideration of why we agreed that we would not push to have the funding into the Health Care Fund this year. So that is ongoing work and that is just to explain part of our rationale.

810 Deputy Roffey talked about increased contributions and I think it is fair to say in the past, when we have pushed for increase in contributions, there has been pushback. However, I think the reality is going to hit home in the next 18 months or two years, when we come back with the sustainability in particular of the Long Term Care Fund. I know we were meant to bring that work back this year, but it is a substantial piece of work. There are no easy solutions on that. So I think we will be saying that one option would be increasing contributions.

815 But we also need to be mindful that we will be bringing along our proposition for secondary pensions and the secondary pensions will be linked to contributions. So again that is affecting those in work and taking more money out of the economy. So it has to be a joined-up approach when we are looking at just increasing contributions.

820 Again, just picking up on what Deputy Roffey said about personal allowances, I think we will need to consider when we bring back that secondary pensions report, in those first few years there will be people with a relatively small pension or receiving a relatively small income from those pensions, our aims are long term. However, there will be people with just that small top-up over the first few years and it would seem such a shame that we then penalise them with taking tax on that small amount of savings. So I do not know what the answers are, but I think it will be something that we will need to consider in the future.

825 Lastly I would just like to say two things. Aurigny: I am concerned about the ongoing costs of supporting Aurigny and in particular the warning in paragraph 9.69 saying:

As it is not likely that the company will be in a position to reduce / eliminate the accumulated losses, there will need to be consideration of whether there should be a further recapitalisation of the airline.

So I think that is just that word of warning and I would just like to ask P&R when the work on the strategic review of Aurigny will be undertaken and the findings released, as I think, like others,

830 I am really struggling to give ongoing support. We know it is an essential lifeline but I would just like some idea of when that is likely to come back.

Then lastly, in the Alderney section, we talk about the benefits that we gain from e-gaming. Yesterday we had considerable debate through the amendments on scratch cards and online gambling problems. Yet we seem very comfortable to support the e-gaming for the business that
835 it contributes to the Island. So it is just a personal thing that I think we have to be a little bit careful when we are looking at the gambling situation, because actually the online gaming that we receive revenues from is actually causing some of these problems that we have got – not necessarily for our Islanders, but for those off Island as well.

So those are just my own personal thoughts and thank you, sir.

840

The Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, sir.

I would just like to pick up on Deputy Roffey's point: for me, when I look at the Budget, it is
845 looming under the cloud of the Medium Term Financial Plan and it has the stretchmarks to prove it. I agree with his analysis that the number of amendments are symptomatic of trying to push the Budget into the Medium Term Financial Plan. I think we would have had a very different debate, had we not had that surplus, that letting go of some of that. If we had a really bad year and we were sticking to that Medium Term Financial Plan, I think it would have been a much more difficult
850 Budget and a much more difficult debate.

So acknowledging that the Medium Term Financial Plan has got some benefits, when it was debated originally, it did feel counterintuitive and I did say at the time it feels counterintuitive to be cutting to save. Yes, cut but there are so many more expansive things that we need to start spending money on, in order to transform, and I do not feel like we are spending enough on
855 those transformations to actually get where we need to be.

As we did have a bumper year, still the foot is not off the scrimping pedal which according to P&R is a good thing, but do not get complacent. As it says in the President's foreword, we will be facing significant expenditure pressures over the coming years, particularly arising from the anticipated demographic changes and increase in the dependency ratio. That is absolutely vital.
860 Yes, we will. So yes, we should be saving for the spending pressures that we are going to get in the future. We were experiencing those spending pressures now because we were not transforming fast enough. We have to do things differently. We all acknowledge that.

My problem with the Medium Term Financial Plan and the effect it has on our Budget is that it feels like we are squirreling away acorns from the tree and the tree is getting older and it is dying
865 out a little bit, but we are not planting any of those acorns to grow new trees. We talk about planting acorns but it does not feel like we are actually getting the planting and nurturing those new trees.

Oh, a technical error ... An app error, and now I have no way of reading what I have written.
(**Deputy Smithies:** Sit down.) Oh, thank you, I will sit down when I am finished speaking. Thank
870 you, Deputy Smithies, for your kind words there!

Okay, yes, so we need to transform and reduce costs by doing things differently and that needs to be reinvested. In the Budget, it says:

Requests from Committees for additional funding for 2019 significantly exceeded the allowance made within the Medium Term Financial Plan of £3.2million.

So P&R went away, assessed those requests, they declined some. They say they sent some to be funded elsewhere out of some other little pots of money – because they are all just little pots
875 of the same money – and agreed £6.1 million in real terms allocation, which is from that extra that we did get. I acknowledge that. What worries me is: is that good enough? Especially when I got to read 8.14 and 8.15, which is relating to the funding of the Equality and Rights Organisation.

880 Deputy Le Clerc has kindly explained the process behind that, but it still feels to me that when you read that P&R used some resolution from 2013 in order to not have it in the Budget so that the Budget could fit the Medium Term Financial Plan. Let's be honest, it is a request for £500,000 and it is not a lot of money when compared to the £866,000 for the Data Protection Authority. Really, is the Data Protection going to make a jot of difference to real Islanders, except just a fantastic excuse for more bureaucracy? (**Several Members:** Hear, hear.) Unlike the ERO which will make that tangible difference to Islanders. So I really was disappointed to see that in the Budget
885 and I *absolutely* hope that when it comes back to this Assembly we are swift in getting it through and let ESS get on with the work, instead of making them jump through more hoops and make Islanders wait longer to get the rights that they deserve.

But it is not in the Budget. It is going to be a separate policy letter and hopefully it has not made the process delayed any longer.

890 It may just be me, that I am just not that into the Medium Term Financial Plan, and it is just how budgets go, but I really do not see the reason for delaying an ERO by making ESS jump through more hoops.

It highlights for me one of the dangers of the 'cut to save' mentality. What are we not doing? What other things like the ERO are we not doing and what is the long-term cost of not doing
895 those things – not transforming now? HSC is an example where the partnership of purpose, where we are really trying to get to grips with preventative and early intervention. Why? Because that makes long-term financial sense. We know that from across the board. The earlier the interventions the bigger the savings later on life. You cannot see that anywhere more explicitly than in the 1001 Days project where the interventions that you make in the first 1,001 days of a
900 child's life have repercussions for the rest of that child's life. What is the cost of not doing them; and not doing them because we don't have the money? I am sorry we have money and you know what, we certainly have the *strategies!* We have spent years spanning different Assemblies, creating these strategies and long-term plans to solve these complex issues. We have got the Supported Living and Ageing Well Strategy, the Disability Inclusion Strategy, the Ageing Well in
905 the Bailiwick – all of these different strategies, trying to solve these long, complex problems and these fed into the P&R Plan and yes, we do have 23 priorities, because it is a big ship to transform – not as big as the UK and we are in a different position to the UK. We have not got a national debt – except possibly for the bond. (*Interjections and laughter*) But we do have savings and we should be using the surplus to actually push transformations further and put them into
910 those 23 priorities, because now is the time to invest in those interventions because we are not going to be able to afford the cost down the line. Even if we saved all of the money now, we will not be able to afford what is coming, if we do not transform.

And do not tell me about this ridiculous myth that these social policies are just about spending money and there is no return. I think in the previous Assembly, it was the previous Deputy Stewart
915 who said on the radio that 'Committees like Education and Health which are just a drain on resources' (**A Member:** Shame.) – which is such a myopic view! If we do not invest in education, what kind of workforce can we draw on? (**A Member:** Hear, hear.) Who works in those businesses and keeps the economy going? How do we have a thriving economy if people are off sick and cannot get the care that they need to be productive? It is just nonsense!

920 How do we see that the entire economy works and see all the elements that fit together with what we are doing? We have to look at it holistically; not just one for economics and one for social policy.

Anyway, I digress. I do not think we should be claspings to the Medium Term Financial Plan or at least we should be more realistic about the size of the budget that the Transformation Fund
925 should actually be. If we are not going to put these into the Budget because the Medium Term Financial Plan does not let us then we should have a much bigger Transformation Fund and we should be able to access that and really transform.

Just a point that Deputy Ferbrache brought up, and Deputy Roffey as well, and I think others have intimated too: why do we think people are feeling the pinch of our policies? We are making

930 these policies. Yes, we are transforming and changing a lot of things, but we are doing a lot of things *to* the public and asking a lot *from* them, and I do not feel that we are getting the policies in place so they can start seeing the *benefit* of those policies. We are not giving them back the investment that we should.

935 When we design plans to solve those long-term problems that we are facing and they require some change from the public – whether it is a change in behaviour or a change in costs – we need to follow through with the mitigating measures and the carrots.

940 A classic example for me is a thing like the SLUP. I know it is very unpopular but it is very unpopular because it is half-baked. It has aspirations to solve a very real problem on the Island, which is about the very precious resource of land that we have, but we are not mitigating the policies that we are implementing. We are not following through and giving people the benefit of those policies. What is the benefit of living now in a more urban area, if you have not had any investment in the infrastructure?

945 We need to follow through and if the public do not feel the intended benefits of these policies and they cannot see those benefits coming down the road, then is it any wonder that we are feeling increasingly like they are having things done *to* them, not *with* them?

950 There are good things in this Budget, on the whole, and there are sparks of light. I just feel it is under the cloud of the Medium Term Financial Plan and I really hope that we can get more put into transformation. Things like the Social Investment Commission which would be set up – I believe there be a policy letter in the first half of 2019 or first quarter. I am disappointed that the progress in this has not been quicker and that charities will not benefit until probably later on in 2019, if the policy letter is passed by the States. For organisations like the Guernsey Disability Alliance, it has come too late. How many other parts of our third sector, which we rely on to deliver part of our strategies and elements of our services, are not able to benefit from the Social Investment Commission for implementing those long-term strategies, until later next year? We are just not getting there quick enough.

955 I will be voting – I am not churlish; I will not vote against the Budget, but I do echo Deputy Roffey's idea that we need to have some update on the actual effects of the Medium Term Financial Plan and whether more money will be put aside for transformation, and easier to access.

960 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

965 Deputy Green, I think I will start with. Deputy Green's main point was demanding greater action, urgently on investment in capital projects and Deputy Graham has already made this point, as our Committee's Vice-President. I agree, we agree with Deputy Green, and I am going to hold him to that. I look forward to his wholehearted support when the Committee *for* Education, Sport & Culture comes to the States in the summer with proposals in particular for the two substantial extensions necessary at Les Beaucamps and St Sampson's, which will of course require significant capital investment, as was referred to by Deputy Ferbrache of tens of millions of pounds, and that will be the kind of boost in investment in capital infrastructure which Deputy Green referred to. It is likely it certainly will be the biggest single capital programme which is immediately on the horizon, and Deputy Green's support, which he has trailed this morning, will be most welcome.

970 Now, Deputy Green ... There is an old quote that the optimist proclaims that we live in the best of all possible worlds and the pessimist fears that this is true. (*Laughter*) Deputy Green's speech rather reminded me of that, and I was going to contrast that. Deputy Trott is the optimist in this quote, telling us always – not always unhelpfully, if occasionally so – that things are rather better than they are. But Deputy Green insists that things are much worse than they are. We cannot say that we are in the best of all possible worlds, but I think back to my first term in the States when Deputy Parkinson had the misfortune to be the Treasury Minister, as it was in those days, trying to deal with the consequences of Zero-10, and I do not say that to make a cheap shot on Zero-10, before Deputy Trott jumps to his feet, but I think even he, as the eternal optimist, would have to

accept that there were some difficult consequences of Zero-10, and it was left to Deputy Parkinson to lead T&R during that period trying to deal with them. That was a time when the States were resorting to rather at times arbitrary cuts in public spending and deficits of tens of millions of pounds. I remember one debate in the States which went on for a very long time about whether the States could afford to put £15 million or £20 million per year into the capital reserve; and £20 million was seen as being much more generous than the States could afford. But now, we are putting £50 million a year plus into the capital reserve. In those days, the contingency reserve was being depleted at a fairly rapid rate, and there is no question that today public finances are in a much better shape than they were in then, and I would not want to swap these days for those days. So I am more optimistic than I was then, even if Deputy Green seems to be growing in pessimism with every passing year. *(Laughter)* I know he is the Chairman of the Scrutiny Management Committee so I suppose we sort of appointed him to be the resident pessimist. But he is certainly living up to that – yes, he does discharge it well. *(Laughter)*

I am not going to pick on Deputy Green for the whole of this speech, by the way. But we do now have a budget surplus – a considerable underlying budget surplus – and we do therefore have investment in the capital reserve at the kind of level, which has been the ambition for some years but we are now only just starting to realise it. There is now some investment in the Core ... well, whatever it is called – the Rainy Day Fund, I still call it – the Core Investment Reserve. And we also do have additional funding going into public services. If we look at what has happened in social welfare, there is additional investment going into education; there is additional investment going into health and social care.

Now, there was a time when it was fashionable in the States to decry that sort of thing and to associate all increases in public expenditure with profligacy. Well, I do not make any apology for being part of a Government which is now investing in these essential public services and I commend the Policy & Resources Committee for taking us out of the era where that sort of thing was seen as unfashionable and unhealthy, and I want to see more investment in essential public services, not less.

But there have also been over the past 10 years considerable savings in the costs of delivering the public sector, which, having gone through that period, we are now in a period where we can have more investment in essential public services, though clearly the savings programme through Transformation needs to continue. But I want to see more investment in essential public services, I am not going to apologise for that and I am very pleased to be involved with two committees which are able to deliver some of that additional investment and improvements.

Taxes are still relatively low by any kind of international measure; but I do agree with Deputy Ferbrache, who I thought made one of his better speeches, but has subsequently escaped – I do not know if he has gone to lie down in a darkened room, having given Policy & Resources Committee much support, which is not always the case. But I did think he made a very good speech, **(A Member: Hear, hear.)** including the points he made about the challenges which are faced by those people who are by no measure well off or whose income is considerable, but who are perhaps only just unable to claim any benefit from ... I do not mean 'claim any', that sounds derogatory. I mean they are unable to take advantage of the increases in investment that have been going into social welfare. I do think that in future Budgets, there does need to be more consideration given to the living expenses of those people and to the tax burden of those people because I think I am right in saying – and I am risking saying this because I do not have the figures to back this up, and Deputy St Pier no doubt does have the figures to refute it, but I am going to say it anyway – I think that that group of people, the tax burden on them in Guernsey is greater **(A Member: Yes.)** than it is in many other jurisdictions. I certainly think that is true in relation to the tax burden in Jersey, and I think we need to do something about that.

But of course therein lies a challenge for the States because really it' is all right to say - as I just have and as Deputy Ferbrache did – that we need to do more to alleviate some of the living expenses and some of the tax burden on the sort of lower middle income Guernsey and only make that argument. But of course there is another side to that argument, because if the burden

1035 is going to fall less on that portion of society, it is going to have to fall more on another portion of
society. The challenge for the States really is what is the appetite for redistributing the tax burden?
We are not going to redistribute the tax burden to those who are worse off, so what is the
appetite for redistributing the tax burden further to those who are better off? That is the
challenge. We can alleviate some of the tax burden on lower middle-income Guernsey but only by
redistributing it to the better-off. I think that the appetite of the States for that will be interesting
1040 and I think the Policy & Resources Committee should test the appetite of the States for that in
next year's Budget, having heard some of the contributions made in this year's Budget debate.

On that theme, Deputy Graham restated the views he expressed the other day on age-related
allowances and now he has told me off not just once for perhaps not the sentiment of my speech
the other day, but the way I expressed it, but twice. He said – I am not sure if these were his exact
1045 words, but he is the thrust of what he said this morning was – the Assembly wants to assist those
in need unless they are over 65. But of course that is the very opposite of the actual position. The
actual position is that the states recognises that age is a poor predictor of income, a poor
predictor of wealth and a poor predictor of need. The actual position is the States want to assist
all those people in need, irrespective of age, and if we are going to be able to afford that, we are
1050 going to have to be targeting our assistance in a way that is better than simply basing it on age.

But to continue this theme of support for more senior Islanders, pensioners, there is something
which will be in the States before too long, which I think is generally not on many Members'
radars, and that is that before the end of this term the Committee *for* Employment & Social
Security is required to report to the States having reviewed the uprating policy on the old age
1055 pension. At the moment, the old age pension is going up. There were, for a period of time, rather
'ungenerous', if that is a word, increases, but in the last couple of years there have been not
unreasonable increases in the rate of the old age pension. But I think it was the previous
Assembly, it might have been the one before that, agreed a policy where the uprating of old age
pensions will be decelerated, I think from 2020, and so the uprating policy which is applied now
1060 will be lowered. Now if that happens, in relatively short order there will be a substantial decrease
in the purchasing power of the old age pension, and there is likely to be a substantial
deterioration in the living standards, particularly of those pensioners who sit just above the
threshold for benefiting from social welfare.

Now, that will be the chance for the Assembly to demonstrate its commitment to support of
1065 old age pensioners, but not just by acting on one side of the equation through tax allowances, as
if this money can be given away freely without anybody having to pay for it at the other end, but
by, if the States want to increase or even retain the current uprating policy in relation to old age
pensions, there will have to be an increase in the social insurance rate, so that there are adequate
funds going into the Guernsey insurance fund. I think that will be the time for the States'
1070 commitment to old age pensioners to be tested and I hope that the Committee *for* Employment
& Social Security will put on its brave – or Deputy Le Clerc will put on her brave – armoured suit
and propose an increase in the policy that will otherwise kick in.

I will give way to Deputy Graham.

1075 **Deputy Graham:** ... [*Inaudible*]

The Bailiff: Would you put the microphone on?

Deputy Graham: Perhaps I am speaking too quietly, sir!

1080 As far as the age-related taxation relief is concerned, the pensioners' view would be 'take less
of ours away from us, rather than give more to us.'

Deputy Fallaize: Yes, I do accept that point but, because we know the direction of travel in
relation to tax allowances, actually over time allowing the increases in the old age pension to

1085 decline will have a greater effect on the people whom Deputy Graham and indeed all Members wish to assist than doing anything with tax allowances.

1090 So anyway, that is a debate for another day, but I just wanted to put on record that I do not think there is any sentiment in the States that opposes getting support and assistance to those people who are in the greatest need, irrespective of their age, and many of those people will be pensioners, but a universal age-related allowance may not be the best way or the most affordable way to do it.

1095 Deputy Hansmann Rouxel made some comments about the Medium Term Financial Plan. She said that she is perhaps just not into the Medium Term Financial Plan all that much. I think she meant the detail of the plan – the content of it. I would go further than that because I am just not into the whole concept of it. No serious government anywhere else in the rest of the world seeks to tie the hands of its treasury or itself three or five years out. They might give vague estimates but every year they want their chancellors to have the flexibility to propose the necessary budget measures for the following year. I do think there is a danger ... We have got it now, so there is no point having it and it sitting on a shelf somewhere. I think the Policy & Resources Committee has got to try to fulfil the Medium –

Deputy St Pier: Point of correction.

The Bailiff: Deputy St Pier.

1105

Deputy St Pier: Sir, I think it is inaccurate to say no government in the world does that. Most governments in the world do indeed have three-year planning horizons – fully accepting, as indeed applies to ourselves, that each annual budget stands or falls on its own merit.

1110

Deputy Fallaize: But they do not try to suggest that their medium term financial plans will ... Well, they may inform their annual budget process, but very often the annual budget process deviates considerably. I know Jersey and the Isle of Man have medium-term financial plans but most jurisdictions do not. They are regarded as being no more reliable than budget-related election pledges. (*Laughter*) I am not saying that is the reason that Guernsey has gone down this road, but I do think there is a danger in having a medium-term financial plan that what might otherwise be sensible, flexible changes in the annual budget on a 12-monthly cycle are seen as having failed to deliver particular aspects of the medium-term financial plan and are therefore not pursued.

1115

1120 Deputy St Pier does not really need to defend the States' Medium Term Financial Plan because my view is probably in a minority of one, (**A Member:** Hear, hear!) in not being terribly taken with the whole concept, and I do not intend to pursue that any further.

1125

Deputy Hansmann Rouxel a little bit and built on the point that Deputy Green made about the feel-good factor. It is often said that there is more of a feel-good factor in Jersey, although actually Jersey's economy is performing less well than ours – and it certainly is not relief from taxation which is making people feel better in Jersey, if they do. But there is greater investment in infrastructure and public services, and I think we do have to recognise that at times, when you are going through a period where the tax burden is increasing on the resident population, as it has, as a consequence of Zero-10, perhaps there is some result felt from that if people can see visible investment in infrastructure and public services. I think probably Jersey has done that better than we have in recent years, although I think the financial position of the States now means that in the years ahead we in Guernsey should be able to do more of it and perhaps that is a product of the financial discipline which the States has demonstrated over the past five to 10 years.

1130

1135 So generally speaking, I want to make a few comments about the Committee *for* Education, Sport and Culture's budget, but to finish generally, I think this is a pretty sound Budget from the Policy & Resources Committee. I think it is the result, or many of its advantages in relation to surplus and putting investment into reserves are, the product of sustained discipline led by the

Policy & Resources Committee and its predecessors for which they and the Assembly generally deserve some credit.

1140 Moving on to the budget of the Committee for Education, Sport and Culture, the 2018 budget which was submitted by the previous Committee was £3.9 million above the cash limit which the states approved. What has happened since then is that the Committee has realised around £300,000 of budget reductions which have a recurring value of just over £400,000 per year in future years and expects to underspend on various other budget headings by around £300,000. At the time of the budget submission, the forecast overspend had come down from around
1145 £3.9 million to around £3.26 million. That is the figure that is in the Budget. But since then, there have been further reductions in expenditure which potentially – and I do not want to put it any stronger than that, but potentially – will bring the overspend to less than £3 million. So there may be an improvement in the budget provision by around £1 million over the course of the last 12 months, which I think is positive, but nevertheless there is still a substantial overspend.

1150 So the position which the Committee has negotiated with the Policy & Resources Committee, and I thank them for their support in this, is that from 2019 onwards the Committee will have realistic cash limits so that we can get out of an era of the Committee inevitably overspending by millions of pounds every year, which is not healthy for anybody. But allied to the realistic cash limits is a realistic savings plan, which in broad terms is set out in this Budget Report and which
1155 will in the years ahead bring the Committee back into an underlying position of budget balance.

But that is the way that the Committee's budgetary process is going to work from here on in. There are considerable efforts going into finding recurring savings and to delivering them. As I say, recurring savings of several hundred thousand pounds have already been identified; more will be delivered next year and the pace of them will need to accelerate in the years ahead. But it is
1160 very much tied in, as Deputy Graham referred to, with the Transformation Programme which the Committee is working through and will of course require the support of the States to maintain in the years ahead, starting with the capital programme which will be before the States in the summer.

I am supportive of this Budget, and thank the Policy & Resources Committee for putting it
1165 before the States.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, as is customary, I will begin by commenting on the Budget insofar as it
1170 affects HSC and then speak more generally.

The headline summary of HSC submission does not reflect the wide range of challenges and considerations that are taken into account and that result in the budget figure build which is submitted to P&R. We will therefore be publishing it on our webpage in order that those interested can get an idea of the various factors involved, and Deputy Green and others can find
1175 out the considerable transformation that has occurred at HSC and what is being planned.

Now, I hear what Deputy Fallaize said about Deputy Green being appointed as a resident pessimist, but I put it down to him being a new dad and all the sleepless nights that go with it.
(Laughter)

1180 Anyway, whether or not transformation is going on elsewhere, I will not accept in any way, shape or form any attempt to throw seeds of doubt as to what HSC has achieved. We have made millions in bottom-line cash savings and considerably more in terms of cost avoidance.

Regarding capital spend and in answer to Deputy Green, like Deputy Fallaize, I want to give a boost to capital infrastructure, which is why HSC has been focused on the PEH modernisation and expects to get a policy letter to the States early next year, which will likely make a sizeable dent in the capital reserve. At least I expect it to happen before Jersey gets a spade in the ground on a
1185 new hospital. (Interjection)

Now, just looking at specific aspects of HSC's budget, the ageing population is real and hitting us like an express train. The immediate post-war baby boomers are in their 70's and the numbers

1190 over pension age are expected to increase 2% per annum over the next few years. This has been
calculated to drive a 1.4% increase in demand, all other things being equal. At the other end of
the age range, whilst fewer children are being born, many more are surviving with conditions that
would not have been viable just a few years ago. Rising obesity is also causing increased demand
on a number of services and that is why we need the Health Improvement Commission to do its
bit, as the current increase is causing pressures that will be costly to resolve.

1195 Recruitment of skilled staff is becoming increasingly difficult in all disciplines. In recent months,
these issues have worsened considerably, reflecting the Brexit uncertainty but also the short-
sighted decision of the United Kingdom, resulting in declining numbers of nurses and allied health
professionals. To strategically reduce agency recruitment and retention costs, we propose to
considerably increase the intake of trainee nurses each year and have budgeted for this
1200 accordingly. This will strengthen the nursing resilience in the Bailiwick and provide a clearer career
development path.

We have also included funding for free cervical screening, support for additional
gastroenterologists and oncologists, and for the Carers' Action Plan. The pressure on the drugs
bill is rising and using the NHS inflation projection of 4.1%, that equates to a cost pressure of
1205 £213,000. It is quite likely the reality will be greater.

However, Members should also know that the budget incorporates planned savings of
£945,000. Thinking Differently, Working Differently is real and happening every day. So whilst a
headline is of £2 million being given to HSC, it would be far more if it were not focused on cost
and service improvement, which is now becoming business as usual. Because of that, I think at
1210 some stage we need to consider whether, instead of those resources coming out of the
Transformation Transition Fund, they should form part of HSC's budget.

The one item that has come out of the Budget all together is routine capital, which used to
appear at the bottom of the Committee budgets. This approach was approved by Members earlier
this year. However it does appear to me that the process now completely sidelines Committees
1215 and is exclusively an officer-driven process with authorisation having to be given by a group with
a title that only Government could come up with: the Property Minor Capital Oversight Board.
Indeed, few Members here will have an idea as to how minor capital is being spent and will not
until, I presume, the accounts are presented next year. This is a concern, as operating capital may
seem just business as usual, but such spending can have a transformation element, as it does at
1220 HSC, and I do not think that has been probably properly considered as part of the process. So I
believe that P&R should advise Members how the Property Minor Capital Oversight Board
operates, its membership and the criteria used to determine what is and what is not approved.

Sir, more generally the Budget these days is so broad-ranging and encompasses items that in
the past might have been dealt with under a separate policy letter. Lots of different bits and
1225 pieces seem to have been incorporated, making it a very unwieldy beast. I think it results in certain
items just not being given the attention they deserve and to be frank, I think a lot of time is spent
focused on allowances, fuel, TRP, which I totally understand, as they are easier to relate to and
they do impact the public directly on the pound in the pocket. But there is so much more than
that in these pages that relate to significant items of revenue and expenditure. The number of
1230 pots have been multiplying and as they expand, the harder it is really to understand the bigger
picture, even if you are a Chartered Accountant: General Reserve, Capital Reserve, Core Investment
Reserve, Transformation Transition Fund, Corporate Housing Programme, General Revenue
Account Reserve, Future Guernsey Economic Fund, Bond Reserve, Brexit Transition, Participatory
Budgeting, Overseas Impact Investing and then £15 million of other apparently minor funds.

1235 Now, all have different purposes and different means of accessing them and they are all
controlled by P&R, which of course they should be – or rather, a separate Treasury function
should be, and something which I think, although not certain, may be addressed in the new
structure, which is good.

1240 It was such concerns that led to the amendment I was proposing to lay with Deputy Yerby. The
financial structure is now incredibly complex. I thought it interesting listening to Deputy Green

1245 about his concerns over delegated authority to P&R in the part of his speech that was not as
President of Scrutiny Management Committee. Personally, I think the financial scrutiny function
has been diluted under the new machinery of government and that is what I thought would be
the case. But even if the structure is okay, the scrutiny function is not big enough. I was expecting
that this was going to be one of the first things Scrutiny Management Committee would address
this term. The opportunities were provided in the policy letter he referenced in his speech – I
know, as I put that in – as well as the opportunity to increase its budget quite substantially.
However, we see next year's Budget will be less than this year's.

1250 And I do think it rings warning bells when P&R are quoted in paragraph 9.39 as saying they
commend the continued responsible financial approach being taken by SMC, that if they needed
money for an unplanned review they can apply for funding. I think, given the transfer of
considerably more functions into T&R, such as IT, HR, finance, procurement, this way of doing
things really does have to change.

1255 Sir, there is so much more in this Budget that deserves more scrutiny. Another eye-watering
£866,000 for the Data Protection Authority, which is far more than we were led to expect when the
policy letter came to the States. Temporary overdraft of £15 million to Aurigny – and more
fundamentally, as has been mentioned by other Members, just whether the Medium Term
Financial Plan is fit for purpose. The latter is a key here, and I know a requête is not appropriate,
but a properly considered and informed debate on the Policy & Resource Plan next year is, and it
is something that I look forward to.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

1265 I just want to pick up on a couple of points that were mentioned. I think Deputy Fallaize was
mentioning the plans and how they work in other countries as they seek to look two, three, four
or five years ahead. My experience of observing some of the other countries is it seems to be that
the political machinations of their parties, in order to save their skins, seem to have more
resonance on their budgeting and what they are prepared to do. I think it is really helpful that we
do not have that particular issue here of parties, from the point of view that we have a consensus
budget and one person or one party cannot derail our plans. They are for everyone as a collective
that choose how we want to spend our funds and how we go forward.

1270 Deputy Ferbrache touched on Sark. I just want to make a couple of points on that, although it
is not part of the Budget. We are all aware of the challenges that they have had in Sark over the
past few years. They are part of the Bailiwick. I do struggle sometimes with what the Bailiwick is,
because when I look it up in the dictionary it comes up as the area that is looked after by a bailiff,
but that does not apply in this case either.

1275 It is also very sad as well that the Conseiller Stephen Taylor untimely passed away just recently.
I was getting to know him quite well socially and he was really good chap. I would like to add my
condolences to him and to his family and to all his friends, because that was really sad. And it
takes one of the key players in Sark at a very unfortunate time for them.

1280 I think the electricity issue on Sark was mentioned by Deputy Ferbrache, but we as Guernsey
are here to help and advise. Just as we would not enjoy engagement from the UK on certain
issues at certain times, it is not for us to interfere with Sark. It is for the people of Sark to resolve
their issues. Any issues solved as such would be so much stronger by them resolving it for
themselves than anything imposed from anybody from outside, whether that be here or anywhere
else.

1285 I thank Alderney Representative, Mr McKinley, for his appreciative comments for the taxpayers
of Guernsey who have been helping Alderney over the years. I think the world has changed a lot
in the 70 years since the 1948 Agreement was put in place and it is timely that is renewed. We do
have a reasonable level of fiscal alignment, but of course we have different political alignment and
we need to understand and see what is best for the next 70 years.

1295 I would also like to thank everybody for their amendments. I would not have said so at the time, as I was tearing my hair out for how on earth are we going to deal with this or that, or how do we counter it or make it better? But I do thank everyone for putting those amendments in. I think it has made it richer and our proposals at the end stronger. However, I still would like to vote against 4B, sir, if I get the chance, and I commend the Budget and I will leave others in our team to do the final summing up.

1300 Thank you, sir.

The Bailiff: Deputy Yerby.

Deputy Yerby: Thank you, sir.

1305 I just wanted to commend, without sucking up to my President, Deputy Soulsby's brilliant analysis of the Budget. It is hardly need be said that there is lots I do not like in our general approach to fiscal policy. In particular, I think our thrall to high-net-worth individuals has all the hallmarks of a relationship that you would beg your son or daughter to get out of. They threaten to leave at the drop of a hat and we bend over backwards to keep them, while at best we take our ordinary citizens, whose contributions are no less vital to the economic and social flourishing of our Island, for granted.

1310 And I do bridle at the suggestion which was made both by Deputy St Pier and Deputy Roffey, that somehow not accepting or not being happy with the Budget is anti-democratic. I do agree that it would be wrong for a Committee or a States' Member to act in flagrant disregard of the Budget, especially not having challenged it initially, but I do not think that is anti-demographic to acknowledge that this Assembly agrees a lot of things and that many of them are in real tension with each other. I think that if we took a long honest look at how the objectives of our Policy & Resource Plan square up with the realities of this Budget, we would have more than a few things to question. Nor, sir, is it wrong to challenge the logic underpinning the Budget throughout the year in the hope of a better Budget next year.

1320 All the same in terms of challenges to this Budget, I have done most of what I need to on most of what I find least acceptable through amendments; but there are four Propositions on which I would like to ask for separate votes.

1325 The first is Proposition 6. I am going to approve, of course, the Propositions which set the cash limits for the various Committees. What I am not going to approve is this little one, to note that the funding comes from the General Reserve, which will be held over the Committees' heads in later years when they are asked to pay it back. I just think that is unnecessary and I will not support it.

1330 I am also not going to support Proposition 36, which asks for an allocation of half a million pounds from the Transformation and Transition Fund to re-evaluate all the projects that are already in that pot. Sir, I do think that is an exercise in tedious navel-gazing. It is a paper-based exercise which we repeat every couple of years to no real meaningful gain, and I am not prepared to support it.

1335 I said yesterday that I would vote against Proposition 41, which is in respect of including the Employment & Social Security Committee's uprating report together with the Budget Report in a single debate. Although I think it is better than what P&R originally proposed, I still think that we benefit more from having them completely separate and with adequate time to consider both.

Finally, sir, I would ask for a separate vote on Proposition 53. Without rehashing the arguments about investigating the bond, I still cannot support that one.

1340 Now, sir, while Deputy Trott would no doubt love to give this budget an A+ – no sorry, sir, an A+++ with several exclamation marks afterwards – I am going to give it a solid, acceptable but uninspiring C. I think that if we take an honest look at the last decade, we have to acknowledge how much of our current more comfortable position is simply due to economic improvement and how little our own plans and actions really result in changes in our circumstances. Even the Medium Term Financial Plan, sir, is something that we are a long way adrift from. Repeated

1345 suspensions of the grant to the Health Service Fund, which we were promised back in 2017 have provided a cushion of at least £15 million to successive Budgets which we have barely acknowledged.

We also pick and choose our way through the fiscal rules, including a deliberate disregard to the new value of GDP. I notice in the Budget that P&R slams down hard on the rules where it suits them and treats them lightly where it does not, and when even the Island's independent fiscal advisers, whose reputation for conservatism precedes them, have suggested that Guernsey could now afford to take a less austere approach to tax policy, my reading of paragraph 3.4 of the Budget is that Policy & Resources will instead rewire the fiscal framework in order to stay as mean as possible.

1355 My feeling is that successive Policy & Resources or Treasury & Resources Committees have only one script: an austerity script, which is less and less rooted in the realities of the States or of Islanders' lives. I noted yesterday and throughout this week in the debates on the amendments how hung up we were on what was going to happen to the £1 million surplus and how that was going to be absorbed in various changes. But as Deputy Kuttelwascher well said, that is the extra
1360 *extra* left over after allocations to all our other reserves and financial cushions have been made. We are in a much better place than we are allowing ourselves to admit.

Sir, it is that issue – Policy & Resources' version of the truth – that I want to end on. In respect of the Overseas Aid and Development Commission, there is a paragraph in the budget on which I need to set the record straight. The paragraph suggests that we accepted a freeze in our budget,
1365 our allocation for 2019 because of the additional investment to the Overseas Aid Impact Fund. It is absolutely true, sir, that the additional investment in the Impact Fund made that freeze palatable because it is still allowing us to increase the amount of good that we can do. But the reason why we accepted a freeze in our cash limit was because we were given to understand by Policy & Resources that the Budget was in dire straits. When we see the final published Budget, that is very
1370 far from the truth.

Sir, that is why I supported the amendment to review the budget process, so that all of us are working from the same information at the same time. It is an almost impossible task for Committees to be both corporate and reasonable in the absence of key information at critical stages in the process. (**A Member:** Hear, hear.) Sir, I think there is evidence of a real difference
1375 between the standards that are expected of Policy & Resources and the standards that are expected of other Committees. As Deputy Soulsby noted, funding for the Data Protection Authority is available just like that; staffing for Substance Requirements – just like that. Whereas by contrast our experience at Employment & Social Security is that although Policy & Resources have given us assurances about the ERO and the ongoing funding for the Equality Workstream,
1380 the Budget itself has been grudging and the reality has been grudging. Although the mandated responsibility passed to us in 2016, a bizarre level of financial control has remained with Policy & Resources, such that our officers have had to go back to their officers for approval on sums as small as £70. Sir, that cannot be right.

So when the Budget says that Committees are failing to jump through certain hurdles, whether that is in respect of capital or in respect of other funding and reserves, then I think that Policy & Resources do have to turn around and ask themselves, sincerely, if their hurdles are reasonable.

I tend to endorse what Deputy Roffey has said. We see gesture politics on things like the participatory budget, while real support for the States' priorities continues to be hard fought.

I also tend to agree with what Deputy Green said earlier this morning about delegated
1390 authority on the Transformation and Transition Fund and the way that continues to roll into the centre. But that is partly on us.

I think our general feeling is that delegating authority to Policy & Resources has been meant to speed things up. It has been meant to let us get on with Transformation and Transition projects; but the reality in some cases has been that it has slowed things down. The creation of
1395 bureaucratic hurdles behind the scenes has left things snarled up when bringing them to this

Assembly could have resulted in a decisive decision early on and Committees having control over the funding that they need to deliver the objectives they have set out to do.

1400 So that is one really for all of us to reflect on, whether delegating increasing authority to the centre, with the increasing bureaucratic industry that comes along with it, is actually the way that we want to operate; or whether we want to use the forum that this Assembly provides us with in order to have those debates at an earlier stage in the process. I think there are arguments on both sides and I do not think it would be right for me simply to criticise and offer bureaucratic process without recognising that there are other ways around it. But I do think that bears mature reflection. It is as true of things like the capital investment portfolio, I think, as it is of the TTF.

1405 I do want to note that Policy & Resources' own budget for its mandated role and for the stuff that it calls corporate services does creep up year after year in a manner which, if it were true of any other Committee, would certainly attract scrutiny and perhaps an 'oversight group'.
(A Member: Hear, hear)

1410 So I suppose what I am saying to P&R in future Budgets is less spin and more sharing. Please treat us like adults.

1415 In the course of this debate, in the course of the amendments perhaps more so, than this core debate, I have felt alienated from and I think other Members have felt alienated from P&R in a number of critical ways, and I think that does need to be taken very seriously. I know there are others in this room who did not, but this is the Policy & Resources Committee that I chose and I did not choose them because we agree on everything or perhaps even anything, but I chose them because I think we can work together constructively, respectfully and maturely. Even at my most disaffected, I still believe that, but I do think the swaggering approach to the Budget lets them down. Healthy debate leaves room for doubt and for alternative viewpoints and I do hope we will see greater recognition of that this year. *(Applause)*

1420

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir.

1425 First, I just wanted to share Deputy Le Clerc's observation on staff roles and policy staff, and what I was saying yesterday, I used the term 'machine mind', which perhaps was not the best terminology, but I think it is important that we have the right people in place to deliver policy, people who can write policy, because that is actually what can hold Committees and Assemblies and the community back, when we do not have the staff to put the policies in place that we can act on.

1430 I also share her observation on talking about the aircraft that is in the room, which is Aurigny. I think there are two conversations and I think the two are sometimes intertwined and misunderstood. People say, 'How much more do you want to put into Aurigny to sustain the Alderney route?' or whatever it is. That really is not the question. If we talk about potential runway extension, it is how much do you *really* want to lose on Alderney? What do you really want to do with your state-owned airline? It is not a question of losing on routes; it is a question of potentially losing something much bigger than that.

1435 I am on my feet really in the vain hope that I can dispel some urban myths regarding expenditure around E&I. E&I have a very small budget. Well, it is the public's money, it is a lot of money, but in relative terms, £12 million; strip out the bus contract, £5 million; strip out roads and look what we are left with. It is not a huge sum of money. But public perception and sometimes even the narrative within this Assembly is that we are profligate; that we are overspent; that our projects get out of hand; that they are unmanageable; that they are ungainly at the cost to the community. Nothing could be further from the truth. We come in on time, on budget and underspent.

1445 Even today on the radio I heard a gentleman, well known, complaining that E&I was spending £400,000 resurfacing a road; £400,000, when in fact we are not. It is less than £150,000. It is for

drainage, it is for disability access, as well as resurfacing. But it is very difficult sometimes for E&I to get those simple messages over.

1450 Also the focus on consultants spending, when E&I deals with scenarios that we actually do not have the people on Island that we believe that we do. We can easily spend, and we do, on standalone projects. On repointing or conventional sea defence work, we have spent £650,000; £170,000; £450,000 – all of that is over a million pounds. All of that is over a million, but there is no focus on it. You try and do one standalone, singular project in a different way and it rains down stones and it does not really need to.

1455 I want to give you the assurance that E&I always act around the table as a cohesive group delivering what we see is best for the community, bearing in mind the restraints we have.

1460 I appreciate, Deputy Yerby just made a comment regarding the challenge sometimes from the top bench to members from T&R, but I actually want to thank T&R for their approach which has been, 'I'll show you mine, if you show me yours', (*Laughter*) which I think has worked exceptionally well. Amendments have said, 'I want to do this', and P&R have said, 'Okay, you want to do this. Have you thought about doing that? Maybe if we all vote in a similar way, then we can deliver that for you.' I am a bit disappointed the Budget has been ... Here I am, the march of time, somebody defending P&R! But think about that. This process has been – and I use this language a lot – clunky, lazy, slow, tedious, but these are big numbers. It is important, and it is important to get it right and I believe ultimately that the Budget has survived this process and that this debate has been extremely useful.

1470 I tell you what Budget debates used to be about: Budget debates would start and somebody would get up to their feet and say, 'Before we get any further, I want to complain about the increase in spend in the Health & Social Services Department', and that would be the tone. And as Deputy Gollop I think has just acknowledged, you could have two days solidly on the ever-expanding nature of health spend – an attack, as Deputy Gollop says. So I want Deputy Soulsby to bear with me here, because this is genuinely an effort to assist, because I think it is something that we desperately need to talk about.

1475 I understand now on Guernsey, there are in excess of 80 agency staff. When Deputy Dorey was Minister, when Deputy Roffey was Minister, that was not a sustainable number. That put you in resignation territory. I am not suggesting that, by the way – that was wrong. But that was the language that was being used.

1480 Now, I was hearing what Deputy Soulsby was saying which is: 'We are training our own staff, ultimately to replace people so that we do not have to bring in agency staff.' Student nurses even two years after their training are not a direct placement for agency staff. So I hope that when Deputy Soulsby makes her next statement to the Assembly, she can tell us about the numbers of agency staff and also the cost of housing agency staff, because as Deputy Dorey would remember – as Deputy Brouard will remember – HSD as it was gave up what was called incompatible properties because we did not want to manage properties as well as manage staff and we now have agency staff staying in winter lets and summer accommodation. So I want to understand all the costs involved, because it will help.

1490 If you are doing the 'partnership of purpose' thing you are going to need the partners and the partners are your staff. We need to give Health & Social Care every bit of assistance they need and to do that, we have to bottom out exactly what the demand is on staff, because generally in Guernsey, agency staff come from the UK, but with Brexit they are not even going to the UK to enable Guernsey to get hold of them. So if we do not have that, then what do we do? You may remember, some of you, Deputy Sandra James who passionately made the call for more nurses. I think she described Health & Social Care once I think as 'people trafficking', because we were bringing nurses from India and from the Philippines. But if we want to deliver health care – and we need to and I declare my interests because my wife is a nurse – we need to get this right and it is no slur on the current Health & Social Care Committee because they are doing their best, but we really have to bottom out this staff problem, because I think the spend is only going one direction, and they need to spend that money with each Member of this Assembly on board.

1500 **The Bailiff:** Deputy Inder.

Deputy Inder: Yes, sir, thank you.

I am just going to read something and it is just related to Proposition 47, which is to endorse the decision of the Policy & Resources Committee to make available a temporary overdraft facility for 2019 of £15 million to Aurigny Limited.

2013, August, *Guernsey Press*: Aurigny's new jet will help the taxpayer-owned airline get back into profit by 2015, its chief financial officer has predicted. Aurigny's new jet would help the taxpayer-owned airline get back in profit for 2015 and in fact in quotes, 'It should return us to profitability by 2014. It will be a difficult year but we would not expect to turn a profit by then.' So every prediction was that by 2014 the purchase of the Embraer Jet would bring Aurigny back into profit. Every year since then – have we not ... ?

I still think – and I might be ... what is the word Deputy Lindsay de Sausmarez used? It might be *rhetoric*. There is something desperately wrong at Aurigny's level. There has been for over four or five years. (*Interjection by Deputy Lester Queripel*) Well, possibly longer than that, Deputy Lester Queripel, and maybe it is the reactionary in me but we need to pull this company apart. We have had to pull this company apart for years and years and years and we are constantly funding them, and subsidising their losses and I am just not going to support Proposition 47. We have to deal with this. It is bleeding money right now, and if it is a difficult conversation, we have to have it very quickly.

I will not be supporting Proposition 47, and could I ask for a separate vote on it?
Thank you very much.

The Bailiff: Deputy Dorey.

1525 **Deputy Dorey:** Thank you, Mr Bailiff.

I do not like the Aurigny losses, but the responsible thing is to vote for Proposition 47. We have to make sure that airline has enough money to continue to fly.

Firstly I congratulate Deputy Yerby on an excellent speech and I identify with her comments that she made.

Deputy Green mentioned very early in the debate about amendments. Well actually, the Rules that we changed in the last debate meant that now amendments have to be lodged five days before the States' Meeting. So where last time it was on the Thursday, it will be on the Monday which will give people that extra weekend; and also with the very sensible decision that the States made to stick to the three-weekly programme, it will mean that we are not in the middle of a States' debate while people are preparing for those amendments so there should be opportunity for greater engagement with P&R and perhaps we would have fewer doubled up amendments as we had. So I look forward to a better future with amendments, with those changes in the Rules and the States' decisions.

The comments made by Members about putting things into the Budget which perhaps are not suitable for the budget, I totally agree with. I think Deputy Green and Deputy Soulsby made that comment.

I think this Budget has also got an item which is section 5, which I do not think has been discussed, which is I think key to our finance industry, which is the introduction of substance requirements for companies resident in Guernsey. It has not engaged the Assembly and it is an example of something which is not really to do with budgets.; it is to do with tax, I fully accept but I think it would have been better in a separate policy letter because it is important and it should have had engagement but it unfortunately has not.

I cannot stand up without talking about TRP. The amendment which I lodged and then did not present has been mentioned on more than one occasion. Under the old tax on rateable value system, some Open Market properties ... and it was a complex calculation in relation to it. But

there were a number of Open Market properties in particular locations which had a 30% premium of around that to local market properties. So the idea of tax in rateable value being higher for Open Market properties has been established for a long time.

1555 When TRP was brought in, there were specific categories for Open Market properties which were separate and in the policy letter which was from T&R – and I was a member along with other Members of this Assembly at that time – it specifically said that the States could have a higher rate for Open Market properties and that was in the policy letter at that time.

1560 Ultimately it is a tax on assets, and we fully accept that larger assets pay more. But when there is a premium in value between particular properties, I think we should reflect that and there is a premium. If you look at 2017, Open Market properties sold for 34% more than Local Market properties. You might just say, 'Oh, because they are bigger but if you look in specific Open Market categories ... Take, for example, the 100 to 200 category, there is a 31% premium; in the 200 to 300 category, there was over 40% premium; in the 300 to 400 TRP category, there was over 50% premium; in the 400 to 500, there is slightly less but there is a premium. I think if we are
1565 going to have a progressive tax system and we are going to tax assets, we should at least reflect the difference in value of those assets.

So I would encourage P&R to consider what was in the original policy letter.

1570 I notice in an interview on the BBC this morning by a director of an estate agent commenting on the increase for the properties over 500. He said it would not have any effect on people moving to Guernsey because the level of council tax that they would pay in England, the TRP they pay in Guernsey is so much less that it is not comparable.

1575 And there were comments that it was discriminatory. Well, there are different rules for Open Market. With Open Market properties you get a work permit. You have the right to have a far greater extended family, you can have a lodger in your house. So there are considerable differences.

1580 I would encourage P&R to think about, when they do bring in ... and I will vote for the Proposition to bring in the further increases in 2020 to consider as they have done with bond fees, which I think is a good move in terms of reducing them down to zero is to reduce transaction costs with that money. I know I brought amendments before to the Assembly. I personally believe we should tax property occupation and ownership and not transaction fees. In terms of making best use of our built estate, it will encourage people to move at an earlier point in time, because the cost to move is so expensive because of the tax on property transactions.

1585 So I would encourage him to balance that increase in income which is above what was in the review on tax and benefits to use that to reduce transaction taxes.

1590 Mixed comments on Alderney: on page 91 there is about Alderney and it states that even when you have taken into consideration the gaming value to Guernsey by the increase in Social Security and tax benefits we get from the gaming industry in Alderney, there is still a deficit of £4,000 *per capita* in relation to the Alderney. The calculation is, if that was for Guernsey, we would be running a £250 million deficit.

1595 I think that we have to look at the situation. To have the same level of services we have in Guernsey in Alderney, I just do not think is sustainable in the future. I think that there has to be some fairness that just as Sark has a different level of services to Guernsey, perhaps the level of services that we have in Guernsey should not be available in Alderney, particularly when we are running that deficit. I do not think it is fair on the Guernsey population to subsidise Alderney to that degree and continue to subsidise that. I believe there has to be some change or there has to be perhaps some increased taxation for Alderney to try and fund the massive deficit.

1600 On the runway there was mentioned when we were talking about the bond and about how if we were to extend it – and I use that word *if* – how it would be funded. I agree that if we were to fund it, it should be funded from the bond because if we are going to extend the runway, if that is what the States' decision is, it should wash its face. It should produce the income, because trouble is that people will say, 'Oh, just extend the runway because it is not the traveller that pays for it; it

is the taxpayer that pays for it.' But if we are going to invest in our infrastructure for transport, I believe it is those who use the transport who should pay for it.

1605 There was an amendment in relation to alcohol. The Guernsey Alcohol Advisory Service did a research report a number of years ago where they clearly showed that the level of taxation on alcohol is significantly lower than the cost of alcohol to Government. So I think we need to look at the ... and I would encourage between HSC and P&R to look at that, because we should actually be bringing in a similar level to what the costs are.

1610 Core Investment Reserve: we had this policy which was that any increase, any of the investment return above the real value, in order to maintain the real value of the money ... So if we had an 8% investment return but inflation was running at say 3%, that 5% would be transferred out. Then it was said as long as we have enough funds for the capital reserve we would not do that. I would just like to clarify that we will be keeping the investment return of the Core Investment Reserve in the Core Investment Reserve.

1615 I am pleased to see that Aurigny has now been put as a revenue cost, because to fund the losses continually from the capital reserve was totally wrong. So I am pleased to see that it is now considered a revenue costs and is included in our revenue costs.

1620 I agree with the comments about the Health Service Grant. We say we are in surplus but we are not funding the Health Service Grant. I accept the comments by Deputy Le Clerc, but I do not agree with them. I think just because you are going to change something in the future is not a reason to underfund it. (**A Member:** Hear, hear.) We know health costs are going to increase and we should be putting that money away, as was the previous policy, and not just not doing it, just because we are going to change it at some point in the future.

1625 I agree with Deputy Roffey and his comments about tax allowances. I know we struggled, as he quite rightly explained before, when we had these increased tax allowances for the least well-off but I think in today's world we can explain it and people can understand it; but you will get the situation that possibly people will be doing overtime and they will be taxed at 30% on that overtime which they might struggle to understand, but as he said, they will have more money in their pocket by having a great amount of their income on tax. I think it is really an extension of '20 means 20' policy where we are saying ... It is stretching that meaning a little bit but it is trying to tax the highest earners on all their income and taxing less of the lower earners on their income. And so because we have got that trailing off from a particular ... I think £100,000, we could actually take that one stage further by increasing the tax allowances.

1635 Proposition 41, I will not be voting for it. That is the one in relation to the time that the non-contributory benefits should be debated. The Proposition is better than the original Proposition but I still believe that the best way ... because if it is going to be debated at the same meeting, by the Rules as they currently are, the Budget always comes first, so that will mean we will be debating it after. Surely the best and the right way is to make the decisions about our non-contributory benefit before we debate the Budget.

1640 So I like what happened this year, where we had the debate in the meeting before, we were fully aware of the Budget because it had been published at that time so we had the information and we made an informed decision but separate to the Budget. The only other way would be to reverse the Rule and to have that debate before the Budget so the Budget is not the first item. But I think having it after is not a step forward.

1645 I welcome having more policy officers available. I think at E&I we have struggled to make progress at a sufficient speed on the Policy & Resource Plan objectives. So I welcome having more policy officers, but I still think there is a problem with smaller policy development. I just take an example of Saumarez Park. We know there are problems with the usage of Saumarez Park and more people want to use it than there are immediate facilities there and that causes all sorts of problems. But with the cuts that have been made over the years, we just do not have the policy people to do those projects in an acceptable timeframe. So I think we have to look at enabling particularly Committees like E&I which have such a small staff the policy officers able to do those

1650

smaller projects which will never get into a P&R plan but are necessary in order for us to deliver services to the population of Guernsey.

1655 There is another example of amendment which we did not debate on glasshouses. If I go back to the States' Land Use Plan, there was a particular policy about redundant glasshouses in there and we still have not really done that, and that was going back to 2011. But it is very difficult to have the resources to do projects like that within the current situation. So I encourage P&R to look at the usage of policy officers for those other smaller projects.

1660 Looking at where we are, we all want to improve efficiency of Government and there has to be a balance in terms of ... I have spoken about tax allowances and giving money back to the population but trying to have a better Government for the future. I am not quite sure why we have arrived at a point with the IT system for the Home Affairs Department where we have all this money sitting in our capital reserve but we have such a poor IT system. It is not a good reflection on Government as to how we have arrived at that point.

1665 I agree with the point made about updating policy that I think Deputy Fallaize made about pensions. I think the policy is that they just go up by inflation post-2020. We have had those policies in the past, and what you end up with is: if society's income goes up above that, pensioners become in relative poverty because in a growing economy, just keeping the value of an income in real terms is not sufficient in order to enjoy the same values in society as you did in the past. So I agree that we need to look at that and there will be a cost in terms of financing it.

1670 I would finally like to just comment on Proposition 4B. I noticed that Deputy Brouard encouraged people not to vote for it. It is to investigate and I encourage Members to vote for that, as they did, and I thank them for supporting the amendment yesterday. Please do not go back on what you did because if we are serious about Overseas Aid, we have to investigate the financing of it.

1675 I, like Deputy Roffey, struggle with Proposition 5 and I will listen to the summing up, because at this point I am not going to support it but I will have an open mind and listen to your summing up.

1680 **The Bailiff:** Deputy Trott.

Deputy Trott: Thank you, sir.

1685 Not all is rosy. I think that needs to be said. Ten years ago, sir, when we made the seminal decision with regard to corporate tax reform, there was a lot of fixation not only in this Assembly but in the community at large about the 'black hole', and I reassured a number of Members that if we stuck to the plan, we would come out the other side of it. It would not be without some pain – I never Although Deputy Roffey has said on a number of occasions, I did not emphasise this point enough, for me it was a case of at the end of the journey things would be okay. We just had to stick to the plan. Now we are at the end of the journey and things have worked out okay.

1690 But when I was asked about the black hole, I said the issue is not the black hole; the issue is the grey hole. It was the issue then. It was the issue five years ago. It is the issue today and it will be the issue in 10 years' time unless the matter is addressed. I draw Members' attention to page 18 of the Budget Report and in particular paragraphs 3.30 and 3.31, which read:

3.30 The long-term issues of an ageing population and upward trend of dependency ratios in Guernsey are taken very seriously by the Policy & Resources Committee. Our workforce drives our economy, and ensuring we have the right number of people with the right skills to support commercial business is important to our growth prospects and to adequately staff the care and support service for which demand will increase.

3.31 While the expected peak in dependency ratio is still some way in the future, managing the implications of this early is essential. If we are to meet the challenge successfully and limit the transfer of an unsustainable cost burden to the next generation while still providing the services which will be needed by those who are currently reaching the end of their working lives, [and as a consequence] effective policy development and the transformation of service provision are absolutely necessary.

1695 We are doing a lot of that because we identify the problem but the problem remains real and will require our added attention, our increased attention in the years ahead.

Why do I give that intro? Because I am now going to talk about Alderney and I am going to talk about Alderney because we need to have this discussion and in any event Alderney Representative McKinley has given one side of this.

1700 I am going to start by referring back to the analysis of income and expenditure attributable to Alderney that was contained in the annual accounts. Members, the taxation and duty revenue that the States of Guernsey receives from Alderney in 2017 was a little over £9.1 million. But the *transferred services alone* were over £10 million. So before we even start delving around as to whether the losses on Aurigny are real – which incidentally, the Aurigny management have told the STSB and P&R time and time again that they are and have provided quite significant and analytical data to prove these numbers.

1705 We must also take into account the amount that we allocate Alderney in addition, which is going on for £2 million a year to cover additional net revenue expenditure and another £2.1 million a year in 2017 to cover capital expenditure. Another £300,000 came from the Economic Development expenditure and so on and so on and so on.

1710 What comes out the other end? Well, I will tell you what comes out the other end – and Deputy Dorey referred to it – it is in paragraph 9.53, and I am going to read this as well, because I have lost count of how many times I have been misquoted, deliberately I believe, by people in Alderney on the front page of their newspaper called *The Alderney Journal*. This is what 9.53 says:

Following a decision of the States of Deliberation in February 2016, an analysis of income and expenditure attributable to Alderney is published annually. The total net cost (excluding social security contributions and expenditure) was £6.8million in 2017 ...

1715 That does include the Aurigny losses.

And incidentally, on the Aurigny losses, sir, Aurigny have told us that every single time a passenger boards an aeroplane from Alderney to Southampton – a commercial flight with Aurigny – and every single time the equivalent happens from Southampton to Guernsey, each leg, the taxpayer of Guernsey writes out a cheque for £75. And yes, it is the taxpayer of Guernsey because Alderney is already in substantial deficit – substantial deficit that is referred to further in this paragraph:

There are a number of businesses based in Guernsey which benefit from the e-gaming sector in Alderney; it is estimated that their annual contribution through personal income tax and social security contributions is in the region of £1.1million per annum. The per capita cost of the Alderney deficit is therefore over £4,000.

So for every man woman and child in Alderney, the taxpayer of Guernsey subsidises them to the tune of £4,000. It is an inconvenient truth. It is a fact though.

An equivalent for the Guernsey population would equate to approximately £250million ...

1725 So that is what it would look like if we adopted the same fiscal strategy here. We would not be allowed to, because our fiscal policy framework makes it absolutely clear that our annual deficits cannot exceed 3% of GDP. In other words we make exceptions with regards those fiscal rules to accommodate Alderney.

1730 But it does not stop there. We now have a capital expenditure request in for Alderney Airport – it will be coming to the Assembly at some stage in the future, I suspect – for over £12 million. Now, £12 million worth of capital expenditure on the same *per capita* basis equates to very nearly a staggering £400 million worth of capital expenditure on a Guernsey *per capita* basis. You just imagine if we were debating expenditure £400 million in this Assembly! Can you imagine the controversy and the attention it would attract? And quite rightly so, because that sum of nearly £400 million exceeds our capital reserves allocated for the purpose of capital expenditure.

1735 That is how acute the problem is. Now, people in Alderney can say, 'Please don't talk about it. It's this and it's not right', and all the rest of it. But I am afraid that is not the grown-up and sensible strategic thing to do. It is a very material problem and it needs to be addressed.

Deputy Ferbrache does not want me to talk us up. Well, sir, that is a little bit like asking me to cheer for Arsenal, or Jersey in the Muratti. It is not going to happen! Of course I am going to talk us up. And why not, because there is so much to be positive about? So much to be positive about.

1740 They were just a few of the things, because I do not want to steal the President's thunder. He has worked *incredibly* hard over this last few months to bring this Budget to the Assembly and he should have a moment or two to, if you like ... no, not bask in the glory because that sounds like we are swaggering around, like Deputy Yerby referred to. I lost my swagger years ago, (*Laughter*) and in any event if it was over to come back, I need only look at the fiscal position of Alderney and it soon disappears! (*Interjections*) Calls of 'shame' for stating the facts and talking the truth – unbelievable!

1750 Sir, this is the second successive year we have a fully balanced Budget. We do have one of the globe's lowest tax takes as a percentage of our GDP. We have no capital taxes or inheritance taxes and we have no GST. Some said we could never return to fiscal surplus without it.

For the third consecutive year, personal allowances are to be raised by £500 – an above-inflation increase of 5%, which will be particularly of benefit to those on low and middle incomes.

1755 There is benefit for first-time buyers in particular, with the abolition of document duty charged on the registration of bonds associated with borrowers' mortgages. It is Budget, as the President said in his opening remarks, that is reasonable, fair, realistic and progressive and which has not sustained one single material amendment. So you can all share in the credit for that, Members.

1760 But that is not all. We have virtually full employment. We have a growing GDP. We have an increasingly progressive tax system, focused on helping those on the lowest and lower incomes. We have created the Guernsey Investment Fund, designed to incentivise diversification of our economy. We have navigated our external threats so far with absolute excellence, thanks to the work in particular of Deputies St Pier and Le Tocq. And as our economy grows, further assistance will be given to those on the lowest incomes, as we continue our journey of progressive improvements and increased fairness.

1765 Sir, as I have said once before – what a disaster!

The Bailiff: Can I just have an indication of how many more people wish to speak in general debate on the budget? Seven.

1770 I am going to propose that we rise now. It is 12.30 even though the clock says 10.30. What I am going to put to you is the Proposition that once again we come back at two o'clock, because I remind you that if there is time, there would be the elections for President and members of the States' Assembly & Constitution Committee. If that has to be put back in the month, it will have to be put back to the end of the month. But that will take a bit of time.

So I put to you the Proposition we come back at two o'clock. Those in favour, please say aye; against, no.; those against.

Some Members voted Pour, other voted Contre.

1775 **The Bailiff:** I believe that is carried. So we will be back at two.

*The Assembly adjourned at 12.30 p.m.
and resumed its sitting at 2.02 p.m.*

Procedural

The Bailiff: For the benefit of anybody listening on the radio, there is a question as to whether the States is quorate at the moment that we need to just look at.

The quorum is the number of voting Members equal to the nearest whole number above one half of the number of voting Members present. The nearest whole number above one half of the number present. That means 21. We have present 20.

1780

With the arrival of Deputy Brouard, once he is in his place, we will be quorate.

**The States of Guernsey Annual Budget for 2019 –
Debate concluded –
Propositions as amended carried**

The Bailiff: We are now quorate so we can resume.
Deputy Gollop.

1785

Deputy Gollop: Maybe, if I speak they will become more quorate as we go along. *(Interjections and laughter)*

I very much welcome most of the Budget but I think there are a few topics to pick up on. I certainly was impressed by the impassioned speech Deputy Hansmann Rouxel made on behalf, particularly, of the more vulnerable in our society through disability or other issues. I very much hope that the senior members of Policy & Resources in the Chamber, Deputy Le Tocq, Deputy Stephens, Deputy St Pier, will very much consider favourably the business case that Employment & Social Security will make.

1790

I remember the Disability and Inclusion Strategy, way back in 2013. It very much made the point that we had to have a business plan but not necessarily a full business case. I do not want to split hairs but I think it is a given, really, that on at least two occasions the States have unanimously supported the principles behind the next stages in terms of legislation and the commission. I think we need to get on with that job, very much so.

1795

Deputy Hansmann Rouxel also referred to squirreling away our acorns and so on and it made me think of the Beatrix Potter story of Squirrel Nutkin, who was a bit cheeky to the upper bench on the tree, the Wise Old Owl, and ended up having his tail cut off. I do not want to go down that route!

1800

Talking of tailfins, Aurigny has come up a number of times. I have always had to be a bit circumspect about talking about Aurigny for two reasons. One I rely on Aurigny very much, particularly to visit my mother in Alderney, and secondly I am still a member of Deputy Paint's Transport Licensing Authority. I was going to say Transport ministry! Although it still exists and does have roles in specific circumstances and may well have more if there is another restructuring of Government dimensions, the reality is it has had less to do since the Open Skies policy was brought in.

1805

What we have not seen since then is a spectacular increase in our connectivity. In fact, so far, at the last count, we have seen a slightly reduced service to Alderney, a disappearance in the new year, sadly, of our last remaining scheduled French link and a re-timing of the early bird to Manchester. So I think we have issues. We talk about populism. I would like to be a kind of anti-populist. I would like to say to Members of the Assembly, through you sir, and also to the wider public, that there are elephants in the room, you could say, or aircraft in the room, that we have to tackle. They are perhaps unacceptable.

1810

The community frequently says flying by air is too expensive. I would argue that, actually, the reality might be closer to the fact that air fares are too cheap. They are too cheap for the airlines who are running them to make a surplus. Because when Aurigny is making losses year-in, year-out, there can only be two reasons for it, apart from perhaps insufficient take-up of seats.

1815

1820

1825 One is that the airline is in some way making unwise managerial and commercial or strategic decisions, which I think is an issue we do need to consider, as Deputy Inder hinted at earlier. The other reason is that the air fares are too cheap. Every time a passenger flies, the taxpayer is paying a bit extra on the fare. I am not singling out Alderney, here. I think it applies to many other routes. It used to apply to the City of London route, for example, probably to the Dinard route and so on.

1830 We have to address that. I do incline towards subsidised support of air routes as part of our social and economic mix, but I think we cannot try to mix and match too much there. We do need that conversation and we also need a conversation about our entire fiscal strategy and whether we can, as a community, go on regardless with the appropriate mix of incentives and disincentives fiscally without seriously considering a sales tax or something like that.

1835 I think some of the messages we have heard today are troublesome. I agree with Deputy Roffey that it was a mistake in 1989, or whenever, to get rid of the additional personal allowances. But I am not sure the solution to that problem is taxing people more who are in the, say, £40,000-plus category. Actually that will act as a significant disincentive, not just to people already based in the Island but for potential professionals coming in.

1840 Who are these higher earning taxpayers? They are by no means all corporate whizz-kids. They are people who are working hard across our financial and legal communities but they would also include many professionals in the sphere of medicine, dentistry, health and other forms of professional work.

1845 We need a more mature conversation on how best the tax is going to be apportioned and delivered and I think where I am unhappy, perhaps, with the direction of this Budget is that it hits disproportionately people who are just above the margin of receiving benefits. Deputy Roffey, for example, said that we could not afford as a society the largesse of a £15,000 personal allowance. He is right, we could not, at the moment. But Jersey does and the Isle of Man is closer to that than we are.

1850 We have a problem in allowing people who are neither wealthy nor poor the full fruits of their labours. It is a conversation we need to have and I think I will conclude, I did not say 'shame' to Deputy Trott; I just was shocked at the targeting of Alderney because the thing is, given our current and past constitutional relationships, I certainly believe in you, sir, as Bailiff of the Bailiwick. The Bailiwick includes, in different ways, Sark and Alderney.

1855 Deputy Brouard wanted to define the role of a Bailiff and Deputy Brouard was a valued colleague of mine on the Legislation Select Committee for four years. A lot of our legislation covers Sark and Alderney. It is different for every piece of legislation. Sark is very much part of our jurisdiction, especially in terms of judicial matters.

1860 I agree with Deputy Ferbrache that Sark poses some challenges and I suspect, unless we can work together to make life easier there, we could end up having a bill to pay. We already, according to Deputy Trott, have a bill to pay for Alderney, but Alderney people should be seen as individuals. A person who lives in Alderney, who was born in Alderney, who has paid taxes all of their life to the States of Guernsey, who has paid Social Security all of their life to Guernsey, surely that person deserves the same rights and the same benefits as if he or she lives in Torteval or St Peter Port or the Vale?

1865 I cannot see how we could reasonably talk, without a fundamental reassessment of the role of Alderney within our democracy and common purse, a common purse we have had for 25 years, of penalising Alderney just because it happens to have more older people than Guernsey, proportionately. Maybe the Castel parish has more elderly people than St Peter Port: I do not know. I hate the discussion anyway because the older Members of this States are by no means a drain; they are amongst the most hardworking and productive people in our community. (**Several Members:** Hear, hear.) So I do distance myself from some of the views about Alderney. There may well be better solutions than we have heard so far.

1870 I just want to finish by not drawing sympathy on 'poor little me', but imagine somebody like me perhaps with £10,000 a year less income. A single middle-aged guy, a bit isolated. What is in the Budget for them? Not a lot. If they are smoking, it is going up disproportionately. Alcohol is

rising as well. If they are motoring around in cars, they will be paying more at a time of increase generally in those areas. Or if they are riding in a taxi, the point would be the same.

1875 They are not better off enough to benefit from some of the more generous fiscal measures that we have in our economy, nor should they qualify for Income Support. But they are going out there, proportionately their medical costs are rising because the value of the £12/£6 grant is dropping all the time, as Deputy Dorey has pointed out over the years.

1880 In areas where we have made provision their situation is getting steadily worse and all they have got as compensation is maybe £100 or so extra a year from the personal allowance change – a personal allowance that is not targeted at anyone in particular. I would argue that the disposable income of somebody on, say, £25,000 a year, is obviously much less than somebody on £45,000 or £65,000 a year. The current taxation structure that we have and are continuing to vote for takes a disproportionate amount out of their personal income by the higher rate of tax you are paying in Guernsey, effectively, than say the Isle of Man or Jersey, for the same level of income.

1885 That is the kind of conversation we need to have. The word ‘populism’ is unpopular but I do not think this Budget is populist enough because I do not think it targets enough people to give them what they need. It is not perhaps putting out the message that we could have a completely transformed taxation structure if we were prepared to make more difficult and strategic decisions.

1890

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

1895 When I was elected to the chairmanship of the newly formed Public Sector Remuneration Committee, 14 years ago, my vice-chair was former Deputy Hunter Adam. In pay negotiations particularly with unions he and I would often be saying the same things, except he would be saying it with a strong Scottish accent, which sometimes came over to the staff side as being angry! We could play good cop, bad cop quite well in that environment. We agreed the same things but I seemed quite reasonable compared to him at the time. It was quite a good working relationship from that point of view.

1900

I use that anecdote just to say that whilst I agree with my colleague Deputy Trott’s analysis of the situation facing Alderney, I too distance myself from his tone and the manner in which he presented that. He has just entered the Chamber so he needs to listen to what I have got to say next. I do think that, with regards to Alderney and indeed – not part of this Budget at all – with regards to Sark because I am sure in the future we will have to deal with issues regarding Sark, things are very serious indeed.

1905

It was because I was concerned, a number of years ago when I was Chief Minister, that I instigated the formation of the Bailiwick Council. I knew that would not be the solution but both Alderney and Sark are facing situations that we are also facing in Guernsey, in terms of demographic change, depopulation, economic issues, but on a far deeper and more difficult to solve scale.

1910

At the same time it is not right for the Guernsey taxpayer to continue to just bail them out in the way of sticking plasters over the issue, which we have done perhaps for decades, to be honest, in these circumstances. In many ways we have been sponsoring Sark underneath the radar of things like our Budget for some time.

1915

I welcome the fact that we have a Budget before us that is prudent, that has some good measures in, that has some tough to swallow measures in for us and that is also putting something back into our reserves. That is important because I do not know what the future holds, bearing in mind what I have said for our close neighbours in the Bailiwick but also because of Brexit and because of the changing world economic climate that we are entering into.

1920

So I think it is prudent that we move forward without wanting to rock the boat too much, but also to focus on the areas which affect us all, whether we are on Committees or not in terms of responsibilities, of the next generation and what we will pass on to them in terms of their ability to

1925 build on the things that our forefathers have done. I welcome this Budget but with that proviso in mind.

Thank you.

The Bailiff: Alderney Representative Jean.

1930

Alderney Representative Jean: Thank you, sir.

I mainly want to address what happened this morning and I am not going to go into detail but what I am going to say is this: for P&R to let one of its Members talk about part of the Bailiwick like what happened this morning I think is wrong. I am very grateful to hear the words of Deputy Le Tocq, I really am, and I hope that other people ... this does not spread, this kind of bullying, unpleasant attitude. It is not helpful.

1935

Alderney wants to solve these problems as much as anybody else and it is not helpful to have this kind of banging around and unpleasantness. It is coming from one quarter particularly and I actually think it really is a shame and it is not the way to go on and it certainly is not helpful towards good relations.

1940

I spoke to one Deputy in this Assembly and this person quite rightly told me that there should be a spirit of reconciliation. Yes, there should be, and we should be able to work together. But it does not help if there is this constant attack, attack, attack. What I am saying is it has got to stop, because it is not constructive and it is not helpful. I know very well that the bulk of this States do not feel like that and do not feel, sadly, as Deputy Trott does.

1945

Deputy Trott, you may be right about some of the things –

The Bailiff: Through the Chair.

1950

Alderney Representative Jean: Indeed sir. I am very sorry, if you felt that I was ignoring you, I promise I was not. (*Laughter*) I thought that might make you all laugh!

Deputy Trott once said he was a friend of Alderney. I would like to see us working more constructively together on these problems. It is not Alderney's fault what some of things cost; it is not Alderney's fault that some of these things need putting right; and it is not Alderney's fault that some of these services have transferred.

1955

We cannot help it; there is nothing we can do about it. But we certainly can talk to you and we can do all we can. We have had very nasty remarks from you about Alderney's tax take, about the residents who live in Alderney. Let us clear it up ...

1960

Deputy Trott: I am grateful to my friend Alderney Representative Jean for giving way. They are not nasty comments. They are facts. That is the problem; they are facts. We had Alderney Representatives that came here in your absence who said Alderney pay a lot of tax. The tax take *per capita* from Alderney is 60% of what it is from Guernsey. I could go on and on. You do not want to hear it, but it does not mean it is not true, Alderney Representative Jean, and it does not mean it should not be said.

1965

Alderney Representative Jean: That is very beautifully phrased, that very point, that tax take is down. One of the things that Alderney needs is to build up those surpluses, particularly with regard to transport, so that it can bring itself out of these problems and increase its tax take. We recognise that and I am not saying that you are wrong.

1970

What I am saying is that the delivery and the way that we are talking about this is wrong and it is not helpful to an economy that is trying to get back on its feet and needs understanding, assistance and guidance to do it. I admit that we need that and I ask for it, but I do not want to clobber anybody or hit anybody or come out and be vindictive, is the word I would use, and that is a pity. I believe that your Committee should rein you in a bit, because it is not helpful.

1975

The Bailiff: Deputy Laurie Queripel.

1980 **Deputy Laurie Queripel:** I would like to start on financial scrutiny. Deputy Green and myself
and I hope Deputy Merrett, as the other political Member on the Scrutiny Management
Committee, will agree with this. If she does not, I am sure she will let us know. Deputy Green and
myself are both of the view that the overall level of financial oversight for the States' finances has
1985 been inadvertently watered down by the 2016 changes to the system of government – for
example, the ending of a separate Treasury & Resources board and a separate Public Accounts
Committee function. The solution to that reality is not simply about more budget, in our view, but
it does need to be re-thought and reviewed, as we are seeing unintended consequences on
financial oversight and that unfortunately plays into the hands of the Policy & Resources
Committee. That is just something that Deputy Green and myself have been thinking about over
lunch and I hope that Deputy Merrett will agree with those points.

1990 Deputy Trott this morning, just before lunch, proved to me that it is okay to be a dog with a
bone. Or at least a dog with a bond. I am not going to spend too long on that point but I just
want to refer to it briefly before I move on to a couple of other points. I felt there was a hint of
irony in the debate yesterday afternoon because when we had a debate on the amendments that
related to gambling and to the Lottery, there were some Members, and I know they were doing it
1995 with great sincerity and in a genuine way, they were wringing their hands and were concerned
about problems and risks associated with Islanders gambling. I share those views.

But just prior to that, while voting for Amendment 32, which is now Proposition 53, they had
potentially increased the risk to States' finances and the public purse by voting for that
amendment. I suppose you could call it a calculated gamble, possibly relaxing the lending rules
2000 around the bond and, depending what comes back clearly to the States in the way of a report
from P&R, they might investigate this matter and say it is not a good idea to relax the rules. I am
pretty sure they are going to come back and say that it is.

They will come back with a report and that report will be presented in a very convincing way
and it will probably win the day. That is my estimation. That will prove to me that we have not
2005 learned lessons from the past. When Treasury & Resources came to the Assembly in October 2014
with a proposal to issue a bond, that case seemed very comprehensive and very sound but
actually since that time it has proved not to be quite so sound or so comprehensive and it has
shortcomings in it in regard to the preparation leading up to the proposal to issue a bond.

So when I saw that debate taking place yesterday, it reminded what a strange and sometimes
2010 contradictory *Twilight Zone* world politics is and how we can flit from the shadow to the light, as
Members, and not really be away that we are doing so, because there was some sort of irony
attached to that as far as I am concerned.

I think there are two disturbing scenarios in regard to the bond as far as I am concerned. The
one I said yesterday that if we do lend many millions of pounds to private enterprise and we find
2015 that, actually, when the States' projects come up for consideration there is not enough money left
in the bond, we will have to find the money from somewhere else and it might be the case that
there will be a call to issue another bond.

But for me the even more disturbing scenario is that at some stage, P&R, or the P&R in the
next States, will come back with an idea to relax the Rules around the bond even more. What I
2020 mean by that, they might come back with the proposal that actually we should fund projects that
do not have a secure income stream. I can see that one coming down the line at some time.

If they do that they will come back with another seemingly sound and comprehensive and
detailed business case. It will have analysis in it. It will have figures, it will have charts, it will have
tables. The rationale will go something like this – I know I am being a bit tongue in cheek with this
2025 one, I am predicting this; it might not come true – they will come back and say something like:
'We can actually fund the building of a school by using the bond proceeds.'

The explanation will be something like this: 'Young Islanders are educated in our schools, most
are armed to work in the Island, some do very high value jobs, they pay taxes, they pay

2030 contributions, they pay charges and so on. So in a way there is an income stream, it is just
deferred. If we change the figures in this column and we adjust this chart and we move this
2035 decimal point, they might be able to demonstrate the quantity of the added value.' Hey presto we
are then financing projects without a secure income stream.

They have already thought of it! So there would be more and more revenue that the States
take in going toward servicing a debt rather than directly providing services. I hope that does not
2035 happen but now that we have started on what I consider to be a slippery slope, I can see it
coming along at some stage.

I just wanted to turn to, by way of a change, to do something else, pages 22-30. It is the
proposals in regard to substance. I think I realise what this is about and I think it will look good in
regard to our image, how we project ourselves outwardly as it were. I just wondered, will this
2040 substance proposal pick up the many thousands of companies that are registered in Guernsey,
many of which employ no people and do not even have a fixed telephone line?

Will it pick up companies like that as well? I just wonder if that will be achieved via the
substance proposals. I think that is an important thing to pick up. I understand why we are going
down that route, but will it be comprehensive enough? Will it be all encompassing? Will it pick up
2045 all these companies that are registered here, sir?

In regard to page 32, I think it is page 32, 6.7 where it says:

As part of the continued monitoring of the corporate tax regime, the Policy & Resources Committee has considered
domestic developments in relation to the growing of cannabis plants for the production of industrial hemp; food
supplements or medicinal products, etc. Should this become a licensed activity, it would be the intention of the Policy
& Resources Committee to recommend that it be brought within the scope of the company higher income tax rate
(20%).

Now I am just a bit puzzled by that, because we said as a States, not only in this term but in
the last term, we really want to create economic diversity; we really want to drive towards
economic diversity and if we see some opportunities on the horizon that are viable opportunities
2050 that are goers, that could really help us to meaningfully diversify the economy, bring extra monies
and allow us to offer another product – a tangible product not just a financial product or
something along those lines – that has many and various applications, I just wonder why we
would straight away send out the message that it would be taxed at 20% rather than perhaps a
lower percentage rate of tax.

If we are serious about diversifying the economy, if we are serious about adding strands to our
economy, if we are serious about being able to produce more things, especially tangible things
that have many and various applications – I think this is something that is becoming a more in-
thing across the world in regard to these sort of products – why would we tax it at 20%? Why
would we not consider taxing it at a lower rate? I will just pose that question to Deputy St Pier. I
2060 wonder if P&R could provide the rationale as to why they would do it that way because I think we
should be looking to diversify and anything new that comes along that is promising we should be
perhaps encouraging it rather than seeking to inadvertently discourage them.

I just wanted to come onto the public sector reform. I know there was some talk yesterday
about the amendment that was eventually passed and I think became Proposition 52. It was
2065 Amendment 24. I know there was some talk that it was tokenism, it was a bit of a meaningless
amendment but that it probably would provide comfort to some Members. I think it was a bit
more than that. There was a line that was in the amendment and it was in (c) and it says:

Therefore the States have a legitimate political interest in the structure of the civil service.

It seems to me that should not be taken to mean that politicians, Deputies, want to step on the
toes of the Chief Executive Officer, but as Deputy Yerby said yesterday we would be derelict in our
2070 duty if we, Deputies, just said, 'Thank you very much, go away and do it,' to the CEO and then
said, 'By the way, here is £8 million to be getting on with. Just do with that as you think best.' I
know P&R will be providing oversight but I hope Members get my point.

2075 Any Member of this Assembly, particularly a Member of the Scrutiny Management Committee, should be very interested when a sum of £8 million is allocated to a particular project, so we should all be interested in that. Even from that point alone, let alone the restructuring and the policy, we should be interested in the expenditure as scrutineers with a big S and with a small s. It is not about silo thinking or defending one's territory; it is about trying to understand the detail of the reform plans, the mechanics of how it will impact upon our community, public services and the political structure.

2080 Despite some of the comments we have heard through the media, particularly in the *Press*, we actually owe it to Islanders, to our community to do that, because ultimately we are accountable to the public, not the Chief Executive Officer. We are democratically elected to represent the public interest. I just think we need to make clear why Deputies are taking an interest in the reforms, not to interfere or step on the CEO's toes, it is because we have a legitimate interest in it and we have an interest on behalf of the public.

2085 Thank you, sir.

The Bailiff: Deputy Tooley.

2090 **Deputy Tooley:** Thank you, sir.

I am afraid you are going to have to blame Deputy Queripel that I have just added three pages to my speech, but they are very little pages. I just wanted to say something about that issue of the bond, because I do think there is a danger that the bond money is burning a hole in the pockets of P&R and there seems to be a slight sense of, 'Right, what can we spend this on, then?'

2095 That does remind me of my six-year-old who, having made his target of stars for sleeping in his own bed and cleaning his teeth without a battle resembling the hunting of the Jabberwock, finally receives the cash to buy the Lego set he has been yearning for, only to find it is out of stock and, rather than wait, prefers to look around the shop for something else he could splash the cash on. That does concern me. But I do not think that is good enough reason not to investigate and take time to consider whether there might be better things to do with the money than to leave it sitting in the pocket.

2100 This is jumping about a bit but, as an aside, I would like to endorse Deputy Inder's comments about the sanitisation of gambling, which has happened in recent years. While cognisant of the revenue that provides, necessary revenue, I am glad that this is something that it seems there will be some support to review, going forward.

2105 But I really wanted to stand up to respond to Deputy Brehaut's comments about agency staff, just before lunch, at HSC, firstly to thank him because this is an area of which HSC are very well aware, painfully aware, but which might not be apparent to all in the Assembly or at home. The issue of finding excellent, highly trained and qualified staff to join or to sometimes replace those who already work for us – I will just take the opportunity if that is alright to thank all our staff for their hard work, particularly over this last week where there has been the difficulty with the leaks into the theatres and so on, for their hard work and great efforts on behalf of the people of the Bailiwick – Brexit is indeed making this harder.

2115 Deputy Graham is absolutely correct that the UK's impending exit from the EU has hugely narrowed the field of available nurses and that is making staffing health and care services a concern across a much larger area than just Guernsey and Alderney. That being said, HSC is well aware of the amount of cover we rely upon agency nurses to supply. It is lower than when the present Committee took office, but we acknowledge it is rising, as a result of all the above.

2120 Because of that this spending is included in the Budget submission, which we are happy to publish, and there is a funding increase to cater for it. We hear the concerns that have been voiced. They echo the shouts that we are making about the situation and they are reflected in the preparation that we have made.

Thank you.

2125 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, sir.

2130 There are many things in this Budget which I can speak upon. Many good and some not so good. However speakers today and in the last three days have covered very eloquently many points of the Budget, which affect the people of Guernsey and also the people of Alderney.

2135 These excellent speeches have dealt with wide-ranging topics, such as the Budget processes covered by Deputy Yerby, and the speech of Alderney Representative McKinley which contained an olive branch, which I hope will be reciprocated, because as Deputy Trott said, we need to have grown-up conversations about the 1948 Agreement. In that respect I have to add that, unless a truly open mind is brought to the table by both parties, with the right tone, or perhaps even with the feminine touch, an agreement which is realistic and beneficial to both Islands will not be found.

2140 As I do not wish to repeat anything already said, I will concentrate on just three matters. I start by focusing on a fundamental principle of taxation, one that I believe we are not adhering to, by way of a Proposition which I believe is a sledgehammer to crack a nut. In the IMF/OECD report for the G20 finance ministers of March 2017, it says:

Certainty in tax matters is an important objective and governments take a wide range of measures in its pursuit.

Later it says:

The pursuit of certainty needs to be weighed against other important tax policy objectives.

2145 So when looking at a new tax, we owe the taxpayer certainty over what is being taxed and why. We have a variety of strategies which inform this Budget, such as the tobacco control policy and the Committee for Health & Social Care are working on a substance misuse strategy, which will provide policy objectives in respect of alcohol. Through such strategies, we know the basis of the tax or duty and we understand the issue which is being addressed so we can see its proportionality and, through the legislative drafting, we have the certainty.

2150 Whether we agree with such tax rises, obviously, is another matter. So when I see a tax being imposed and I am unsure of its policy objective, mainly due to its lack of proportionality, I begin to question its purpose. When I see a tax that, looking at the legislative drafting, is uncertain, it raises concerns with me.

2155 In this particular instance, I am not concerned about the tax itself, or even the why. I am concerned about the how. By approving Proposition 14, I believe we are not adhering to the principle of certainty for taxpayers and this is just not good Government. So, to the tax that I am particularly incensed by.

2160 This is the one contained, as I say, in Proposition 14. On the face of it, the Proposition is uncontroversial. It adds to the list of taxpayers corporate compliance advisers. I start with a why? Why are they are being taxed? It is simple, is it not? It is because advisers can earn a decent income advising firms on how to adhere to local and international standards, so providing a service which enables Guernsey to be open for business. They do get taxed already, of course, it is just when they get taxed we are talking about.

2165 I do not have a problem with this. Saying that, it is appropriate at this point to mention the declaration of a sort of interest in this matter. A declaration, actually, identifies the concern with the how of this amendment. As a lawyer who has specialised in advising on compliance on the multitude of legal requirements faced by the finance industry on Guernsey, I could offer such advice in three ways: directly, through my own business, by being employed by another compliance advisory firm, who contracts out my services, or via a recruitment agency on a short-term contract,

2170 For me, I have not incorporated my business, so would not be affected by this amendment. But I have a short-term contract through an employment agency. However, the confusion arises in

regard to the effect of this Proposition because, under this proposal, it is unclear whether the recruitment agency will be considered a corporate, providing compliance advice.

2175 I am told that is not the intention but why then is a corporate compliance adviser who provides the service of an individual to a firm under a contract caught, but a recruitment agency which is actually doing the same thing is not? To explain the lack of certainty further, I wish to briefly touch on what advice is being caught, or not.

2180 The Proposition aims at taxing the income of the company providing certain advice to certain clients and covers compliance and other related activities provided to regulated financial services businesses. In order to understand the approach of P&R in laying this Proposition and its effect, I have had the benefit of various discussions with those who provide such advice, or at least who think they may be affected – also the acting director of taxes – for which I am grateful.

2185 I also have had the benefit of seeing the draft legislation, which we saw on Monday at the Legislation Review Panel. I mention the contents of the draft registration to illustrate the many problems that I have with the Proposition, but I do appreciate if this is approved today we will be deciding whether to approve the legislation at a later Meeting.

2190 I refer to this because I wish to propose a solution to the problem; one that could not be done through an amendment for the reasons I will explain, but through voting against Proposition 14. The definition of the activities which are to be taxed, without limitation, is advising on and monitoring corporate governance, ethics, standards of conduct, risk management and compliance with the provisions of or made under, and then there is a list of legislation, which includes amongst other things the AML/CFT legislation, the regulation of finance businesses and the data protection legislation.

2195 This represents my problem. It lacks clarity in so many respects. The phrase ‘and other activities’ is very wide and the definition then uses the words ‘without limitation’. So can it be said to be known what is covered? Compliance itself covers everything in respect of legislative adherence. There is a list of Laws in the draft legislation on which such advice is given.

2200 But according to the Proposition, the clients to whom the taxable advice is given are said to be only financial services businesses (FSBs). FSBs are defined in different Laws, so in the AML/CFT legislation, FSB does not include accountancy firms and law firms – a definition echoed in the Disclosure Law and Prescribed Businesses Law, which defines those prescribed businesses in such a way it is mutually exclusive to financial services businesses.

2205 So I believe that the Proposition is more limited than the proposed legislation. Again I mention this as I have a solution to my dilemma, which I will refer to later. The complexity continues, however, as advice given to those who are not regulated, but wish to become regulated and who, during the length of the contract for the provision of advice become regulated, the taxable nature of this advice would also be treated differently at the start of the current relationship and differently upon the firm becoming regulated.

2210 As mentioned, the list of compliance and other regulated activities is in the draft legislation, but this list does not clarify how a corporate adviser, such as, say, an HR expert who advises on flexible working, recruitment and the process by which employees will be screened and trained, is caught. The first two would not be caught, but the legislation of the last two would be, certainly part of the advice which forms the part of the requirements in the AML/CFT framework.

2215 I see more money being spent as a result on this on IT and accounting systems than the tax take itself and that cannot be a good thing. I do not think it is good practice we have such legislation with such a lack of clarity that one adviser has to say to me that they will charge all clients for their advice because they do not know if they are going to be caught or not. Is that fair? There is an accepted maxim that tax legislation should provide certainty to the taxpayer. This does not.

2220 I was asked by the Crown Advocate who drafted the legislation, understanding my concerns, for a replacement definition. But I could not, despite trying to do so for two weeks, simply because of the complexity of the variables which I have had to go into because of the different variables that exist. Those tricky known unknowns and even trickier unknown unknowns.

2225 Finally on this point, I fear the timing. There will never be an accepted good timing, but facing a need to find advisers to deal with all the new requirements, MLROs indicating that they are considering their position and taking into account the number of vacancies for compliance advisers, this is just another blow to the finance industry.

2230 I therefore cannot support Proposition 14 as it is vague, lacks the required clarity, the proposed draft legislation goes beyond the Proposition and to raise some £130,000, which does include monies from the Investment Exchange, which has not been quantified for good reason, which seems disproportionate to the effect.

2235 So to the solution. As I am unable to provide a robust definition in a short timeframe I believe we should have a wider consultation, not only to get to the right definition but one that captures a wide range of advisers, a wider range of activities, without the uncertainties and ensuring the cost of introducing the necessary administration by such compliance advisory companies. I cannot approve the increase of 0.002% of corporate income tax from £62 million, by a mere £130,000, by way of a Proposition which flies in the face of tax certainty. I ask my colleagues to reject this amendment ask for a recorded vote on that Proposition.

2240 That was the main part of my speech. This leads me to Proposition 12, which despite Deputy Dorey's comments has exercised my mind as it seeks approval for the Income Tax (Guernsey) Law 1975 to be amended to provide the ability for the Policy & Resources Committee to make regulations requiring companies on or undertaking relevant and other specified activities to have a substantive presence in Guernsey by meeting substance requirements.

2245 To address Deputy Laurie Queripel's question, I quote from gov.gg, which I believe went up on the website today, the proposed legislation will require companies which are tax resident in Guernsey, undertaking specific activities, to demonstrate that they have sufficient substance in Guernsey. It has been designed to address concerns that companies could be used to artificially attract profits that are not commensurate with economic activities and substantial economic presence in Guernsey.

2250 Draft regulations have also been published today for consultation on the same site and that, with the issue of the draft handbook on AML/CFT, which I understand is also due out for issue today, there is going to be a lot of reading to be had by those interested.

2255 Of the key activities identified by the EU Code of Conduct Group on Business Taxation, or COCG, that the regulations will cover, I am concentrating on the effect of Guernsey's intellectual property service providers and our digital economy. Whilst we are only being asked to approve the drafting of an Ordinance, which will permit P&R to make provisions for substance requirements, it is important those regulations and the subsequent guidance to be produced takes into account the reality of substance, not only for the future but for now.

2260 We must avoid a rigid old-school interpretation of substance, concentrating disproportionately on the number of employees and physical assets. This approach is not prescribed and if applied unnecessarily rigorously it will not only be a real issue for the IP industry but also our digital economy. The IPCG, which has been the policy steering group on IP state:

Whilst not a welcome addition to the Island's business and reporting requirements, the IPCG do understand and accept the overall strategic interests of the Island of compliance but they seek an economically beneficial implementation of the proposed code policy.

To quote the IPCG again:

In the modern world of business, substance should not depend on physical assets. Credit should be given for the IT and IP infrastructure located in Guernsey, along with the knowledge base for expertise and skills.

2265 One example of the way the interpretation is already suspect is shown in the Budget Report, as it seems to indicate that all IP businesses are high risk. This is not the case. This is the sort of thing that needs to be highlighted to ensure that the substance requirements are set out within full knowledge of the industry and also with the foresight to ensure these requirements do not scupper future innovation through our digital economy.

2270 It is therefore essential the Director of Income Tax works with these companies to understand their true substance and facilitate the reporting requirements at a level appropriate to Guernsey's IP sector. With a correct threshold being set for IP businesses, one that reflects the nature of IP-related services actually provided in Guernsey, the reporting requirements can be met.

2275 To my third and final point, the Social Investment Commission: at paragraph 9.7, we are told that a shadow board of this commission is to be created. I hope that this board is chosen using a well thought-out recruitment policy, which demonstrates the way in which the States values diversity. I hope that adverts are designed to encourage a wide variety of applicants, with the skill sets required, and not simply ask for a CV which would alienate those who have great experience but feel unsure of the value of their contribution.

2280 I do hope that those who are recruited are cognisant of the issues smaller charities have raised when developing the investment criteria and with this in mind I believe a more diverse panel will no doubt assist reaching a fair outcome. This leads to the thorny issue of Gift Aid. In section 9.11 the Budget Report states that there are no clear benefits to changing Gift Aid. I disagree, as I believe do others.

2285 There appears to be a wish to change the current Gift Aid and there has been for a while. But this dilemma appears to be treated in the same way as most taxes – the can has been kicked down the road. Despite the fact that political will can be engaged, as we can see in the way a puny sum can be raised from corporate compliance advisers, dealing with Gift Aid is not one that has been prioritised. Action needs to be taken and perhaps the Social Investment Commission can provoke the political will to make the changes needed.

2290 So you will be pleased to know that, to finish, I agree with others that the Budget is progressive and, as Deputy Roffey said, it indicates a continuing path we are following, which I am pleased to say is one this Assembly appears to support. I am satisfied with this Budget and thank P&R for the way they have listened to the concerns voiced during debate.

2295 With the various commitments from P&R, I am hopeful that future Budgets will not only continue to support those in our community whose needs are the greatest but also to increase that support. But I do believe this must be done with proportionality, taking into account the way we tax those who are creating wealth and providing jobs for the benefit of our population.

Thank you, sir.

2300 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

2305 I rise to comment firstly on the impact of the Budget on the Committee *for* Economic Development but Members will be relieved to know I do not need to detain their attention for very long. The total budget for Economic Development is about £6 million a year, which really gets lost in the roundings in the States' accounts.

2310 The elements of it that are particularly helpful to us and which we applaud are the transfer of £1.5 million to the Future Guernsey Fund, as described in paragraph 9.18 and the proposal that the Committee *for* Economic Development be given delegated authority to spend up to £100,000 on any one initiative from that fund, which also we welcome.

2315 There will be significant initiatives coming forward from my Committee. The present Committee has been in post for less than a year, but we are working hard on trying to develop the economy, which is what the Assembly would want us to be doing, and we will be bringing forward proposals over the next several months for various projects which we think have the potential to do that.

The funding models for those projects have not yet been determined and they may involve significant public investment or there may be public/private partnerships or they may involve proposals to use the bond fund. We shall have to wait and see. So I just want the Assembly to be aware that the size of our budget does not reflect the scale or importance of our activities and we

2320 hope to have a major impact on the wellbeing of the Guernsey population over the next year or two.

My general comment in a personal capacity is that I have been really astonished by the length of this Budget debate Meeting. When I was Treasury Minister, the Budget was done and dusted practically before lunch on Tuesday and certainly never ran into a second day. I am not sure the development of this kind of wide-ranging, state-of-the-nation kind of debate that we have been
2325 having these last four days is actually a welcome development in this context.

There may be a place for a wide-ranging, state-of-the-nation debate, but very few of the speeches have actually focused much on what is in the Budget and I really think if we could next year exercise some collective discipline to bring the debate on the Budget to the Budget and, if
2330 Members feel that they need an opportunity to air all their grievances, probably the Policy & Resource Plan debate is the place to be doing that. But if that is not satisfactory to Members, perhaps P&R can create another opportunity to allow people to air their grievances. We have logged through a long four days and I really hope this is not setting a precedent for the future.

Thank you, sir.

2335

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Sir, the slog is a result of dissatisfaction with the Budget and it is absolutely correct for people to come forward at a time like this and raise their particular concerns and their
2340 dissatisfaction. I cannot say that I am satisfied with the Budget. Deputy St Pier, in the President's foreword, referred to 2017 being a very good fiscal year, with £23 million available in un-committed funds and £54 million being transferred to the capital reserve.

It might have been good for the Guernsey Exchequer with these appropriations to disperse, but it has not been a good year for many Islanders. As Deputy Trott said, not all is rosy. Many are
2345 struggling; with costs of living and housing going up. The feel good factor certainly is a lot lower than I would prefer to see.

Some would say we are still riding through the difficulty of adopting the Zero-10 corporate tax policy, with the tax burden being transferred to the individual, but my point would be there the more Government taxes the people the less disposable income there is available and that affects
2350 our community as a whole and the business community also.

Disappointment with the fuel duty rise. Disappointed in the age-related allowance, half of it being withdrawn from people that really needed it. And the double whammy, again another
2355 disappointment, on TRP increases to householders. Not only the 10% across the board that we were actually told would come between 2016 and 2025 but an additional 60% on larger homes. That was not expected. With promises of more next year; whatever.

The States cannot continue to hit the same taxpayers year after year with more and more. It is not good either for charitable giving. Perhaps the Impact Investment Fund might be able to address some of that and the point made by Deputy Paint with regard to that particular
2360 programme might be looking more at the cost of the investments of some of the charitable trusts.

But we also see the effect on the high street here. I do not see the feel-good effect in this Budget, for example, that Philip Hammond delivered as Chancellor in the UK. He said that the tax burden on hard-working households was to be eased rather than raised. I would commend aspects of his philosophy to Deputy St Pier and his Committee.

Mind you, I have to say – I am not giving way, sir – I was pleased that working households had some reprieve in the Budget with the £500 hike in personal allowances to £11,000. Still, though, well below the £12,500 allowed by Philip Hammond in the UK. As I said I was disappointed with the discrimination, the unfairness against the 65's and over. I agree with Deputy Roffey there is need for focus and the States are leaving pensioners vulnerable by cutting the age-related allowance by £500. It is just not on, particularly given that only 27% of pensioners receive
2370 pensions at the full rate. My plea is for future Budgets to address this.

Deputy Fallaize came up with a saying that there is some light at the end of the tunnel, something is coming through ESS in the next little while to help pensioners. Thank God for that.

2375 I also agree with Deputy Green that the Budget should not be used to introduce radical departures in policy and the banded system of domestic TRP, the additions for larger properties, is a case in point. We were not expecting that at all and that is really a policy change and the promises that we are given, if we go along the route from 2016 to 2025 of the 10%, were broken. It introduced two conflicting directions from the States. One to limit increases in rates of domestic property to the 7.5% *per annum* in real terms and another to raise additional revenue from those most able to bear it. That will leave, of course, many pensioners and people on fixed incomes
2380 unable to pay and, as I said, the commitment in 2015 is not being kept.

The joint board reviewing personal tax pensions and benefits considered that on whether it should be appropriate to charge a higher rate for larger properties, but they came to the conclusion that they would stick with the proportionate approach, because high TRP rates, they observed, could become burdensome in times of financial stress and property assets are not
2385 necessarily an indication of higher income.

Proposition 30 is still on the cards to actually hit middle-income households and older people and I ask for responsibility there and careful review before taking this up; that being the same tax being levied on households with 200 to 500 units of TRP, which will eventually affect one third of the total number of households. So I would call on the P&R Committee to review that and
2390 perhaps not go in that direction because it is going to hit, as I say, households of middle income levels and also older people. So I urge Members to vote against Propositions 29 and 30 and I would ask you, sir, if we could have a recorded vote on those.

Thank you.

2395 **The Bailiff:** Yes, Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

I share Deputy Green's concerns that this Budget provides no respite for the average working persons. Those are sometimes referred to as the squeezed middle. In fact many of the duty
2400 increases will increase their cost of living and the financial pressures on them.

Unlike Deputy Roffey, I cannot support Propositions 4A and 4B. I believe in the old adage that charity begins at home. I cannot reconcile the fact that, during this debate, we have rejected amendments to freeze fuel duties or retain the existing age-related tax allowances, both of which cost less than £1 million, and yet we approve an amendment to potentially increase our overseas
2405 aid from £1 million to over £21 million annually by 2020 and to pay for this through potential business levies or other taxes.

This equates to raising another £330 in taxes per man, woman and child on Guernsey, or £1,320 for a family of four. That £21 million would go a long way to helping numerous groups in our society facing financial pressures and, as such, I cannot support those proposals.

2410 Picking on another point raised by Deputy Green, which highlights a significant failing of this Assembly and many before it: I am referring to the States' historic propensity for investing in staffing and not the technology that may reduce the need to hire and retain so many staff. The recent report highlighting the failings of the police department's back office systems has again highlighted this.

2415 It reminds me of the most shocking discovery I have made since becoming a Deputy, which is that our Income Tax system, the system responsible for collecting most of our revenue, is programmed in COBOL and until recently run by a Fujitsu mainframe, the last model of its type still in service worldwide. For those who are not aware, COBOL is a programming language created in 1958 and standardised in 1968. There are I believe only three people left alive in
2420 Guernsey who could programme in COBOL and they refuse to touch our Income Tax system or amend it, for fear it will collapse.

I give way to Deputy Kuttelwascher.

2425 **Deputy Kuttelwascher:** Sir, half a century ago at university, I used to programme COBOL for iterative nuclear physics calculations. I could most probably do it again with a little refresher!
(*Laughter*)

The Bailiff: Our very own nuclear deterrent!

2430 **Deputy Meerveld:** I am glad to hear that! We may have another role for Deputy Kuttelwascher. Unfortunately the reason the existing programmers will not touch the system is because it has been patched and changed and amended so many times they dare not make any further changes, for fear that it might collapse. Having said which, the States have never got around to biting the bullet and changing that for a modern system, therefore perpetuating a
2435 horribly inefficient system that requires more human manpower to fill in the gaps and the failings.

I hope that part of the money allocated in the Budget to transform the Civil Service will address this issue as part of the Civil Service reforms and soon to be released Future Digital Strategy. But I would like to ask Members not to criticise the Committee *for* Home Affairs for an issue they inherited from previous Committees and is endemic across the States as a whole.

2440 Finally I would like to address an issue that is close to my heart: education and the management of the Committee *for* Education, Sport & Culture. The Budget presents the opportunity to set the record straight regarding mis-statements that have been made and perpetrated regarding expenditure under the previous Committee *for* ESC, on which I served, *versus* the new Committee. The numbers of this and previous Budgets speak for themselves. ESC's
2445 actual expenditure in 2016 was £76.6 million, with the previous Committee in post on May of that year. The actual expenditure in 2017 was £77.2 million,

The anticipated expenditure under this Budget for ESC in 2018, under the new Committee, is £77.5 million, an increase of £501,000 over last year and the 2019 Budget is £78.3 million, a further £723,000 increase. My questions to Deputy St Pier relating to Proposition 35 are, is the potential
2450 Transformation funding in Proposition 35, in addition to the Budget potentially increasing ESC's annual expenditure to £4.5 million more than the Budget of the previous Committee, or the actual expenditure of the previous Committee? A Committee who were much more advanced in their Transformation plans than the current Committee are, without additional funding.

2455 Two, will any of the £3.5 million proposed to be released, will it be released prior to the current Committee *for* ESC presenting their detailed plans for Transformation, which have recently been delayed until July 2019, just four months before the next Budget debate in November 2019?

Thank you, sir.

2460 **The Bailiff:** Does anyone else wish to speak in general debate?
Deputy St Pier will reply.

Members: Hooray!

2465 **Deputy St Pier:** I am glad Members are so delighted to hear my speech! (*Laughter*)
Sir, I think perhaps I will begin by saying this has obviously been a very long week for us all and a long debate today, starting from 9.30 a.m., so I am going to respond to the debate rather than every point. Forgive me, there are a lot of points to respond to, so please bear with me if I need to jump around a little.

2470 I think I would like to start with language, because language has come up several times over the last four days and I am going to begin with an apology. In an amendment debate yesterday, actually I think it was the first day, Tuesday, *Hansard* may well show that I described Deputy Merrett as being economically illiterate and I apologise unreservedly. It would have been better for me to have said that I found the arguments she deployed in support of her amendment economically illiterate.

2475 Secondly, when it comes to language, it was actually Deputy Gollop who spoke very early and introduced the P word, populist, into the debate. I am not sure that has actually been particularly helpful. I would like to agree, because others have said it, that I think in this debate it is better that we recognise that we all wish for the best outcome for our community and we are simply disagreeing at a policy level on how to get there.

2480 When it comes to amendments, my starting point tends to be the same as Deputy Ferbrache's, which is to accept that we have had lengthy debates over three days. The democratic will of the Assembly has been expressed through the amendments and therefore it is appropriate to support them. However, in respect of 4B, I do make an exception, because obviously that was part of a single amendment and has separated out the two Propositions. I cannot support Proposition 4B
2485 for the reasons Deputy Roffey articulated during debate about focusing on ring-fenced funding and therefore I will seek a recorded vote on 4B, sir.

Deputy Lowe, when she spoke, in particular about some of the IT challenges within the Committee *for* Home Affairs, which has obviously been highlighted in the recent HMIC report, this is clearly, as Deputy Meerveld said, the result of years of under-investment by successive
2490 departments and Committees.

Prior to around about April/May 2007, there was not any professional oversight of IT within the Committee *for* Home Affairs, or indeed in any other area. It is actually only the formation of information systems and support in April/May 2017 that this problem started to be addressed. A full technical review was undertaken at that time that has resulted in the 21 technical projects
2495 identified to fix issues within the Committee *for* Home Affairs, including a new local area network for the police headquarters and these total over £1.5 million. Indeed there is another £3.3 million expected for the CCTV system and also the Tetra, which is the communications system.

All of this is about technical stabilisation, not actually Transformation. As mentioned in the HMIC report, I think we all need, and P&R and ISS need the strategic guidance that is now
2500 required in respect of transformational justice and equality to enable us to then transform the IT system for its next iteration. Deputy Lowe also asked several questions about funding available for technology, the capital portfolio does provide several million pounds for Home Affairs technology and we will provide the support necessary to help projects if required.

In terms of minor capital, there is already £1.1 million of open capital votes and a further
2505 £0.4 million of projects are being completed this year, with an additional £650,000 prioritised for 2019, subject of course to final confirmation. The Future Digital Services project, which again Deputy Meerveld referred to, will also ensure that Home Affairs and the entire States' networks, both their hardware and software is brought up to date.

It did not particularly arise in the context of Deputy Lowe's comments but I am going to just make some comments about Health's IT system as well, because I think that is one that again
2510 needs some focus and attention. Actually the electronic Health & Social Care system which required a recovery and closure plan in 2015/16 and a legacy of under-investment which, by way of example, and this was one that the Chief Information Officer gave to States' Members in a meeting recently, the average life of desktop IT in Health was eight years, whilst in Employment &
2515 Social Security it was five.

The maternity management information system, EuroKing, was multiple versions out of date and no longer supported by the manufacturer. That was in the middle of the NMC review. The Children's Information Database, that tracks all at-risk children, was running on an unsupported Lotus Notes system, with no reversionary mode. Again that failed and had to be recovered.
2520

So there is a recovery and stabilisation programme in place ...
I will give way.

The Bailiff: Deputy Soulsby.

2525 **Deputy Soulsby:** I thank Deputy St Pier for giving way, because I would actually like to put on record the support that the Chief Information Officer has given to actually stabilise IT within HSC and those messages might have been lost over the last few weeks.

2530 **Deputy St Pier:** Thank you and I am sure that will be appreciated by him and his team. It is very important, given the debate that we have had to put some of this in the public domain so that it is recognised that significant strides have been made. All the legacy IP XP computers have been replaced. Again the local area network across 48 HSC sites and the Wi-Fi across those sites is being worked on as we speak and the mosaic which replaces the Children's Information Database goes live on 26th November. There is an upgrade in the path lab and so it goes on. So the total cost within HSC is over £3 million., Again, I think it just helps to provide some context and I am grateful to Deputy Lowe for raising that issue.

2535 Deputy Lester Queripel asked some questions around Propositions 33 and 36; 33 is seeking funding of up to £8 million specifically for the programme of organisational service design, which is set out paragraphs 7.15-21 of the Report. This is part of the Public Service Reform programme, as is transforming Education and Health & Social Care and justice and equality. Proposition 36 is something different; this is asking for £0.5 million, Deputy Yerby referred to this in her speech, in order to carry out the project outline in paragraphs 7.46-50, which is designed to look at the overall long-term costs and benefits of the reform programme to ensure that we can make the required funding available and actually obtain the benefits from the investment we are putting in.

2540 Deputy Lester Queripel was the first person to refer to Aurigny and others did too, including Deputy Green and Deputy Inder. In particular Deputy Lester Queripel was concerned about the funding and he was right to be so. We are providing this funding by way essentially of overdraft, initially from the Treasury team and then replaced by commercial overdraft.

2545 This has been a concern for a number of years and that is the whole purpose of the public service obligation process being run, so that actually the subsidy that is provided for Aurigny is done in an open and transparent way, so it will become a revenue line in our Budget. That should then enable the rest of the business to break even. Deputy Inder quite rightly referred to previous statements and promises in that regard and that has to be acknowledged. There have been many promises which have not been delivered.

2550 I do not agree with him fundamentally, though, forgive me I do not remember exactly the words he used, that in essence it is broken and we need to start again. I was a director, for a short time, of Aurigny, before I was elected in 2012 and then of course I became the shareholder at Treasury & Resources for four years before that was taken over by Deputy Parkinson and now Deputy Ferbrache. So I have seen it from both sides and my view has not changed, that I think actually it is a very lean operation but it is sub-scale and is being asked to do things which no sensible commercial operator would do, running a mixed fleet and so on. That is fundamentally its problem.

2555 We then come to Deputy Le Clerc's question about the strategic review. The strategic review has been published and that has concluded its work. The new shareholder guidance has recently been provided by Deputy Ferbrache to the business and the aircraft review has taken place as a result and that obviously has to reflect things such as the open skies policy adopted by this States only a few weeks ago and the new air transport licensing policy coming forward. Much has happened as a result.

2560 Deputy Lester Queripel also asked what had changed between 2012 and now, and forgive me if I failed to answer this the first time. I remain of the view that lending to first-time buyers directly, which is the purpose of the original loan scheme, is as unwise in 2018-19 as it was in 2012. His question was specifically about loans to developers. That is not what the loan scheme was doing, so I stand by my original comments, again without wishing to repeat the debate around the bond.

2570 Deputy Green implied that there was some criticism about the amendments process and that in some way P&R had not assisted. I can assure him and all of those that have engaged either an

officer or at political level will have found a very collaborative approach seeking to identify what it is that Members want and, if assistance is required, it is there. I think the reality this year has been as described by others that the pressure was such on the time frames that that was extraordinarily difficult for Members and hopefully that will ease for the reasons that were set out by others.

2580

In regard to the fiscal framework, just to update where we are on that, which was a question from Deputy Green, the Policy & Resources Committee will discuss this very soon. We will then workshop with States' Members, Deputy Ferbrache I can see is looking forward to it already, and we will then bring a policy letter to the States in order that the decisions on the fiscal policy framework can be taken, quite rightly, here on the floor of this Assembly.

2585

In relation to the independent fiscal policy review, that has been put on hold as a result of the review of the fiscal policy framework, to be developed after the change in GDP methodology. The current or the previous review process, we have to acknowledge, was fairly resource-hungry in terms of staff to support those undertaking the review, so we do need to rethink its purpose, its value, its frequency and the methodology. I am sure we will have further engagement with Deputy Green and his Committee on that.

2590

With regard to capital, again some questions from Deputy Green on that. The capital portfolio budget for next year of £575,000 for staff includes three capital business partners, which I referred to in opening debate. The £215,000 for supplies and services are those which are recharged and the external costs for things such as the business case reviews, procurement and legal and so on. Hopefully that distinguishes the two elements that he was asking about.

2595

In relation to IT, the future digital service is designed to ensure that investment in the whole of the IT infrastructure is brought up to date and then stays up to date, which is critical. We are envisaging some £25 million, that has been put aside nominally within the portfolio programme to take that project forward, which will obviously come from the capital reserve, to address precisely the sorts of questions that Deputy Meerveld was raising.

2600

It is also worth mentioning in the context of the capital programme there is quite a lot coming down the tracks to us. Deputy Ferbrache mentioned the Alderney runway, the secondary schools, we will also be faced with some decisions next year and, indeed, the tertiary estate is not far behind. The modernisation of the PEH, Deputy Soulsby also referred to.

2605

With regard to Propositions 47 and 48, again Deputy Green asked this question about the short-term loan facilities for Aurigny. The reason for those Propositions being there is in order to provide short-term capital to the business, but the cost of capital for us is quite high because of the lost investment opportunity on the Common Investment Fund. Really we need to get Aurigny to be borrowing commercially, albeit with a guarantee, as quickly as possible, rather than relying on that overdraft facility. That, again, is a dialogue that obviously takes place between ourselves and the STSB.

2610

I have mentioned in relation to all the things that are going on in IT in Health and also within Education as well. Another half a million for the redesign and rescue of the GILE project and £220,000 for the digital road map. These are all personal questions which Deputy Green was asking about. So over £7 million to date has been spent on the various IT projects.

2615

Finally from Deputy Green, he challenged Propositions 43 to 46, around the delegation of authorities and the creeping delegation to P&R. I would say that 43 and 44 really are just technical delegations around the accounts and of course those Propositions were amended. Forty-five and 46 actually relate to the STSB and not to P&R.

2620

Deputy Green: Point of correction sir.

The Bailiff: Deputy Green.

2625

Deputy Green: Specifically, I was talking about Propositions 34, 35, 36.

Deputy St Pier: Forgive me, sir. If I can respond on my feet looking at the Propositions, I will do so. I must have picked up the wrong reference.

2630 I will continue with my speech, in the hope that the States' Treasurer can provide some assistance, together with the Vice-President, and I will perhaps return to that at the end, if I may?

On the question of Alderney, both Alderney Representatives McKinley and Jean referred to that, for obvious reasons. I am going to start with the question of the bond, because actually Alderney Representative [McKinley's] comments around the bond confused me, because of the position that he took on the amendments that related to that. I think he voted against Amendment 32, from memory, but clearly was saying if there is a change of criteria will it be available to support any projects in Alderney?

Alderney Representative Jean: Point of information. Am I not allowed to make a point of information?

The Bailiff: I think Deputy St Pier has given way to you.

Alderney Representative Jean: That is very kind, thank you, Deputy St Pier.

2645 One of us may have voted one way and the other the right way! (*Laughter*) It is probable that a mistake was made.

A Member: Another one! (*Interjections*)

2650 **Deputy St Pier:** That may explain my confusion as well. I think the point is if there is a change of criteria, if we bring it back to the States and if the States approve it then I have no reason to believe it would not be Bailiwick-wide. To give some reassurance to a very sceptical Deputy Laurie Queripel, there are quite a number of steps in this process before we get to that point.

In relation to the substance of the issues around Alderney, in particular the views expressed by Deputies Le Tocq and Trott, I think it is beyond doubt that Alderney faces some very serious challenges. Not least the challenges which Health & Social Care have and indeed Employment & Social Security have. Individuals retire to Alderney and become entitled to draw upon the services provided by those Committees. That is a challenge for us all as well.

2660 I think it is absolutely imperative that we all accept the difficult facts and challenges which do exist but absolutely I agree with Alderney Representative Jean we do need to work together on finding the solutions, acknowledging that there are some significant challenges to be overcome. I certainly will come to the Island, I suggest in January after your election, and look forward to engaging directly on those issues.

2665 Deputy Ferbrache on Wednesday, in the context of amendments with which I disagreed, I intentionally, perhaps rather rudely, said I would like to say that his position was atypically inconsistent. Today I am atypically pleased and grateful for his support as expressed in his speech, so thank you, sir. I hope that Members have managed to follow all of that.

2670 Deputy Roffey has described this as the longest Budget debate and this may be the longest response to a Budget debate, maybe making Deputy Parkinson feel even more uncomfortable; I do not know. Forty-two amendments lodged, as we have said. I think 20 of them were debates. Having said that I think, Deputy Brouard referred to it as well, nobody can say that this Budget has not been adequately scrutinised and challenged and that has to be a positive thing.

2675 Deputy Roffey also referred to Proposition 5. He called the participatory Budget fund as being a gimmick. It does work elsewhere and I think it is appropriate to treat it as a pilot. Let us see whether it can work for our community. He also referred to the Impact Fund and I apologise to Deputy Lester Queripel if he was not kept fully informed as that was developed in the final stages of the Budget in dialogue with the President of the Overseas Aid & Development Commission and her officers.

2680 The additional personal allowances, which Deputy Roffey called for, I think undoubtedly would produce greater complexity, exactly as he described, which was the reason it was removed. But we are moving over to the combined revenue service and that does provide the opportunity to replace the systems that essentially need to be replaced, as Deputy Meerveld said. So it does give us an opportunity to look at these issues afresh.

2685 He also called for the Medium Term Financial Plan to be reviewed. I would remind Members it is a four-year plan that is due to run to 2020. My inclination is probably more in line with Deputy Graham and perhaps to some extent what Deputy Fallaize was saying, that the plans do not need to be followed slavishly but they do need to be flexed. Indeed I think the extra spending that was provided this year, the £3.1 million of extra spending, is an example of that flex and I am sure there will be additional flex in the application and reference to the Plan over the remaining years in which it is extant.

2690 In response to Deputy Hansmann Rouxel, I think that flex has helped to respond to some of where the spending pressures have been identified in the systems. I noted her comments in relation to that issue as well.

2695 Deputy Graham is going to vote against Proposition 26. I understand the reasons he is going to do that. I would ask that other Members do not do so because, of course, it will stop all the allowance changes that are being proposed. I think the focus on the economy was a very key part of Deputy Graham's speech and I do want to say a few words about that, because I think it has been a little bit lost, perhaps understandably because the Budget debate is not principally about the economy, but clearly is relevant to it in terms of future revenues.

2700 I think the Future Guernsey Economic Fund, the additional flexibility being given to the Committee for Economic Development through this Budget, as Deputy Parkinson said, has to be welcomed. We talked about the bond at length and I think the opportunity to look at the application of that is something that is to be welcomed. The abolition of bond fees, I think Deputy Dorey was the only person to mention, has to be welcomed as a way of introducing greater flexibility in the property market and the credit market.

2705 And the Guernsey Investment Fund as well, which of course has been launched since the last Budget, with the launch of the innovation and technology cell. It is worth reminding Members that actually, at the time, it was always envisaged that there was a possibility that there should be other cells; for example, for infrastructure and for property assets. I think it is appropriate that we continue to actively start looking at those issues, again as a further way to see whether there is further stimulus that can be provided to our economy in a creative and responsible way.

2710 Deputy Hansmann Rouxel, and indeed others, have mentioned the Equality and Rights Organisation. I think it had quite a few comments, so if I may, I need to respond. Firstly I want to make it very clear: Policy & Resources Committee is supportive for the delivery of the Disability and Inclusion Strategy, there should be no doubt about that. However, as with all the other priorities of this States, we do need to prioritise our resources to bring those policy priorities to fruition.

2720 There was a comparison made with the Data Protection Office and the funds that have been committed to that and I think there is a difference between the two in that at this stage, particularly at this stage of the Budget process, there still are not – I do not think, although it may have moved forward in the last few weeks – any very clear plans or costings around the Equality and Rights Organisation. I do not think it should delay the process and I do not think the Committee for Employment & Social Security are being put through more hoops.

2725 What I want to do is just quote, for the avoidance of doubt, on the record, for the benefit of all Members and so it is on *Hansard* exactly what the Committee have been told in relation to the funding mechanism for the Equality and Rights Organisation (ERO):

With regard to the ERO any funding that was made available made in 2019 will also probably come from the Budget Reserve, subject to approval of the business case policy letter, there would be an opportunity to access funding for project costs to get the organisation up and running in 2019 with any capital costs dealt with in the normal way. The only caveat is that the ongoing funding could only be considered once a policy letter is approved by the States and

the funding is prioritised. This prioritisation can only happen once we know what all the other calls are for funding in 2020, so would be from the summer onwards.

So what we are really saying is it is not more hoops, it is just treating Employment & Social Security in exactly the same way and, in particular, this Assembly must give authority based on a fully informed position from the Committee for Employment & Social Security, with a detailed policy letter, so that we understand collectively what the implications are.

2730

I have no doubts that there will be some in this Assembly who take the view that an Equality and Rights Organisation is a greater level of bureaucracy, we are copying things from elsewhere we do not need to do, we are layering complexity and cost on business. That is the debate that needs to be had in this Assembly.

2735

The Assembly needs to consider what exactly it is that we are talking about. We have done no more than give approval in principle so far to the concept so I think the hurdle is reasonable, that Deputy Yerby referred to, but it does require the endorsement of this Assembly and I think that is a reasonable request that I think most Members in the Assembly would agree with. I am sure we all look forward to receiving that policy letter from the Committee in due course.

2740

Deputy Fallaize referred to the tax burden in Guernsey, particularly for those who are just above the benefit limits. It used to be called the squeezed middle. More recently it has been called the JAMs. As I said in opening the debate, we do need to maintain the competitiveness of our tax system for them, as well as for many other groups and that is one of the balancing acts and the challenges that we face as the Policy & Resources Committee and this Assembly faces as well.

2745

I think there has been a shift and I think it has been acknowledged – I do not think it was particularly in Deputy Fallaize's speech but I know he has done elsewhere – there has been a shift in this States. This States has shown its willingness to shift some of the burden through the withdrawal of allowances, which is now in its third phase, through this Budget.

2750

This is about the pace of change. Proportionality, I think, was a word which Deputy Tindall used towards the end of the debate. That I think is what we are talking about. The pace of change. Inevitably some would wish it to be faster, some would wish it to be slower and it will be for this Assembly to determine that pace.

2755

Sir, Deputy Soulsby asked some questions about the Property Minor Capital Oversight Group and if I can find the right email, I think it is worth again putting some of this on record rather than just responding to her by email and copying the other Members. This is one of four boards that was set up at a staff level for property IT, medical equipment and other equipment, to ensure that we do have a States-wide view of minor procurement for capital, rather than just looking at a narrow Committee level.

2760

The process is that bids are submitted as required and that the prioritisation exercise takes place. We, the Policy & Resources Committee, approved the detail of that process and we will be receiving quarterly reports on how that is going. In terms of who is involved, it is officers. Various Members of the States' property services team, representatives from Finance, representatives from Procurement and then representatives from across the businesses.

2765

The feedback we have had so far, I understand at officer level, is the boards are largely working well, with the exception of property. That may have prompted Deputy Soulsby's question and we are considering how we need to respond to that. She also questioned the need for political visibility and that again is something we will give some thought to do. I have added it to our list of actions as a result of this debate. Certainly it is important that there is visibility for Committees on how minor projects are being prioritised and progressed within their area of responsibility and I sense that was really the thrust of where Deputy Soulsby was coming from.

2770

In response to Deputy Yerby I do not think that I did suggest that any challenge to the Budget was undemocratic. I am not quite sure how that impression was left; forgive me if I did so. I certainly do not believe that. I think there is the question of whether the impression had been left that we were in dire straits. This was in the context of the Overseas Aid Development budget for next year and the impression had been left that the budget was in dire straits and therefore it was reasonable to be frozen in the context of the OADC, because of the Impact Fund.

2775

2780 I think the impression we were seeking to give, and I think it was a fair one, is that there were and have been considerable spending pressures across the States this year, which we were looking to manage within the fiscal policy framework. It may be splitting hairs but I think that perhaps explains the difference there.

I do not think anybody has ever described me as swaggering and I genuinely hope that is not the case. But I will not apologise for defending our Budget Report. Any President who stands here on the top bench presenting a policy letter would be expected to robustly defend it. I hope that is what I have done. If I have crossed the line on one or two occasions then I apologise, but that explains why that may have happened.

2785 In relation to Proposition 6, I think Deputy Yerby has misunderstood. This is additional funding being given. This is not about clawing back from those Committees at a later date. The Proposition I think is clear. Maybe Deputy Yerby was suggesting there would be a mental list that would be referred back to later. She is nodding her head, that was obviously what she was implying. To be clear, the funding for the Data Protection Commissioner was approved on the presentation of a comprehensive business case. The Committee for Home Affairs did have to jump through what I would describe as the normal hoops.

2790 In relation to substance, and this was brought up I think by both Deputies Dorey and Tindall, on section 5. Deputy Dorey challenged why this was being dealt with in the Budget. It is only because of the timeframes associated with this work this year. I think in an ideal world it would have been presented as a separate policy letter, but the timeframes have been incredibly tight and actually I would like to take this opportunity to compliment and thank quite a number of people across the States at officer level, some in industry have worked with them as well, to achieve what has been achieved in working with the other Crown Dependencies and the EU. As I said when I opened, I do have every confidence to believe we have achieved what is required. It has required a huge amount of work but I understand the point Deputy Dorey was making.

2800 When it comes to transaction costs and Document Duty on property, Deputy Dorey as he well knows, he raises this issue I think probably every year. It is as certain as the first swallow of the spring. Actually he and I agree. I am not a fan of Document Duty. Document Duty is kind of the crack cocaine of our tax system; we are dependent on it, but it is extraordinarily difficult to get off that addiction and to replace it because it is a very significant number.

2805 If we tried to put that all on property taxation it would be very hard and Deputy Dorey is well aware of that. I think the debate we have had on TRP this week demonstrates how hard it would be to replace that revenue. It would require us to roughly triple TRP. I just do not see that as politically deliverable in the short or even the medium-term. I look forward to making the same comments this time next year, sir. I will give way.

The Bailiff: Deputy Dorey.

2815 **Deputy Dorey:** Thank you. What I was asking was that the increased income you are going to get from the proposals in 2020 will be used to reduce transaction costs? I accept that my ideal is impossible.

2820 **Deputy St Pier:** I think we would need to consider that in the whole, In the context, I hesitate to say this, Deputy Fallaize again giving me that look, in the context of the Medium Term Financial Plan and where our revenue requirements are. But I note his request.

2825 In relation to the core investment reserve, Deputy Dorey noted that the previous policy had been to transfer the excess return above the rate of inflation into the capital reserve. That was indeed the direction of the States. That has now been changed so that Policy & Resources have the flexibility to do one or the other. It is our intention that the excess return remains in the core investment reserve as part of the policy of rebuilding those reserves. There does not seem to be any short or medium-term requirement in relation to further transfers to the capital reserve, but the flexibility is there should it be required.

2830 In relation to substance, again, Deputy Laurie Queripel questioned what this meant and I think Deputy Tindall gave a direct response. I would also just add to that that the companies identified in paragraph 5.18 of the Budget Report are those that will be affected. We are adding red tape to our system. We are only doing so in order to meet the particular problems that have been identified by the EU's code of conduct on business taxation.

2835 We are not seeking to impose these substance requirements on any other businesses located here, other than those to whom it has been identified as being an issue. For example if there is a company that is a retail business or a plumbing business or a carpentry business then they are not suddenly to be exposed to all the implications of this substance requirement.

2840 In relation to medicinal cannabis and that issue, I am aware that there has been a number of potential parties who are interested in obtaining licences to grow on the Island. I think we should make it clear that interest is not in any way remotely driven by any tax considerations. We felt it was only reasonable to signal that intent so that those parties knew what the ground would be and also to signal that we are open for business, this is the kind of business we are willing to consider. We felt it was one way in which we could signal that.

2845 I think we should also say that, to the best of our knowledge, those that are interested have no particular problem with this proposal. It would meet their expectations in terms of what would happen in any other jurisdictions.

2850 Deputy Tindall spoke at some length about the proposals for the further extension of the corporate tax regime. I do disagree with her comments on the extension of corporate Income Tax to compliance activity. I do agree with her comments, though, on the need for care in defining substance, but I think we need to make clear that we are responding to this issue that is being driven from outside the Island, by the EU, rather than our own desire, to define this issue. I think that is going to be the main influence on us. But her point is very well made and, as I have said, I absolutely agree I think the proportionality was the term she used in relation to tax changes elsewhere in our tax system and I absolutely agree with that.

2855 I think that leaves me with Deputy de Lisle, who feels that we should loosen the taps like Philip Hammond. I very much look forward to bringing those proposals to the Assembly next year and to seeking support – I know now I am going to get the support from Deputy de Lisle – for the debt funding necessary to allow that to happen. It will put us on the same path as the UK to £1.8 trillion of debt, which equates currently to 86.5% of GDP. We can have, under that measure, 2860 £2.42 billion of debt here in Guernsey and I know that Deputy de Lisle will support that as a way of enabling us to give a feel-good factor. I think that will be money very well spent, sir!

2865 Deputy Green, I do apologise that I picked up the wrong references when you spoke. It is not really increasing the delegated authorities to P&R, but I guess we would say that would we not? It is rather providing further authority for servicing the funds that have been spent by Health and Education, Sport & Culture on public service reform in getting to where we have got to. That is really what those Propositions are about. I hope that makes some sense.

With that I do ask Members to support the amended Propositions, with the exception of 4B, which I shall be voting against in a recorded vote, sir.

Thank you.

2870 **The Bailiff:** There have been a number of requests for separate votes. Can I just go through and make sure that I have a note of all of them? So if you all turn to the amended Propositions, which were placed on your desk at the start of the day, the ones that I have noted where a separate vote has been requested is, first of all, 4B, which Deputy St Pier has just mentioned. If as I go through I miss any, please somebody stand up and tell me I have missed something: 4B, 2875 possibly Proposition 5 – Deputy Roffey you were not sure whether you would request a separate vote or not?

2880 **Deputy Roffey:** No sir. The old system used to be you would listen to the vote and if you thought it was close you might ask for a recorded vote. I am happy to vote against.

The Bailiff: You would like a separate vote, would you?

Deputy Roffey: A separate vote, sir, yes.

2885

Deputy Meerveld: May I request a separate vote on 4A, as well?

The Bailiff: You would like a separate vote on 4A. There has been a request for a separate vote on 6 and the next one I have a note of is 14, Deputy Tindall, is that right, that will be a separate vote?

2890

I hope some of these we can do *aux voix*, rather than recorded. (**Members:** Hear, hear.) Proposition 26 is then the next ... can you put your microphone on, Deputy Graham?

Deputy Graham: I would be very happy for that to be done *aux voix*. My objection is purely to one element in the first schedule, but I think that leaves me only with the alternative of either voting for the Proposition or not.

2895

The Bailiff: There is no amendment to it, so yes. It is a yes or no situation.

Deputy Graham: But happy *aux voix*.

2900

The Bailiff: So we will have a separate vote on 26. A separate vote on 27 and then a separate vote on 41 is the next one I have a note of. After that –

Deputy Yerby: Sorry, sir, a separate vote on 36, please?

2905

The Bailiff: On 36? Oh yes, sorry, I have got that note. I missed that. Just 36, not the new additional 36A and so on. Deputy Oliver, have you requested something?

Deputy Oliver: Can we have one on 30, please?

2910

The Bailiff: We will have a separate vote on 30. Was someone requesting a separate vote on 29?

Deputy de Lisle: Yes.

2915

The Bailiff: Yes, Deputy de Lisle. So 29 will be a separate vote. I was wondering whether I could save time but I do not think I can. Separate vote on 30, 36 will be a separate vote, 41 will be a separate vote, 47 and 48 will be separate votes and then 53. I believe those are the only ones. What we will do is take those individually one by one.

2920

Deputy Smithies: And 54.

The Bailiff: Fifty-four as well, Deputy Smithies, a separate vote. What we will do is take all the rest together in one vote, when we get there.

2925

So we start with Proposition 4A. Can we go *aux voix*? I said we would take all the others in one block afterwards. So a separate vote on Proposition 4A. Those in favour; those against?

Members voted Pour

The Bailiff: I declare it carried.

A recorded vote has been requested on Proposition 4B.

There was a recorded vote.

2930

Not carried – Pour 7, Contre 31, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Parkinson	None	Deputy Dudley-Owen
Deputy Lester Queripel	Deputy Le Clerc		Deputy Le Pelley
Deputy Green	Deputy Leadbeater		
Deputy Dorey	Deputy Mooney		
Deputy Yerby	Deputy Trott		
Deputy de Sausmarez	Deputy Merrett		
Deputy Brehaut	Deputy St Pier		
	Deputy Stephens		
	Deputy Meerveld		
	Deputy Fallaize		
	Deputy Inder		
	Deputy Lowe		
	Deputy Laurie		
	Queripel		
	Deputy Smithies		
	Deputy Hansmann		
	Rouxel		
	Deputy Graham		
	Deputy Paint		
	Deputy Le Tocq		
	Deputy Brouard		
	Deputy de Lisle		
	Deputy Langlois		
	Deputy Soulsby		
	Deputy Roffey		
	Deputy Prow		
	Deputy Oliver		
	Alderney Rep. Jean		
	Alderney Rep.		
	McKinley		
	Deputy Ferbrache		
	Deputy Kuttelwascher		
	Deputy Tindall		
	Deputy Tooley		

The Bailiff: The voting on Proposition 4B was 7 in favour and 31 against. I declare Proposition 4B lost.

2935

Now we will vote on Proposition 5. Those in favour; those against?

Some Members voted Pour; some Members voted Contre.

The Bailiff: That is close so I think we will have to have a recorded vote, because I think those who shouted Pour did not shout individually very loudly, but I suspect it probably was a majority.

There was a recorded vote.

Carried – Pour 30, Contre 8, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Laurie Queripel	None	Deputy Le Pelley
Deputy Parkinson	Deputy Green		Deputy Dudley-Owen
Deputy Lester Queripel	Deputy Paint		
Deputy Le Clerc	Deputy Dorey		
Deputy Leadbeater	Deputy Yerby		
Deputy Mooney	Deputy Roffey		
Deputy Trott	Deputy Oliver		
Deputy Merrett	Alderney Rep. Jean		
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Fallaize			
Deputy Inder			
Deputy Lowe			
Deputy Smithies			
Deputy Hansmann Rouxel			
Deputy Graham			
Deputy Le Tocq			
Deputy Brouard			
Deputy de Lisle			
Deputy Langlois			
Deputy Soulsby			
Deputy de Sausmarez			
Deputy Prow			
Alderney Rep. McKinley			
Deputy Ferbrache			
Deputy Kuttelwascher			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			

2940 **The Bailiff:** It sounded much closer than it actually was. That was Proposition 5 and the voting was 30 in favour and 8 against. I declare it carried.

Next Proposition 6: those in favour; those against?

Members voted Pour.

The Bailiff: I declare it carried.

Proposition 14: those in favour; those against?

2945 **A Member:** I did ask for a recorded vote in my speech.

The Bailiff: Sorry, I did not pick that up. So you would like a recorded vote on 14?

There was a recorded vote.

Carried – Pour 34, Contre 4, Ne vote pas 0, Absent 2

POUR

Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Gollop
Deputy Green
Deputy Yerby
Deputy Tindall

NE VOTE PAS

None

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

2950 **The Bailiff:** So that was Proposition 14. There were 34 in favour and 4 against. I declare it carried.

Next Proposition 26. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare it carried.

Proposition 27: those in favour; those against?

Members voted Pour.

2955 **The Bailiff:** I declare it carried.

Proposition 29: those in favour; those against?

Members voted Pour.

The Bailiff: I declare it carried.

Proposition 30: those in favour; those against?

Members voted Pour.

The Bailiff: I declare it carried.
Proposition 36.

2960

Deputy Merrett: A recorded vote on 36 please?

The Bailiff: We will have a recorded vote on Proposition 36.

2965

Deputy Roffey: Sir, before we do so can I ask for a clarification from you? If this is carried can I make clear that no definitive decision has been taken until we pass a schedule dealing with the properties rated from 200 to 499 at next year's Budget?

2970

The Bailiff: Sorry, you are going back to 30? We have just voted on 30, which was carried. You are right. It is only an agreement in principle. There will have to be legislation to come back to give effect to it.

Deputy de Lisle: Sir, can I say that 30 was very close. Can we have a recorded vote on it? I had asked for that.

2975

The Bailiff: No. It is too late Deputy de Lisle, I had already called 36 and then there was a request for a recorded vote.

2980

Just so everybody is clear, this is a recorded vote on Proposition 36, to increase the authority delegated to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund for public service reform by £500,000 to £2.1 million. A recorded vote.

There was a recorded vote.

Carried – Pour 30, Contre 8, Ne vote pas 0, Absent 2

POUR

Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Merrett
Deputy Laurie Queripel
Deputy Green
Deputy Paint
Deputy Yerby
Deputy de Lisle
Deputy Oliver
Deputy Tindall

NE VOTE PAS

None

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

The Bailiff: The voting on Proposition 36 was 30 in favour and 8 against. I declare it carried.

That brings us to Proposition 41. Can we go *aux voix* on 41? Yes. So voting on Proposition 41: those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

2985 Proposition 47 next, those in favour –

Deputy Lester Queripel: Sir, I did ask for a recorded vote on that.

The Bailiff: You asked for a recorded vote on Proposition 47.

There was a recorded vote.

Carried – Pour 28, Contre 10, Ne vote pas 0, Absent 2

POUR

Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Yerby
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Lester Queripel
Deputy Mooney
Deputy Merrett
Deputy Meerveld
Deputy Inder
Deputy Laurie Queripel
Deputy Paint
Deputy de Lisle
Alderney Rep. Jean
Alderney Rep. McKinley

NE VOTE PAS

None

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

2990

The Bailiff: The voting on Proposition 47 was 28 in favour, with 10 against. I declare Proposition 47 carried.

Which brings us to Proposition 48. You were requesting a recorded vote?

2995

Deputy Lester Queripel: I did ask for a recorded vote, for that, yes please sir.

The Bailiff: You would still like a recorded vote on 48? So we have a recorded vote on Proposition 48.

There was a recorded vote.

Carried – Pour 27, Contre 11, Ne vote pas 0, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Gollop	Deputy Lester Queripel	None	Deputy Le Pelley
Deputy Parkinson	Deputy Mooney		Deputy Dudley-Owen
Deputy Le Clerc	Deputy Merrett		
Deputy Leadbeater	Deputy Meerveld		
Deputy Trott	Deputy Inder		
Deputy St Pier	Deputy Laurie Queripel		
Deputy Stephens	Deputy Paint		
Deputy Fallaize	Deputy Dorey		
Deputy Lowe	Deputy de Lisle		
Deputy Smithies	Alderney Rep. Jean		
Deputy Hansmann Rouxel	Alderney Rep. McKinley		
Deputy Graham			
Deputy Green			
Deputy Le Tocq			
Deputy Brouard			
Deputy Yerby			
Deputy Langlois			
Deputy Soulsby			
Deputy de Sausmarez			
Deputy Roffey			
Deputy Prow			
Deputy Oliver			
Deputy Ferbrache			
Deputy Kuttelwascher			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			

3000 **The Bailiff:** The voting on Proposition 48 was 27 in favour, with 11 against. I declare it carried. Members, we move on to Proposition 53. Those in favour ...

Deputy Laurie Queripel: A recorded vote, please.

3005 **The Bailiff:** A recorded vote on 53, Deputy Laurie Queripel.

Deputy Lester Queripel: Sir, a point of clarification please. I am just wondering why we have missed the other Propositions? (*Laughter*)

3010 **A Member:** We are doing them at the end.

The Bailiff: We will do all those at the end, where there is no need for a separate vote on them –

3015 **Deputy Lester Queripel:** I think I was asleep when you said that, sir, sorry!

The Bailiff: We can take them all together *en bloc*. I was hoping that might save time. Proposition 53.

There was a recorded vote.

Carried – Pour 27, Contre 10, Ne vote pas 1, Absent 2

POUR

Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Le Tocq
Deputy Brouard
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Lester
Queripel
Deputy Merrett
Deputy Lowe
Deputy Laurie
Queripel
Deputy Paint
Deputy Dorey
Deputy Yerby
Deputy Prow
Deputy Oliver
Deputy Kuttelwascher

NE VOTE PAS

Deputy Roffey

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

3020 **The Bailiff:** The voting on Proposition 53 was 27 in favour, with 10 against, and one abstention. I declare it carried.

Now Proposition 54, can we go *aux voix* or does anybody want a recorded vote? We will go *aux voix* on 54. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare it carried.

3025 And now we take all the remaining Propositions together. (**Members:** Hooray!) All the ones on which we have not voted separately. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare them all carried. (*Applause*)

**Procedural –
Continuation of sitting to take Billet XXVI –
Proposition carried**

3030 **The Bailiff:** So, Members, that concludes the Budget debate, but I remind you we have Billet XXVI with Propositions to elect a President of the States' Assembly & Constitution Committee and three Members of that Committee. I do not know whether we are going to have time to complete that this afternoon. (**Several Members:** Yes!) Even if there are two candidates, I remind you we can have 15 minutes of speeches in respect of each Presidential candidate, plus 15 minutes of

questions in respect of each, which potentially could take an hour. That is with only two candidates.

3035 I will put to you then do you wish to continue and deal with Billet XXVI this afternoon? Those in favour; those against?

Members voted Pour.

Billet d'État XXVI

ELECTIONS & APPOINTMENTS

I. Election of the President of the States' Assembly & Constitution Committee – Deputy Inder elected

Article I.

The States are asked:

To elect a sitting Member of the States as President of the States' Assembly & Constitution Committee to complete the unexpired term of office, that is to the 30th June 2020, of Deputy P. J. Roffey who has resigned from that office, and whose letter of resignation is appended hereto, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation and their Committees.

The Senior Deputy Greffier: Billet d'État XXVI – Article I – Election of the President of the States' Assembly & Constitution Committee.

3040 **The Bailiff:** Do we have any nominations? Deputy Le Clerc.

Deputy Le Clerc: Yes sir. I nominate Deputy Neil Inder.

The Bailiff: Deputy Inder. Is there a seconder for Deputy Inder?

3045

Deputy Soulsby: Yes sir.

The Bailiff: Deputy Soulsby. And any other? Yes Deputy de Sausmarez?

3050 **Deputy de Sausmarez:** Sir, I would like to nominate Deputy Jennifer Merrett.

The Bailiff: Deputy Merrett. Is there a seconder for Deputy Merrett? Deputy Kuttelwascher. Any other nominations? No. So we have two nominations. Deputy Inder, proposed by Deputy Le Clerc, seconded by Deputy Soulsby; and Deputy Merrett, proposed by Deputy de Sausmarez, seconded by Deputy Kuttelwascher.

3055

I remind you that the Rules state now, I think it is an amended Rule, 16.4(b), in respect of each candidate in turn, first the proposer may speak for not more than five minutes and then the candidate may speak for not more than 10 minutes. And then we go into question time. So Deputy Le Clerc will speak first in respect of Deputy Inder.

3060

Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

3065 I am pleased to be able to propose Deputy Inder for President of SACC. Deputy Inder is currently on the SACC Committee and his election today would provide some continuity for the Committee. I could go on and give a long speech about his skill set but we heard about that when he was proposed by Deputy Lowe to his position on SACC recently.

3070 The fact that he is committed to Island-wide voting under Option A is important and that is one of the reasons why we need a person committed to that option to lead the team. I am impressed that he has already risen to the first challenge and that is to put potentially on paper a very strong team and, as he calls it, a non-partisan selection of candidates should he get elected. That in itself is no mean feat, when most of us in this Assembly are now fully committed to committee and policy work.

3075 He is his own man. He does have strong views and opinions. When he joined SACC he got behind the referendum work and was very committed in SACC's challenge of delivering the referendum. During those meetings he was willing to listen to other opinions and ideas and where necessary make compromise. All qualities needed for a good President. His attention span needs some work but he knows that! (*Laughter*)

3080 Some will say he does not have the depth of knowledge of SACC and States' policy and procedures but he has built into his potential dream team the knowledge and experience that can provide some of that essential guidance. He has also a very small team of civil servants that will give him solid support.

3085 Some will say his manner is too brusque and I say everyone deserves an opportunity to show their mettle. We all have our ways. He knows his own weaknesses. He is also not afraid to ask for help and support. We must also remember that Deputy Inder ran his own business and has experience of managing a team and providing leadership.

3090 I think it is also important for us to remember that the SACC mandate is not just about Island-wide voting and Deputy Lowe reminded us of that when Deputy Inder stood for that position on SACC. There are other very important work streams to be progressed this term, such as the review of the Code of Conduct, the States of Election review on how Jurats are elected, electronic voting in this Assembly, induction for new States' Members etc.

3095 Deputy Inder is aware of what would be his full responsibilities. Following the outcome of the referendum he is fully committed to Island-wide voting. He looks at technology as a way of providing a solution to some of those big questions we have about Island-wide voting implementation and he is determined to make it work for 2020. Please support his nomination for President of SACC.

Thank you, sir.

The Bailiff: Deputy Inder will now speak. Deputy Inder.

3100 **Deputy Inder:** Sir, Members and Deputy Le Clerc thank you for that.

10th October 2018 was a momentous day. In our first referendum the people of this Island directed this Assembly to deliver a different electoral system. One district, all Deputies elected on an Island-wide basis and it is our job as elected democrats to ensure that we deliver that system.

3105 Some of you, I know, have your doubts about Island-wide voting, but I ask you to set aside those doubts and get behind what is the people's policy. When the four Members of SACC announced in Committee that they were standing down, that night I wrote to Deputies Le Tocq and Deputies Yerby asking them if they would consider working with me to form a new team. With a fair amount of grovelling, promises to Deputy Le Tocq's wife and wearing sackcloth and ashes in front of Deputy Yerby, they agreed. But it was not without terms. Over the following days I secured Deputy Ferbrache and Deputy Leadbeater.

3110 I wrote to you all, announcing my candidacy, along with a preferred team, and I thank Members for their responses commending those choices. It is a team of thoughtfulness, credibility, talent and balance. In Deputy Roffey's exit statement he challenged the new

3115 Committee to populate itself with the poster children for Option A. I actually disagree. Never surround yourself with the three Fs: the friends, the fools and the family. They will always tell you what you want to hear. The Committee requires critical thought and challenge, not nodding dogs. **(Severall Members: Hear, hear.)**

3120 The general election is about project management and I do not take lightly the challenge and neither will I pretend it will be easy. Any decent project team works backwards from the delivery date, identifying the pinch points and milestones. To give you an insight into my thinking, the primary issue we have is 17th June. Potentially 30,000 Islanders turning up to our polling stations on one day, with a list of candidates and 38 decisions. If we conduct the general election in the way we always have, it will fail by lunchtime the following day. The failure point is 17th June.

3125 To mitigate this issue discussions have been had about utilising – they are not all my ideas, they are the previous Committee's – pre-polling stations, internet voting, mobile voting and other methods to give candidates and the electorate more time to canvass and voters more options to select. In all likelihood we are going to have to over-compensate. We are in unknown territory but we are not in impossible territory.

3130 The key words for the process will be participation, accessibility and efficiency. It is also imperative to take you, this Assembly, along with us. If elected, I will implement constant communication with Members as we start this journey. There will be no surprises, no big reveal, no patch-up, we all need your minds and your consent in an open and transparent process.

3135 Deputy Tindall, along with other Members, has indicated that they are keen to see more female participation. I would look at ways to encourage a diverse group of individuals to stand for election. We need to encourage not just women but a spread of ages and backgrounds and people of different nationalities and diversities.

3140 I would like to hear from all members of our society about what they perceive are barriers to candidacy so we can consider how they can be removed or mitigated. Of course, the potential emergence of political parties cannot go without comment. We are waiting for information from the Westminster Foundation for Democracy to ascertain whether best practice guidelines for political parties are available. If not, we will just copy Jersey.

3145 But SACC is not all about general elections. We have other workstreams. Simultaneous electronic voting: we met last week with the Chief Information Officer. This project is likely to be handed to his team with clear direction to implemented by 2020. Code of conduct: P&R wrote to us in March 2017 and there has been extensive consultation with Members. I am of the view that the code of conduct is not fit for purpose and there needs to be distance between the code and Members. Jersey has a commissioner for standards and I am extremely warm to working with them to adopt their model. Both Deputy Trott and Deputy Brehaut have alluded to the code of conduct being weaponised and I concur with their views. My words, the weaponisation bit.

3150 States of Election: in May 2017 P&R wrote to SACC requesting a wider review. They cited that as a minimum they would like any review to include the composition of the States of Election, the process, term of office and age limits. When I wrote to you all I indicated that Deputy Yerby would lead on this portion of the workstream. That is one of the terms I referred to earlier. Deputy Ferbrache, with experience in matters legal, puts us in a position to drive reforms forward, hopefully by the end of this term. I will say however that there is no criticism of the calibre of the appointed Jurats. It is just time that we reformed the way of identifying talent that the Island puts forward to serve on that bench.

3160 Regarding special interest, I can inform Members that Deputy Rob Prow has offered his assistance in producing a paper that he can submit to the Committee and he will do all the donkey work for us. It is very much his baby and I am grateful for that.

3165 Training and support for Members: Deputy Dudley-Owen has raised this with the Committee, and I think Deputy Tindall has, a number of Members have. We asked for a £10,000 budget to facilitate training but this was rejected by P&R. We were advised to use, 'wider States' resources'. We will pursue this. I am happy to work with both Members to fat out what they believe is required.

That sir, and Members, will give you an insight to how I would run the Committee and the extent of the work ahead of us. If today you elect me as President and allow the chosen team to push its mandate forward we will work hard to deliver it for the Assembly and the people of this Island.

3170 On a final note, I will thank the outgoing President and the Members of SACC, for delivering the referendum. They have all worked extremely hard and I would also say that I am genuinely saddened that they felt they could not stay to deliver the outcome. I genuinely believe they could have done. They were competent as a team and I would have been very happy to have stayed working with them. But it is time now to move on and move on quickly.

3175 Thank you.

The Bailiff: Deputy de Sausmarez will now speak in support of Deputy Merrett's nomination.

Deputy de Sausmarez: Thank you, sir.

3180 I am pleased to propose Deputy Jennifer Merrett as President of the States' Assembly & Constitution Committee because she is a really good candidate for the role. The three words that sum up Deputy Merrett's most relevant strengths are intelligence, independence and integrity.

3185 Deputy Merrett is intelligent in a number of ways. She is intellectually intelligent. She is able to understand issues in the round, research them thoroughly, analyse the relevant information objectively and make rational judgements. She is a strategic thinker with a sharp eye for detail, as well. Her academic ability stands her in good stead for SACC, as does her interest in legal matters. She was in fact studying for a degree in law and passing every exam with flying colours I might add, until her election to the States in 2016 forced her to put her studies on hold.

3190 Deputy Merrett also has a wealth of practical intelligence, born out of her 25-plus years business experience, when she not only advised on strategy but also put that strategy into practice. She has led small and large teams, delivering many different types of projects, from product to logistics to people development. In short, she is great at getting things done. This leadership experience and ability to put plans into practice will come into their own in the role of SACC President, given the work ahead of the Committee this term.

3195 As well as being intellectually and practically intelligent, Deputy Merrett is emotionally intelligent. She understands what makes people tick and has a lot of empathy. She is a strong believer in democracy and is scrupulously fair. She treats people and their opinions with respect, which I think is a vital quality for anyone taking up this role.

3200 As well as intelligent, Deputy Merrett is also independent. She is a rigorously independent thinker. She will always speak up for what she believes to be right. She is not one to be swayed or cowed by weight of popular opinion if she does not think it is the correct decision. She is not affiliated with any political faction or group, something that is particularly relevant with respect to this role of President of SACC, and she gets on and works well with people from across the whole political spectrum. She too has a very strong team lined up. Deputies Ferbrache, Le Tocq, Yerby and Gollop have all agreed to serve if she becomes President. That, I am sure Members will agree, is a great mix of strength, depth and experience.

3210 Deputy Merrett is one of the most driven and motivated people I know. As some colleagues may be aware, she lost her mother at a young age and that formative event, very sadly, meant she had to become more self-reliant than most very early on in life. She is open and honest. She says it as it is. She is also extremely hard-working. No one can be in any doubt of that this week; all the work she has put into a wide variety of Budget amendments speaks for itself. She will put every ounce of her quite considerable energy into this role, as she does with anything she undertakes.

3215 On a personal level, Deputy Merrett has long been a supporter of Island-wide voting but pledged in her manifesto to respect the result of the referendum, advocating then that its result should be binding on the States. She well understands the nature, range and scale of the challenges involved with making this form of Island-wide voting work, but she is not daunted by

these challenges. In fact she sees each and every challenge as an opportunity to strengthen our democratic process.

3220 Although arrangements for the 2020 election will, I am sure, dominate the SACC agenda until that time, it is not the only important item in the Committee's mandate. As a Member of SACC since the start of the political term, I have had first-hand experience of Deputy Merrett's interest in those other areas of the mandate. She has been one of the most proactive Members in contacting the Committee on various different subjects, always in the spirit of constructive solution finding. She has some typically pragmatic ideas about how to progress those other work streams, which I
3225 hope she will expand upon when she speaks.

Not many of us in this Assembly can claim any kind of professional qualification pertaining to our political roles, but in her first year in office, Deputy Merrett earned a professional development certificate in parliamentary practice and procedure. The course, for which I well remember she absolutely worked her socks off, involved detailed research and analysis of
3230 different methods of governance, the core functions of the Legislature and its relationship with the executive, the roles of political parties, opposition and backbenchers, scrutiny, administration and financing and the committee system, to name but a few. I doubt whether even Deputy Fallaize could design a bespoke course that would be more relevant for the role of President of the States' Assembly & Constitution Committee.

3235 Deputy Merrett's detailed understanding of these constitutional and governance issues do, I believe, qualify her particularly well for this role.

The Bailiff: Your five minutes are up. Deputy Merrett will now address us.

3240 **Deputy Merrett:** Thank you, sir.

It may never be easy to talk about oneself for 10 minutes without appearing rather self-obsessed but whereas this is partly about me and whether I have the leadership experience, integrity, intelligence and independence for the role, it is much more about the expectations of this Assembly and our community and what we expect from the States' Assembly & Constitution
3245 Committee.

It is about upholding our constitution and our democracy through the Rules of Procedure, the code of conduct and the Laws of our jurisdiction. How do we elect our version of jury, our Jurats? How do we elect people as Deputies? Questions at the very foundation of our democracy; of our community. The platform with which we are supposed to hold office, conduct ourselves, the rules
3250 of debate, how we actually represent and serve the people, our community, who elected us. So pretty important and far more important than me.

Saying that, though, I do feel strongly that our parliamentarians should uphold the rule of Law, abide by our Laws and our code of conduct, earn respect from each other and our community, make independent, intelligence-based and informed decisions and of course we should all strive
3255 to have the uppermost integrity so we do not bring this Assembly, our democracy, into disrepute.

We should respectively agree to disagree with each other. I am no angel, I am not pious. I am an ordinary member of a hard-run community but I do have decades of leadership experience. I have been honoured to have the opportunity to lead teams of people from all walks of life, from a few people to hundreds. I have been responsible and accountable for multi-million pound
3260 projects that could either make or break a business. I have been a cog in the machine of business and I have worked and do work in the voluntary sector to support our community.

But that is definitely enough about me. Instead I will home in on three of the things that relate to SACC's mandate, the three things that I believe the Committee should be driving forward in what is left of this political term. Namely, Island-wide voting, the reform of the electoral college and reviewing the code of conduct.
3265

I voted for Option A and have always supported having a cost-effective referendum to determine our community's preference. We have now confirmed our community wants to be able to vote for whom they wish, regardless of boundaries and districts. As stated the last time this

3270 Assembly sat, I intend honouring this and it needs to be done in a cost-effective and timely manner.

In my manifesto, I used a quote under Island-wide voting, being pessimists see difficulty in every opportunity and an optimist the opportunity in every difficulty. I am an optimist. Difficult questions as to the benefits and difficulties regarding the implementation of Island-wide voting is open and honest debate.

3275 I also put in my manifesto that I believe that no referendum should be a simple question, no ambiguity, no possibility of misinterpreting Islanders' wishes. But having engaged with SACC and listened and learned from other Deputies, in running up the debate, I did not think this Assembly would vote for yes in the referendum, so I took a pragmatic decision to back a multi-option referendum.

3280 I chose not to be part of promoting Option A during the referendum for several reasons. One, being a sitting Deputy I felt that really could be impartial as I did and do have a vested interest. It is worth noting that if I was voting to increase my chance of getting re-elected I would have voted for Option B. I do a lot of constituency work, but whereas Option B may be better for me personally I did not feel it was better for our community.

3285 Secondly I was concerned the Islanders Association appeared to have Island-wide voting as their flagship policy. In my opinion, Island-wide voting and the Islanders Association became conflated during the canvassing period, as their insignia became entwined with Option A. I am a fiercely independent Deputy and did not wish to become identified with any political party of association.

3290 The next six-nine months are critical in implementing referendum results. We have to hit it hard, we have to hit it running. My suggestion and expectation is that SACC starts working backwards from the date of the next election to the current day and set out a realistic but strict deadline as to how we will ensure that polling day is as successful and as easy for our electorate as possible. It is imperative that SACC brings policy papers to the States to agree to implement the referendum results, to advise the States what they expect in cost implementation, the resources needed and to advise the States to what will be needed with regards to changes that are required the Reform Guernsey Law 1948 as amended.

3300 SACC must start on this immediately so the Assembly can start making key decisions early in 2019. SACC will need to show due consideration to how they can assist mitigating difficulties for the electorate if they pass 38 votes. They will need to be collaborative and communicate with the Committee for Home Affairs, who are the policy, advisory and general security for the electoral roll in their mandate.

3305 For example at the last general election, the closing date for the nomination of candidates was 26 days before polling day. Is 26 days long enough for the electorate to show due consideration to all the candidates? Is 26 days long enough for the candidates to get their manifesto to the electorate with time to answer the numerous calls, emails, and speak to members of our community who may wish to discuss their manifesto with them?

3310 How will the candidates communicate their manifesto with the electorate? Does SACC need to co-ordinate, centralise information about the candidates? What rules would apply? Would there be a timeline? How would the electorate request a hard copy, or a copy in large print or Braille? Should a default be that it be online, with hard copies by request, or hard copies available at key places around the Island? What resources would that require?

3315 Can the media assist in an impartial way, signposting the electorate to where they could locate a directory of candidates? What expenses should have a candidate have? How do we balance the need for personal expression and individual campaigning along with the cost of providing accessible core for information about all candidates? Are there innovative and fiscally prudent ways to achieve this? What roles will be in place to govern the formation, campaigning and expenditure of political parties? What options will they really be able to offer the electorate when they vote?

3320 We have to uphold integrity, trust and confidence in the process. What is realistic by 2020?
Can we implement some form of electronic voting while protecting the absolute privacy of the
voter and avoiding any trace of any digital footprint? We saw an upsurge in postal voting during
the referendum. With the potential to vote for 38 candidates, I would predict there is an even
bigger upsurge in postal voting at the next general election. People may want the time and
3325 comfort of doing so in their own home but of course we should be mindful of privacy and
coercion. I think it is reasonable to expect to prepare a plan for a premium postal vote and by
doing so ensure the timelines and resources needed are in place.

There will need to be constructive conversations with the Douzaines about how polling
stations will work. I am a sitting member of the Douzaine Liaison Group, which regularly meets
3330 with Members who need the Douzaines to discuss things such as this. We should consider how
the electorate will be able to cast 38 votes at the polling station without needing a chair, a cup of
tea and a biscuit for sustenance.

We have already had some suggestions from our community. All need to be considered. We
have opportunities to be creative and innovative, but we must be sure that we test our solutions
3335 before the next general election – for example at douzaine elections – because failing to plan is
planning to fail. We will need a back-up plan if something goes awry.

Whatever we do, being a democracy, we must ensure the majority can vote, but of course we
must ensure we do not leave the minority behind. We must be realistic and we must uphold the
integrity of the electoral process. To sustain increased participation, we must try to make voting as
3340 accessible to the electorate as possible. We must strive to ensure that they know who the
candidates are and how they can access their manifestos.

It will be interesting of course to see how many people will actually use all their 38 votes, but
of course SACC will need to ensure they can if they want to. I am grateful Deputies have already
come forward offering to support and help, especially to Deputy Lowe for offering the benefit of
3345 her long experience to the Committee. There may be a seat available if she wants it, if Deputy
Gollop decides not to go for it, although I believe he does want to. If not, I will not hesitate to call
upon her when needed.

Reform of the electoral college. When we were first elected, I was surprised as to how we
elected our Jurats. The States of Election sit and they have a casting vote. It consists of all
3350 Deputies, representations from the Douzaine, members from some faith groups, the Bailiff, HMC,
HMP etc. To date in this Chamber I have only seen nominations and seconders for the position of
Jurat come from Deputies. Then we speak about candidates, they are proposed and we vote.
Anyone who gets into the office of Jurat is elected without any maximum term limit.

I have spoken with various States' Members, members of various Douzaines, who agree how
important it is to recognise and reform some of the less democratic aspects of the process. SACC
3355 has 70% of one officer and her time will be devoted to implementing Island-wide voting until at
least the second half of 2019. But in the meanwhile we can start giving this some political
attention.

I would suggest that those Members who have shown interest and concern in respect of the
electoral college to meet with me as part of a working group determined to find what in the
3360 process needs revising or adjusting. We need to give our officers a clear steer on the policy
direction that we wish to take.

At this stage it is not possible to say what conclusions might be reached but I recognise it is
part of the bedrock of our democracy because Jurats are making decisions that affect our
3365 community's lives on a daily basis and therefore SACC needs to give due priority before the end
of this term.

Our code of conduct: when it comes to politics, should we –

The Bailiff: Your 10 minutes are up, Deputy Merrett.

3370

Deputy Merrett: Oh, somebody might ask me a question on conduct then. Thank you very much.

3375 **The Bailiff:** We move to question time, then, and as is customary I must invite those who are sitting on the top bench to go relocate themselves and invited the two candidates to come up to the bench. The sooner we get going, the sooner we will finish. Members, can you please find your seat and take a seat?

3380 As soon as everyone is seated, I just remind you that we have up to 30 minutes of question time and questions must relate to areas of policy included in the mandate of the Committee. Questions are limited to 30 seconds and answers to one minute and no Member may ask more than one question unless everybody who wants to ask a question has done so. It will be Deputy Inder who answers the first question and then that will reverse. So who wishes to ask the first question? Yes, Deputy Graham.

3385 **Deputy Graham:** Sir, on the question of the electoral college for election of Jurats I would be interested to know the views of the candidates on the role of Deputies in that process. In my view, Deputies propose the Laws, they make the Laws, they should have no part in selecting those who serve the role of Jurat in implementing and administering those Laws. I would be interested in the views of the candidates.

3390 **The Bailiff:** Deputy Inder.

Deputy Inder: Thank you, Deputy Graham.

3395 We had the email exchange and there is nothing in what you asked I could actually disagree with. My experience of the electoral college has been four or five times since I have been a Deputy. I found it interesting, I found it fairly ceremonial. I found it pretty formulaic as well. I do not find it particularly accessible. In the main if we can find a way of removing the elected representatives from putting Jurats on the bench, I absolutely concur with that.

3400 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you.

3405 I think the question we have ask ourselves is if it is not us, then who? I would like to be, if you look at the jury system in the UK, judged by my peers if I come before a Jurat or a jury. I would like to be judged by my peers, judged by my community. If we are going to look at not allowing Deputies to take form in that process, and arguably the douzeniers also are elected, we would have to look at who could do that and what is the best process and the best way of achieving a Jurat that really does try to reflect the community that we live in.

3410 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: If elected are there any Rules the candidates would seek to amend, or add to the States' Rules of Procedure? If there are, can they tell me what those Rules might be, please?

3415 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir.

3420 I think realistically, with the workload that SACC is about to face, any Rules changing for the rest of the political term, realistically by demand-led rather than me seeking to have any personal interest in trying to change a particular Rule. I do not have any personal interest in any particular Rule at this juncture, but if it is of due concern to other Members – and obviously we are under a

3425 States' Resolution to come back with a recommendation on a special interest – that will be on SACC's workload. But I do not have anything on a personal level that I am particularly driven at to do with anything to do with the Rules of Procedure.

The Bailiff: Deputy Inder.

3430 **Deputy Inder:** I do not particularly want to see another SACC policy letter relating to Rules back in front of this Assembly over the next 18 months. We are under direction to bring back the special interest Rule to reconsider that and, as I said in my opening speech, Deputy Rob Prow who has clearly got skin in the game in that one, has offered his assistance with that and I am grateful for his assistance. That is the only thing we are under direction to bring back by 2020.

3435 **The Bailiff:** Deputy Gollop.

3440 **Deputy Gollop:** The Grammar School hustings for the option referendum was a great success. They had a result contrary to the Island's in a sense. What would either candidate do if they become President to encourage Generation Y and Generation Z to get more involved in the political process because it is fair to say, when you stand outside electoral booths, most of the electors are perhaps of a more mature vintage?

The Bailiff: Deputy Inder.

3445 **Deputy Inder:** Again I concur with you, Deputy Gollop. I think on the two elections I stood in: miserable failure, less of a success in the by-election. I do not remember seeing too many 16- or 18-year-olds or under-25s coming through. It will be interesting to see what the demographic is on it. I think internet voting, if we can manage to get towards that by 2020, will be the solution. Something that is device-led.

3450 On top of that there is going to have to be a longer burn in terms of that communication policy, telling people what this new election is going to be and, hopefully, along with ESC we can find some way of penetrating into that 16-18 age group in the first instance and the other various tranches of democrats that do not seem to be engaging with the election.

3455 **The Bailiff:** Deputy Merrett

3460 **Deputy Merrett:** Thank you, sir. I would like to think with Island-wide voting that actually people now will be engaged to vote for anybody across the Island, which they might find more engaging than having to try to find somebody in their particular district they may or may not know or recognise.

3465 I think younger generations, I agree with Deputy Inder, to make it more accessible, they are using social media, they are using different technology to going into the traditional polling booth and ticking a box. I think we need to understand how we can communicate with them and I also agree with Deputy Inder where he said start it young. I have done a lot of the 'In the States' to the different schools and these children that can vote are actually in our schools now, so we can go and speak to them and tell them what it is about politics and what it is they actually may wish to engage and why.

The Bailiff: Next question, Deputy Tindall.

3470 **Deputy Tindall:** Thank you, sir.

We have alluded to the diversity of the candidature, I would like to know the candidates' opinion on assisting those who have issues in, for example, communicating or accessing different

3475 aspects such as we had walking around the parishes and things like that and how it will help with various people with disabilities?

Thank you.

The Bailiff: Deputy Merrett.

3480 **Deputy Merrett:** Thank you, sir.

I am a member of the GDA, so I have gone to several of the meetings and I do have a basic understanding. Also my mother actually was disabled. So I can understand when it is mobility, also mental and physical access at polling stations, some will not like the light, the noise etc. I think we have to and I think democracy is about representing a majority. I think I said in my opening
3485 speech, protecting the minority. We need to make sure that the minority has access to vote and they can do so in a reasonable way.

I think I referred in my opening speech to making sure we have large print, making sure we can have Braille, making sure that we are able to communicate that to the electorate. When I stood for election as a candidate I was very aware of that. I was knocking on doors, giving people time to
3490 come to the door etc. I took a lot of time to try to ensure that people were able to meet with me if they wanted to.

The Bailiff: Deputy Inder.

3495 **Deputy Inder:** Deputy Tindall, I think you actually asked about candidacy did you not? In our parish, again in both elections, we had one candidate who struggled immeasurably, he had eyesight deficiencies. As proud as he was, it was actually a sad sight to see. I think if we are really going to head down this diversity route, this inclusive route, we need to find some way of possibly Government, in some way, if it ticks any of the free, fair election boxes, to assist these people in a
3500 greater way. If we have got to throw a little bit of money at it, I personally have not got any problem with it.

The Bailiff: Deputy Roffey.

3505 **Deputy Roffey:** Sir, as an elector I have always found that the best way to choose which of those candidates who I do not already know to vote for is watching their performance in front of a live audience, answering questions they have no notice of, at a traditional hustings. I just wonder if I could ask both candidates if they believe that would be possible in 2020 and, if so, how they think it can be achieved?

3510 **The Bailiff:** Deputy Inder.

Deputy Inder: Thank you for the question, Deputy Roffey.

3515 There has been some talk of having sort of super-hustings spread over three- and four-day periods at Beau Sejour. It is worth looking at. I suspect some candidates might actually mobilise themselves into partition hustings around the various parishes.

As I said in my opening speech, everything has changed. We may get to a point where there are no hustings. I think that would be a mistake. I think we have got to see in the very first election, have almost super-hustings spread over a greater period of time and see if they work. If
3520 no one turns up, then we do not do them in 2024.

The Bailiff: Deputy Merrett.

3525 **Deputy Merrett:** I think with hustings, I expect like many members of our community, I did not go just to my local hustings, I went to hustings all around the Island. I would like to obviously

talk in Committee about these kinds of things, but some of the thoughts I have had, for example, are candidates all submit their candidacy and then randomly 20 or so get pulled out and we have different hustings at different times in different places, so people could go along, if they are particularly interested in a particular candidate. So it would be quite fair and reasonable. I think anything over 20 people and everybody gets to answer a question, you are there answering one question, potentially, for an hour, which can be quite very time-consuming.

As we know from our own hustings, when the first person has spoken, by the time you get to the seventh there is little really you can add to the conversation, potentially. I do not think we should get rid of it. I think it is something we need to look at. It may be, for example, a candidate declares they want to be on P&R, so we have hustings where they particularly want to go on a particular Committee. The world is our oyster on this. We could –

The Bailiff: Your minute is up. The next question, Deputy St Pier.

Deputy St Pier: Sir, I would be interested to know whether either candidate has had initial thoughts on whether and how groups of candidates could be listed in a way that identified them together?

The Bailiff: Deputy Merrett.

Deputy Merrett: Again I think I did refer to that in my opening speech. We could, as long as it is fair and as long as it is reasonable and pragmatic, have all the candidates' manifestos in one place, as long as it is unbiased, so the electorate can reach all of those candidates. If people want to associate themselves with somebody else, clearly they are free to do so. There is, under human rights, the freedom of association for political purposes, including the creation of political parties, something we should give due consideration to. Also we should show due consideration for any legislation requirements, requiring that.

The Bailiff: Deputy Inder.

Deputy Inder: In a previous report there has been talk of a mighty manifesto that everyone goes into one document and it gets distributed. I think Deputy Green has said he does not like the idea of some centralised diktat which goes out. I think it is one of the options but equally we have got to free individual candidates, like Deputy Fallaize, who does his six-fold, gatefold, hologram pop-up family type of manifesto, to equally go out and market himself in a slightly different way. I think Deputy Dorey has touched on the same thing.

I will give everyone here fair warning; I do not think you did not know this. This is going to be far more expensive for Guernsey than the traditional system. Currently we are allowed to spend £2,300, I think the grant is around £600. If we cannot move it up, because it precludes people buying an election, we are going to have to pay the difference.

The Bailiff: Next questioner, Deputy Yerby.

Deputy Yerby: Sir, this may in any event not be something we have much choice about but will the candidates give an undertaking that if they become President they will do whatever they can to ensure that there is independent, impartial, external observation of the election process and the election itself and do they have some initial thoughts as to how that might be achieved?

The Bailiff: Deputy Inder.

Deputy Inder: I will not lie to Deputy Yerby, I have not actually given it any thought. But with someone I hope is going to join the Committee, I am pretty sure that is going to happen.

The Bailiff: Deputy Merrett.

3580 **Deputy Merrett:** Thank you Deputy Yerby for your question. Yes, clearly we have to have
observers. We clearly have to follow all the code of good practices in electoral matters, for
example from the Venice Commission and from other commissions. We do need to make sure we
are having fair, open elections that can be observed by the media and from the candidates and
from others.

3585 **The Bailiff:** Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you.

3590 In regard to the code of conduct and possible amendments that might need to take place on
the code of conduct in terms of social media, would the candidates express whether they have
any views about anonymous social media accounts used to spread misinformation and would the
candidates advise whether they themselves have such anonymous accounts?

The Bailiff: Deputy Merrett.

3595 **Deputy Merrett:** No, I do not have any anonymous accounts. I think we have got to be very
careful with social media and our freedom of speech, but I do think, I am assuming Deputy
Hansmann Rouxel knows herself, when elected, we do have a code of conduct which we should
adhere to and from that code and conduct is showing due respect to other Members and to
3600 members of our community. So no, I do not have an anonymous account, but I do think we have
to balance the two between social media *versus* free speech. It is a difficult line to draw but I
would like to think any elected Member would not have an anonymous social media account. I
believe that might be slightly disingenuous.

3605 **The Bailiff:** Deputy Inder.

Deputy Inder: I can answer that question directly. Do I have any anonymous accounts? You
will always see me coming Deputy Hansmann Rouxel. Absolutely not. That is not a game I play.
Regarding the conduct on social media, we are in a very strange world. We talk about our liberal
3610 democracy and our freedom of speech but we always seem to find ways to shut down the
conversation.

I am afraid the internet has changed everything. It does not mean we have to be particularly
rude. We have actually got a code of conduct ourselves, so if any of us break the rules of
selflessness, integrity, objectivity, accountability and openness then report them through the
3615 normal channels. But I would agree it might be a time to add something about social media to
what is a fairly old analogue document.

The Bailiff: Deputy Trott.

3620 **Deputy Trott:** Sir, notwithstanding your outstanding performance over the last few days, do
the candidates believe that we should elect our Presiding Officer?

The Bailiff: Deputy Inder.

3625 **Deputy Inder:** I remember this conversation from a debate not so long ago. The truth is
Deputy Trott I just have not given it any thought and I am not that desperate for this job to
promise you that I am going to do anything before 2020. I will not lie to you.

The Bailiff: Deputy Merrett.

3630 **Deputy Merrett:** I have given this some thought, funnily. Again a question I pose is if we do not elect our Presiding Officer, who does? Do we elect them from the elected Deputies? So I am very content with the existing Presiding Officer but of course that may change – in minutes as well as in seconds, no! (*Laughter*) I think it is something we should be looking at but not, realistically, in this political term. Whereas it is on the horizon I do not think it is anything that we could really look at doing before 2020.

The Bailiff: Next question, Deputy Ferbrache.

3640 **Deputy Ferbrache:** Following on from Deputy Trott's point does either candidate, if they were President, believe that the Rules should be changed so that the chief minister should be elected by the public?

The Bailiff: Deputy Merrett.

3645 **Deputy Merrett:** I think that is something that, if Members feel strongly about, they should bring to the Assembly. I think it would be difficult, we have just agreed to do Island-wide voting, 38 votes on one day, to then say 37, but do you want to vote one for your chief minister? I think that would be a little bit odd to do in this political term but certainly if it is a conversation that certain Deputies want to have, I am willing to have the conversation.

3650

The Bailiff: Deputy Inder.

Deputy Inder: I cannot add an awful lot to that. It is fairly clear what happened on 10th October. There was no mention of electing a minister on an Island-wide mandate and is it SACC's job to come up with these ideas? I am not entirely sure it is. I think they should come through the floor in the Assembly in the first instance. You may disagree, Deputy Ferbrache.

3655

The Bailiff: Deputy Fallaize, then Deputy Brehaut, Deputy Lowe.

3660 **Deputy Fallaize:** Thank you, sir.

The Committee is under a direction to review the special interests Rules as far as they relate to Committee meetings. Do either of the candidates believe that the special interests Rule should be liberalised?

3665

The Bailiff: Deputy Inder.

Deputy Inder: Liberalised sounds like a loaded question. I think the code of conduct, strangely enough, could be extended to some non-States' Members. Without going back into this debate that turns up more often than paid parking and possibly L'Ancrese Wall, I am going to leave this firmly in Deputy Rob Prow's hands. We know which way we are heading and we will get a paper and it will just come back at some point.

3670

The Bailiff: Deputy Merrett.

3675 **Deputy Merrett:** We are obviously under States' Resolution to look at this, which we will dutifully do. I think there have been two amendments so far to try and address this and both have not passed, as in the actual definition of what should be used. I think one was by Deputy Prow and Deputy St Pier and we have tried again. Directing SACC to do the impossible, we will certainly try to do, and we will come back to the States. Ultimately it is for the States to decide if they want to change the special interest Rule. It is up to SACC to come forward with Propositions to do so.

3680

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

3685 There are currently 40 Members of this Assembly. There have been as many as 57; in fact there have been a number of different make-ups of this Assembly. Do they feel that 40 is the right number and, during their time as chair of SACC would it be something that they would discuss and be willing to revisit in this Assembly?

The Bailiff: Deputy Merrett.

3690

Deputy Merrett: No, sir. It is not something I would wish to revisit in the next 17 to 18 months. We have got things that we need to do and get done in a very timely manner with a very strict deadline. I am comfortable with 40 Members. If other Members of SACC are not or if Members of our Assembly are not then, please, I would be happy to have that conversation.

3695

The Bailiff: Deputy Inder.

Deputy Inder: We have got a busy schedule. Naturally, you would think I would be more inclined to look at a reduced Assembly but you have got to balance that in some way with all the things we are talking about, diversity, inclusion. I think Deputy Brehaut himself said something along the lines of the States is full of 50-year-old, bald-headed men and there is some truth in that. A reduction does not necessarily mean that you are going to change the look of the Assembly. In fact it could get substantially worse.

3700

The Bailiff: Deputy Lowe.

3705

Deputy Lowe: Thank you, sir.

Would the candidates inform us how they would take forward any amendments in the future regarding the Rules which they cover under SACC, bearing in mind we had a far too big report that covered far too many areas and added to that how would they ensure that it could come into the Assembly, that items that Members would like considered are actually stopped by five Members of SACC? It would give the Members the opportunity to be able to discuss some of those items that have been rejected.

3710

The Bailiff: Deputy Inder.

3715

Deputy Inder: Again Deputy Lowe there is no intention, with the exception of the special interest, to bring anything back in this Assembly. I know and I accept that you are irritated by that. I think you are right, it is often just five people in a room asking for a consultation and, potentially, then making a decision. Could we have done it better? Possibly we could. Could we look at doing something in the future? Clearly we will but I just do not think it will be in this term.

3720

The Bailiff: Deputy Merrett.

Deputy Merrett: Clearly SACC are responsible for maintaining the Rules of Procedure and ensuring they are appropriate, but realistically I do not consider that we would be bringing back another whole policy paper on this unless, as earlier, there is a change or exception. What I would like to see is a slightly different way in which there are responses.

3725

SACC meetings are held in the open domain. When we are discussing that Member's particular concern I would like to invite that Member along and actually listen to what they have got to say. Rather than just an email, invite them along, get them involved in the conversation so that we can

3730

have that open discussion. Of course there are other parliamentary mechanisms to have those changes done if you wish to do so.

3735 **The Bailiff:** Deputy Dorey.

Deputy Dorey: Thank you.

What is the Members' view on encouraging pre-voting ahead of postal voting at a general election, that ensures that person votes in privacy and without coercion?

3740

The Bailiff: Deputy Merrett.

Deputy Merrett: Yes, I think Deputy Dorey has answered his own question. There is a concern of family voting, of coercion, where you are influenced or you have not got the privacy to vote or you have not got the secrecy. Of course under the Venice Commission there is a secret suffrage. You are meant to be able to cast your vote in secret and you want to have a free suffrage so you can actually have the freedom to vote and to form your own opinion. That is one of the things which you have to show due consideration to with postal voting. So yes we would initially see that work, as we did in the referendum, but we have to ensure we are adhering to free and secret suffrage.

3750

The Bailiff: Deputy Inder.

Deputy Inder: There is a risk of coercion but there is under our current system. How many times, although maybe I did not hear because I was such a miserable failure, but, 'I got my wife to vote for you,' or something like that. Coercion happens under our current system. Whether it would be much worse with 10 envelopes going to the Dorey house and all the cousins signing up to it, (*Laughter*) there is some risk to it. I think the best way of mitigating it is through education and warning people that it is not a good thing.

3760

The Bailiff: Deputy Smithies.

Deputy Smithies: Given the amount of work which you have identified in the last few minutes, what part of your mandate are the candidates going to park?

3765

The Bailiff: Deputy Inder.

Deputy Inder: Not much of it. We are certainly going to park the Deputy Trott discussion regarding the Bailiff, actually that is not currently something we are under direction for. There is not much we can park. I do not want to bring any surprises. I am quite happy for that which is our log of action to be published online for you guys to see how we are getting on. We sit in open session and I am a fairly open candidate and you know that I believe in open democracy and open government. There is no fear there from this piece of paper at all. I would have no issue at all with this being parked somewhere in the public domain, a potted version of it, and you seeing how we are getting on and if you are not happy with something talk to us, but at least you would understand the level of our workload.

3775

Finally, we are going to need more resources. We have only got 70% of one staff.

The Bailiff: Deputy Merrett.

3780

Deputy Merrett: I am really pleased to hear that. I do not know if other Members did not agree with Deputy Inder on publishing that already. I do not think we would want to park anything but we need to be realistic and pragmatic so there would be some business as usual but

3785 the Island-wide elections, the reform of the electoral college and the reform of the code of
conduct have to take priority in what is left of this particular term. If Members want us to do
something else we can do it but we will need the resource to do so.

The Bailiff: Deputy Tindall wants to ask a second question. Is there anybody who has not yet
asked a question who wants to do so? Deputy Tindall.

3790 **Deputy Tindall:** Will the candidates consider continuing with the process of having open
meetings for SACC but also to provide the actual papers that go with it to make it a more
informed meeting for observers?

3795 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Yes absolutely. I have advocated in my other Committee that I would like to
have an open door policy, which did not go down too well. But I would like to have as many open
door meetings as possible. There is very little that we are discussing – there are things obviously
but they are minimum rather than maximum – about our community that our community should
not know about. So yes to open meetings and yes, if elected, I would be asking for all of the
minutes etc. from the last couple of meetings. I have met with the officer but I need to get up to
date with that to ensure that I am as up to date as possible and that any new Members coming on
board have the same information so we can all start from the same place.

3805 **The Bailiff:** Deputy Inder.

Deputy Inder: I think the open meeting that we have got at the moment with SACC was
actually originally inspired by a previous President, which I think was Deputy Fallaize. It has
worked very well. I was going to say am I surprised more people do not come to it. No, it is so dry
sometimes I am surprised anyone comes to it.

I have already mentioned to you that I am quite happy to publish the log, headline rates, we
do not have to do the detail. In terms of minutes, I think there is an understanding between the
media that some things become 'off minutes', but in the main I think the answer is yes. I have got
no issue publishing the minutes but there might be times when there are just things we would
just rather have as A and B minutes.

In truth, I have told you before, openness, there is nothing particularly secret. SACC is an open
Committee.

3820 **The Bailiff:** Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

I would just like to ask the candidates are they content with the current induction process for
successful general election candidates or would they be looking to improve the process and if so
can they give one example of how?

The Bailiff: Deputy Inder.

Deputy Inder: When I came in on the by-election and came in on my own, I found it an
extremely lonely experience. I do not know what happened with you guys, if you were all in
groups or gangs. I think it worked very well, I was cared for very much by the system, but I was
running around with my eyes wide open.

I think there needs to be almost a training before the induction. I think there needs to be more
work before people decide whether they stand to inform them what politics is about. The actual
induction itself, the only problem I had with it was almost the loneliness. I sat here, I think in with

you sir, in a room with my daughter, taking vows and oaths. It was just me on my own. I think we have got to do something before we get to the election.

The Bailiff: Your minute is up. Deputy Merrett.

3840

Deputy Merrett: I readily agree that candidates should come in, should do the relevant research. It is out there. I came in and sat in the public gallery on several occasions. There is a possibility for candidates to do their research before they stand but there are certain things, like in Committee meetings, that they might not be aware of.

3845

I do not see a problem with that. It could potentially people really understand what the expectations of themselves would be. Also, with the induction, we need to talk about the separation of powers on this. Should certain people be inducting us or should we not have something slightly different? So the Executive is not trying to induct us on something when actually we might not be comfortable with that. It might be something we should change in the future.

3850

Yes, inductions for candidates and I also think it should be ongoing, when policy papers come up, I want Members to be invited to discuss a policy paper; some Committees are really good at that and some Committees are not as proactive. That is all part of an ongoing learning. It is a constant thing. It should not be just a big blast at the beginning. It needs to be continuous and possibly before.

3855

The Bailiff: This will be the final question. Deputy Le Clerc has not asked one, so Deputy Le Clerc.

3860

Deputy Le Clerc: Thank you, sir.

I know that both candidates have said that they are not minded to bring any additional work for SACC but I just wondered what their views would be on bringing some rules and regulations around associations and potential parties for the 2020 election?

3865

The Bailiff: Deputy Merrett.

Deputy Merrett: I think that is not additional work, Deputy Le Clerc, that is essential work. That is some of the work we have to do while bringing in Island-wide elections. There are already associations. I would expect more gatherings, potentially, and it is something we have to ensure we have legislation for and that we have Rules around so we show due governance and there is no integrity missed in our election process. We have to do it and we have to do it properly.

3870

The Bailiff: Deputy Inder.

Deputy Inder: I absolutely concur. It is part of the current workload. We are kind of under direction, it would be silly not to be, to consider the emergence of parties. At the moment we have written to the CPA, the Westminster Foundation for Democracy and we are awaiting responses from them on guidelines and guide notes. I said in my speech we might get something back from Westminster that is ridiculously heavy and something in between Jersey and Westminster might be the solution but we absolutely have to address the emergence of parties for the next election.

3875

3880

The Bailiff: Members, that concludes the 30 minutes allotted for question time so it is now time for you to vote.

3885

Remember that Deputy Inder was proposed by Deputy Le Clerc, seconded by Deputy Soulsby. Deputy Merrett was proposed by Deputy de Sausmarez, seconded by Deputy Kuttelwascher. Does everybody have access to a voting slip? Are there any more voting slips to be collected? No?

While the votes are being counted can I suggest that people resume their normal places because we will now have an election for Members of the Committee, so we are not finished.

There was a ballot.

3890 **The Bailiff:** Members, if you please resume your places I am being handed the result. The voting was Deputy Merrett 18 votes, Deputy Inder 20 votes. I declare Deputy Inder elected. (Applause)

**II. Election of four Members of the
States' Assembly & Constitution Committee –
Deputies Yerby, Merrett, Le Tocq and Ferbrache elected**

Article II.

The States are asked:

To elect, in accordance with Rule 16 of The Rules of Procedure, a member of the States' Assembly & Constitution Committee to complete the unexpired term of office (that is to the 30th June 2020) of Deputy H. L. De Sausmarez who has resigned from that office and whose letter of resignation is appended hereto.

To elect, in accordance with Rule 16 of The Rules of Procedure, a member of the States' Assembly & Constitution Committee to complete the unexpired term of office (that is to the 30th June 2020) of Deputy M. H. Dorey who has resigned from that office and whose letter of resignation is appended hereto.

To elect, in accordance with Rule 16 of The Rules of Procedure, a member of the States' Assembly & Constitution Committee to complete the unexpired term of office (that is to the 30th June 2020) of Deputy M. K. Le Clerc who has resigned from that office and whose letter of resignation is appended hereto.

3895 **The Bailiff:** The next Item on the Billet is to elect three Members of the States' Assembly & Constitution Committee, but of course Deputy Inder was himself a Member and he has already indicated the four names that he would wish to have elected. So rather than elect three today and then defer the election of the fourth until the end of the month, it seems to me that it would make sense if you all agree that we just amend that item so that, instead of electing three Members of the Committee, we elect four.

So I propose to you that that Proposition be amended: those in favour; those against?

Members voted Pour.

3900 **The Bailiff:** So we elect four Members of the Committee.
Can I just have some nominations? First of all from the President of the States' Assembly & Constitution Committee, Deputy Inder, to nominate four candidates.

3905 **Deputy Inder:** Thank you, sir.
My nominations are Deputy Ferbrache, Deputy Le Tocq, Deputy Leadbeater and Deputy Yerby.

The Bailiff: So Deputy Ferbrache, Deputy Le Tocq, Deputy Leadbeater and Deputy Yerby. All proposed by Deputy Inder and is there a seconder for all those?

3910 **Deputy Lowe:** I second those.

The Bailiff: Deputy Lowe. Are there any other nominations? No? Nobody else?

Deputy de Sausmarez: Sir, I would like to propose Deputy Jennifer Merrett.

3915

The Bailiff: So Deputy Merrett proposed by Deputy de Sausmarez. Do we have a seconder for Deputy Merrett?

Deputy Hansmann Rouxel: I second,

3920

The Bailiff: Deputy Hansmann Rouxel. Any other nominations? No.

So what we have is a contested election. Under Rule 16(6), as amended, and not quite as printed in the version that you have got, but as amended, the proposer may speak for not more than three minutes in respect of each candidate proposed by him and each candidate may speak for not more than three minutes, before voting takes place. So Deputy Inder you may start. Not more than three minutes on each of your four candidates, please – not more than 12 minutes in total.

3925

Deputy Inder: It will not be anything like that, sir. I am going to start with Deputy Yerby. She is quite clearly one of the great IQs in this Assembly as you have seen over the last four days of debate. She is probably one of the hardest working, head of Overseas Aid, Member of ESS, Member of HSC and if the Assembly had a few more Yerbys on their Committees we would be able to conquer the world.

3930

Deputies Yerby and Le Tocq were the first Deputies I approached, the latter for his experience and as point man on the FDS and the former for the ability to work through problems and to a degree act as a foil for my personality, I think as Deputy Le Clerc suggested in the proposal speech; my character flaws. The yin and the yang, maybe.

3935

It has probably surprised the Assembly that I have chosen Deputy Yerby as a Member because many of you would not see us as natural allies, but we are both pragmatists. As I said in my opening speech, this is not about the three Fs, this is about pooling talent and Deputy Yerby has that talent and I am going to use Deputy Trott's regular words that he uses in his proposals for Jurats, she has talent in bucketloads and I would ask you to support her.

3940

Moving onto Deputy Ferbrache, 'The man who needs no introduction.' I think those are the words of Deputy St Pier when he nominated Deputy Ferbrache as President of STSB. Unfortunately I cannot get away with that as, under the Rules, I have to wax lyrical for about two minutes. Hopefully will have killed about 10 seconds of it!

3945

Deputy Ferbrache is one of the poster children, or possibly grandfather, for Option A and it is right that he sits on the Committee that will deliver his preferred option. He will contribute more than that and as one of the best lawyers we have in Guernsey, he will tell anyone who will listen, much of the SACC work will be picking through details of electoral reform laws and probably having arguments with our Law officers! This is a talent I will need on the Committee to help us through this transition to full Island-wide voting.

3950

Deputy Leadbeater is currently a Member of the Development & Planning Authority and the Home Department. Now SACC has responsibility for the delivery of the general election and Home has responsibility for the electoral roll. Both SACC and Home will need to work closely together to deliver that election and having a Member of the Home Department on SACC is a solid and sound appointment, as there is a real link between the two Committees.

3955

It is also worth noting that Deputy Leadbeater supported Option A as well, actually, through the campaign period and, like Deputy Ferbrache, is somewhat duty bound to ensure its successful delivery. On a personal note Deputy Leadbeater and I come from similar backgrounds. He might be less brusque – I think the word was, or probably brash – than I am but, in common Guernsey parlance, he is absolutely solid and I ask Members to support his nomination.

3960

3965 Finally, Deputy Le Tocq and I make apologies to your wife, as usual. At the end of the referendum it became apparent that under the Future Digital Services project there is a chance that a form of internet voting may be available to SACC for the 2020 election. I do not know how big it is going to be but this is what we are heading towards and there are certainly challenges there. Deputy Le Tocq is a Policy & Resources point man for the FDS project and it is sensible therefore that that knowledge is used within the Committee. A similar connection with Policy & Resources as with Deputy Leadbeater's connection to Home. There is a common thread there and it is called common sense when putting a team together.

3970 Deputy Le Tocq has other qualities beyond the link with Policy & Resources. He has been chief minister and currently sits as a quasi-foreign secretary as such. SACC does need a Committee of credibility and broad knowledge and Deputy Le Tocq's nomination, and I hope support from the Assembly, will go a long way to stabilise the Committee in what would be a fast-paced exercise in project delivery and I ask our Members to support Deputy Le Tocq's nomination and the rest of my preferred Committee.

Thank you very much.

3980 **The Bailiff:** I will now invite those four to speak in the order in which Deputy Inder spoke about them. I am inviting you to speak for up to three minutes. It does not mean you have to speak for three minutes, but the invitation is there, if you wish to do so. Deputy Yerby.

Deputy Yerby: I have nothing to add to what Deputy Inder said. Thank you, sir.

3985 **The Bailiff:** Deputy Ferbrache.

3990 **Deputy Ferbrache:** Well, sir, I did not think on 1st May 2016 that, two-and-a-half years later I would be a candidate for this particular Committee! (*Laughter*) Everybody knows the admiration I have held the Committee in for the last two-and-a-half years! But Deputy Roffey said people had to step up to the mark. Deputy Inder has asked me to step up to the mark. I have done that. I appreciate that the work of the Committee that will be a principal part of the work of the Committee, but it will not be its only work. The other topics that have been expressed are interesting and significant.

3995 **The Bailiff:** Deputy Leadbeater.

4000 **Deputy Leadbeater:** I have nothing much to add, really, sir, apart from the fact that when I was approached by Deputy Inder for a potential seat on SACC and he pointed out the other Members that he wanted, his SACC dream team, I was sold on it because I really believed in his approach.

The Bailiff: And Deputy Le Tocq.

4005 **Deputy Le Tocq:** Sir, the only thing I will say is I think this is the fourth occasion I have had my arm ... I have been persuaded to stand for a place on SACC. The last time was against Deputy Inder. I voted for him on that occasion! (*Laughter*)

The Bailiff: Deputy de Sausmarez will now speak in support of Deputy Merrett's nomination.

4010 **Deputy de Sausmarez:** Thank you, sir. I am sure I do not have very much to add to the virtues I was extolling a very short time ago this afternoon. I would just remind Members that Deputy Merrett is of course a very intelligent, independent Member with a huge amount of integrity. I think it says a lot actually that she was committed to standing for the floor for this position if she was not successful in securing the role of President.

4015 She is a very collegiate person. As I said in my original speech, she gets on with everyone. She is an incredibly hard worker. I am sure she would be, with her fantastic hard-working, incredibly enthusiastic and motivated energy, a real asset to the Committee and I can do nothing more but commend her to this Assembly because I think she would be a really valuable Member of that Committee.

4020

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir, but I really think Members have had a long week, they have heard enough about me. They probably know more about me than they ever did before, so I will resume my seat and I will ask them to try and show support and vote for me.

4025

Thank you, sir.

The Bailiff: Members, I remind you, you are voting for four Members of the Committee. The President of SACC, Deputy Inder, proposed Deputies Ferbrache, Le Tocq, Leadbeater and Yerby, seconded by Deputy Lowe. Deputy de Sausmarez proposed Deputy Merrett, seconded by Deputy Hansmann Rouxel.

4030

Are there any more voting slips? No? In that case they will be taken away to be counted.

There was a ballot.

The Bailiff: Members, will you please resume your places? I can announce that the votes recorded were as follows: Deputy Merrett 26 votes, Deputy Ferbrache 23 votes, Deputy Yerby 32 votes, Deputy Leadbeater 23 votes and Deputy Le Tocq 25 votes. So I can declare that Deputies Merrett, Yerby and Le Tocq are elected.

4035

But there will need to be a re-ballot or a casting vote between Deputies Ferbrache and Leadbeater. What do the Rules say where it is just tied? We could go just for a re-ballot or we could ... what do the Rules say? Can I just read what the Rules say? Rule 16(3)(b) says:

Where in any election by the States the number of candidates exceeds the number of vacancies, if two or more candidates secure an equal number of votes and the addition of one vote to his or her poll would have entitled any such candidate to be declared elected, a second ballot shall be held in respect of such candidates only. Where in such a second ballot the addition of one vote to his or her poll would have entitled a candidate to be declared elected, the Presiding Officer shall allow Members to question the candidates for a period of not more than 15 minutes.

4040 *(Laughter)*

Following conclusion of a period of questions a further ballot shall be held ...

And so it goes on. So Deputy Leadbeater?

Deputy Leadbeater: Sir, I am prepared to withdraw. I think that the skills of Deputy Ferbrache are needed on that Committee far more than mine. *(Applause)*

4045

The Bailiff: I will either put to you that Deputy Leadbeater will be entitled to withdraw, or I think we will go straight to the vote. I put to you the Proposition that Deputy Ferbrache be elected to SACC. Those in favour; those against?

Members voted Pour.

The Bailiff: In that case Deputy Ferbrache is the fifth Member of the Committee. That concludes the business of this Meeting. Thank you very much everyone.

4050

The Assembly adjourned at 5.58 p.m.