



**OFFICIAL REPORT**

**OF THE**

**STATES OF DELIBERATION**

**OF THE**

**ISLAND OF GUERNSEY**

**HANSARD**

**Royal Court House, Guernsey, Friday, 28th June 2019**

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**Present:**

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

**Law Officers**

M. Pullum, QC, (H.M. Procureur)

**People's Deputies**

**St Peter Port South**

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

**St Peter Port North**

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

**St Sampson**

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

**The Vale**

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

**The Castel**

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

**The West**

Deputies A. H. Brouard, E. A. Yerby, D. de G. de Lisle,

**The South-East**

Deputies H. J. R. Soulsby, H. L. de Sausmarez, R. G. Prow

**Representatives of the Island of Alderney**

Alderney Representatives S. Roberts and A. Snowdon

**The Clerk to the States of Deliberation**

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

**Absent at the Evocation**

Deputy D. A. Tindall, (*indisposée*); Deputy C. N. K Parkinson (*relevé à 9h 40*);  
Deputy J. I. Mooney (*absent*); Deputy G. A. St Pier (*absent de l'île*); Deputy M. J. Fallaize (*indisposé*);  
Deputy A. C. Dudley-Owen (*relevée à 9h 38*); Deputy S. L. Langlois (*absent de l'île*);  
Deputy P. J. Roffey (*absent*); Deputy V. S. Oliver (*indisposée*)

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# States of Deliberation

*The States met at 9.30 a.m.*

[THE BAILIFF *in the Chair*]

## **PRAYERS**

*The Senior Deputy Greffier*

## **EVOCATION**

# Billet d'État IX

## **POLICY & RESOURCES COMMITTEE**

### **I. Policy & Resource Plan – 2018 Review and 2019 Update – Debate concluded – Propositions carried**

**The Senior Deputy Greffier:** Billet d'État IX of 2019 – the continuation of the debate.

**The Bailiff:** Members, before we resume debate, Her Majesty's Procureur has informed me that there is some further advice that she would like to give the States in respect of what was amendment 7 and is now Proposition 11, and I think it is appropriate that she gives the advice at this point.

So if you are ready to do so, Madame Procureur, please go ahead.

**The Procureur:** Thank you, sir.

Members will have had sight of the legal advice given yesterday in relation to the constitutional and employment issues that may be consequent upon the passing of amendment 7.

Sir, that advice, it is fair to say, was written in some haste because of the time available to get that advice out to the Policy & Resources Committee. It was appended to the amendment as a guide, really to reflect on the key principles in relation to matters of constitutional law and employment law that might advise.

Sir, that amendment was passed yesterday and the Comptroller and I have reflected further upon the consequences of such an amendment now being put forward as Propositions for the States to vote upon today.

Having reflected further on what now appears as Proposition 11 that the States will be voting on later today and that Members will be looking to support or otherwise, my view and having thought at length about what might be most helpful to Members when they vote on these Propositions, is that I need to draw Members' attention to the fact that it is likely that

25 Proposition 11 if passed would be outwith the powers of the States – to coin a legal phrase, it would be *ultra vires*.

Now Members, the reason for that view is actually, in a nutshell – and I appreciate Members may not have the Rules of Procedure in front of them, but – the Rules of Procedure of the States of Deliberation and their Committees have set out right at the beginning of the red rulebook on procedure and it makes clear that the Members’ powers in this regard flow from article 7 of the Reform Law, but also in respect of Committees, the States Committees (Constitution and Amendment) (Guernsey) Law, 1991.

30 The article 7 of the Reform Law makes it very clear that the Rules of Procedure are in relation to Assemblies and the 1991 Law makes it very clear that matters relating to the conduct of the Committees’ proceedings are contained in a definition referring to the constitution of that Committee Law. Now, we have not actually revisited that 1991 Law for some time, so Members will not be familiar with it. I have reflected further on it overnight, but it is very clear that when I look at the constitution of the Committees under the 1991 Law that matters relating to the accountability of civil servants, and particularly in relation to their employment, in the collective view of the Comptroller and me, are not within the *vires*, the legal powers contained in that Law.

40 So in a nutshell, I am not saying the States cannot do what they are seeking to do and which I understand was well aired yesterday, what they wish to do in relation to accountability of civil servants by some other means – potentially the draft amendment that P&R had put forward – but what I am saying is that in the event that Rule 11 is voted on and is carried, my view is that that is potentially outside the powers of the States in their Rules of Procedure and therefore in that event it is likely that I would need to advise the Chief Executive and the Policy & Resources Committee that in seeking to effect what Rule 56 as amended would seek to do, I would be advising him that my view is that it has no legal foundation and therefore he would not need to carry out the measures in relation to renewals, appointments and appraisals.

I have to say Members, it is a reflection overnight. I mention it now so that you can reflect further as you wish, in a wish to be helpful to Members and to the States. I am very happy to discuss it further if need be, but that is our preliminary view, having revisited the 1991 Law and the Reform Law; but I am not saying Members cannot achieve what they are looking to achieve by some other means, just not within the Rules of Procedure as it currently appears at Proposition 11.

55 So I hope that is helpful – unless there are any questions?

**The Bailiff:** Deputy Ferbrache.

60 **Deputy Ferbrache:** It seems to me, looking at the Propositions, the successful amendment was in two parts. Proposition 10 is unaffected by the advice of the Procureur, which is the main essence of the Rule. What concerned me and what I commented upon when I spoke, was that the Billet d’État XII of 2015 which was passed, which introduced ‘employment matters’ was itself possibly *ultra vires*. All this does is add *ultra vires* to *ultra vires* but therefore if this fails and it is voted out, it does not affect the main part of the amendment, by asking the advice legally, it is my opinion, it does not affect the main part of the amendment which was passed overwhelmingly by the States.

**The Bailiff:** Her Majesty’s Procureur.

70 **The Procureur:** I am grateful to Deputy Ferbrache for making that point. There is certainly an argument on reflection that the original Rule 56 as drafted falls outside the powers of the States and therefore is potentially *ultra vires*.

75 My view is that the amended Rule 56 in a sense is more egregious than actually what remains and so yes, it is *ultra vires* on *ultra vires*, but I do think there is a distinction with what we are putting in. It goes much further than the original Rule 56 and therefore for that reason, I need Members to be on notice that actually there is formal advice to that effect going forward.

Thank you.

**The Bailiff:** Deputy Dudley-Owen, do you wish to be relevée?

80 **Deputy Dudley-Owen:** Yes sir, thank you.

**The Bailiff:** Deputy Trott.

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

85 I am very grateful for Her Majesty's Procureur's advice which I received just a few moments before we convened. I am grateful to her for that short advance notice, but I had no advance notice beyond a few seconds.

90 My question is this: if Proposition 11 is passed when we vote substantively later, will we be placing the Chief Executive of the States in an invidious position insofar as if he carries out the will of this Assembly, which is *ultra vires*, he will in doing so expose us to very extensively extended levels of potential constructive dismissal claims, potentially, and therefore as I said in my speech yesterday, significant additional burdens for the taxpayer if he is placed into this invidious position?

95 Is that a fair assessment of the potential consequences of the States' action in that regard?

**The Procureur:** Thank you to Deputy Trott for raising that question.

100 Yes, in my view does put the Chief Executive in a difficult position. My advice to him would be that there is no lawful foundation to carry out what the resolution of the States would have approved.

**The Bailiff:** Deputy Parkinson, do you wish to be relevé?

**Deputy Parkinson:** Yes, please.

105 **The Bailiff:** Sorry, Deputy Trott, do you have another question?

**Deputy Trott:** Thank you.

110 I have a follow-up question from that, because we then find ourselves in a position where the Chief Executive would be obliged to ignore the advice of the States, as one of the custodians of the public purse, in order to protect this Assembly and the States more widely from those actions. I think that the consequences of that really are as far reaching as the President of Policy & Resources explained yesterday.

115 **The Procureur:** Sir, on a practical measure, what I would be asking the Policy & Resources Committee to do would be to revert back to the States in the event that Proposition 11 is carried as expediently as possible with an alternative resolution for the States to consider.

**The Bailiff:** Deputy Soulsby.

120 **Deputy Soulsby:** Sir, yes, I understand what the Procureur is saying. The issue is around Proposition 11, not 10, which was carried by all but six people voting against it.

125 My solution to this would be then, if Proposition 11 is considered *ultra vires*, that we ask that Policy & Resources develop a Proposition which says that they will include what is in Proposition 10 in any of the work that they are doing under the extant Resolution 12.

**The Bailiff:** Deputy Trott.

130 **Deputy Trott:** It is quite obvious what the will of the States is and therefore I would feel comfortable giving an assurance that Policy & Resources will undertake that work. But the trade-off is that the States must reject Proposition 11 as part of that outcome.

135 **Deputy Soulsby:** Sir, I understand what Deputy Trott is saying; what I am saying is that we will withdraw Proposition 11 if we have an amendment by Policy & Resources that actually sets out that they will include what is in Proposition 10.

**Deputy Ferbrache:** Again, sir, it is a matter of law. They would be bound by Proposition 10. It is not affected at all by Proposition 11. That is my understanding of the law.

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

**The Procureur:** Yes, if Proposition 10 is approved than the work that is set out in Proposition 10 will be for the States to take forward.

145 However, may I just caveat that it might be helpful with a little bit more time for P&R to be directed to come back to the States with more information about the potential legal effects, because the advice that was sent out yesterday was drafted in haste because we had very short notice of what was being proposed to be amended in the P&R Plan.

**The Bailiff:** Deputy Gollop

150 **Deputy Gollop:** Are we taking generally now? I have lost the –

**The Bailiff:** Well, I have allowed those not as speeches but just as questions to clarify Her Majesty's Procureur's advice.

Does anyone else wish to ask any questions of Her Majesty's Procureur at this point?

155

**Deputy Gollop:** I have a question –

**The Bailiff:** Well, you can ask a question and then you can have your speech later.

160 **Deputy Gollop:** The question is: former holders of the office of Her Majesty's Procureur have sometimes advised us that there is a significant difference obviously between Propositions that have legal effect, which may well be legislation, ordinances, etc. and budgetary issues, and those that are purely political resolutions that then have to be further interpreted in the light of wise experience and wise counsel.

165 Would that not be potentially the case here that because of the issues that Her Majesty's Procureur and Her Majesty's Comptroller raise, that effectively even if we carry this today, it is more of a direction of travel which the States as a whole, and Policy & Resources in particular, can wisely interpret and bring back to the Assembly, which would also include the outstanding workstreams relating to maybe the Rules of Procedure, the Rules of Committees and maybe even  
170 updating the Committees Law?

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

175 **The Procureur:** Sir, Deputy Gollop is absolutely correct that generally when one is having regard to a resolution of the States, it is affecting the will of the States not just in relation to legislation issues but also in relation to practical administrative issues.

The point in these circumstances, though, which is a little bit different from the general rule that we normally go through, is that the power for the States to make resolutions in the first place is predicated upon those powers in the Reform Law and the Constitution Law 1991 which are



180 given to it, and so the point in this case is that I am simply saying that in relation to this one particular proposed amendment to the Rule of Procedure as a resolution, my view is that that will be outwith the powers of the States.

I hope that is clear.

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

**Deputy Le Clerc:** Sir, as the proposer of the original amendment, I just wonder if it is possible to have a short recess to have a discussion with the Procureur and with Deputy Trott, to see if we can find a way forward on that Proposition 10 and Proposition 11, to try and resolve this, rather than on the floor of the Assembly at the present time. I think we just need a short recess to enable us to do that.

**The Bailiff:** I will put that to Members. I propose that there be a short recess for the purpose outlined by Deputy Le Clerc. Those in favour; those against.

*Members voted Pour.*

195 **The Bailiff:** Well, I think there are a couple of you who have questions. Perhaps you can raise those privately with the Her Majesty's Procureur. You still will have the opportunity to speak in general debate later, so if there are issues that you wish to raise you may do so.

**Deputy Tooley:** Sir, if I may, some of the questions that we wish to raise might be questions which we would like the Assembly to hear the answers to, (*Interjections*) rather than just individually. If it would be possible for us to ask our questions ahead of the recess that might be helpful.

**The Bailiff:** Yes, you can do that, and after the recess we will know whether there is going to be a further amendment. Clearly if there is a further amendment, there can be speeches in relation to that amendment. I think then we can proper debate, rather than this rather *ad hoc* questioning around the Assembly, which I agree is not really the appropriate way for this Assembly to conduct its business. Let's see wherever there is to be a further amendment or how it is to precede once the consultation has taken place.

210 So how long do you think you might need – 10 or 15 minutes? Should we say back at 10 o'clock? That gives you quarter of an hour or so. If you need further time, I am sure there can be further time.

**Deputy Dudley-Owen:** Sir, I am sorry I may have misunderstood, I thought that Deputy Tooley was asking for the opportunity for Members to ask questions now, ahead of the recess.

**The Bailiff:** No, I thought she said after the recess.

**Deputy Tooley:** No, ahead of the recess.

220 **The Bailiff:** Ahead of the recess.

**Deputy Tooley:** It might inform the discussion –

225 **Deputy Dudley-Owen:** Exactly, precisely. Yes, it also gives the Members an opportunity to hear the answers ahead of any recess, which help us later on to know how we are going to vote.

**The Bailiff:** I am not sure that is the most efficient way of conducting business.

**A Member:** But it is the most open way, sir.

230

**The Bailiff:** Well, what has happened is that Her Majesty's Procureur has given some legal advice that normally would have been given ahead of the meeting. Discussions would have taken place ahead of the meeting between the proposer of the amendment and the Committee. All this would have been done outside; there would have been a clear Proposition, either by way of a proposition or an amendment before the Assembly, which would be laid before the Assembly. There would be an opportunity in that debate to ask questions and to debate it and all I am trying to do is to re-sit this onto what would have been the procedure if there had been more notice and more opportunity to consider this amendment in advance.

235

That is what the proposer of the original amendment is requesting. That is what the Committee are requesting and that in my view is the right way to proceed. (**A Member: Pour.**) So the Assembly has already voted by a majority to have a recess. We will recess, and as I said, we come back at 10 o'clock if we can.

240

*The Assembly adjourned at 9.48 a.m.  
and resumed its sitting at 10.12 a.m.*

**The Bailiff:** Members, we now have an amendment, amendment 22 which has been circulated, and I think now is the right time to debate that.

245

So, Deputy Trott, do you wish to lay the amendment?

**Deputy Trott:** Yes, sir.

I rise to formally propose it and ask that after it has been seconded the Greffier reads it out, prior to my opening remarks.

250

**The Bailiff:** Are you speaking on it or not?

**Deputy Trott:** I want it read out.

255

**The Bailiff:** Right, let's have it read out first, then you speak, then Deputy Le Tocq will second it, yes? Greffier.

**The Senior Deputy Greffier:** Amendment proposed by Deputy Trott, seconded by Deputy Le Tocq. Policy & Resources Committee, Policy & Resource Plan – 2018 Review and 2019 Update.

*The Senior Deputy Greffier read out the amendment:*

260

**The Bailiff:** Deputy Trott.

[Amendment 22](#)

*To delete Proposition 11 and to direct the Policy & Resources Committee, in consultation with all States Committees, to develop a framework governing the relationship between the elected States of Guernsey and the civil service, taking into account the requirements of Proposition 10(a-h), by no later than the end of 2019.*

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

First of all, my thanks to Deputy Soulsby, Deputy Le Clerc and to Deputy Yerby for the deployment of her amendment drafting skills, I think this is exactly what we need.

265

The four or five salient points are as follows: the deletion of Proposition 11 removes our dilemma with regard to the *ultra vires* nature of that Proposition, in line with Her Majesty's Procureur's advice. You will note, Members, that we will be taking into account the requirements

of Proposition 10 (a-h), which I think was the main concern of the majority of this Assembly, and it is time limited and will involve consultation with all States Committees. This is exactly what is needed. I very much hope that the States is in a position to support this amendment, if not unanimously, by a very significant margin.

**The Bailiff:** Deputy Trott, can I just confirm, this deletes Proposition 11 and presumably the intention is to replace 11 with this, with the wording that begins 'to direct'?

**Deputy Trott:** Yes, it is sir, yes it is, well spotted; but that is that is the import, yes.

**The Bailiff:** Deputy Le Tocq, do you second it?

**Deputy Le Tocq:** I do, sir.

**The Bailiff:** Deputy Le Pelley

**Deputy Le Pelley:** I was going to point out that it does not, but also, sir, it has the wrong date on it. It is dated the 25th. (*Interjections*)

**The Bailiff:** I think the date is the date on which this meeting began, it seems a long time ago, but I think it is.  
Deputy Smithies.

**Deputy Smithies:** Yes, sir, very briefly.

In the absence of Deputy Tindall, can I, just for clarity: *all* States Committees – that includes all the Principal Committees, House Committees, Boards and Authorities?

**The Bailiff:** Deputy Graham.

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

I would like clarification from somebody please on where, if successful, this amendment leaves the current Rule 56 in its entirety, between now and the end of the year?

**The Bailiff:** Deputy Ferbrache.

**Deputy Ferbrache:** Sir, this amendment is eminently sensible, dealing with Deputy Graham's point. In my view – I am expressing *my* view – Rule 56 in its current form should be rescinded by the States in due course because I believe that the passing of that amendment, in whatever it was a requête in 2015, and the Propositions that were inserted as a result of it are *ultra vires* and I believe that should be rescinded. It would still be *in situ* at the moment, because this does not propose to deal with it, but I would hope that Policy & Resources could give an undertaking – I do not think they need to give an undertaking, give an *indication* about it.

**The Bailiff:** Deputy Dudley-Owen.

**Deputy Dudley-Owen:** Thank you, sir.

I am not entirely sure that I understand how this helps, to be honest. Because the problem is, as I see it, in Proposition 10 where we have been asked to resolve various items which go quite far, obviously culminating in Proposition (e) where we have an awful lot of involvement in the recruitment and the process for civil servants at a certain level, and deleting Proposition 11 means that we will agree that the States Propositions in 10 (a-h) should be inserted into the Rules. But it

is actually the content of Proposition 10 (a-h) that is problematic; that I understood was *ultra vires*.  
320 **(A Member: No.)** (*Interjections*)

So, can please Deputy Trott explain that further for me, or another Member of the States who has not spoken already, because I understand deleting Proposition 11 is why that would be required but the fact that the amendment Proposition 10 (a-h) has already been passed, is that not problematic in of itself, that particular Proposition?

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

**The Procureur:** Sir, if I perhaps may assist.

330 The contents of Proposition 10 do raise constitutional and employment legal issues which have been referred to the States. The issue of the *ultra vires* and acting outside the powers of the States, related purely to Proposition 11 because it was inserting it in the Rules of Procedure.

I hope that assists.

**Deputy Dudley-Owen:** Yes, okay, that makes it a bit clearer for me.

335 Thank you very much.

**The Bailiff:** Deputy Inder.

340 **Deputy Inder:** Sir, I think that it was myself that original identified the oddity of the legal advice being attached to the original amendment but not being attached to the amendment laid by – I cannot remember who it was now, was it Deputies Trott and Le Tocq? Anyway, we have got to a point where Rule 56 does not look like it should be in the Rules and Procedures and we accept that. If I remember correctly, before we got to this amendment, I think Deputy St Pier alluded to coming up with something different anyway and Policy & Resources were likely to  
345 come back to us without this amendment anyway, and probably tear Rule 56 up at some point.

We talk about governance every day of the week and we cannot just pick and choose our governance. The legal advice from the Law Officers is, well, I am going to say it is solid, I do not know any different, I am not a legal beagle. And, as far as I am concerned, if Deputy Le Clerc and Deputy Soulsby are happy– in fact, I am surprised they did not sign it themselves actually ... Oh, they could not do because you would have to suspend the Rules, I beg your pardon, yes. If they  
350 are both happy with that I am quite happy to leave Rule 56 being a bit odd for a few months in the Rules and Procedures and allow Policy & Resources to come back with something more sensible to satisfy all the Members of the House.

Thank you.

355 **The Bailiff:** Deputy Soulsby.

**Deputy Soulsby:** Yes, sir, just to give assurance to Deputy Inder, certainly I am happy with this amendment. I think it is a shame that it had to come this far and we have to had the debate as it  
360 is. **(A Member: Agreed.)** I think if P&R could have said, 'Look, the problem is *that* aspect of the amendment' rather than try and throw the whole thing out, I think we might have been in a better place, but we are where we are. I think this makes eminent sense.

I take notice of the Procureur's advice and, to be honest, that was a bit that never really was a concern, it was just so we had some mechanism with which to have Proposition 10 ... Whether it  
365 was 11, we only thought about 11 because that is where the current Rule 56 covers the same thing, so it made eminent sense to us and we could not see any problem otherwise.

So, I am happy with this, I think it is a way forward and I ask Members to support it.

**The Bailiff:** Deputy Gollop.

**Deputy Gollop:** I am happy with this as well, as far as it goes. Because clearly we cannot disregard the expert and professional legal advice that we have had, although you can, of course, always ignore legal advice but you can end up exposed both in terms of judicial review and potential litigation and costs, not necessarily to oneself but to the taxpayer as a whole, and we have to be mindful of all of those considerations.

But I think the wider issue as we are now debating this amendment and what it means, is it indicates that the States would wish to see the Policy & Resources Committee, represented here particularly today by Deputy Trott, to come back by the end of 2019, which to me implies about the time of the Budget or maybe in December. It is clear that the outstanding work streams, such as the one Deputy Inder referred to with the sorting out the Rules of Procedure, such as the relationship between State Members and Committees generally, which is over, and maybe even the first draft and looking at revising the 1992 Committee Law all need to be in that package, because what I think will not be acceptable to most Members here would be a situation where we got told that we could not do certain things because of the potential legal or financial consequences.

If Members have a resolve to have a certain kind of involvement in managing, shaping and having accountability for aspects of the public service, we need to be given the options that would facilitate an appropriate legal pathway to achieve those options, rather than effectively giving the message out to the public, what a front page we might see, that we are caving in in some way and not actually moving forward with this issue. That will not be good governance, it will not be good politics, and it would create difficulties that we perhaps do not want to see.

I did get the impression from one of the media's news release that there was perhaps a thought out there that professional civil servants were unhappy about the States barging into this area earlier this week and that they would not be comfortable with these changes and clearly you do not want to have an uncomfortable public sector; but, on the other hand, you want to assert one's rights in a way that makes sure you get the best possible performance and implementation of policies in a way that is both effective for the community and saves us as much money as appropriate.

So the point I am making here is I do not want anything wishy-washy or watered down when it comes back. What we want is something that is substantial, with options that we can choose as to whether they have merit or not.

**The Bailiff:** Deputy Le Tocq.

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

We are in the middle of some of the largest and most extensive metamorphoses that the States has seen in a long time. The States is also the largest employer on the Island. Any business doing this sort of thing would not be doing it in public in the way that we are doing it, under the eyes and scrutiny of a group of shareholders that naturally want to have a say in how things move forward.

**Deputy Yerby:** Point of correction, sir.

**The Bailiff:** Deputy Yerby.

**Deputy Yerby:** We are not shareholders, we are the board.

**Deputy Le Tocq:** Well, I was using an analogy, but I accept that too.

It is certainly more complicated than it would be and it is not surprising therefore that there are stresses and strains and there are difficulties in seeking to see the sorts of changes in structures and in methodology in the way in which we work, it is not going to be easy. But Policy & Resources recognises that and whilst the path is not an easy one to walk we will do our utmost

to ensure that those concerns that have been raised, and now are in Proposition 10, will be taken into consideration.

425 I say that because that would have been our intention anyway, but the States has made it very clear that this particular amendment helps deal with the matters that would have put it into the Rules which, as Deputy Ferbrache has said, had already been amended in a way that is inappropriate and we will have to take that into consideration as well, in full consultation with the various Committees of the States.

430

**The Bailiff:** Deputy Dorey.

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

435 I was just reacting to the point that Deputy Ferbrache made and I did not want it to be seen on record that Rule 56 just came out of a Bebb requête because that is not true. The Bebb requête, yes, was passed in July 2013, and I apologise for repeating what I said before, but the States Review Committee then considered it and around that table was the then Chief Minister, the then T&R Minister, Her Majesty's Procureur and the Chief Executive, Deputy Fallaize, myself and a non-States' Member who was legally trained, who had legal qualifications and a previous Chief  
440 Minister of Jersey. So there were extensive minds around that table and we considered it over a number of meetings, so it was not something that was arrived at without due consideration, and that was considered by the States in July 2015. There was a subsequent report, which was in November 2015, and it summed up the resolutions of the States from July 2015 and it said:

... strengthening the accountability of senior officers to committees and requiring the views of a President of a Principal Committee to be considered by the Chief Executive and other senior officers when appointing and appraising senior staff in the service of that Committee;

445 So, this was considered again, as I said, effectively in November 2015 to debate. This is a third report from the States Review Committee and then at that same meeting there was the actual rules from the States' Assembly Constitution Committee; so it was something that was considered, and also at some of our meetings the Director of Legal Services was also attending. There were a lot of legal brains around the table, there were a lot of senior people who duly considered that matter and reached that conclusion.

450 So I do find it very difficult to be told that suddenly Rule 56 is *ultra vires* when all those people were around that table and presumably considered the matter and did not reach that conclusion at that stage, because if they had they would subsequently advise the States and they had opportunities at several debates, four different debates, to advise the States on that matter. But we have the legal advice that we have today and I think we are in a very difficult position, and in  
455 light of that I will support this amendment on the basis that we are just delaying this thinking.

**The Bailiff:** Deputy Yerby.

460 **Deputy Yerby:** Sir, Deputy Gollop opened his speech by saying, of course, we cannot disregard legal advice. And, just as a general point of principle, while each of us has to recognise the limits of our own knowledge and expertise, as a Government, collectively and individually, we have to be prepared to challenge legal advice that is set before us, just as we are prepared to challenge financial and economic advice that is set before us in the form of the Budget, notwithstanding our own knowledge and qualifications, in order to try and get to the best  
465 outcome for the public.

As a general principle, Deputy Gollop – I beg your pardon, through the Chair – we must be prepared to engage constructively with legal advice, as with any other form of advice, to challenge it robustly and to present alternatives. And, in this particular case, had the legal advice not arrived on the morning of the last day of debate, I imagine we could have engaged with it equally  
470 constructively in this situation.

HMP was completely correct when she said that – well, I do not know about the rest of the Members, but certainly I was unfamiliar, oblivious, to the States Committees (Constitutional and Amendment) (Guernsey) Law 1991. But even looking at that the first section, section 1(1) says:

Subject to subsection (2), the constitution of any committee may be prescribed by Resolution of the States.

So, I did struggle to walk from that to the position the advice led us to.

475 I am not going to try and rehash that advice or come to it through a different position. I think that if the amendment passes, together with Proposition 10, we are in a stronger position than we were yesterday, but I am also not as concerned as others might be that if Propositions 10 and 11 pass in their original form we are in an invidious position. And, sir, in that regard, if Proposition 10 passes, and I trust that it will, I will be asking the Policy & Resources Committee to commit to honouring the spirit of it with immediate effect.

480 I was a little bit worried when Deputy Le Tocq stood up to speak and said everything that is set out here would have been our intention anyway because, of course, the proposers of the original amendment, and those of us who share their concerns, sat down with Members of the Policy & Resources Committee before the amendment was laid and we talked through our concerns. We did not have sight of Policy & Resources return amendments into us, except when all Members did, with 24 hours to the deadline for it being laid, but it did not appear to have heard and addressed those concerns in any meaningful way.

485 We have obviously moved on from there in the course of yesterday's debate, but the effect of this new amendment must not be simply to have the same debate again in six months' time (A Member: Hear, hear.) because if we do not have an immediate response from Policy & Resources to the concerns that Proposition 10 seeks to address, and if we do not have a governance framework in six months' time that really does move the process forward then, sir, for me, it is a matter of confidence and I am asking Policy & Resources to restore my confidence.

495 **The Bailiff:** Deputy Meerveld.

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

500 This has been a very fraught few days and quite a dramatic few days in many respects, this debate over the Policy & Resource or the Future Guernsey Plan and, quite remarkably, it has seen something I do not think has been seen before: the vast majority of the amendments brought by Policy & Resources to their own Plan have been defeated and thrown out by this Assembly, and that is quite dramatic.

505 I think I want to reiterate where I believe this friction is coming from that we are seeing, and this pushback. Certainly I, as a Deputy, am struggling with this. It is the balance between the way that the public holds us responsible for everything that happens in this Island and our authority to be able actually direct things to happen on this Island.

510 What I believe is that, over the last 20 years, there has been a gradual move by the States of Guernsey to delegate powers, or to setting the Law and rules, various aspects that actually limit the ability of this Assembly to have authority over certain changes. We have set up the Civil Service as a totally independent body, self-governing, and are trying to remove the influence of individual Deputies or Committees into that structure of the Civil Service and the management of the Civil Service directly. There has been, I think, a pushback that there is a perceived grab of power or a move towards executive Government that seemed to appear in the Policy & Resource Plan. It has been highlighted by some speakers that we are almost trying to change the Rules of Procedure in the States to fit the metamorphosis, as Deputy Le Tocq referred to it, of the Civil Service. So the Civil Service comes up with a plan to restructure and then we have to change the way the States function to fit with that restructuring.

520 I think what Proposition 10 and 11 ... Well, was trying to obviously enact Proposition 10. I think those Propositions are this Assembly struggling to see how we can take back control. I think we have lost control over the last couple of decades

I think you see the Civil Service is now given responsibility to run the Island with no direct participation in this Assembly or Deputies in the operations. We have an increasing use of quangos and organisations with delegated powers by the States to run different aspects of our business, and we also have an overuse of consultants to advise both the Civil Service and ourselves on what we should do and how we should do it. Along the way, our authority is being removed.

The danger I see under the restructuring of the Civil Service is, going back to my objection to the idea of executive Government and why I support the consensus Government we have now, is if in this scenario in executive Government, as Deputy Fallaize very eloquently alluded to yesterday, the authority rests in this room. If you go to executive Government, a small minority can be making decisions outside this room and they could make decisions, executive decisions, if they wish, to undermine policies. If they did not agree with the policies of the overall Assembly they could use executive powers to undermine those initiatives, potentially.

Equally, under this new structure of Government a less benign P&R could abuse their position, controlling both resources and having the Chief Executive of the Civil Service reporting directly to them. They could abuse their position to undermine Committees, despite the fact that it is specifically in the constitution they are not allowed to interfere in the mandates of other Committees. They could, for instance, be extra hard on a Committee and try and restrict budgets, therefore withdrawing the financial resources from the Committee and they could influence or direct the Chief Executive to redirect the human resources.

In the past, every Committee had a chief secretary and an organisation built that delivered. Going back to what we were discussing yesterday, and what Deputy Le Tocq was trying to correct me – I am not sure correctly – on the fact that Committees previously had their own resources. The fact is when we came into power at ESC or, I was on the ESC at the beginning of this term, we had our own PR person, we had our own HR people, we had our own Accounts people. Now, they may have technically been employed by the centre, but they were under our budget. We had a budget allocated and we paid for them and they worked directly for us. Those resources were centralised. We now have a situation where our chief secretaries are being centralised, and the danger is that this system is ripe for abuse.

I think what we are struggling with here is how do we take back control and authority and make sure that we have the ability to step up to the accountability and responsibility that the public expects us to take for the future development of Guernsey?

Thank you, sir.

**The Bailiff:** Deputy Prow.

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

I rise very briefly to support the words of Deputy Yerby and the underlying words of Deputy Meerveld.

The dilemma quite simply is this: the employer is the States of Guernsey, that is all 40 of us in this Chamber, and we only meet in this forum. I think this highlights the need, as set out in the original amendment as worded before. So it begs the question: what is the mechanism for the States of Guernsey to ultimately operate in this environment? Sir, a servant with 40 masters is a free man.

Thank you, sir.

**The Bailiff:** Deputy Lester Queripel.

**Deputy Lester Queripel:** Sir, I rise to seek further clarification on two issues that have already been brought to your attention, the two issues being the date on the amendment and the wording.



Amendment 21, laid by Deputy Trott and Deputy Le Tocq yesterday had yesterday's date on it, it did not have the 25th it had the 27th. So, should this amendment not have the 28th, today's date?

575 Regarding the wording, should it not read, 'To delete Proposition 11 and to replace it with the following Proposition which reads as follows, 'To direct Policy & Resources in consultation ...' etc.?

I apologise for being pedantic, sir, but we are being asked to vote on an amendment that is not worded correctly, and that concerns me.

580 **The Bailiff:** Deputy Merrett.

**Deputy Merrett:** Thank you, sir, and thank you for allowing me to speak now.

I am a bit concerned about how this has played out and how we have got this amendment, and I will vocalise this concern, sir.

585 Thirty four Members, I believe, voted this into the main Proposition; it was no longer in the remit of P&R and just the proposer. In allowing questions from some Members who are not on P&R and not a proposer or seconder but not allowing other Members, I have considerable frustration with, sir, and concern.

590 So I want to ask my questions now and then if we have to draft another amendment, I hope we will but maybe we will not, I do not know. So I am a little bit frustrated, sir, but I will try and keep my passions as low as possible.

I have not had sight of the legal advice in writing, and I am very pleased Deputy Trott – sorry, I forgot your name, sir, terrible! – has had that legal advice in writing. I have not; I have only had verbal advice from HMP this morning –

595 **Deputy Trott:** On a point of correction, I did not say I had had the legal advice in writing, I said that just a few seconds before you heard the advice, Her Majesty's Procurer extended the courtesy to me of what she was going to advise the Assembly. The only legal advice I have seen in writing, you have seen as well.

600 **Deputy Merrett:** Well, I will speak to the Chairman, like Deputy Trott, sir.

I would appreciate seeing the legal advice in writing that we received today. I would appreciate that because the way I learn and read and absorb and ask questions is seeing it in writing, so I have time to absorb it, and I would then be able to go and look, for example.

605 I believe HMP, and I am quite happy to give way to HMP, or if we need confirmation, that it is *ultra vires* because it does not sit in line with the Reform Law.

Sir, if I had had this advice earlier I could have taken some time to read the Reform Law and consider if an amendment needs to be put to change the Reform Law to allow this to take place, because it cannot sit in the Rules of Procedure, which I understand. But I am struggling with why we were not given that advice when the Proposition was laid and voted on in the Assembly.

610 If we cannot put it into the Rules, sir, and we need to change the Reform Law, or we do not – I do not know, that is my question – which I did try, but it is all happening quite quickly, so I do understand that. What I would like to know, sir, is: what is the mechanism?

I will give way to Deputy Trott.

615 **Deputy Trott:** I am grateful to Deputy Merrett.

The advice that you received, as part of the amendment that Policy & Resources were bringing in an attempt to avoid this problem, made clear – Her Majesty's Procurer's advice made clear – that there were constitutional issues. Constitutional issues are captured by the Reform Law. So the advice was there, it was clear.

620 It just would appear, in this case, that Deputy Merrett was unable to analyse it correctly.

625 **Deputy Merrett:** My question remains, sir: what is the mechanism that we need to use if it is not putting it into the Rules and potentially it is or is not changing the Reform Law? That is my concern. And I would ask if we could have legal advice in writing, even if it is at the last minute. I would really appreciate that because it does enable Members to have time to read it and absorb it.

630 Lastly, sir, we were advised in this amendment that P&R would come back – well, we are not actually, but we will be potentially, and I would like to see the amendment I am actually voting on today, sir. I will not agree with this amendment because it is not correct, so I cannot vote on it because it does not do what Deputy Trott, when opening, said it would do, so I cannot vote on this. I do not see how anybody could vote on this because it does not do what it says it is going to do.

635 Anyway, hopefully we will get the right amendment and what I would like to know, sir, and I would like Deputy Trott to respond to this – and I do hope we do not have to have another debate on another amendment, but that is the way it might have to go – if it is not returned to the Assembly by 2019 what sanctions do Members really have?

640 I mean, it will be six months before the new Assembly is formed, we will have very little time. I am really hoping to see so many important workstreams come to fruition in that period of time, so Members are going to be having a lot of work to do trying to get these things in the last 'death throes', I will use that term, of our Assembly. And that is my concern, sir. Obviously I know the mechanisms within the rulebook, but what promises can we have from P&R? Bearing in mind the President of P&R is not here; four Members are. But what promises and what comfort can we have from the Policy & Resources Committee that they will deliver this? And by 'the end of 2019' do they mean in the December debate or do they mean they will lodge it in December 2019, and potentially we will not get to debate it until January?

645 So those are my questions to Deputy Trott. And I would like to see – I reiterate before I sit down – a correct version of the amendment, because I will not be supporting this amendment as it is currently before me today.

650

**The Bailiff:** Deputy Le Clerc

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

655 I would urge Members to vote for this Proposition. It is a pragmatic way forward. It is not what Deputy Soulsby and I originally set out, but we have listened to the legal advice and we know there is the problem with Rule 56. Rule 56 will still continue until it is rescinded.

660 I hear Deputy Merrett's concerns about the promises made by P&R, but we have a mechanism that this Assembly can hold P&R to account to ensure this work is completed and that is in asking questions in this Assembly. So, if we see that the work is not on the schedule for the December debate we can ask questions of this Assembly and we can ask Scrutiny again to do some work on our behalf to make sure that P&R are held to account to do the work.

665 But I can assure you that Deputy Soulsby and I will be holding P&R's feet to the fire on this to make sure that this is back by December 2019. We would have liked it earlier but, again, we are being pragmatic because we realise that we have got summer holidays coming up and staff resources.

I will give way.

670 **Deputy Pelley:** Thank you very much, Deputy Le Clerc, for giving way. *(Interjections and laughter)*

**The Bailiff:** Who were you giving way to?

**Deputy Le Clerc:** They both stood up at the same time, sir.

675 **The Bailiff:** Well, it is for you to say who you give way to.

**Deputy Le Clerc:** Okay, I will give way to Deputy Le Pelley and then I will give way to Deputy Merrett.

680 **Deputy Pelley:** Thank you very much for giving way.

You have just stated that hopefully Rule 56 will continue to apply, but I believe that Her Majesty's Procureur this morning said that it was actually *ultra vires* based on *ultra vires*, which suggests to me that Rule 56 is actually outside the law already. Perhaps we could have some advice on that?

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

**The Procureur:** Sir, I was using it as a term of phrase coined by Deputy Ferbrache in his comment back to Deputy Soulsby. Rule 56 I have said is arguably *ultra vires*. We will need to further reflect on that, given it was passed in 2015. Legal advice was given at that time on a number of issues, so we need to reflect further.

But in principle, as a pragmatic measure, yes, of course, it will continue in effect unless rescinded

695 **Deputy Le Clerc:** I will give way to Deputy Merrett.

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

I have actually just realised there is another problem with this amendment. (**A Member:** Oh!) It does not actually say to bring a policy paper back to the States it just says that they will:

700 ... develop a framework governing the relationship ...

That may not even come back before the States.

So I am definitely not voting for this amendment because it is not even coming back to the States, it is developing a framework.

Is Deputy Le Clerc comfortable with that, sir?

705 **Deputy Le Clerc:** Sir, I am comfortable because I think this was put together quite hastily to find a resolution and a way forward, this morning.

**Deputy Merrett:** That is what the Assembly wants.

710 **Deputy Le Clerc:** Yes, that was what the Assembly wanted, a way forward or else we would reach this impasse.

So I believe this will be for P&R to bring back a policy paper with a framework (*Interjection*) to how we can continue our relationship with the elected Members and our Civil Service from early next year, once this has been resolved.

715 I will give way to Deputy Soulsby.

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

Perhaps it is then in order that Deputy Trott, when he sums up gives the assurance that this work will come back to the States by the end of the year.

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**Deputy Le Clerc:** Yes, I expect that he will do that.

Sir, I would urge Members to vote for this new Proposition. It is not perfect, but I think we will find a way forward. And, as I have said, Deputy Soulsby and I will be ensuring that we hold P&R's

725 feet to the fire. We have also ensured that we include other Committees so there will be input and  
consultation, which I think is really, really important, into this process.

Thank you.

**The Bailiff:** Deputy Tooley

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

I think one of the things that this whole episode throws up is potentially around the timings of  
amendments being laid to the Policy & Resource Plan and the time that Policy & Resources and  
the Law Officers are able to dedicate to those amendments at the time of the Policy & Resource  
735 Plan.

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These amendments were lodged on 17th June and they have been well in circulation before  
that. So we were not talking about amendments which hit the floor two days ago, off the back of  
a fag packet, and therefore there was a huge amount of pressure to try and work out where they  
fit in terms of the law. There has been a considerable amount of consultation done on these  
740 amendments prior to them reaching the Assembly and a considerable amount of opportunity  
given, certainly on a time and calendar basis, for advice to be taken and for consideration to be  
given.

740

So it feels like brinkmanship on the morning of the final day of general debate on this to have  
new evidence introduced which potentially throws everything up in the air; because, actually, I  
745 understand that everybody has other time pressures and so on, but this is the central debate of  
what we do as Government, and if this has not been the priority for Policy & Resources and if time  
was not made available for the Law Officers to prioritise these kind of things in their normal day-  
to-day work, at this time, leading into the Policy and Resource Plan –

I will give way to Deputy Brehaut.

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**Deputy Brehaut:** I really do appreciate Deputy Tooley giving way.

Is the point on this – and this comes up frequently – the legal resource available to  
parliamentarians? Respectfully the Law Officer, the Comptroller and the legal team behind the  
scenes having very, very extensive, busy day jobs and workloads; and then, we enter stage left to  
755 do our parliamentary business.

755

Is it not the case, perhaps, that SACC at some point need to review, if they are not already, the  
legal resource available to parliamentarians for debates of this nature?

**Two Members:** Hear, hear.

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**Deputy Tooley:** Yes, sir, I think Deputy Brehaut makes an excellent point and that might be  
part of the solution to the problem that I am identifying here, going forward.

There needs to be prioritisation of time and resource given to ensure that these things do not  
hit us on the floor of the Assembly at the last minute, particularly when every effort has been  
765 made by the proposers and seconders of amendments to ensure that there is the time given for  
proper consideration of these things.

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Sir, I am not intending in any way to lay blame at the feet of the Law Officers or anybody else,  
because I understand the time pressure they are under, but there should be the resource made  
available so that this is not time pressured, so that Policy & Resource are not unfortunately off  
770 Island at times when they have important things like this to be discussing and resolving their  
direction of travel on.

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If this is our priority, because this is setting out our course of action for the next year and  
potentially subsequent years after that, it should be the priority of Policy & Resources in the week  
or two leading up to the debate. They should not be discussing things and taking time away from  
775 this, which are not time critical. I completely get that Brexit happens, beneficial ownership  
happens and there are things which are outside our control, but where there are things on the

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Agenda which are within the control of Policy and Resources to decide when they are discussed, perhaps they need to look at the prioritisation they are giving.

I will give way to Deputy Le Tocq.

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**Deputy Le Tocq:** Whilst I do not disagree in what Deputy Tooley is saying, the fact is Policy & Resources schedule in extra meetings to do this, on top of the busy agenda that we have. We realise, obviously, that we still did not manage to achieve everything that this Assembly would like to have done in terms of information. There is a limit to doing that, but I do believe we are doing our utmost at such times as this.

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**Deputy Tooley:** Well, I hear what Deputy Le Tocq says and I accept that but if this is, as we are being told, a matter of such import that it causes constitutional issues then it is very difficult to see why it was not absolutely at the top of the priority list. I find it very difficult to see how that is not the case.

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I am not happy with this amendment. I may accept it, as much from respect for the original proposer and seconder of the amendment that bring us here, as for any other reason, because they brought the amendment and the fact that they are willing to accept this as a solution to the problem that they were seeking to address gives me comfort. But I am not happy with it.

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I would like to see a tidied-up version, perhaps without necessarily needing to have extensive direct debate afterwards, that covers the issues around the fact that this does not replace Proposition 11, and around the fact that this does not direct Policy & Resources to return by a particular date to the Assembly, and I would like to see that tidied up. I am not saying I will not vote for it if I do not get that in my hand, but I would much rather have that in front of me.

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But what really gives me concern about this amendment, and it was written very well but in real haste, is the words 'taking into account'; because to me 'taking into account' someone's opinion does not necessarily mean taking any notice of it whatsoever. I can I take into account all of this and then say, 'Well, I took it into account, and then I put it over there, and I wrote a new list'. Because actually I took it into account – in a minute, if that is all right – but I did not necessarily think it was the thing I should be focusing on. I am not keen on the words 'taking into account' for that reason.

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I would like to see that strengthened. I would like to see that, I do not know, say something like 'using as terms of reference that reflects the list'. But on that if Deputy Trott, when he sums up or when I give way to him in a second, is willing to place on *Hansard* that is what he means by that, then I will accept that.

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So I will give way to Deputy Trott.

**Deputy Trott:** I am grateful to my friend, Deputy Tooley, for so doing.

I think the amendment is slightly more prescriptive than she is maybe interpreting. It does say:

... taking into account the requirements of Proposition 10(a-h),

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Remember, those will become the resolutions of the States and therefore they will guide the manner in which the framework is determined. So it is far more binding and prescriptive than I think she believes.

**Deputy Tooley:** Well, thank you, sir, because actually that is exactly the way I read it, but I wanted it on record that that is the way P&R read it too, so I am very grateful to have that.

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As I say, I am not happy with it, I would very much like to see a tidied-up version with the points that have been raised made much more explicit in the wording of the amendment before we vote, if that is possible. But I think, out of respect for the proposer and seconder of the original amendment, I will support this.

825

Thank you.

**The Bailiff:** Deputy de Sausmarez.

**Deputy de Sausmarez:** Thank you, sir.

830 I will give P&R the benefit of the doubt and I will listen to the words of Deputy Le Clerc and I will support this amendment with that in mind.

835 But I just wanted to you make one fairly minor comment. The conversation a bit earlier, thanks to Deputy Ferbrache, seemed to be an acknowledgment that Rule 56 was very likely to be rescinded, but Her Majesty's Procureur in her latest advice suggested that it might not be. And I thought if that was the case ... I know there was some discussion of this when we discussed the original amendment, but Rule 56(2) talks about senior staff in the service of Committees, and that is fine, but Rule 56(3) actually says:

The States resolved on Billet d'État XII of 2015 that the senior officers of a Committee are accountable to that Committee in respect of policy direction.

840 That is something that will, of course, need to be updated in any event if that Rule is not rescinded, or those resolutions are not rescinded. That will need to be updated to reflect the new structure because that is not accurate in light of the restructures that we have seen recently.

Thank you.

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

845 **The Procureur:** If it assists, it would not be for the Law Officers to come back and propose that rescission, more properly it should come from the P&R Committee. But I agree with the views expressed earlier, in fact, by Deputy Ferbrache, it seems eminently sensible for there to be a review of Rule 56 in its entirety to see actually whether it is appropriate, especially in light of the transformational changes that have been carried out recently with the Civil Service.

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**The Bailiff:** Deputy Trott, you may reply to the debate.

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

855 I am going to start with comments made by Deputy Lester Queripel and others, you and I had a side discussion on this. Yes, the amendment is incomplete and for a matter of record it will need to read, and for *Hansard* purposes: 'To delete Proposition 11 and,' – the new words – 'replace it with the following;' – and then – 'to direct the Policy & Resources Committee' ... as it is drafted. So those words, 'replace it with the following' will be amended, as I understand it, sir, as a result of that intervention.

860 Deputy Smithies kicked us off and he wanted a definition of what was meant by 'all States Committees.' An example would be that that, of course, does include the Scrutiny Management Committee. It means what it says, 'all Committees'.

865 There has been much discussion around Rule 56 and the conclusion is that it may need to be rescinded. I can give an undertaking that the Policy & Resources Committee will undertake to co-ordinate that outcome with the States and with SACC in due course.

I am advised, sir, that there may be some other extant resolutions that will need to be rescinded and generally tidied up, and that is a matter for the P&R Committee to consider, again, in due course.

870 Deputy Yerby asked if I could give an undertaking that the matter will be given a high priority, the high priority it deserves. I am more than willing to give her that assurance. I think it is clear what the States' direction is on this and we will do our utmost to ensure that we meet the deadlines that will be imposed upon us as a consequence of this amendment.

875 Deputy Meerveld's contribution in many respects was the one that I found the oddest, because he talked about the last 20 years and he said that control had been gradually eroded from this place, from the States of Deliberation. The States of Deliberation has, over the last 20 years,

introduced extensive employment protection legislation and other forms of employment-related legislation as well, which make the environment over the last two decades progressively more potentially litigious than they were 20 years ago. And it is against that background that concerns around the way we treat our staff and their legal rights, particularly around constructive dismissal matters, need to be given the high priority that they are. Not least – I will give way in a moment – because of the legal requirement for us to do so but also, as I have highlighted for the third occasion, the very considerable burden on the public purse if we do not adhere to the Rules and Regulations that this Assembly itself has imposed.

880 I give way, sir.

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**Deputy Meerveld:** Thank you, Deputy Trott, for giving away.

My speech really was not talking to the specifics of the hiring of firing and potential liabilities, of which I agree with Deputy Trott, the legislation brought in by this Assembly, and globally for that matter, does make it a much more litigious environment with much more liabilities to be concerned about.

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What I was speaking to, I think, was the sentiment within the House, or concern within the House, and certainly the concern within me, that this Assembly, one way or another, is losing a certain amount of control and authority. We are still held responsible, but do we have control?

In the last debate when we talked about the amendment by Deputies Inder and Paint about potentially the inert waste being used to reclaim land off the Harbour, we were told that, 'Ah, well the IDP might not allow you to do that.' We are repeatedly hearing comments that, 'Oh, this Assembly might not have the authority or the ability to do that'. Or there may be conflicting legislation that has been put in place, by this Assembly previously, that now stands in our way.

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I have a fear, and I think the concern is the pushback on this, and the pushback on the Policy & Resource/Guernsey Future Plan, is based on an underlying and possibly not openly identified concern that this Assembly is held responsible by the electorate, but is losing authority and control to implement directly. I put this analogy – I cannot give way to you.

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**The Bailiff:** It is becoming a speech, Deputy Meerveld, and it is also repetitious of what you have already said.

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**Deputy Meerveld:** Okay, thank you, sir.

**Deputy Trott:** I am sure the President of SACC will forgive me if I complete this emotional speech now without any further interruption.

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Deputy Merrett asked what sanctions the Assembly has if the matter is not dealt with to her liking. The truth is, the ultimate sanction: at the end of the day, this Assembly is sovereign over the behaviours and otherwise of its Committees and it can deal with that matter as it sees fit. I very much do not expect that this States will be dissatisfied with the outcome of this debate and the Policy & Resources Committee has listened and listened carefully.

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Deputy Le Clerc urged support, as did Deputy Soulsby; they have listened to the legal advice and see this for what it is, a pragmatic and sensible way forward.

Deputy Tooley talks of brinkmanship, and I think maybe suggested that PRC had somehow or other been involved in the late intervention on that legal advice. I have explained that we were not and indeed I learned of it just a few seconds before everyone else.

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I have written down here something I said earlier that I did talk yesterday about the significant financial dangers of not heeding this advice. It is clear from the mood of the Assembly this morning that this amendment is going to pass and I am grateful to the States for adopting that pragmatic and sensible approach.

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Thank you, sir.

**The Bailiff:** So we vote then on amendment 22 which, as the result of the additional wording inserted by Deputy Trott, and as result of the point that I made at the opening of the debate is:

To delete Proposition 11 and replace it with the following; to direct the Policy & Resources Committee, in consultation with all States Committees, to develop a framework governing the relationship between the elected States of Guernsey and the civil service, taking into account the requirements of Proposition 10(a-h), by no later than the end of 2019.

Those in favour?

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**Deputy Lester Queripel:** A recorded vote, please, sir.

**The Bailiff:** Oh, we have a recorded vote.

*There was a recorded vote.*

*Carried – Pour 27, Contre 4, Ne vote pas 2, Absent 7*

**POUR**

Deputy Trott  
Deputy Stephens  
Deputy Meerveld  
Deputy Inder  
Deputy Lowe  
Deputy Smithies  
Deputy Hansmann Rouxel  
Deputy Graham  
Deputy Green  
Deputy Paint  
Deputy Dorey  
Deputy Le Tocq  
Deputy Brouard  
Deputy Dudley-Owen  
Deputy de Lisle  
Deputy Soulsby  
Deputy de Sausmarez  
Deputy Prow  
Alderney Rep. Roberts  
Alderney Rep. Snowdon  
Deputy Ferbrache  
Deputy Kuttelwascher  
Deputy Tooley  
Deputy Gollop  
Deputy Parkinson  
Deputy Le Clerc  
Deputy Leadbeater

**CONTRE**

Deputy Le Pelley  
Deputy Merrett  
Deputy Laurie Queripel  
Deputy Lester Queripel

**NE VOTE PAS**

Deputy Yerby  
Deputy Brehaut

**ABSENT**

Deputy St Pier  
Deputy Fallaize  
Deputy Langlois  
Deputy Roffey  
Deputy Oliver  
Deputy Tindall  
Deputy Mooney

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**The Bailiff:** The voting on amendment 22 is: 27 in favour, with 4 against and two abstentions. I declare it carried. And a revised set of consolidated Propositions will now be made available to everybody, so that will be produced as soon as possible.

We return then to general debate, for anyone who has not spoken in general debate. Nobody wishes? No?

Deputy Sarah Hansmann Rouxel.

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**Deputy Hansmann Rouxel:** Yes, sorry, thank you, sir.

I will try and be brief, but I just wanted to put on record a couple of things that I might have said during the different debates.

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One part of the debate that I do not think has been had, or just to put on record, is the high-level nature of the P&R Plan and how the different elements are being balanced in it. In looking at the strategic planning process in Government – and this is what we are doing with the P&R Plan,



is that high-level strategic planning – it is not about creating the optimum meeting schedules, metrics or mission statements, it is about building systems that allow agency and Department heads to determine priorities, but adequate resources behind those priorities, and then hold people to account for the results. Those are the points that I was trying to make when discussing that.

We still fail in quite marrying the fiscal and the social policies that we have. When we do achieve the right balance, Government leaders find that they are fighting the right battles and delivering lasting value for their citizens, and I think that is what we are trying to do – lasting *value* for our citizens. It is about solving real problems, but we need adequate resources behind those priorities.

It does depress me in this Chamber, sometimes, our willingness to sink money into reviews or commissions, as long as they are deemed corporate or business, but we are woefully reluctant to invest in areas where the benefits are less immediately tangible or easy to define, but still valuable – those social areas. It boils down to: where do we place our value?

When we look at our high-level fiscal policy we are still married to GDP and our value is still based purely in monetary value. We have the desire to pull that apart.

Now, In the P&R Plan you can see that attempts are trying to be made to pull those together. In the debate yesterday on the amendment that sought to ensure that all Propositions to the States had some balanced information or thought processes when presenting ideas to the States, and that was amendment 3, it was seeking to make visible any financial, environmental, health and wellbeing implications – in making that information visible when you are presenting it to the States. I understand that it was defeated, but that is an important balance that we need, as a States, to interweave into our processes. So it should not be an extra burden, it should just be that is how we do Government.

It is the balance that we have not found how to work that balancing of fiscal policy and social policy. It was a point that I tried to make when I made a comment regarding Deputy St Pier that he had not sat on a policy-*making* Committee in the previous States, he sat on T&R, the fabulous job of righting the ship there, and Deputy Kuttelwascher made the comment that actually he had done lots of policy work and that is absolutely true. So I should just clarify, fiscal policy: that is the marrying of fiscal policy and social policy that I think we need to start to recognise. Fiscal policy should not only refer to social policy but those two types of policy strands should be interwoven. And that is what the Policy & Resource Plan should be seeking to do.

I do not think we have quite got it right but then –

**Deputy Kuttelwascher:** Sir, just a point of correction, if I may.

**Deputy Hansmann Rouxel:** I do apologise.

**The Bailiff:** Deputy Kuttelwascher

**Deputy Kuttelwascher:** On Treasury & Resources we were involved in policy and it was not just fiscal policy, so I just want to make that point. One of the areas in relation to housing was we were looking to release sites for social housing. That is not fiscal policy. So it was not just fiscal policy.

Thank you.

**Deputy Hansmann Rouxel:** I take Deputy Kuttelwascher's point, but I do not think he will ever understand the marriage of fiscal and social policy (**A Member:** Ooh!) from this perspective, and that is absolutely fine, that is the debate we can have.

It is not a radical thought to actually bring these two more interwoven. It has been attempted in other jurisdictions and it is not about getting it perfect straight away; but we are moving towards those directions.

1000 I know my learned colleague, Deputy Ferbrache, often reminds us that we cannot do all these nice things in social policy if we do not have the economy bringing the money in to do them, and I absolutely agree with him. But the flip side of that is we cannot do all those nice things in the economy if we do not have the social and environmental structure to support that economy. So that is the balance that we need to strike when we are making our decision-making.

1005 Other jurisdictions, like New Zealand, are trying to tackle this. And I do not just mention New Zealand as an example because quite recently they have had their headline-grabbing 'Wellbeing Budget', which is very interesting if you look at it in terms of how their priorities and any new fiscal policy or any new budgetary requirements need to be assessed on their five priorities. I unfortunately ran out of time to write them down but it is where we, as a States, need to look at how we start to narrow down the list of 22 priorities and how that process evolves going forward.

1010 So going to the debate that we will be having in April next year on the future States Plan, I think paring down the 22 priorities is not about losing priorities, it is about the detail of the priorities.

1015 Now, higher level priorities, you can have five overarching policy priorities like in-work poverty, as an overarching policy, because there are many strands of work that feed into that and, if that policy priority is there, then any new work needs to recognise that and the resources need to be there to complete that work. That is something that we will probably debate later on when we get the results on the medium-term financial plan, but it is unfortunate that we are not able to debate the medium-term financial plan at the same time as the Policy & Resource Plan because those two really need to be married up.

1020 We need to see how the fiscal policies – these constraints that we have put in place – marry up with all of the social policies. It is not just about 'Oh, we do not have enough money now.' As Deputy Le Tocq said, we are going through a metamorphosis; not just us, but globally, there is a metamorphosis happening, we are going through the fourth industrial revolution. All of that stuff is happening and we are metamorphosing ourselves if we do not take advantage of the change now and get the structures in place.

1025 So my point is that we probably need more money now; and the fiscal rules that we have, that govern how we prioritise the metamorphosis are too restrictive for us to get the transformation done now. The concern that always comes across is, 'Oh, we cannot go outside of our fiscal rules.'

1030 But it is not that we are going to be spending this money forever, we need to put the money into the transformation now, instead of putting off those areas of transformation that need to happen. And that is all I wanted to say on the P&R Plan.

**The Bailiff:** Deputy de Sausmarez.

1035 **Deputy de Sausmarez:** Thank you, sir.

I heartily agree with Deputy Hansmann Rouxel's comments on better integration and better balance between those social, economic and indeed environmental factors. The one thing I would add to her analysis though is that paragraph 1.8 of the Plan Update does say that:

... this is the first review following the publication of the Better Life Indicators ...

1040 I personally think the Better Life Indicators are a really positive step forward. I just think that we, as a collective, need to get better at integrating that kind of work into our policy-making and decision-making as a whole.

1045 I just want to, very briefly, respond to some of the comments that Deputy Kuttelwascher made yesterday. I will start with actually thoroughly agreeing with him that a lot of this is about the sensible use of resources and I do applaud those comments that he made. I would say I am not a scientist, but I am swayed by evidence, and I think perspective is always one of those things that are very important to bear in mind when talking about any environmental issues. Deputy Kuttelwascher was also quite right when he said that many people conflate different

environmental issues and many of them get conflated under the banner of climate change and they are generally related, but not necessarily in the way that people think they might be.

1050 But I think, similarly, that sense of perspective is really important because it is very easy to pick up any individual review, study or piece of evidence and extrapolate conclusions from that in any which direction. When we talk about climate change, climate is about macro trends and so we have to step back and take the broadest view possible on it.

1055 We did go into quite a lot of detail in the explanatory note of amendment 13 that we debated yesterday, to try to set out not just individual pieces of evidence, but the evidence that pointed to those broadest sweeps of consensus. So the consensus – just to elaborate further, as it seems to be a point that was slightly lost – is not just a case of doing a quick show of hands amongst climate scientists or sticking a finger in the air and thinking, ‘Oh, that is probably about right.’ The consensus is a very rigorous thing.

1060 The consensus is established in several different ways: first of all, we have synthesis reports which assess scientific literature, so lots of different studies, and they compile the results, and that gives you, as it says on the tin, a synthesis of that broad range of standalone studies. And these studies are, of course, in their own right robustly scientific in nature, they are peer-reviewed, etc.

1065 Secondly, you have position statements that are issued by scientific organisations and quite often those will explicitly endorse a synthesis report. So, for example the fourth IPCC report, which was in 2014, was considered a really critical one, and that has been endorsed by pretty much every scientific organisation I can think of, and plenty more that I have never heard of.

1070 Then you have studies of climate scientists’ opinions, and all of this has been tested by various meta-analyses, plural. So, we are talking about literally many tens of thousands of peer-reviewed studies that contribute to this consensus and that consensus is – I will shorten this slightly – but basically that the earth’s climate has warmed significantly since the late 1800s; that human activities are the primary cause; that continuing emissions will increase the likelihood and severity of the global effects; and, the one that I like most of all, people and nations can act to slow the pace of global warming.

1075 Now, Deputy de Lisle pointed to the fact that some of the terminology appears to keep changing, and I think he is right, but I think it is the emphasis on those bits of terminology. So, just say that no one is feeling muddled – because the science certainly is not muddled – greenhouse gases are a main factor that contribute to global warming, which in turn causes climate change. Those are the global effects that I am sure we are all familiar with.

1080 I am not going to go into details about how the world’s temperature is measured or anything like that but, again, it is very, very robust. It is what we usually talk about when we talk about average global temperatures, which is near-surface temperature, which is measured not on the ground but just above the ground, it is measured in a variety of different ways, it is adjusted to remove biases, different data points are overlaid and they do sort of a grid analysis on it, basically.  
1085 Deputy Kuttelwascher is again right that it is not evenly distributed, but what we are talking about is macro-trends; and all the trends, no matter how you choose to measure them, are pointing in one direction.

1090 So I am very glad that the Assembly has recognised the need to act and I really would just like to finish on a point of optimism. That last consensus point that our actions do make a difference, they can make a difference and I am, personally speaking, feeling optimistic that we can play more than our fair share in being part of the solution.

Thank you.

**The Bailiff:** Deputy Yerby.

1095 **Deputy Yerby:** Sir, Members have heard quite enough from me, but all of it has been damning of P&R, so I just wanted to take two minutes to highlight the good work and particularly to say that section 3 of the Policy & Resource Plan’s covering letter is excellent. It has clearly been written by somebody, a politician or officer, who has made it their business to know what is going

1100 on across all parts of the States, who has seen how the different parts of our work join up and mutually strengthen each other, and who has synthesised that beautifully. That is all P&R's Policy & Resource Plan covering letter ever needs to be, and it is what our Committee-level plan should look like. We need to move away from templates next year and have that kind of fluid and elegant bringing together of the different parts of our work and how they reinforce each other.

1105 So I just wanted to say thank you and give credit for that part of it.

**A Member:** Hear, hear.

**The Bailiff:** Deputy Brehaut.

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

Like everyone, I will be brief.

1115 Fortunately page 21 of this document, the Policy & Resource Plan, refers explicitly to climate change, which is just such a refreshing change in itself. I remember Deputy Domaille constantly at meetings with the then T&R arguing very strongly to get references to the environment and, as Deputy de Lisle has done in the past, trying to get explicit references to the environment and climate change in policies such as this; and they are in, and that is a very good thing.

1120 Deputy Kuttelwascher made an interesting speech yesterday. He reminded me of – I think he said it was an eruption in Krakatoa. From memory I scribbled Deputy Kuttelwascher a note, it was the summer of 1816 which became known as the 'year without a summer'. It was the eruption of Mount Tambora in the Dutch East Indies and it left a cloud of smoke and dust in the atmosphere all over Europe, and actually throughout the world, and there were famines and people were displaced and moved because of it.

1125 Interestingly enough – I digress – but Mary Shelley who was in Geneva witnessing these thunderstorms and lightning, went on to write Frankenstein and, of course, with a sort of reference within that to Benjamin Franklin who had done experiments with lightning, hence the reference to Franklin. Anyway, that was a digression if ever there was one.

1130 But if we have any doubts about what Deputy Kuttelwascher said, I think all we can do is whatever Deputy Kuttelwascher said is on *Hansard* and can be peer reviewed by anyone at any stage in the future. To give him a reassurance, my daughter is, like students of her age, familiar with the absorption through plankton and, of course, now the draining of peat bogs and swamps and deforestation, so that really is curriculum stuff these days, and we are thankful for that.

1135 Appendix 3(e) refers to energy policy, the hydrocarbon project. I note that I think even the 2020 Association referred to a low-carbon future in their manifesto, or whatever it is, so it is great to think that the low-carbon economy and low-carbon consumption is now mainstream, which is a great thing.

1140 Obviously, the Infrastructure and Investment Plan is referenced. Just on that, sorry, protection of the natural environment is a thing that is a little more complex than what it may first appear. I would hope that when we do leave hedgerows to grow and we do leave sections of States' owned land to just let them go back to nature for the pollinators, that States' Members are sympathetic to that, because there is this narrative out there in the community that we are managing decline and it is neglect, when it is not, it is actually a direct intervention to assist nature and I think we need to get that message across as frequently as we can. And, of course, clean air measures are the other thing that will help.

1145 But, as I said in my speech yesterday or the day before, we have not declared an environment emergency, we have done something better than that, we have approved an amendment that gives, if you like, a route map, and that route map means that the States are obliged to bear the climate in mind in everything that we do. I hope that States Members do that and realise that at times when E&I in the future will be bringing policy letters to the States then they will have to have the climate in mind. And, as I said, perhaps that displeased Deputy Inder somewhat, but you

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do have to look at incentives, you do at some point have to look at taxes and you do need to look at some sanctions, but that is not to say it necessarily has to be a punitive exercise.

The only observation I would make about the Plan, more broadly, is it is simply too dense by volume, there is too much of it.

1155 Now, do I feel I own what I am responsible for in this Plan? I think I do. Do I feel have a collective awareness and ownership of every other thing that is in there? I probably do not, and that may be in part because of the size and the scale of the Plan itself.

Thank you, sir.

1160 **The Bailiff:** Alderney Representative Snowden.

**Alderney Representative Snowden:** Thank you, sir.

1165 I would just like to welcome the P&R Plan, it has quite a few aspects for Alderney and I would like to start with the Alderney Breakwater. It is quite nice to see that the Plan refers to the Alderney Breakwater. I know our General Services have been working with Environment & Infrastructure to try and come up with a solution on the way forward with options. As we know, the breakwater was listed in the 200 most influential engineering projects in the world by the Institute of Civil Engineers, quite recently, so I think it is very important that any policy paper that comes back to this Assembly recognises the importance and the value we place on the Alderney Harbour going forward.

1170 It also touches on the Alderney Runway and I would like to thank this House again for supporting that when it when it came to this Assembly for getting that runway done, and I look forward to hearing from Policy & Resources on progress with the Alderney Runway.

1175 It refers also to the 2018 numbers for the Airport and I think it says that there was extra cost down to the runway repairs and traffic controller training. Hopefully once the runway is repaired those costs will reduce. I would just like to say that in 2019 the figures for the first four months apparently the Southampton route is up 11%, and the Guernsey route up 3%. So hopefully this year there is going to give a bit more strength to those routes and is a positive way forward.

1180 We have also got quite a bit of investment going into the Island, which are actually private investments for a boutique hotel under construction at the moment, and a redevelopment to one of the forts, which is going to be similar to a Landmark Trust property, which would offer a cultural exchange as well. There are also a lot of companies coming to the Island with the CBD oil initiatives basically that I think the States of Guernsey and the States of Alderney are supporting.

1185 Tidal development: I think I touched on with the climate change stuff when we met on Monday; and the Little Ferry as well, which is £50 return. But what I would just like say, highlighting all of that, is that should hopefully give confidence that the passenger numbers will increase going forward from what we saw in 2018, and I think the Island is starting to bounce back, but obviously transport is vitally important for the Island bouncing back.

1190 Just touching on the territorial seas, briefly, I think that is going on 23rd July to the Court, sir. I think that is very good for the Bailiwick, very good for Guernsey, very good for Sark and very good for Alderney, so well done to Policy & Resources and all of those involved in that territorial seas extension.

1195 I would like to see our Policy & Finance, which is equivalent to Policy & Resources come up with a similar plan but probably not so many pages (*Laughter*) but something that will show the working streams that Alderney is up to.

Thank you very much.

**The Bailiff:** Deputy Merrett

1200 **Deputy Merrett:** Thank you, sir.

I will be brief, because I am still trying to get to understand some of amendment 22, but I have had some more advice and, why I asked the question to Deputy Trott, sir, which was not answered

1205 in summing up was, yes, I agree he answered the mechanism for ultimate sanction for P&R, but it was a mechanism of how we can actually get this into effect that I was trying to get to the bottom of. And whereas the States have agreed to direct P&R to do a framework, that is how it stands at the moment but, again, Deputy Trott did not confirm whether or not that would come back to the States in the form of a policy paper so that was why I did not feel able to vote for that, but it is now the main Proposition.

1210 Now, I will caveat this, because obviously HMP has just pinged this to me which is much appreciated; HMP is very much thinking on her feet. But she has advised me, and I am willing to share this with all Members, that some appropriate mechanisms could potentially be: there is a statute dealing expressly with the management of the Civil Service, e.g. as part of the UK, the Constitutional Reform and Governance Act 2010 and/or the framework principle set out under the Act dealing with Civil Service appointments; or, indeed, as per the Employment of the States' Jersey Employees (Jersey) Law 2005, and published guidelines on recruitment of senior States' employees.

1215 So I think for P&R, there are mechanisms that they can use, although it may be more extensive work than potentially Members appreciated when voting on that today. And, of course, we have again agreed another amendment, not knowing how extensive that work could be without Rule 4(3) so we have agreed something.

1220 My expectation, and when Deputy Trott sums up – if Deputy Trott does want me to give way to him, I am more than happy to. I will give way to Deputy Trott.

**Deputy Trott:** I think it is a good opportunity and I am grateful to Deputy Merrett.

1225 The comment she made about the experiences elsewhere were covered by the President yesterday in remarks that he made, and they will certainly help guide the approach and potentially the outcome.

1230 **Deputy Merrett:** To continue, sir, now having that on *Hansard*, that those are some mechanisms they may wish to consider, I think is helpful and it gives me some reassurance with the substantive Proposition which is the change to Proposition 11. So thank you very much indeed to HMP for doing that.

1235 It leads me to my final comment, sir. I am just not convinced that a P&R Plan that has 22 amendments to it is the way to go. What I would hope to see – and I think many Members have said in this debate – is for P&R to listen to Members. The main body of the P&R Plan and the Appendices are all good and fine, but rather than coming forward with these Propositions, for example, the Political Supervisory Boards, maybe it would be more productive – and I certainly think it would be less resource, sir – to meet with Members in the run-up to say, 'Look, we are considering this'; and we could at least throw it out at that juncture, I should think, rather than going through the laying of Propositions and then Members trying to amend it and then having three and a half days of debate.

1240 So I would urge, and I have urged throughout this debate, and other Members, and I know we are assured by Deputy Trott that P&R will listen, start listening, continue to listen – whichever way Members want to see that. (*Laughter*) But I do think it would be a better way of using resource.

1245 I think we do have an issue of the way we debate in the Assembly. I mean, I have not seen today's headlines, but I am pretty sure our community believe we have already confirmed something but actually now we have kind of changed our minds a bit.

I will give way to Deputy de Sausmarez.

1250 **Deputy de Sausmarez:** Is Deputy Merrett suggesting that P&R perhaps publish a draft for consultation and then take on board feedback before publishing the draft publicly, the policy letter?

1255 **Deputy Merrett:** I would suggest they just talk to us, to be honest. I suggest we just have a face-to-face meeting where we can talk, because what members of our community that are listening to this will not see is our body language and body language, as we know, is a far bigger and wider than just the words. I am trying so diplomatically, which I struggle with, to say, sir. So I think a face-to face-meeting with Members, Members may want to engage, they may not.

1260 But I think if we had had that engagement, then some of these ideas of Political Supervisory Boards in the first place could really save on resource, it would certainly save on my grey hair, and it would certainly save other Members working *really* hard, sir. I mean, to do these amendments with the resource we have – and I am not talking about the resource from officers – but the resource of parliamentarians we have is relatively limited.

1265 I will give way to Deputy Leadbeater.

**Deputy Leadbeater:** Thank you, sir; and thank you, Deputy Merrett, for giving way.

1270 I just wanted clarification on the point she made before about body language and how it is better to meet face to face. Sir, could she confirm that she considers meeting face to face far more productive and far more can come out of it than that done over the telephone?

**Deputy Merrett:** Yes, absolutely.

1275 I think whenever possible I try to meet members of our community face to face, whenever possible I try to meet Members face to face, at least in the initial stages, so we really get to understand what each other's perspectives are and what we are trying to achieve. We are humans, and so it is quite an easy concept.

1280 But that has been my urge today with P&R, because I do believe we may not then have had three and a half days of debate, we may not have had 22 amendments, and we may have been able to work more collaboratively and potentially more successfully. Because my fear, sir, from this morning's proceedings, that is what I will call them, 'proceedings', is that we do sail close to the wind, very close to the wind, on bringing us up into disrepute and I am very uncomfortable with that. I am also very uncomfortable, sir, with making decisions on the hoof and trying to agree to something which I do not believe or feel that I have had enough time to really absorb and understand.

1285 So I hope P&R do take that into effect. I hope now, after the successful amendment of 22 – Oh! I will give way to Deputy Brehaut.

**Deputy Brehaut:** I thank Deputy Merrett for giving way.

1290 Just in the interest of consistency in this area, a requête was drafted that I had no knowledge of, and was a final draft and laid, directing my Committee on, I think, three actions that I had no sight of. So would she not agree with me that there is merit – excuse the pun – (*Interjection*) all round, in sharing information before something is finalised?

**Deputy Merrett:** Absolutely, Deputy Brehaut.

1295 And the reason that requête was laid on the Monday rather than the Friday – I think it was the Monday – is because, unbeknown to myself, the President of the DPA had resigned and some of the requérants believed that it was better to have that in the public domain prior to the presidential election.

1300 Now, I have every intention of meeting and discussing it with Environment & Infrastructure because we were in debate that week, as I am sure Deputy Brehaut can recall and of course in recess mornings and afternoons are a great opportunity for Members to meet to discuss things. I have actually apologised to Deputy Brehaut already for that, and I will speak with you in due course. So there are circumstances where that happens and I believe that certainly my intention was doing that and unfortunately events preceded me.

1305 But, of course, that is not the situation here, is it? Because we have got P&R, who have had the time and resource and they had done the Policy & Resource Plan and then we had amendments

lodged by a certain date and we have had a period of time since then. So this is a slight scenario, although of course I appreciate Deputy Brehaut's interjection and I apologise again to Deputy Brehaut, I am happy to do that on *Hansard* that those events overtook me on this occasion.

So, with that I will close my speech, sir, and I hope that we can go to the vote relatively quickly.

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**The Bailiff:** Alderney Representative Roberts.

**Alderney Representative Roberts:** Thank you, sir.

Population: during the last year, the largest net increase in over 10 years in Alderney; back over the 2,000 mark with more house sales and a very positive start.

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To get back to the numbers, Alderney passenger numbers, this year has seen a marked increase, which I am delighted to say, particularly on the Southampton route. January was up by 13%, February was up by 10%, March went down a little bit by 5%, but April then shot up by 25%. Passenger numbers were up by 907 on that route to April 2019. It showed an overall increase of over 7% on the whole routes. This will be one of the highest rates of growth for any GB airport. The Southampton route continues to be a lifeline and efforts to remove that must be resisted, as it is a growing route and vital to Alderney.

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Thank you

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**The Bailiff:** Deputy Trott.

Nobody else wishes to speak? Oh, Deputy Gollop does.

**Deputy Gollop:** Yes, I am not going to speak for long, like Deputy Yerby. (**The Bailiff:** That is good!)

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I like the way this has very much strengthened the environmental side of what we are doing and I support what Deputy de Sausmarez and Deputy Hansmann Rouxel have said in that respect.

I think we had a very interesting, plainly delivered statement yesterday from Deputy Lowe from Home which very much put across that the Committee is doing a lot of workstreams both now and for the immediate future, and I think when you read the report as a whole you can see that actually it covers positively not only social, environmental, financial and economic issues but also, I think, the work that Home is doing is part of the overall picture, and so it is useful as a report.

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While various Members have referred to my, not exactly tongue-in-cheek arguments, but about the grandstanding, gesture politics of some of this, it is just that my worry is the nature of plans and their expanding girth, as Deputy Brehaut identified, means that we are in danger of getting overly technocratic and bureaucratic rather than thinking of how we can actually engage the public in the future.

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I often wonder: do Policy & Resources Members get up each morning thinking 'How can I, or we, make ourselves popular with voters?' I suspect they do not, and they might argue that that is not why they are here, they are here to be experts in wise, good governance, but I think there is a balance. And I think that the message must have come across from this Chamber that it is not just about conversations by person rather than by phone, as Deputy Leadbeater and Deputy Merrett pointed out, because the reality is – actually some people on the autistic spectrum do not particularly like face-to-face meetings, but that is a side issue of inclusivity. I think what we are really seeing is maybe a Policy & Resources Committee that are not fully – 'listening' is the wrong word – but they are not fully appreciating the perspectives of other Members and they are still carrying on regardless.

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I think this is very much a time when Members are challenging some of that and Policy & Resources need to take that on board and also beware.

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**The Bailiff:** Deputy Trott will reply to the general debate.

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



1360 Maybe I can start with Deputy Gollop, sir, as he was the last to speak. I cannot speak for other Members of P&R, but I suspect their answer will be the same. We, like the overwhelming majority of this Assembly, wake up every morning hoping and seeking to demonstrate honesty and integrity in all that we do, (**A Member:** Yes.) irrespective of whether that is popular or otherwise. Our job is to tell it how it is.

1365 Now, one thing we can be sure of, sir, is that no one can accuse this Assembly of policy disinterest and no one can accuse this Assembly of a lack of engagement, because over the last three and a half days we have demonstrated our interest in strategic policy and our desire to collectively mould it. And the outcome has to be that the ownership overall, by the 40 of us, can be demonstrated.

1370 Now, the truth is, Members, that outside of the issues around the supervisory boards, which I admit has been quite a significant matter, there have been very few changes to this Plan and they have been minor in nature, and that is the truth of it. And that really is a credit to us all, the fact that we have managed to demonstrate in the overwhelming majority of cases, our ability to arrive at a consensus position that we can sign up to. That is a positive not a negative.

1375 I am going to come next to Deputy Hansmann Rouxel's speech because she always delivers her speech with such conviction; they are delivered from a very strong position, a moral position. I am sure she would be the first to agree with me that the outstanding success of Guernsey over the last few decades has been the strength of its economy. We are ranked in the mid-nines by comparison. And why is that so important? Well, it really is obvious to us all, but it does need to be, I think, repeated from time to time.

1380 Our strong economy funds the public services that we have but it also helps protect the poorest and most vulnerable in our community, because in an economic downturn it is that cohort of people who suffer first and the longest. We always have challenges around the 'nice to haves', every community does, and that is why we have a stringent priority process. But at the end of the day, the nice to haves are precisely that – it is the funding of the essentials, such as education and health that remain our priority.

1385 Now, I have on occasions been criticised for the candour that I demonstrate when I talk about public services and just what a fantastic deal most in our community get. So I am going to repeat one of the many facts that I use, because I think we should all repeat this to our community whenever possible. If you are on average earnings in this community, with the progressive manner that we have treated our tax policy over the course of this Assembly, you will pay, on average earnings, a tax level that is insufficient to educate a single child in the state system for six months. So, if you are on average earnings, and by definition half of our community is on average earnings or less, you will not be generating enough income tax to educate your single child for more than half a year.

1395 Now, why is that important? It is important not to belittle the contribution that these people make, because it is important, but it is important so that they understand what a fabulous deal the average taxpayer gets from public services in our community, and long may that continue.

Deputy Green made the point that on a small number of occasions some documents that are not in the public domain have been referenced in the P&R Plan, I concede that point and it is a point well made.

1400 He also asked a question around economic policy: how will economic monitoring be undertaken? And Deputy Parkinson helpfully dealt with that when he spoke. I wrote down some words from Deputy Parkinson because I think he captured my thoughts when he said the Plan is in a reasonably good place. Well, it is difficult to imagine it being in a much better place after three and a half hours of intensive debate. (*Interjection*) Days, I beg your pardon, sir, that is my optimism shining through once more! (*Laughter*)

1405 He also said, sir, and he will correct me if these were not his words, that P&R should use its considerable talents in injecting pace. I take that point, sir. I think it is a point well made.

Now, Deputy Soulsby said something, I do not think it was a throwaway remark – it certainly was not a throwaway remark – but it was one that resonated with me, that ageing demographics

1410 alone are adding £1 million a year to our Health budget. So, just the current community ageing is having that effect, and that is before medical inflation. So issues around the Health Service and the Health & Social Care budget will remain a challenge for us for many years to come. But she did extend her thanks to P&R for its joined up support, and I was grateful to her for that.

1415 My friend, Deputy Lester Queripel, sir, gave a rousing speech about the Assembly's numerous successes, and he was right to do so. It was, I think, a joy and a pleasure to listen to him. He made clear that he believed, that those who thought we had been inactive need look no further than the evidence to dissuade themselves of such views, and I shall return to that briefly in a moment.

1420 But he did ask the question, 'Is it time to realise the value of the arts to the community?' Well, I think the answer is we do. We do realise the value of the arts but we are also conscious of the extraordinary competing priorities that we have to deal with. And he asked if P&R intend to work with the Education, Sport and Culture Committee with a view to increasing the grant to the Arts Commission to those that are comparable with those levels of contributions to the Sports Commission; and Deputy Graham very helpfully reminded us that you need to look at the funding of the arts more broadly. He said that funding goes further than simply the grant to the Arts Council because the Music Service alone costs us £800,000 or thereabouts, by way of example. But  
1425 he also told us that a new art strategy is in progress and that the ESC are fully committed to it.

Alderney representative Snowdon was another to ask – I give way.

**Deputy Lester Queripel:** Sir, I thank Deputy Trott for giving way.

1430 To clarify, sir, I was referring specifically to the grants of both Commissions, I was not looking for a second or a moment at any other funding for any other part of the arts or sport because that would have made my speech a lot longer. If I went into detail of the additional funding for the arts and sport I would have had to bring in things like the £660,000 of taxpayers' money that goes towards the Beau Séjour and the taxpayers' money that goes towards the Island Games, so that  
1435 would have brought the sport contribution up a lot further.

What I was specifically focusing on was the disparity between the grants to both Commissions and I was concerned about that. I was wondering if there was any chance of getting that grant, £95,000 more, to the Arts Commission to bring it up to the level of the Sports Commission. That was what I was aiming to do to, sir.

1440

**Deputy Trott:** Indeed, and you did it well, through you sir. Deputy Queripel did that well and I am sure his colleagues on ESC have been listening.

In the absence of any other questions I will just refer to comments made by Alderney Reps Snowdon and Roberts. I am delighted to hear that the state of the Alderney economy is  
1445 improving. The question with regard the update on the Alderney runway is, of course, a matter for the States' Trading Supervisory Board. I am not in a position to give him an answer; I am sure one will be forthcoming from Deputy Ferbrache in due course.

1450 So that really leads me to my final comments, sir, and I am going to draw on one or two extracts from the President's opening remarks, because I do think that we need to revisit the expenditure pressures that are being experienced this year and those that are expected to continue into next.

The Policy & Resources Committee has already completed a round of meetings with all Committees, as part of the 2020 Budget preparation process, and it is clear that these pressures are likely to increase as Committees seek additional funding in order to deliver on the Policy &  
1455 Resource Plan priorities. Sir, that is the backdrop, but notwithstanding that, as he reminded us and indeed as Deputy Queripel did, *much* has been achieved, and we are completing policy development and moving to implementation on a range of issues.

In the last 12 months this has included: the Brexit planning and legislation; the extension of Guernsey's territorial seas; progressing the extension of the UK's membership of the World Trade  
1460 Organization to Guernsey; the States of Guernsey Economic Development Strategy; the proposals to modernise the Princess Elizabeth Hospital; transport connectivity and contingency planning; the

1465 submission to the UK for the extension of the UN Convention on the Rights of the Child; the Carers Action Plan; and the review of the Marriage Law – very significant initiatives. And a considerable number of pieces of legislation have also been passed by the States in this term, and with the most urgent Brexit-related work now achieved, greater progress can, we hope, be made in other areas of legislation.

Members, we, and this community have *much* to be proud of.  
Thank you.

1470 **The Bailiff:** Well, Members, a revised set of Propositions has been prepared and is available to be distributed. It will be the same as the one that you had on your desk, or took home with you yesterday evening, save for the change to Proposition 11.

Deputy Lester Queripel.

1475 **Deputy Lester Queripel:** Sir, I am sorry to be pedantic, but for completeness shouldn't Proposition 2b on page 7 have 2020 after 21st April?

**The Bailiff:** Proposition 2 on page 7.

1480 **Deputy Lester Queripel:** It is 2b, sir, page 7. It reads, sir:

To agree that a Special Meeting of the States of Deliberation shall be convened on Tuesday 21 April at which the sole business ...

But there is no date there, so it could be any year. Am I missing a fundamental point?

**The Bailiff:** Well, only a year where 21st April falls on a Tuesday, of course! (*Laughter*) But I think you are right, it probably is 2020. (*Interjection by Deputy Trott*)

1485 **Deputy Lester Queripel:** So do we just take it as read that is 2020, sir?

**The Bailiff:** We can either take it as read or if it is the wish of Members we can insert 2020 into it. I think this has just been a cut and paste from what was there previously.

1490 **Deputy Lester Queripel:** Thank you, sir.

**The Bailiff:** Do members wish to insert 2020 into Proposition 2b? Those in favour; those against.

*Members voted Pour.*

1495 **The Bailiff:** We will insert 2020 after Tuesday 21 April. Thank you very much.  
Does anybody wish to have a separate vote on any of these Propositions? No? In that case, I will put all of them to you together. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** I declare them carried.  
Thank you very much.

# Billet d'État XI

## POLICY & RESOURCES COMMITTEE

### I. States of Guernsey Accounts for the year ending 31st December 2018 – Debate commenced

#### *Article I*

*The States are asked to decide:*

*Whether they are of the opinion to agree with the Policy & Resources Committee's approval of the States of Guernsey Accounts for the year ending 31 December 2018.*

1500 **The Senior Deputy Greffier:** Billet d'État XI, 2019 – Article I, Policy & Resources Committee, the States of Guernsey Accounts 2018.

**The Bailiff:** Deputy Trott will open the debate.

1505 **Deputy Trott:** Thank you, sir.

I am pleased to present the 2018 Accounts of the States of Guernsey.

For the first time, the financial statements of the States' Trading Supervisory Board's unincorporated trading entities – Ports, Guernsey Water, Guernsey Dairy, States' Works and the Social Security Contributory Funds – are now included as separate items for debate, and their respective Presidents will be presenting them later.

1510 I remind Members that the States of Guernsey Accounts focus on the overall States' finances, and no longer include detailed Committee Accounts, comparison for budget and narrative thereon. These are included as Appendices to the Policy & Resource Plan Review and Update, with each Committee having the opportunity to include further analysis on its in-year financial performance and the details of the services provided and outcomes achieved.

1515 This year's Accounts continue the journey towards a full set of International Public Sector Accounting Standards, known as IPSAS-compliant accounts. Whilst the change evident in this year's financial statements are not of the magnitude seen in 2017, I should like to reassure Members that a great deal of work is being undertaken behind the scenes to research and undertake the preparatory work for the necessary system and process changes, with particular focus on fixed-asset accounting.

1520 I would also, sir, remind Members that the introduction of IPSAS-compliant Accounts is not merely an accounting exercise for the finance team. Full implementation will require substantial business change to ensure that the States as an organisation and its processes adapt to enable production of the information required.

1525 Sir, in February, the President updated Members on the provisional 2018 year-end financial position. Once the financial adjustments were made the actual position was very similar, so I am not going to repeat the detailed explanation he gave then, or the commentary which is included within the Accounts. In particular, the States Treasurer's Report provides a detailed commentary on the overall financial position and on the various funds and reserves.

1530 The most salient features are: continued solid real terms growth in income tax receipts, a firm indicator of continued strength in our economy, and in the employment sector in particular: strong document duty receipts, particularly in the open market, where the number of transactions increased from 46 in 2017, to 76 last year. And I look to my friend, Deputy Laurie Queripel when I say this, sir, a net unrealised investment loss of 3.7% negatively impacted revenue income, core investment reserve, capital reserve, bond reserve, etc. The loss was consistent with market

performance and follows very strong returns in 2016 and 2017. And this will be music to his ears, sir: I am pleased to report that up to the end of May the 2019 return has been some 5%, which recoups the 2018 unrealised loss in value.

1540 Revenue expenditure was net £1.6 million below budget, with three Committees recording overspends of a total of £2.7 million, which were offset by collective underspends by other Committees. Now, sir, the majority of the overspend, £2 million, was incurred by the Committee for Education, Sports & Culture, which was a combination of failure to meet savings targets, offset by staff vacancies and a reduction in expenditure on higher education grants.

1545 Sir, 2018 was, again, a year of little substantial capital expenditure. The only real project of note was in respect of Waste Management Facilities. However, as we all know, there are a number of significant investment programmes which have recently been approved, or will shortly be submitted for approval – and by shortly, sir, I think within the next 48 or 72 hours in the case of the Education, Sport & Culture Committee. These include already the Princess Elizabeth Hospital modernisation programme and our future digital services.

1550 This capital expenditure will not be simply the straightforward replacement of assets, but will enable the transformation of the delivery of services in order to help address the challenges we will be facing and to facilitate and drive growth in our economy.

1555 Sir, there is a modest surplus of nearly £9 million. The Policy & Resources Committee will include its proposals for use of this surplus in the 2020 Budget Report, taking into account the projected financial position for 2019 and 2020.

1560 I am not going to reiterate the challenges that will be faced in compiling the 2020 Budget, as set out in the Policy & Resource Plan Update, but current expectation is that the States' financial position will be delicately poised and multiple risks are faced in all areas: raising income; realising savings; restraining pay awards; and being able to set expenditure budgets in line with the position set out in the medium-term financial plan.

The Policy & Resources Committee intends to continue to work closely with other Committees as it compiles the overall 2020 Budget. And I am aware, sir, that Members are collectively satisfied with the manner in which these engagements are currently taking place.

1565 Sir, I ask the Assembly to agree with the Policy & Resources Committee's approval of the 2018 States of Guernsey Accounts.

Thank you.

1570 **The Bailiff:** Now, Members, I remind you that an amendment was circulated to be proposed by Deputy Inder, seconded by Deputy Soulsby, but the content of that amendment has now been incorporated into the Policy & Resource Plan as Proposition 12, that we have just approved, so that amendment need not be laid.

Is there any debate on the Accounts? Yes, Deputy Green.

1575 **Deputy Green:** Sir, yes, I can be relatively brief, but on behalf of the Scrutiny Management Committee I do have some comments to make that my Committee has wanted me to make.

1580 As a general comment, the Scrutiny Management Committee is pleased that the detailed information which has been provided in the Accounts now provides a much more transparent picture of the activity undertaken across the States of Guernsey. However, clarity of some of the numbers themselves, in our view, still requires some improvement.

1585 This exercise, we believe, should be started with the aim that all Islanders are able to easily understand the information produced within the Accounts. But interestingly, sir, the press release which was issued with the 2018 Accounts gives an example of some of the progress that is still to be made. It is stated that there was a general revenue surplus of £66.4 million, with an unallocated surplus of £9.7 million. However, within the first few pages of the States Treasurer's Report, it states that there is an overall deficit of £16.2 million and overall general revenue unallocated surplus of £9.7 million and £8.9 million – a figure that Deputy Trott just referred to – nearly £9 million, available for allocation.

1590 The question that can be asked, and my Committee is asking, is what sense would this make to the ordinary man or woman sitting on the Cobo seawall or on the Vazon omnibus perhaps not that much. So I think we can always do more to clarify these matters, not only within the text of the Accounts themselves, but in the communications around that, and I think it is incumbent upon Policy & Resources to perhaps aspire for greater clarity in the future.

1595 Sir, it is worth highlighting a few things in relation to expenditure. Net revenue spending for 2018 has increased by £19 million between 2017 and 2018, which is quite a substantial amount, including an increase of £1.5 million by Policy & Resources itself. It is reasonable, I think, to ask the Vice-President of Policy & Resources why that is. Why has that increased by £19 million across the piece, as well as the specific in relation to the £1.5 million increase within Policy & Resources?

1600 **Deputy Trott:** Sir, I am going to have to ask Deputy Green to either ask that again or send me a note, because I was busy scribbling down remarks from his first question.

**Deputy Green:** I am happy to explain that again, sir.

1605 The question is – and I think it is reasonable to ask this – why is it that overall expenditure increased by £19 million between 2017 and 2018? And, in particular, why did it increase by £1.5 million in relation to Policy & Resources itself?

I trust Deputy Trott has made a note of that.

1610 Sir, it is also incumbent on my Committee to underline the significant overspends that took place in 2018. First of all, the Committee *for* Education, Sports & Culture was overspent by £2 million, where there was a failure to meet savings targets. And similarly the Committee *for* Home Affairs was overspent by £534,000, with a big chunk of that relating to non-delivery of savings targets. So I ask the Vice-President for Policy & Resources why is it that savings targets are being missed by those two Committees – it is a perfectly simple question – and when can we expect more progress, proper progress, given that those two Committees are already subject to increased supervision from P&R on budgetary matters already? Indeed, I also look forward to any statements from members of those Committees on how such overspends can be avoided in the future, or is it that they need new budgets that are built up from scratch?

1615 Sir, I now turn to accounting standards that Deputy Trott did refer to. There is no detail in either the P&R plan or the States Accounts for 2018 regarding the progress made or the expected implementation deadlines in relation to its IPSAS, the accounting standard which we have agreed to implement. In 2018 only £148,000 was spent from the Transformation and Transition Fund on this item and that is referred to in Appendix 8 in the P&R plan. The Scrutiny Management Committee would like to reiterate the fact that substantial funds were voted on and agreed by this Chamber to assist the Treasury function with that implementation process.

1625 So the question is: can we have some greater clarity as to what progress is being made and when is the money that has already been allocated going to be spent on the implementation of IPSAS? And, indeed, is it the right time now to ask whether there is the full expertise in-house to undertake the full task? I absolutely accept the point that Deputy Trott made, the fixed-asset accounting and all of that is a big task, clearly, but some greater clarification in terms of what progress has been made, what progress will be made and what resources will be drawn upon from the budget that has already been allocated in order to progress IPSAS?

1630 Sir, I now turn again to another familiar theme, which is that of the Bond. I suspect it will not be the last comment on the Bond in this debate. With just over £6 million spent from the Bond proceeds last year, that means that after four and a half years, still less than half of the Bond proceeds have been utilised. My Committee believes that these funds should be used to drive our local economy forward, as was initially envisaged when we debated this in the last States, and not used essentially as additional investment funds where the unspent proceeds are open to potential significant market risk. Sir, I would be grateful, again, for some clarity on that from Deputy Trott.

1640 Now, turning to the trading assets and the somewhat curious case of the Guernsey Dairy, in the Accounts we are told that they agreed a transaction to the value of £1 million –

**The Bailiff:** Well, there will be a separate proposition on the Guernsey Dairy Accounts.  
**(Deputy Green:** Yes, sir) Is this the time to raise it?

1645 **Deputy Green:** I had planned to raise it now, sir, but I can raise it at a later stage in proceedings.

**The Bailiff:** There is a separate Proposition.

1650 **Deputy Green:** Let's deal with that later, sir.

**The Bailiff:** It depends whether you want Deputy Trott to answer the question or Deputy Ferbrache.

1655 **Deputy Green:** Let's ask it of Deputy Ferbrache, sir, yes.

**A Member:** He knows what he is talking about! *(Laughter)*

**Deputy Green:** I make no comment about that. Some of my colleagues were laughing there, sir, but I think I will safely ask the question of Deputy Ferbrache and seek the information on that.

1660 In relation to the matter of the Public Trustee, the Scrutiny Management Committee notes that there was, again, a significant debt provisioning for the Office of the Public Trustee of £479,000 in 2018, following the provision of just under £1 million – £995,000 – in 2017. I wonder whether we could seek some clarification, whether that is from the Vice-President or whether that is from the President of Economic Development on whether any further costs are likely to be incurred in coming years on that.

1665 Now, sir, the Scrutiny Management Committee also notes that in terms of the costs of staff, both agency and overtime costs rose steeply in 2018. Agency costs were £6.2 million in 2018, from £3.3 million in 2017 and overtime costs were £6.3 million in 2018, although we do admit that the methodology has changed in 2018 in relation to overtime, but nonetheless the figure does appear to have risen steeply. The Scrutiny Management Committee will be writing to the Committees concerned on that for a breakdown of some granular detail on the costs incurred and clarification of the reasons behind them doing so, but it would be helpful perhaps if the Vice-President could provide some assurance or reassurance regarding those soaring costs in these areas.

1670 That pretty much brings me to the end of the speech. In summary, we believe that the presentation of the Accounts – probably as a result of some substantial nudges from my Committee – are heading in the right direction, but clearly significant additional progress must now be made on the implementation of IPSAS in a timely manner. We would also say that the clarity and the ease of reading the Accounts for the ordinary layperson in the community still does require some work, so that the ordinary man or woman in the Bailiwick could pick up the States Accounts for 2018 and be able to read those Accounts, read that document and fully understand exactly what the processes are.

1675 Thank you very much.

**The Bailiff:** Deputy Lowe.

1685 **Deputy Lowe:** Thank you, sir.

1690 Sir, the Committee for Home Affairs welcomes the opportunity to comment on its 2018 Accounts submission. In February this year, Deputy St Pier gave an update to the Assembly on the 2018 Accounts when it was announced that, excluding the saving target, Home Affairs was over its agreed 2018 budget by £250,000. Further work by Treasury staff concluded that the figure was lower, and closer to £180,000, on a £32 million budget; but regrettably an overspend, nonetheless.

1695 It is important to highlight that although there were a number of expenditure issues which led to the overall overspend, there were a large number of underspends which helped to reduce the adverse position. This included: a number of the service areas holding back on recruiting to vacancies; deferring some planned expenditure; and improvements in some of the income streams.

The Committee was quick to engage with the State's Treasurer and an internal year-end post mortem was undertaken to understand the factors which caused the overspend and the reasons why some of these did not come to light until the year end.

1700 As a result, 13 recommendations for change were identified. These are wide ranging, but include amongst other things: changes to the accounting processes; more attention being given to the effects of staff movements within the uniformed services; greater training for budget holders; improved communication channels; and additional financial officer support to Home Affairs. To date, seven of these recommendations have been fully implemented; five are progressing well; and one is still in the planning phase.

1705 As part of the 2018 Budget Report, a saving target of £350,000 was assigned to Home Affairs. Although there were a number of initiatives suggested and carefully considered, many of these ideas, when analysed more closely, were not found to be achievable, some because they were aspirational, but which did not lend themselves to practical application and others, which although having the prospect of saving, could not be progressed due to the business as usual workload.

The Committee therefore engaged with P&R at an early stage and in the first half of the year established a Joint Oversight Board. With the guidance of the Oversight Board, a piece of work was undertaken to assess the multiple theoretical saving initiatives and an extensive list of activities and priorities which the Committee saw the need to drive forward, but for which there were insufficient resources. The work assessed a number of aspects of each project, including: resources required to deliver; legislative changes required; timescale; value of savings which could be released, and so on. This was taken to the Joint Oversight Board and given the significant lead time to deliver savings on most projects. It was agreed that £200,000 of the Home Affairs savings target for 2019 would be deferred to 2020, resulting in a revised 2019 savings target of £150,000. The Committee, in consultation with the Oversight Board, has undertaken a prioritisation exercise to score and rank the projects.

1715 It is not appropriate at this stage to list the individual projects, but savings are anticipated from a range of service areas. The most significant saving for 2019 is the exit from the private rented accommodation at Les Vardes House into States of Guernsey-owned premises. The savings for this have been calculated and it is dependent on some factors which are yet to be finalised, but it is significant. There are a number of other smaller projects in progress, but at this stage there is no guarantee whether Home Affairs will achieve its full savings target for 2019.

1720 Furthermore, severe cost pressures are already evident in 2019, particularly for law enforcement, which will make remaining within budget this year very challenging. We will, however, continue to apply rigorous and robust challenge to all expenditure and maintain a close dialogue with the Policy & Resources Committee.

1730 Even though, sir, just before I began my speech as President of Home Affairs in general debate yesterday, I was handed a letter signed by the five members of P&R demanding my resignation. (A Member: Oh, no!) Added to this, they have threatened me with a vote of no confidence unless I resign. I have no intention of doing so, and I can confirm I have spoken to the two remaining members of Home Affairs, Deputy Victoria Oliver and Deputy Marc Leadbeater, who have given me their total support to stay as President; and Deputy Richard Graham and Deputy Rob Prow, as departing members of Home Affairs, have also given me their total support to remain.

1740 I will be sending a letter officially to P&R, after this States' meeting. Suffice to say, sir, we at Home Affairs collectively recognise the importance of fiscal matters and will continue, with all our staff at Home Affairs, to do whatever we can to ensure that this Island is safe and secure within the resources that we are supplied with.



Thank you, sir.

1745

**The Bailiff:** Deputy Trott.

**Deputy Trott:** Sir, I shall arrange for a copy of that letter – with Deputy Lowe’s permission – to be circulated to all Members.

1750

I do not think it would be fair to describe it as a demand, and we will let other Members determine the accuracy of what she has said, once they have read it.

**The Bailiff:** We come back to debate on the States Accounts. Does anybody else wish to speak on the Accounts?

1755

Deputy Graham, you stood earlier.

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

1760

The President *for* the Committee for Education, Sport & Culture being *indisposé*, I rise purely to respond to the comments of Deputy Chris Green – very understandable comments about the failure of the Committee last year to come within budget, in fact, it was by a margin of some £2 million. In fairness to this Committee and to its predecessors the reason, in my view very reasonable, and the explanation lies in the fact that the previous Committee was given, and presumably were obliged to accept a budget which right from the start had a limit which was going to oblige the Committee to come in somewhere with an overspend around the £3 million mark. The precise figure leaves me from memory, but it was around that there.

1765

The incoming Committee addressed this issue as much as it could in the period available to it and brought the expected overspend down to around £2 million, and I think it has to be seen in that context.

1770

Deputy Green asked what we are doing about it. Well, I think it is a two-phased operation. The first one has been successful, in that by collaboration with P&R, a budget has been set for 2019 that is within reasonable limits. It is not the budget that we requested for 2019, but the margin by which it fails to meet the requested budget is manageable and the Committee could not be more determined to come within it this year.

1775

**The Bailiff:** Deputy Prow, were you wishing to speak?

**Deputy Prow:** Thank you, sir, I can be brief.

I do not think what I am about to say will come as any surprise to P&R because it is a point I seem to be making every time we debate the Accounts, year-on-year.

1780

If I could refer to page 43 of the Accounts, the notes to the Accounts, and if I could refer specifically to item 17. Now, sir, there is an item which says, ‘Charity and other deposit balances’. It is a large amount, sir, it is £37,174,000. Now, I have raised this continually about the lack of transparency around this particular large sum, and I would ask Deputy Trott when he sums up, if he can confirm what I am about to say which might put a bit of light on this large amount of money.

1785

As I understand it, sir, £11.2 million of it relates to the account of Her Majesty’s Receiver General; £13.8 million relates to the Seized Asset Fund; and that presumably leaves £12,174,000 to the charity bit as described in that very limited explanation. I will not read out the exploratory note because it is not helpful in that it does not point us in that direction.

1790

Sir, why I raise this is because, although in Appendix 3(g) of the P&R Plan a very broad description of the very important and quite exciting work that the Committee *for* Home Affairs is conducting on a Justice piece does also include, and certainly there has been reference to the Oversight Board that the Committee *for* Home Affairs where we engaged with P&R, there has been a lot of strategic work being undertaken.

1795 Now, Committees throughout the States often get criticised regarding their lack of strategic  
focus and perhaps too much focus on items that are briefly mentioned in any other business, but  
this is a huge and challenging piece of work which also impinges on the Seized Asset Fund. In  
what I am about to say, I would like to thank Her Majesty's Receiver General, in her capacity  
1800 actually as Her Majesty's Procureur, for all the help and advice that she has given both P&R and  
the Committee *for* Home Affairs with regard to this. This is a very difficult piece of work and there  
are sensitivities around it. And from my background, I do not think there is anybody in this States  
that understands the sensitivities and the issues with asset-sharing agreements that you have to  
enter into with other jurisdictions and so forth.

I am not saying this is an easy piece of work, but it is something that is ongoing, it is strategic,  
1805 it is being discussed and I really want to highlight it. I am disappointed that some of the bottom  
line facts that we have £13.8 million in a Seized Asset Fund are not in the Accounts. Now, there  
may be a very good reason for that.

Sir, in this important piece of work it is worth bearing in mind that there are, under restraints,  
funds that are restricted by no consents which run into sums of around £100 million. There is a  
1810 strategic initiative, and indeed it is underpinned by a review, that is looking into how we as a  
Government can more and better support law enforcement, and indeed the Law Officers of the  
Crown, in trying to move more of those funds into confiscation and there will be a considerable  
sum of money that – through the proper provision, the proper guidelines and the proper  
administration of the fund – can be ploughed back into law enforcement to underpin that.

1815 Having said that, I have absolutely every confidence in the way that the fund is being currently  
managed and indeed some money is dispersed to the third sector around very strict criteria, and  
indeed some money does go to law enforcement; but it does lack a transparency.

Thank you, sir.

1820 **The Bailiff:** Can I just have an indication of how many more people will want to speak on the  
current Proposition, the States of Guernsey Accounts? Two people are standing and obviously  
Deputy Trott will reply. How many people are likely to want to speak on the other five  
Propositions that we have ahead of us dealing with the other Accounts?

1825 What I am going to put to you therefore, given that there are not going to be many speeches,  
is that we continue to sit until we conclude. (*Interjection*)

Sorry, Deputy Trott?

1830 **Deputy Trott:** Sir, unusually for me, and I say that not in an arrogant fashion, but because it is  
true, I have been asked two questions so far that I do not know the answers to and therefore the  
ability to research those answers over lunchtime would be of benefit to me, on this occasion.

1835 **The Bailiff:** Okay, you have heard what Deputy Trott has said. I will still put the Proposition to  
you that we continue to sit. If you wish to give Deputy Trott the opportunity to research those  
questions and hear the answers this afternoon, rather than perhaps subsequently, then clearly  
vote against the Proposition. The Proposition is that we continue to sit? Those in favour; those  
against.

*Members voted Contre.*

**The Bailiff:** We will rise and resume at 2.30 p.m.

*The Assembly adjourned at 12.30 p.m.  
and resumed it sitting at 2.30 p.m.*

**POLICY & RESOURCES COMMITTEE**

**States of Guernsey Accounts  
for the year ending 31st December 2018 –  
Debate concluded –  
Proposition carried**

**The Bailiff:** We continue with debate on the States of Guernsey Accounts for 2018; and Deputy de Lisle.

1840

**Deputy de Lisle:** Sir, I wanted to make a few points with respect to the Accounts.

1845 First of all, with regard to the investment portfolio, the loss of £25.7 million from the Consolidated Investment Fund, a lot of it unrealised, I realise, but this is not good news and the performance, given difficult market conditions, I thought might continue into 2019 and cannot be overlooked, although I now note that Deputy Trott has stated that there has been a turnaround of 5% but it would be nice if he could just elaborate a little more with regard to the actual numbers.

1850 Looking at 8.4 on page 8, we have a total amount there for financial investments at year end in 2019, which was down about £90 million I think on 2017, that is at the end of the 2018 year. I just wondered what the numbers were now – perhaps he might have those? – with respect to the balance in terms of the total amount of financial investments currently, given this turnaround that he was talking about.

1855 The other point that I would like to ask about is the fact that now the Consolidated Fund and the Superannuation Fund are all combined into a single portfolio of investments and I just wonder whether that is fairly dangerous given the situation currently in terms of the fact that we are dealing with difficult market conditions and uncertainty with Brexit. Having everything in one big fund, I was just wondering how that is dealt with and whether that is advisable?

1860 The other point being that this highlights whether in fact we are quick enough in moving money perhaps to fixed income returns from securities, when the market is somewhat difficult to predict with everything that is going on at the current time. So I just want assurance, really, that we are quick on our feet during very unstable times and also get an idea of what the balance is and whether really we should be investing all our monies in one portfolio of investments.

1865 The second point that I would like to raise is with regard to the overall deficit for 2018. Is that £16.2 million, which is stated on page 2? If so, it really gives us some concern for 2019 and in that Deputy Trott was making a statement with regard to the situation this year, up to April, I was just wondering where we stand currently this year with regard to the deficit and whether in fact that has also been taken away, on the plus side?

1870 In terms of expenditure, I note that the Chief Executive of the States had spoken about a cutback in the number of employees but I see still growth in 2018, a gain of 50-plus employees and I just wondered in fact will a cutback, and the costs of the Civil Service, be practical as we go forward?

1875 My last point with regard to the Accounts is with regard to the losses of Cabernet Ltd, Aurigny. In 2016 it was £4.8 million; in 2017 it was £5.2 million; and in 2018 £4.43 million. It seems to be one loss after another and is that sustainable to go on losing money at that rate with regard to the airline? Because with 27,000 domestic property units in Guernsey that comes to, in 2018, £164 per household per year – and that is the price of an air ticket, return to London, per household every year.

1880 So what is needed there is probably a reduction in the price of tickets in order to get more people flying on Aurigny. I have been told that sometimes there are only 20 seats on a big jet occupied and that to me means that perhaps prices are too high. I thought that with having the Heathrow service now and the service to East London that perhaps that would provide competition and bring those fares down. But if that is not possible it seems as though we are going to have to be looking surely at more competition with regard to the Guernsey-Gatwick

service in order to bring those seat prices down to fill the planes that we have got flying regularly to Gatwick and back.

1885 Perhaps we have got too many; perhaps the service is overloaded and there are too many flights. I do not know but it would be nice to have some comment on where we are going there because surely to goodness we cannot continue losing at that rate.

Thank you, sir.

1890 **The Bailiff:** Deputy Laurie Queripel.

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

1895 I just wanted to start by very much endorsing or supporting the points made by my Scrutiny Management Committee colleague and President, Deputy Green, sir, in regard to the IPSAS situation. I really do think that we need to get some proper information in regard to that, because there were funds allocated to try and ensure that we move towards fully complying with the public sector accounting standards.

1900 We are told it is going to be a costly business and that it is quite complicated, but I think we need a bit more than that because, speaking for myself personally, I do not feel particularly comfortable about the idea of voting for Proposition 1, when really – I am not saying there is anything untoward in the Accounts figures-wise – our Accounts do not comply with IPSAS and they do not comply with international accounting standards generally. If you look on page 1, in 3.1, it tells us that:

There is some divergence between the budgetary framework and accounting principles that exist within internationally recognised accounting standards. Consequently, the accounts are prepared in accordance with the stated accounting policies rather than a recognised accounting framework.

And then on page 16 of the report it tells us:

The accounts are prepared to assist the States in complying with their financial reporting obligations. As a result, the accounts may not be suitable for another purpose.

1905 Then actually in the Notes to the Accounts in 1.ii, it says:

The accounting policies noted below may depart from rules within internationally recognised accounting frameworks, in order to adhere to internal reporting conventions. Consequently these accounts have not been prepared in accordance with a particular accounting framework, but instead follow the accounting policies as noted.

1910 Well, as I say, sir, I have done my best as a lay person to read and to interrogate the Accounts but I have to say that is difficult for me and, as Deputy Green was saying, I am sure that is difficult for the majority of Islanders. I think they need to be very clearly laid out and absolutely understandable and that is not something that I can claim for myself at the moment. It makes me feel a bit uneasy that is why I say I feel somewhat uncomfortable about voting for Proposition 1.

1915 It is very easy to follow the rules when you have made them up yourself. In effect that is what is happening at the moment in regard to the Accounts. So I would like to move towards ISPAS as quickly as possible and if we could be fully compliant by this time next year I think that would be great. But I wonder if Deputy Trott could tell us what the barriers and why we cannot move as quickly as perhaps some Members would like us to.

Now, I just want to turn to the Bond, sir, on page 13 of the report of the Accounts. Deputy Trott gave us some very good news this morning when he opened debate and he said there has been an upturn in the performance of our investments and the unallocated proceeds of the Bond are part of that, which is really good. But if you look on page 13, in the second part of 8.24, it says:

... the Bond Reserve had a balance of £16.2m which has mitigated against the investment returns being lower than the coupon rate in 2018.

1920 It also says:

At the end of 2018, the balance of the Bond Reserve had reduced to £3.3m.

1925 So, bearing in mind that Deputy Trott has given us an update in regard to how things stand now, if I have missed it I do apologise, but could he tell us how the Bond Reserve stands now, at what figure? How much above that £3.3m is it? And, is he confident that Bond Reserve will be able to cover the coupon payments into the future because it was in deficit, I think, in 2016, by about £5.4 million, something like that, and as I understand it the coupon payment comes out of the Bond Reserve. So, even with this upturn which is good, will there be enough in that Bond Reserve for it not to go into deficit, if you take into account the coupon payments?

1930 I do just want to say about the Bond, sir, because although that is good news the fact that we have still more than half of the Bond proceeds not being allocated for their intended purpose, I think that is a real concern. It just goes back, really, to the due diligence that was done before the Bond was brought into play. When the report came to the States in the last term, we were told the due diligence had been done and there was great assurance that the money would be allocated quite quickly. But here we are a number of years later and still most of it, or the best part of it, is still not allocated and is in investments.

1935 Yes, investments can work well, and if they are managed well and they are placed well it can work really well and congratulations to the people that handle those things, but of course markets can go down as well as up. It was meant to come back to the Assembly every year, as far as I recall, a report on the Bond and what is happening to it. I think we need to have some updates in regard to what might happen to the unallocated proceeds of the Bond quite soon.

1940 In 8.23 on page 13 there has been, I think, a bit of an attempt to rewrite history because it says:

The Bond issue proceeds which have not yet been lent on to entities form part of the Consolidated Investment Fund. Over the thirty two year life of the bond there will inevitably be periods in which there are varying amounts of funds invested due to the maturity profile of the on-lending and the investment returns in these periods will also vary and may be above or below the coupon rate.

1945 That sounds very good, but that was never intended to be the situation we found ourselves in. We were not meant to have, by this period of time, the majority of the proceeds from the Bond not allocated and therefore invested. I think we need some sort of – it seems to be the current buzzword or phrase is ‘action plan’ – in regard to the unallocated proceeds of the Bond and we need to realise that is slightly a rewriting of history because it was never the intention for the proceeds to be unallocated for so long.

I did have a question or comment about the Dairy Accounts but I will leave that until Deputy Ferbrache is able to address those questions and comments.

Thank you, sir.

1950

**The Bailiff:** Deputy Merrett.

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

1955 Again, I rise to support the President of Scrutiny Management’s speech. Members will be pleased that because Deputy Green has spoken so well on that I do not have much to add to those comments. But I do want to pick up on something that I just quite simply do not understand and I would like clarity on.

1960 On page 6 it says that we have an increase of people earning over a quarter of a million pounds a year. One, it says, is due to a backdated pay award and one is a one-off payment. But, sir, I am not sure if that now means that we have four members now on a new and permanent increase to £250,000 or if it is two, because is that backdated pay award to that one member just for that period of time? That is what I am not sure about.

Have we moved indeed to four members earning over a quarter of a million pounds a year, which is arguably quite a high salary?

1965 But also in here it says – and I believe from what I understand, sir, why we have got an increase in what is termed in this paper on page 6 as a ‘lower band’ of an additional 37 people on between £80,000 and £100,000 a year. When we speak relatively, it is a lower band than the £250,000 a year, but I would argue to most of our community £80,000 to £100,000 is not lower in any way, shape or form and it is actually a very decent salary.

1970 I think I understand that, but then the other thing I do not really understand, sir, and I am sure Deputy Trott can answer this, is there is a pay award for £7 million. Is that from, I think the authorised delegated authority was £8 million in the reform of the Civil Service. Is that £7 million spent from the £8 million; is that where that has come from? I am just not completely sure so if I could ask those questions, I think they are quite easy questions that Deputy Trott can answer.

1975 Then I just want to bring to Members’ attention, because it is something that I am just keeping a bit of an eye on because it does give me reason for concern. The delegated authority to P&R when we look at pages 77-84, notwithstanding the fact, sir, that obviously Members of the Assembly have given this delegated authority to P&R, that was a decision that has been made by this Assembly, they are now on over £84 million. The additional delegated authority they have

1980 £2 million without coming back to the Assembly, at least that is my understanding.

So, currently on £84 million, and I think from the paper we debated last month there is another £110 million, potentially, we are looking at £200 million-plus of delegated authority. I just want to draw that to Members’ attention that it is in here – we can see it and we can read it. It is between pages 77 and 84. I just think that is an awful lot of money and I just think Members should be

1985 apprised of that and just appreciate that when we make decisions of £110 million and £84 million, that is an awful lot of money to put into the hands of five political Members.

I just thought I would raise that but the other two questions, I do hope Deputy Trott can help with me this afternoon.

1990 **The Bailiff:** Deputy Gollop.

**Deputy Gollop:** Thank you very much, sir.

I am glad in one respect we have had the opportunity for a slightly extended Meeting because I think in a way it was a better system when we used to meet to discuss the States’ Accounts for

1995 an exclusive Meeting on a Tuesday or whenever because these have almost been put in as a sort of afterthought after such a long debate.

I concur with many of the comments that we have heard. I think, for example, when you look at the States’ Treasurer’s Report, it identifies, correctly, on 3.2, page 2, that in 2012 the decision was taken by the States to implement International Public Sector Accounting Standards, a recognised

2000 accounting framework which focuses on the requirements of the public sector. That is true but it is now seven and a bit years’ ago and still they talk about ‘transitioned over a number of years’. Where, as Deputy Merrett has said before it has been a fair number of years.

Deputy Trott has always had the ability, which is perhaps why he has been successful in various senior roles in our Government, of putting across a very positive message and seeing the glass as

2005 being half full rather than half empty; or even almost full even if it is a little bit half empty. Because, although there is a lot of good news here, as Deputy Lester Queripel pointed out yesterday in relation to the future Strategic Plan, there are some funny things here as well.

For example, we still have kind of a deficit, £16 million. We have already had identified by Deputy Merrett the three or four highly paid public sector employees. You have to be careful,

2010 because people talk about civil servants whereas these people, for the sake of argument, could be professional specialists and not civil servants. But the broader argument about the band at the £80,000 barrier, that really has been overtaken with an additional, off the top of my head, 37 people who perform within that category when you include on-costs.

Now £80,000 a year is significantly higher than any States’ Member gets, apart from the

2015 President, for States Members’ work. We were very much promised by Deputy St Pier and the P&R Committee that we would see, as part of Transformation and of restraint, a little bit of control over

the senior pay scenarios and here some people in the community might be a little bit doubtful about that, because clearly it has risen.

2020 Also of course I go back to the era, as Deputy Trott and some of our colleagues do, when we used to working with the complications of the old Civil Service Board and the staff number limitations policy, which was a bit of a bureaucratic nightmare. But it had its good sides as well, because in those days politicians did interfere on employment terms and they would say, 'I don't believe ancient monuments need to be in a museum'. Or something like that.

2025 We are not doing that any more but what we are beginning to see is a little bit of a rise, not just of Health & Social Care, but we are seeing additional posts created and that is an interesting factor as well. We now have, despite some privatisation and outsourcing and consultants and stuff, a paid workforce of 4,589 full-time equivalents, an increase of 54 compared to 2017. So we are rising a bit and we need to ensure that those rises are genuinely necessary and appropriate.

2030 Deputy de Lisle has broadly mentioned the nature of States' investment. Well, reading this superficially without greater depth, you could perhaps come to the view that we are £90 million down on a year earlier. That is a lot bigger than £90,000 on a couple of litter wardens; £90 million is a reflection of the international stock market which has gone up, we hope, but it is still a significant potential loss to the Island in terms of assets.

2035 So I think there are a few warning things here that we need to take account of and, like many other Members, I think we do need to see greater transparency of Accounts.

2040 I also wanted to stand because I met again, as you do, the representatives from the St Peter Port Douzaine and they repeat their call – as much as they admire Deputy Chris Green and the team at Scrutiny – for the effective public reviews and reports that have been published. They would like to see a strengthened political form of scrutiny now or for the next Assembly. And, to be honest, they would like to see a restoration maybe of a specialist Public Accounts Committee (*Interjection*) and/or Audit Commission and I think if we had a Public Accounts Committee which met in public and went through these Accounts with Policy & Resources at senior levels, before this debate, we would all be more wise and I think there would be a lot more digging into anomalies and the kind of issue Deputy Laurie Queripel has raised about bonds, for example.

2045 So I very much hope that will be taken on board as the next stage.

**A Member:** Hear, hear.

2050 **The Bailiff:** Anyone else?  
Yes, Deputy Dudley-Owen.

**Deputy Dudley-Owen:** Thank you, sir.

2055 Last year I voted *je ne vote pas* for these Accounts and I had to remind myself why I had done that and it was because of the Proposition, it was the way that the Accounts were laid. And I am inclined to do that again this year actually because, having gone back through *Hansard* to remind myself of exactly what I said I have come across a quote from Deputy Trott, when he addressed Alderney States' Member, Louis Jean. He interrupted Alderney Representative Jean, who was our representative at the time, and he says on that day:

I am grateful to my friend for giving way. I am also, sir, relieved to hear that Alderney Representative Jean is going to vote for these accounts, it is laudable; but he must understand that in doing so he is agreeing to their accuracy.

2060 Now, I have a problem with that because I have no idea whether these are accurate or not. I am going on the word of P&R, which I do not distrust; however, I have not been involved in the preparation myself. I give way.

**Deputy Soulsby:** Point of correction, sir.

2065 **The Bailiff:** Point of correction, Deputy Soulsby.

**Deputy Soulsby:** Accounts are never stated as being totally accurate. They are about being true and fair. Now, that is another issue and we can debate about the fact that they cannot have a full accountants' report to state that they are true and fair. But I do not think that any company would ever state that their Accounts were ever necessarily accurate.

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**Deputy Dudley-Owen:** Thank you, Deputy Soulsby.  
I give way to Deputy Trott.

**Deputy Trott:** I am grateful to Deputy Dudley-Owen.

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There was a specific context. *Hansard* will show that, immediately prior to those comments, Deputy Jean was questioning the accuracy of the figures of Cabernet, specifically; or rather Aurigny's operating losses. I made the point that not only had those Accounts been *independently* audited outside of the States' Accounts but that the question had been raised about the accuracy of the losses pertaining specifically to the Alderney routes, and they had been confirmed not only

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by the qualified chartered accountants that sit on the board of Aurigny but also by the independent auditors as being factually accurate. So it is specifically in relation to that aspect.

**Deputy Dudley-Owen:** Thank you for the interjections, they are most useful; and, yes, I was well aware that they are a fair representation of the company's or the organisation's business activities and not exactly accurate. (*Interjections*) I give way to Alderney Representative Roberts.

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**Alderney Representative Roberts:** Thank you very much.

Would Deputy Trott not agree that these figures are not independently verified, nor they are open to be publicly scrutinised? Nevertheless, the direction of lower figures is good, which has happened, even if we cannot see how these figures are arrived at. We cannot be fed any more fiscal fag-packet paninis. We are full. What we need is proved fact, proved to Alderney and proved to this Assembly.

2090

Thank you.

**The Bailiff:** Deputy Dudley-Owen.

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**Deputy Trott:** A can of worms there!

**Deputy Dudley-Owen:** Luckily the question was not directed at me, Deputy Trott, through you, sir! (*Laughter*)

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Again the wording has changed this year on the Proposition and we are asked to decide whether we 'are of the opinion to agree the Policy & Resources Committee's approval of the States of Guernsey Accounts for the year ending 31st December 2018'. For me, I am still undecided and I will have to wait for the responses that Deputy Trott has for the questions that he has been asked from various Members during the debate so far.

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But I just wanted to raise that point that agreement of the Accounts, the approval of the Accounts, does not necessarily represent that we believe that they are to be fair or accurate.

Thank you.

**The Bailiff:** Deputy Le Tocq.

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

I rise just to draw attention to something that a few Members have mentioned, which is a regular bone of contention because it is misunderstood very much by our community. That is on page 33 of the Notes to the Accounts, where it is entitled 'Senior Employees Gross Cost Analysis'.

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I have raised this a few times because the term 'employees' is perhaps not the best term but we have not come up with something better than that.



2120 But, sir, just for the record, the top six bands which includes 24 remunerated positions, in fact there are very few civil servants in that band in the strictest sense of that word. The majority will be Crown appointees, they will be judiciary and they will be hospital medical consultants and air traffic controllers. I just want to make that clear, sir.

**The Bailiff:** Deputy Lester Queripel.

2125 **Deputy Lester Queripel:** Sir, in a way I think Deputy Le Tocq has answered the question I am about to ask but I will ask it anyway to seek Deputy Trott's views.

2130 I am sure there is a perfectly valid reason for it, as relayed partially by Deputy Le Tocq just now, but it does concern me that the number of senior employees has increased by 37, from 261 in 2017 to 298 in 2018. That seems to be going against the intention of our civil/public service reform programme. Those figures can be found on page 33 of the Accounts.

As we know, sir, many Islanders out in our community are crying out for a reduction in the salary bill and many of the people I speak to seem to be concerned that, in their words, we have too many chiefs and not enough Indians.

2135 Looking at the list on page 33, we see that there was an increase of 22 employees, from 130 in 2017 to 152 in 2018, earning between £80,000 and £99,000 a year. There was an increase of 16 employees, from 43 in 2017 to 59 in 2018, earning between £100,000 and £119,000 a year; and an increase of three senior employees, from one in 2017 to four in 2018 – I give way to Deputy Le Tocq, sir.

2140 **Deputy Le Tocq:** I thank Deputy Queripel for giving way.

Just to be clear again, he is saying *earning* these amounts. This is the cost of employing these people, so it will include things like pension contributions and employers' social security rates as well which, perhaps if you are making comparisons elsewhere, would not be included. I think it is important to make that distinction.

2145 **Deputy Lester Queripel:** It is important, sir, and I thank Deputy Le Tocq for that because that is I think what the community need to hear. It is not just salary costs.

2150 Just to finish, Deputy Merrett touched on this earlier. There is an increase of three, from one in 2017 to four in 2018, with a cost of a quarter of a million pounds or more a year. As I said, sir, and as Deputy Le Tocq has explained there is a perfectly valid reason for this, but for my benefit and the benefit of colleagues who are perhaps a little bit confused, as I am still and for the Members of our community, could he give us an assurance, please, that we are not in a place where we are on the path of increasing the amount of chiefs employed by the States and then reducing the amount of Indians produced by the States?

2155 Thank you, sir.

**The Bailiff:** Anyone else? No.

Deputy Trott, it is for you to reply.

2160 **Deputy Trott:** Thank you, sir.

2165 Deputy Green started off by making, I thought, a particularly relevant comment that was replicated many times in debate and that was what sense would someone sat on the sea wall at Cobo make of these Accounts? Of course he is right in a number of regards. I have told people for many years that I had been a Member of this Assembly for six years before I professed to understand what was going on with our finances, and two of those six years were spent as Treasury & Resources Minister! (*Laughter*) So I absolutely understand why many in this Assembly struggle with numbers of this size and indeed in the way in which they are presented.

2170 But that is precisely why, of course, we are moving to an IPSAS form of accounting, in order that the numbers make much more sense, insofar as they would be representative of what we would expect to see elsewhere in the public realm.

He asked a number of questions and not all of them I was knowledgeable on. I am now. So I am grateful that we had the lunch recess for it.

2175 The first question he asked is why did overall expenditure go up by £19 million and why did P&R go up by £1.5 million? Well, the answer is partly shown in paragraph 5.7 of the Accounts' details and I will read it for Members' benefit:

It shows that net revenue expenditure increased by £19m between 2017 and 2018. Excluding the effect of the Income Support Scheme which was introduced in July 2018 (approximately £9m), this is an increase of £10m or 2.8% in nominal terms / £1.8m or 0.5% in real terms, the main components of which were:

- Committee for Health & Social Care – increase of £4m (3.5%);
- Committee for Employment & Social Security – increase of £2m (3.1%);
- Committee for Home Affairs – increase of £1.7m (5.6%); and
- Policy & Resources Committee – increase of £1.5m (3.9%).

2180 Now, all of the detail is in the Committee appendices to the P&R Plan but the two main ones – ESS, the £11 million – is predominantly an increase in formula-led expenditure, in particular resulting from the introduction of the Income Support scheme and it was partially offset by an increase in revenue income of £6.5 million from the States' house rentals as they are no longer reduced for rent rebate purposes.

2185 With HSC the £4 million included £2.7 million as a result of pay awards to staff; and with the Policy & Resources Committee, the £1.5 million was mainly in the corporate functions area, including the effects of pay awards but extending to transfers from other Committees' budget and spend, additional corporate insurance costs and new service area of data protection; plus in External Relations, predominantly Brexit-related work and hosting the BIC Conference. All additional expenditure areas were specifically identified in the 2018 Budget Report.

Surprisingly and pleasingly, however, the Policy & Resources Committee actually underspent its authorised Budget, as authorised by this Assembly.

2190 I think it was Deputy Green, forgive me if it was not, who asked when will ESC and HA – Home Affairs – deliver their savings. Again this was detailed in the 2019 Budget Report, paragraph 7.11, I am advised, which shows that Home Affairs are expected to deliver the prior outstanding balance of £450,000 during 2020; ESC, £3.62 million, not until after 2021. If those particular Presidents, well only one of them actually is going to have the opportunity to speak, so that is irrelevant. Paragraph 7.11 goes into further detail should Members wish to scrutinise it.

2195 Now he also asked when will IPSAS be delivered and when will we spend the money allocated and the States' Treasurer's report helpfully, on a re-read, deals with that in 3.3.

In recognition of the substantial resource implications required for such a transition, IPSAS is being introduced in a phased manner over a number of years. This is due to the requirement to develop and embed the systems and processes necessary for generating the appropriate financial information for the accounts.

I mean, this is a major Transformation project and I will return to the issues around IPSAS later, particularly when I answer questions from Deputy Laurie Queripel.

2200 Is agency and overtime being managed? Certainly it is of a concern when such costs increase but there is a legitimate reason to incur this expenditure and the Policy & Resources Committee regularly monitors this area of spend, both through monthly finance reporting and quarterly performance reporting.

I think that deals with all of Deputy Green's questions. He will no doubt tell me if I have missed anything out, while I move to Deputy Prow, who talked about the Seized Asset Fund.

2205 These funds are not classed as States' Funds. As things currently stand it is a matter for Her Majesty's Receiver General to determine whether the Accounts should be made available more publicly. My own personal view is that they should but he did not ask me for a view, he asked me for a fact – and it is the fact that I offer.

2210 He also asked about charity and other deposit balances and this was one of the questions I did not know the answer to. So I do now, or at least I have a partial answer, because this is the sort of thing that is in it. Apparently there is £2.9 million of non-States' external depositors; there is £1.6 million of Court's security costs; there is £800,000 of Royal Court charity funds; and numerous small balances of charity fund nature.

2215 Deputy de Lisle made the point that having everything in one big fund – I give way to Deputy Prow. Thank you, sir.

**Deputy Prow:** I thank Deputy Trott for giving way and I realise he is summing up and I apologise for interrupting him.

2220 The point I was making was that they do appear in the Accounts. They appear under a lumped sum and it is the lack of transparency in these Accounts which does not break down what are considerable sums.

2225 As far as the Seized Assets is concerned, of course, this is all money where Law Enforcement and Law Officers of the Crown, so public money is being used in the confiscation process. I am very grateful for his personal view because I completely agree with it and I think Deputy Trott knows that.

So the point I was making and perhaps I would like further clarification on, is around the transparency, i.e. there is an amount in the Accounts but it does not transparently tell us of what that money is made up.

Thank you, sir.

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**Deputy Trott:** I do not think I can improve on my answer other than to say that I do, I concur with him. Transparency around these sorts of things is always a good thing and this particular asset is no different.

2235 I am going to move on to Deputy de Lisle because he did make the point, and it was a point I agree with, that having everything in one big fund: is it advisable? Well it is okay to have it in one umbrella structure but to say that these are in one fund would be an understatement.

2240 On page 38, sir, and page 39, Members will be able to see the very extensive list of managers who look after our considerable assets and the portfolio is extremely diversified, from fixed interest bonds through to global stocks, emerging markets. Completely across the spectrum and with very diversified targets, often linked to inflation but very diversified, nonetheless. That, in the advice of our professional advisers, is the very best way to attempt to secure the smoothest possible and best possible long-term returns. So a lot of thought goes into it. It is extremely diversified.

2245 He also asked about Cabernet's losses and I was asked the question so I have to answer it, it was not my intention to go here. The losses are, as we have been advised repeatedly by Aurigny's management, primarily – not exclusively – associated with the routes to and from Alderney.

2250 Now, Deputy Laurie Queripel made the point about IPSAS and this is my answer: there is no way we can be IPSAS compliant next year. The primary reason for that is we have got billions of pounds' worth of fixed assets that need to be properly valued before they can be placed on to the balance sheet. At the moment we guess as to what their value is but we know it is measurable. We think it is measurable in the billions and this work is underway in order to ensure that they are properly recorded on the balance sheet and we have the right starting point moving forward.

Now, sir, there were some other questions from Deputy Merrett and I think the best way I can answer this is to say that there was a notional allocation to – I give way to Deputy Laurie Queripel.

2255

**Deputy Laurie Queripel:** Thank you, sir and I thank Deputy Trott for giving way.

But I did ask for the figures in regard to the update he gave, the figures for the 2019 investment figures, and how the Bond Reserve stands at this moment. In the Accounts for 2018, it is about £3 million-plus, but what is the figure now bearing in mind he said the investments are

2260 doing somewhat better than they were in 2018? And is there enough in that reserve to cover the future coupons payment?

Thank you, sir.

2265 **Deputy Trott:** I am able to tell you what the overall figure is because I sought clarity on it, as at the end of May.

Now, it will be quite a bit higher because markets have performed better since the end of May, but at the end of May it was £2,190 million. So you can see a substantial increase on what was reported historically at the end of December 2018. (*Interjection*)

2270 I did not have time to get that information but there is a lesson to be learned here. If that sort of information is required in real time, if you give the President, or in this case, the Vice-President, advanced notice that information can be pulled off the machine pretty accurately, but some notice is required.

Deputy de Lisle, did you wish me to give way? (**Deputy de Lisle:** Yes.) I give way.

2275 **Deputy de Lisle:** Thank you for that.

It was with regard to 8.4 and the total amount of financial investments for the year and I think you have just relayed that number, if I am not right, at £2,190 million was it? So in fact we still have not got back to where we were at the end of 17.

2280 **Deputy Trott:** No, we have. That figure was at the end of May. Markets have performed strongly throughout June. I am fairly certain, although I cannot be absolutely certain, that that number will be substantially higher as a consequence.

2285 Right, where are we? Deputy Merrett, that is right. Now Deputy Merrett asked a question and I answer it in this way. There was a notional allocation to pay awards, within the Budget Reserve, of £7 million, and we only used £6.4 million.

2290 Now, Deputy Lester Queripel asked about, on page 33, the changes in the number of senior employee costs and this was the matter of a media inquiry a little while ago, which I believe the President answered in a number of ways. But the primary reason you are seeing these changes is because of incremental pay rises. So if somebody is on £78,000 or £79,000 a year and they receive a pay rise, let's say of 1.8%, that will take them from one category into another. So you have not suddenly, necessarily, employed a number of extra people on an £80,000-plus salary, but they have simply as a consequence of some indexation of their salary, moved from one category to another.

2295 I do not believe there are any other questions – I give way to Deputy Lester Queripel.

**Deputy Lester Queripel:** Sir, I appreciate Deputy Trott giving way.

2300 The question I asked at the end of my speech was can Deputy Trott give us an assurance that we are not in a place where we are on a path of increasing the amount of chiefs employed by the States and then reducing the amount of Indians? I use that terminology because that is the terminology that the people I speak to out in the community use, sir.

I appreciate he may not be able to give us that assurance, but I am just wondering is he able to give us an assurance, please?

**Deputy Trott:** I can give him the reassurance that it is nobody's intention.

2305 What we do know with absolute certainty, though, is that the Civil Service, in terms of the people that are within it, are going to look very different five years from now. The demographic within the Civil Service is such that a very high number – I look to my colleagues – a third of civil servants who work for you today, work for this community today, will not be working for you in five years' time by virtue of the fact that they will have reached retirement age.

2310 So the opportunity for Transformation is significant and it is incumbent upon us all to ensure that our policies are such that we encourage the reduction in the number of public sector workers in line with Transformation objectives.

I am going to give way to Deputy Merrett, hopefully, for the last time. Deputy Merrett?

2315 **Deputy Merrett:** Thank you, Deputy Trott.

You asked Members if there were any outstanding questions and I believe I have two. One question was, is this a permanent move to four employees – I say employees, sorry, four members, I will use the word ‘members’ – of over £250,000 a year? Is that a permanent move? That is one question because in the Accounts it says one is a backpay and one is a one-off payment.

2320

The other question I asked was regarding the £7 million payment, but was that out of the £8 million that the States gave delegated authority to for the public service reform? I believe Deputy Trott said £6.4 million. Is that where the money has come from? That is what I asked.

2325 **Deputy Trott:** I think the answer to the second question is yes, insofar as that figure would have gone into the Budget Reserve and it is the Budget Reserve that it came from.

The question about who is in the £250,000 bracket, I do not know. I am not sure, even if I did, that I would be prepared to discuss that without seeking advice. I give way again.

2330 **Deputy Merrett:** Just for clarity, sir, I am not asking who. I think that would be a totally inappropriate question. What I am asking is, we have had movement from one to four members – I used the term ‘members’ – earning over £250,000. The reasons that were given in the Accounts are that one is a backdated pay award and one is a one-off payment. So it is unclear to me, sir, whether that is a move to four permanent positions at that point or whether it is one, three, four.

2335

That is the question, sir.

**Deputy Trott:** And the answer remains the same. I do not know. But even if I did I would probably be reluctant to talk about individuals, so the way in which the answer would need to be carefully replied to.

2340 I hope Members are generally satisfied with the answers I have given and I ask that Members note the Accounts in the appropriate way.

2345 **The Bailiff:** There is a single Proposition. It is whether Members are of the opinion to agree with the Policy & Resources Committee’s approval of the States of Guernsey account in the year ending 31 December 2018. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** I declare them carried.

**STATES' TRADING SUPERVISORY BOARD**

**II.-V. Ports Accounts 2018;  
Guernsey Water Accounts 2018;  
Guernsey Dairy Accounts 2018;  
States' Works Accounts 2018 –  
Propositions carried**

*II. The States are asked:*

*1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Ports Accounts for the year ending 31 December 2018.*

*III. The States are asked:*

*1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Guernsey Water Accounts for the year ending 31 December 2018.*

*IV. The States are asked:*

*1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the States Works Accounts for the year ending 31 December 2018.*

*V. The States are asked:*

*1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the States Works Accounts for the year ending 31 December 2018.*

**The Senior Deputy Greffier:** Article II – States' Trading Supervisory Board – Ports Accounts 2018.

2350

**The Bailiff:** Deputy Ferbrache.

**Deputy Ferbrache:** Sir, I have got four of these to run through. Hopefully they are not contentious and hopefully I will be brief.

2355

As I said to the Assembly just this May –

**The Bailiff:** Sorry, Deputy Ferbrache, do you want to take all four together, is that what you are saying? Have you got a single speech that covers all four?

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**Deputy Ferbrache:** I have got four different speeches, sir.

**The Bailiff:** Four different speeches?

2365

**Deputy Ferbrache:** But I am quite happy to read them all at once! *(Laughter)* Let me present them all at once then if Members have got questions they can ask them.

**The Bailiff:** Why do you not call all four articles, then, Greffier?

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

2370

Article II, the States' Trading Supervisory Board, Ports Accounts; Article III, the Guernsey Water Accounts, 2018; Article IV, the Guernsey Dairy Accounts, 2018; Article V, the States' Works Accounts 2018.

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**Deputy Ferbrache:** Sir, I have got some general comments in relation to all four of those, which is that the aims of the States' Trading Supervisory Board remain the same as they were,

despite the change in personnel over the last year or so and they are, we believe, fulfilling the vision, which is for the States-owned trading assets bodies to be a consistently well-managed and efficient group of entities. That is in keeping with the intention of this States in bringing together what is a very diverse portfolio. Indeed it follows on from the point that Deputy Trott made when he was presenting the General Accounts of the States.

2380

Now, the unincorporated bodies are an important part of the States' assets and they support businesses each year in developing clear strategic direction and they contribute towards the support of the Policy & Resource Plan, the interim financial plan, Public Service Reform Agenda and other key initiatives.

2385

What I would like to say is that the four businesses that are covered by these Accounts managed altogether £62 million in revenue with an operating surplus of £11 million last year, leading to a net surplus, after you have taken off all the things that you have got to take off, of £1.8 million. They invested £8 million in new assets and returned £1 million to the Capital Reserve, with a further £4 million agreed in 2018 but transacted this year.

2390

The unincorporated trading assets now manage a total asset base with a net value of £391 million. These bodies employ a total of 550 people. That is everything from people that deal with your water, with milk, with sewage, with waste disposal and the like, and we should be very grateful to those people because they perform a truly excellent service of a very high standard and I thank them on behalf of the States' Trading Supervisory Board. (**Several Members:** Hear, hear.)

2395

In relation to Ports, which is the first of the four, this was a challenging year overall. There was a downturn in passenger numbers both at the Harbour and the Airport. In fact the Airport recorded its lowest passenger movement since 1995, which underlines the importance of the Ports in continuing to diversify its revenue stream. Despite the fall in passengers, the increase in fees and charges in 2018 resulted in a small revenue growth for Ports, rising to £21.7 million, which was an increase of £300,000 over the previous year.

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Though not relevant to the financial performance of 2018, it is worth noting that the Airport froze its fees in 2019 and that is seeming to have some effect. The Airport's cost base, in particular, incurred specific pressures in the year, due to external factors which saw staff costs increase to cover additional training, out-of-hours operations and transition to the European Aviation Safety Agency regulations.

2405

Notwithstanding those pressures, the operating surplus for the Ports increased by 5% to £3.6 million in 2018, and £1.1 million of that was invested in new assets. It did not make any returns to the Capital Reserve in 2018, following the £4 million return in 2017, but it is managing a total net asset base of £229 million in what is termed a 'very dynamic environment'. That means a very difficult environment. At the end of the year it was not carrying any debt.

2410

Guernsey Harbours and Airport continue to benefit from the new governance arrangements and strategic thinking, which is helping balance financial performance. So I am going to ask Members to approve those Accounts.

2415

I now, sir, turn in order, to Guernsey Water; and, in relation to Guernsey Water, it has benefited from previous investment. We are enjoying hot weather today and in Europe they have got the highest temperatures ever. That takes us back to 1976 and, if we all remember 1976, we hardly had any water because we had not invested in our infrastructure. But we have now done that and therefore, although last year was a dry year in water terms, there were no restrictions placed on consumption and it was able to significantly reduce its operational water use and water loss due to leakage. This meant that the total water supply reduced by 0.4% despite an increase in demand. Drinking water quality achieved 99.91% compliance, which is an improvement on the previous year. That means that Guernsey Water continues to provide a high quality supply of water, which counteracts the need for less sustainable bottled alternatives. Indeed the first time I ever drank bottled water was when I went to France to do my exams in 1980 and I thought, 'Why are these silly French people drinking this water ... ?'

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2425

2430 An increase in overall revenue against 2017 came primarily from measured watered supplies during our increase in demand, new supplies and customers switching to a water meter. Guernsey Water remains committed to providing affordable service. The average metered customer spends just £1.16 day on water and waste water services last year. Operational expenses were up by 3% on the previous year, caused mainly by the increase in cesspit-emptying costs. These conditions resulted in the operating surplus of £5.9 million, which was up 11% on the previous year. However, increased depreciation in other charges saw the net surplus reduce to £126,000, compared with £387,000 in 2017.

2435 During the year, Guernsey Water invested a further £5 million into its capital infrastructure, which included the completion of major sewerage systems and Vale Road and the Hure Mare. It now manages an assets base of £153 million. At the end of the year it continued to carry approximately £9 million worth of debt to the States, the same as it had in 2017. It made no returns to the Capital Reserve in 2018 compared to the £18.6 million it had made in the previous year. Again, it remains committed to the supply of clean, safe drinking water as well as safely returning waste water to the environment, helping protect the environment and ensuring a healthy community.

2445 Sir, the next again in scorecard order, as it were, is Guernsey Dairy. Guernsey Dairy, as we know, plays a key role in the local farming community. It helps to support sustainably farmed countryside, which protects the environment and biodiversity. It continues to operate in a very demanding financial environment, with a number of major challenges.

2450 The impact of declining milk volumes was offset by a price increase and an evolution of product mix, which resulted in 6% increase in revenues last year to £8.2 million. However, while the underlying costs remain relatively constant, a series of one-off charges were incurred. That included additional financial support provided to farmers following the summer drought, and repairs and maintenance on ageing equipment.

2455 Those exceptional items contributed to a worsening deficit of £136,000 following a deficit of £101,000 in 2017. When depreciation and other expenses were included, the overall net deficit for the year was £486,000, compared to £355,000 in 2017. The Dairy continues to invest in improving and replacing its ageing plant and equipment, to maintain operations and capital expenditure of £299,000, which occurred in 2018.

2460 The provision of a financially viable dairy is essential to our unique identity and heritage. It is therefore important to acknowledge the positive engagement of both the Guernsey Farmers' Association and the Committee for the Environment & Infrastructure and we are grateful to them because they have greatly contributed to what we have.

The final report, sir, relates to States' Works. Now, of course, States' Works is a major provider of services in Guernsey, mainly for States' bodies. But in 2018 it successfully renewed many of its key service-level agreements. It has constantly sought to embrace smarter ways of working, to mitigate against reducing Committee budgets whilst minimising impact on frontline services.

2465 It has added to its portfolio the maintenance and operation of the new Waste Transfer Station and Household Waste and Recycling Centre, both of which will impact the results for this year. Revenue for the year was up nearly 7%, £15.6 million. This was achieved through increases in highway repairs, additional waste and recycling collections and the renegotiation of two of its collection service agreements. I have been passed by somebody some good Guernsey water so I will just take a sip! I do not want any of that French bottled stuff! *(Laughter)*

2470 Whilst these had a positive impact on income there are also additional costs incurred in providing those services and recruitment has been a challenge, which is reflected in increased overtime. The improved income in 2018 contributed to an operating surplus of £1.9 million, which was up 2%. Depreciation on other charges moved the net surplus to £719,000 in 2018, against a higher surplus of £957,000 the year before. During the year the business invested £1.6 million in vehicles and plant. Furthermore, States' Works was able to contribute £1 million to the States of Guernsey General Revenue.



2480 Now of course, the challenge of its board and the States' Trading Supervisory Board, despite all of that, the States' Works continues to review its operations and improve its efficiency. We hope the outcome of its work will be realised in this year.

2485 So overall we cannot say profits are up overall, because there are continuing challenges. But these businesses help the infrastructure of the Island, they keep the Island clean, they make sure that this really is a green and pleasant land to live in and I again commend the work of the 550 people who work in these various ways.

**Several Members:** Hear, hear.

**The Bailiff:** Deputy Green.

2490 **Deputy Green:** Thank you, sir.

I will ask Deputy Ferbrache the question that I was going to ask Deputy Trott, in relation to what is Article IV, the Guernsey Dairy. In the Accounts we are told that they, meaning the Guernsey Dairy, agreed a transaction to the value of £1 million to bring the value of the land on which the Dairy sits on to its balance sheet at fair value. That is page 29 of the Dairy Accounts.

2495 In order for the Dairy to fulfil this transaction, it received an £800,000 loan from the Bond proceeds and that is set out on the table at page 12 of the States' Treasurer's Report in relation to the Accounts; £1 million was then transferred from the Guernsey Dairy Accounts to the General Revenue Reserve for the value of the land,

2500 So the question to Deputy Ferbrache is this: is he able to advise the Assembly whether there was a specific accounting requirement to do this? Because certainly my Committee and the financial experts who sit on my Committee could not really understand what the true rationale was for this series of transfers.

2505 The other question is: as far as he can say, can Deputy Ferbrache comment on whether this will have any negative repercussions for the local consumer if the Guernsey Dairy is having to cover the repayments of the loan?

**The Bailiff:** Deputy Merrett.

2510 **Deputy Merrett:** I thank Deputy Green for asking that question, so again I will be quite short.

I am concerned, sir, about the increase in the operating deficit for Guernsey Dairy, I am concerned. I note from Deputy Ferbrache's speech, he does say diversification of products is helpful, and I note from the Accounts that indeed it is, and that we have seen increases in, for example, butter and cream. But my question to Deputy Ferbrache, really, sir, is: we cannot continue to put up the price of milk to our community. It is a basic product; an everyday product. Other than diversification of the products how else does Deputy Ferbrache believe this operating deficit can potentially be brought lower?

2515 Just to put it into factual terms, it is £448,815 and last year it was £432,000. So we are going near to half a million. I just would like to know, other than diversification of product, or product sale, what other considerations have been given to this?

2520 Thank you.

**The Bailiff:** Deputy Kuttelwascher.

2525 **Deputy Kuttelwascher:** Thank you, sir.

I am just going to assist in relation to Deputy Green's question, to offload the pressure a little bit off my President. I am doing that because I sit on the Dairy Management Board and I am the only politician sitting on it, so maybe it is a question I can answer.

The agreement to purchase the land was made in 2018 but not effected until 2019. And, as far as the specific accounting procedure, the reason for that was that the buildings and plant and

2530 everything else is shown on the balance sheet of Guernsey Dairy but the land is not. They neither owned it, nor rented it. So it was nothing more than a regularisation of the way the Accounts are presented. That is what it was about.

The £1 million was an agreed valuation with all the various inputs you could imagine. But it is also worthy of note that this £1 million was part of the Medium-Term Financial Plan donation, if you like, to General Revenue. So that is why it has happened. It is now on the balance sheet and Guernsey Dairy owns it. But there was nothing on there before.

Thank you, sir.

**The Bailiff:** Deputy Laurie Queripel.

2540

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

There is much to take interest in and explore in all the Accounts of all the trading entities, but I am looking at the Dairy Accounts as well. I am a great supporter and believer in the dairy industry, sir; it is one of the few ways that Guernsey is self-sufficient, or sort of self-sufficient. I know the farmers have to import some feed for the cattle but other than that, for all intents and purposes, we are self-sufficient in regard to milk. It is a premier product and that is something to be incredibly proud of, I think. (*Interjection*)

But I am very sorry to see that the Dairy has incurred a loss of nearly half a million pounds in 2018 and I will be conveying some ideas eventually out of this Meeting, sir, to I suppose it will be Deputy Kuttelwascher more than anybody else on the STSB and to the Dairy board, in regard to some ideas I have that might help them to reduce their costs. They might be a load of rubbish, my ideas, but I will convey them anyway and they can take them and consider them. I will do that at a later stage.

In regard to this loss and I know that there are reasons given for the loss in the Accounts, but I am just thinking back to in the last term – it was a very long process and I am sure it was quite costly – we had the Dairy Industry Review Process and eventually there were some reforms made to the industry. The fixing of the retail price was taken away and the distribution element of the industry was liberalised. All of that was meant to put the Dairy on a more commercial footing and, hopefully, a more viable footing, and it was also meant to create better choice for the consumer. But as far as I can tell, the benefits of that review and those reforms have not really been realised.

Now I just wondered if somebody could answer the question why those benefits have not really been ... Is it simply because it is a limited market, it is a subscale market and there is not much room for free market activity to play a part and produce those benefits? What is it?

If that review and those reforms have not really worked, a bit like Deputy Merrett really, can those changes be assessed to see whether they were ever going to provide the perceived benefits and can some way be brought about or be considered to actually try and realise some of those benefits that were meant to be realised by the review and the reform? What seems to have happened is, as far as the distribution market, for example is concerned – I will give way to Deputy Soulsby, sir.

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**Deputy Soulsby:** I thank Deputy Laurie Queripel for giving way.

We were both at one point on that review panel and in terms of the cost I think that was just one particular policy officer that was heavily involved in it; there were not outside consultants or anything like that.

In terms of the costs and why they have changed over the last year, that is a direct result of the change in the process and reducing the subsidies to farmers from the Committee for Economic Development, and what was Commerce & Employment, by £1 million over five years. This is a direct result.

You could argue (*Interjection*) should there not be more efficiencies within the Dairy but I suspect, from just looking at the Accounts, there are growing costs in that area and they have to

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balance all the time between the cost of the milk to consumers and how much they are paying the farmers. But I would expect, after the five years that things will balance out.

**Deputy Laurie Queripel:** I thank Deputy Soulsby for that intervention.

2585 We were both part of that process and quite early on – and I am sure Deputy Soulsby can verify this – I became quite dubious about whether the benefits of the review and the reforms would be substantial or realised. But the point I am making is the distribution part of the industry was liberalised but it seems that has just played into the hands of the bigger players, really. A number of the smaller, independent distributors have either disappeared or their rounds have lost  
2590 their value because they have lost their commercial customers, because the big players have picked up the deliveries to the supermarkets and to the shops.

In regard to the retail price, it seems to me that there is some variance across the retail sector. I appreciate that there is a few pence variance in regard to a pint of milk. But that has not really benefited the consumer, either. I have also heard from people that they now cannot get a  
2595 doorstep delivery. People that actually want one, or sometimes need one, cannot get a doorstep delivery because it is just not a viable thing for milk retailers to do.

I always suspected it was too small or limited a market, really, for free-market values or activity to really kick in and make a difference. But I just wondered, there must have clearly been some  
2600 thought about this at the STSB, in regard to the board of the Dairy and has there been any thought about how that can be turned around or some of those perceived benefits can be brought into reality or made to come true, as it were? I give way to Deputy Kuttelwascher.

**Deputy Kuttelwascher:** I thank Deputy Laurie Queripel.

2605 The answer to that is a simple 'yes' and if you would like me to itemise everything that thought has been given to, we would still be here at half past five! Certainly it is but I will just one area: of cheese.

Cheese is not a profitable product for the Dairy at the moment. However, there is a possibility of outside partnership in the private sector for them to make the cheese and we provide the milk. There are also negotiations going on about what to do with the residual whey and there is a  
2610 possibility that could have a value and actually would be exported. So we are looking at everything.

My big contribution was to increase sales of milk –I do not know if you know but they have been falling for a couple years – is milk lollipops. Now, you can laugh but they used to have them  
2615 in the UK and it was what was used to make kids drink milk, you gave them milk lollipops. I reckon they would go but that is just a thing, but we will see. *(Laughter)*

**A Member:** Hear, hear.

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

2620 I am very glad to hear that there is ongoing thought in regard to what can be done to improve the situation and up the ante in regards to the product and how the Dairy can operate in a more viable situation. But, yes, what happened is that the retail price was floated and it was no longer fixed but of course it was almost then that the gate price had to pick up the tab, because there was a fixed cost to link to the industry so the gate price has to try and cover the cost of that fixed  
2625 cost. I was always quite dubious about whether those reforms, well-intended though they were, would work.

But I must make it clear, sir, that I am not pointing the finger at anybody, particularly the STSB, they inherited a situation and they have had to run with it. But I am really glad to hear a great deal of thought has gone into what happened after that review and those reforms and it is still going  
2630 on and there will be some perhaps new ideas coming forward in the near future.

Thank you, sir.

**The Bailiff:** Deputy Paint.

2635 **Deputy Paint:** Thank you, sir.

There are several events that have taken place over the years and one of them that Deputy Kuttelwascher mentioned was lollipops. You used to be able to buy the milk lollipops here. (*Interjections*) I can remember that as a boy, I loved them.

2640 The other thing is – well, two things really – when this last event took place over the delivery of milk, I felt really bad for the milk retailers and I immediately doubled the amount of milk that we took in by delivery. Immediately. My wife used to go down to Cobo and buy a few extra pints, so I doubled it – and she still goes down to Cobo and buys it! (*Laughter*)

2645 But there is one thing that I really loved and it was a product that was made by the Dairy. And it was yoghurt. To us, the yoghurt was the best yoghurt you could buy. (**A Member:** It was!) (**Two Members:** Hear, hear.) It was really, really good. And it was stopped. I think the excuse for stopping it then was that it was not profitable. I would have gladly paid 15p or 20p more for a yoghurt. They were only small but they were really good. So those are the events that could happen. Gladly, there is a farm in Torteval that has taken over making yoghurt, so we have Guernsey yoghurt, but there are all these things that could have them.

2650 I am sad we have lost them and we only have 13 or 14 farmers left and I have always supported the farmers. (*Interjections*)

Thank you, sir.

**The Bailiff:** Deputy Gollop.

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**Deputy Gollop:** Sir, I might be a minority voice here, a bit wandering all over the shop. If only we could go back nostalgically 20 years to the days when States' Members like me could sit on the Dairy Board, sit on the Airport Board, and I would tell them how to run yoghurt and I would tell them what to do about their cheese. (*Laughter*) That was the good old days! Never mind. We have kind of moved on from that a bit and I do not want to milk this one too much – (*Laughter*) because the Dairy has not been a cash cow too much over the years. (*Laughter and interjections*)

2660 The problem we have got is I think people have been saying for some time, back to the era of Mr Kevin Stewart and maybe the Health, Partnership of Purpose, which is on an adjoining site. I think it is time, to be honest, not just to listen to the wise words of Deputy Kuttelwascher about how to make the cheese even better and modernise it but to close down that Dairy and build a new modern dairy somewhere else, perhaps in a different form of organisation. I think that would be a game changer. That is a personal view.

2665 Moving on from that issue. I actually rose, really, the issue that most interests me here is the Ports Holding Account, or what used to be the Ports Holding Account. It is certainly interesting reading. You have got an organisation that is very rich in capital, at least nominally, and in a way the Airport seems to be turning a corner, with increased flights, increased activity, maybe at the wrong time of year, but a new style of café and so on and a listening Airport.

2675 But two points really need to be made. The first is that many Members, and the wider media, would love to see the Ports be more friendly in terms of promoting Guernsey in a broader sense – Guernsey produce, Guernsey Dairy, Guernsey cheese, Guernsey yoghurt, if that exists. I do not know. But the interesting point from a Public Accounts point of view is whereas the Airport is a marginal financial utility at the moment, the Harbours side of it is making a significant surplus. Therefore, there is certainly evidence that if you were separating the businesses and running the Airport as a stand-alone entity, away from the Harbours, the figures would look quite interesting and one would have to perhaps invest further in the Airport.

2680 When you include depreciation into it, which we do not do on other forms of States' Accounts, you have perhaps a negative situation at the Airport. So I think we need to put our thinking caps on of how we can maximise the Airport's business potential.

2685 **The Bailiff:** Anyone else? Deputy Lester Queripel.

**Deputy Lester Queripel:** Sir, I apologise if I should know this. I am afraid I do not know the answer. Perhaps Deputy Ferbrache may not even know the answer.

2690 I presume that Guernsey Ports, Guernsey Water and States' Works have several vehicles that they own. Is Deputy Ferbrache able to tell me are any of those vehicles electric vehicles? If they are not, to ask the obvious question, when those vehicles reach the end of their lives, will serious consideration be given to purchasing electric vehicles whenever possible, please?

Thank you, sir.

2695 **The Bailiff:** Deputy Dudley-Owen.

**Deputy Dudley-Owen:** Thank you, sir.

2700 Just one word on the Dairy. I was privileged enough to have a tour around the Dairy last year and I was really, really impressed. The butter was beautiful, the cream was amazing and the quality of the milk was just fantastic. What a fantastic product we have got. (**Two Members:** Hear, hear.) Never let it be said that it is just a common or garden thing. Our Guernsey milk is very special and we do need to treasure it; and, also, the consequences of that milk being the land management from the farmers and the cows that graze on our land.

2705 One area that I did speak to the manager about was the lack of marketing assistance and that, to me, is key in being able communicate the value and the quality of that product, the health benefits of that product. We do have faddy diets we see coming into communities, such as veganism or this, that and the other. For me, it is a good, balanced diet, nothing in more than moderation and milk is a big part of that. Really I think we should be giving the message out better and clearer and louder about our quality product there, so I would encourage STSB to maybe look at it and see if they can reallocate resources in order to help with the marketing.

2710 The other point that I wanted to make was about States' Works Department and I notice on the revenue account we have got Land Management services, and I think I am reading the right figure here, it is £2 million revenue in 2018, which is reduced somewhat from the previous year, by £100,000-odd. What concerns me about the land management services in this particular regard is how the joined-up approach is with the biodiversity plan, because I have been talking for quite some years now, internally, to try and get some traction in getting the amount of cuts per season, per week, per day, sometimes, at schools, reduced massively.

2720 It is a crying shame, actually it is more than a crying shame, it is a travesty and it is heart-breaking, when you see the beautiful banks that we have got surrounding our schools, literally shaved to within a millimetre at the most wonderful time of year, during the spring, because they are on a schedule of works.

2725 This just goes against our school curriculum. We have moved to a skills-based curriculum where there is a big emphasis on outdoor learning. It just makes no sense at all to get parents coming in to do a lot of work on getting biodiversity areas set up for the school and when we could have them, actually, in our hedgerows in the school playing fields, those which the kids can go and play in. But, no, they are shaved within an inch of their lives.

2730 I have tried to do this by, not the back door at all, but by other channels discreetly. It has fallen on deaf ears despite the best efforts. It just seems that there are too many layers of individuals involved. So my plea to Deputy Ferbrache and his colleagues on STSB, sir, through you, is please can we sort this out? Can there be some joined-up thinking with E&I about the Biodiversity Plan, with the Pollinator Project, with Guernsey Trees for Life and whoever else is trying to promote really lot a hard work going into promoting our biodiversity, which is then shaved the very next week when the cutting schedule has to be adhered to by States' Works Department?

2735 No fault of their own, but just a lack of joined-up thinking and I think for some of those departments it could reduce their costs. Yes, it would reduce this cost but is this not just money going around the States internally? That would be my plea for this.

Thank you very much.

**The Bailiff:** Deputy Ferbrache will reply.

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**Deputy Ferbrache:** Sir, I am going to start with Deputy Lester Queripel and electric vehicles because perhaps in the past some of the more militant individuals, they are not covered by these Accounts, were the postal people. They were mainly postmen but there were some post females as well. They were against any change and then electric vehicles were introduced and now they would have nothing other than electric vehicles.

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There is no moaning at all about electric vehicles, and his point is a good one and it permeates through all the States' bodies that we are responsible for. When electric vehicles can be introduced they will be. In fact there is a positive desire so to do. But it will take time, as Deputy Queripel fully would appreciate.

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Deputy Dudley-Owen spoke about biodiversity. She may have mentioned it to lots of people but she never mentioned it to me. I do not think she has mentioned it to Deputy Smithies and I do not think she has mentioned it to Deputy Kuttelwascher but now she has mentioned it, we will see. I cannot imagine there is a States' Works driver who wants to go and cut a hedge unless he is told to do so and somebody, whether it is a school or whoever it may be, must ask that they go and cut the hedges or go and cut the thing. So it must be the school or whoever she is talking about that does that. I will give way to Deputy Tooley.

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**Deputy Tooley:** My understanding, and I have a great deal of sympathy for the concept that Deputy Dudley-Owen is suggesting, but my understanding is that there is a significant cost difference between cutting little but often and cutting on very rare occasions, because the cost is related to the removal of the clippings and the cuttings and so on. But I am sure we would be very interested in talking about it further.

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Thank you.

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**Deputy Ferbrache:** I am sure we could talk about things such as that because nobody is wanting to generate income just for the sake of generating income. That would be ridiculous.

Most of the conversation has been talked about Guernsey Dairy and is that not wonderful? We are lucky to have a dairy, for a community of 63,000 people we are very lucky. We have got a wonderful product with Guernsey milk and we do as much as we can. I know Deputy Paint would pay an extra 15p or 20p for his yoghurt, but the trouble is not enough people do. It is like everything.

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Whereas Deputy Kuttelwascher answered most of Deputy Green's questions there is one that he did not and there was not any reason that he should have done. It is my responsibility. Who is going to pay for it ultimately? Whether you talk about milk, or whether you talk about electricity or whether you talk about something you buy from the Co-Op the consumer is the person that pays ultimately because money does not grow on trees so therefore, ultimately, all of these things, whether we are talking about the Dairy or milk or anything else, is paid for by the consumer.

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Deputy Gollop raised that we should close this Dairy and open another one. That is fine, if that is the States' decision, but it will cost money. No doubt the Hospital might want that location, of course they might, or somebody else might want it, and it could be moved somewhere else. But it will cost money. Capital-wise it would be sensible then if you did that, just do not open another dairy and buy horrible English milk, going through the supermarkets like you do in England and it tastes like dishwater.

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But we are not going to do that, are we, as a community? We are not going to allow that to happen. And when I think I hear about, Deputy Laurie Queripel, I think it was, saying some people cannot get deliveries now, I was not in the States in the last Assembly but States' Members in the

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last Assembly effectively made a decision which resulted in milkmen not being able to sell their milk rounds and not being able to make a living.

2790 So those of you who were in this Assembly between 2012 and 2016 – I do not mean the Bailiff, but you know that – those of you who were here in that period have got responsibility because you made that decision. So therefore the fact that some people cannot get milk, and we do not want to be like England where Ernie might have driven the fastest milk float in the west but you do not see many of them driven at all now because they do not have milk deliveries. So that is a decision the States makes.

2795 The States can make all these decisions.

2800 Deputy Soulsby made a point about the position could improve, with her accountancy experience and the fact she is on the Review Board. That is true but the reality is, and it does not just apply to the Dairy, but in particular the Dairy has been mentioned and Deputy Kuttelwascher has dealt with that. Deputy Kuttelwascher and Mr Falla, who are the representatives from our board on that board, they have been mandated for several months now to look into and to see how we can make the Dairy more efficient, how we can address all these concerns, and they are doing so.

2805 But that is not just that board. We have all got responsibility in STSB, because we tend to spread ourselves around. I do not sit on all the boards. Deputy Smithies sits on one, Deputy Kuttelwascher sits on others, and the non-States' members on STSB sit on others and sometimes we overlap. But we are always looking with our very able senior staff and our very able workaday staff, if I can use that phrase, to look where we can be more efficient.

2810 It is not easy. We are a small community. We therefore have small volumes, whether it is electricity, we are not going to do electricity today, but you know what I mean, whether it is water, or whatever it is, it is very, very difficult in capital-intensive businesses to make any money. All we can do is to be as efficient as we can.

2815 Do you remember what we said in the statement that I made in May, with the full endorsement of both my political and non-political colleagues, is that we are not seeking to maximise revenues. What we are seeking to do is to provide people with a good service and to make sure, whether they get it from the States' Works Department or they get it from the Dairy, that they are given good products at a reasonable price. We are not looking to return anything to the Treasury.

Who is standing up? Deputy Soulsby, sorry.

2820 **Deputy Soulsby:** Thank you, Deputy Ferbrache.

Really, I wanted to say that actually the Dairy has done an excellent job. I think they are getting £1 million extra effectively, that they could have to be paying on top of this. So it is actually a good news story. Things are working. I agree with him, it could be more efficient but I suspect the only way it will become really more efficient is if it is on a new site and has a new building.

2825 **Deputy Ferbrache:** Indeed. And that is the point. Nobody is perfect, not even Deputy Trott, in his own mind. Well, perhaps his own mind! (*Laughter*) But nobody is perfect.

2830 We can improve but I believe that the quality of the work given by these unincorporated bodies is very good and they provide the Island with good services and I ask you to endorse the Accounts.

**The Bailiff:** We have got four sets of Accounts. Unless anybody requests otherwise, I will put all four to you together. The Ports Accounts, the Guernsey Water Accounts, Guernsey Dairy Accounts and the States' Works Accounts. Those in favour; those against.

*Members voted Pour.*

2835 **The Bailiff:** I declare them carried.

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**

**VI. Social Security Contributory Fund Accounts 2018 –  
Proposition carried**

*Article VI.*

*The States are asked to decide:*

*1. Whether they are of the opinion to note the Committee for Employment & Social Security's approval of the Social Security Contributory Fund Accounts for the year ending 31 December 2018.*

**The Senior Deputy Greffier:** Article VI – Committee for Employment & Social Security – Social Security Contributory Fund Accounts 2018.

**The Bailiff:** Deputy Le Clerc.

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

It has long been a requirement, under the various Social Security Laws, for the Accounts to be externally audited, approved by the Committee and subsequently laid before the States, but this is the first occasion on which a President has been required to formally present the Accounts to the States.

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Had some of my predecessors had the good fortune to present the Accounts in this way they would have been able to point to large operating surpluses going into Reserves. Regrettably things are now very different. Two of our three funds, the Guernsey Insurance Fund and the Guernsey Health Service Fund, are in operating deficits.

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Our third fund, the Long-term Care Insurance Fund has an operating surplus, mostly due to the half per cent increase in contribution rates for that fund, which took effect from 2017. This is known to be only a temporary reprieve. Proposals for ongoing sustainability of the Long-term Care Insurance Fund will be continued in a package of proposals that we will bring to the States at the end of this year,

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We do need to remember that the operating deficit on the largest fund, the Guernsey Insurance Fund, is not a surprise. We had planned to draw down on the reserves that were built up in those years of surplus to help us through our changing demography. As set out in the Personal Tax and Benefits Review in 2015, our plan has been to allow the fund to draw down to two times annual benefit expenditure.

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At the time of the Personal Tax and Benefits Review and the set of assumptions on benefit rates earnings growth, etc., the fund appeared to be a sustainable situation without needing to change contribution rates. But we are at present examining that very closely, particularly around assumptions for future earnings growth as the indications are that an increase in contributions may be required. We will say more about that in our September report on the uprating of contributory benefits.

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Sir, 2018 was a difficult year for most institutional investors and the operating deficit on the Guernsey Insurance Fund of £23.6 million was compounded by a loss of £33.1 million on investing activities, taking the overall deficit to £56.8m. The previous year had seen a positive return of £57.6 million from investing activities; and we heard earlier from Deputy Trott that the Consolidated Investment Fund lost 3.7%, even with some diversity in that portfolio. So although 2017 and 2018 gave very different outcomes in investment return, the fact is that the reserves throughout the period were positioned more cautiously than in previous years and remain so.

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Turning to items of expenditure in the Accounts, it can be seen that pensions constitute 85% of benefits expenditure under the Guernsey Insurance Fund. We were paying 18,229 pensions locally and worldwide at the end of 2018. The cost of those pensions for the year was £123 million.

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On the Guernsey Health Service Fund the largest item of expenditure was the Specialist Health Insurance Scheme, costing £20.7 million, comprising £18.1m for the contract with the MSG, £2.3m for the contract with Guernsey Therapy Group and a small contract with the Island Medical Practice in Alderney.

2880 Drugs and medicines cost £17.6 million before netting off £2.2 million collected in prescription charges.

2885 Sir, these Accounts as always contain a wealth of information on contributions and benefits, including statistics which Members will find informative. I do not wish to take up the time of Members reading out the numbers; they speak for themselves. So with that general overview on funding and with the mention of just one or two items of expenditure, I will close with the request that Members note the Accounts, as requested.

Thank you, sir.

2890 **The Bailiff:** Is there any debate? We go straight to the vote, then, on the Social Security Contributory Fund Accounts for 2018. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** I declare them carried and that concludes the business for this Special Meeting of the States.

*The Assembly adjourned at 4.07 p.m.*