

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

22nd April, 2020

Proposition No. P.2020/29

**COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE
AND
STATES' TRADING SUPERVISORY BOARD**

PLANNING FOR A NEW FACILITY FOR MANAGING RESIDUAL INERT WASTE

SURSIS MOTIVÉ

Proposed by: Deputy N.R. Inder

Seconded by: Deputy Lester Queripel

1. To sursis the propositions until such time as the Policy & Resources Committee has submitted a Policy Letter(s) to the States:
 - (a) setting out Guernsey's financial position as a result of the Covid-19 pandemic; and
 - (b) proposing the future priority projects; and
2. To direct the Committee *for the* Environment and Infrastructure and the States' Trading Supervisory Board to return to the States with a Policy Letter with:
 - (a) revised figures on inert waste projections as a result of the economic downturn; and
 - (b) costs for the whole project.

Explanatory Note

The Island and the world economy is in unprecedented times. Gita Gopinath as Director of Research at the International Monetary Fund is predicting Global Growth rates to fall to -3%. Here: <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>

And Guernsey is not immune. A fair percentage of Guernsey's economy has been switched off and there are significant pressures on Guernsey in a number of areas across General Revenue including the Direct Financial Support Schemes, reduction in States Revenue, Increase in States expenditure and a reduction in States operating income.

Today 20th April 2020, Policy and Resources announced they will be seeking delegated authority to borrow up to £500 million to assist the economy and to utilise £100m from the Core Investment Fund for economic support.

The Policy Letter from the Committee for Environment Infrastructure and the States' Trading Supervisory Board was written and submitted before the outbreak of the disease, without knowledge of the catastrophic effect it has had on the economy.

It is unlikely that the forecasts are now accurate and the sursis seeks the joint Committees to revisit the strategy in the light of the new information.

In terms of costs, the Policy letter is light on detail it asks the States to vote on a Policy Letter with no indication of the end costs to the taxpayer. In a new order, which no one can say we aren't in, this is unlikely to be acceptable to Deputies or the public.

"Longer Term Funding

8.2 The Inert Waste Project has been identified in the Medium-Term Financial Plan⁹ as a Large 'Pipeline' project in the 'Maintain Category'. The SOC originally set out an indicative capital investment figure in the region of circa £30m, potentially to be funded by a loan from the States Capital Reserves and funded by gate fee income.

8.3 In the statement to the States by the President of STSB in October 2018, an update on the potential cost of the land reclamation project was provided. This provisional estimate was given as in the region of £45 million. This followed some initial work in 2018 on market testing costs for the materials, supply and build for a breakwater for the land reclamation site.

8.4 During 2019, further value engineering and design optimisation has been carried out with breakwater engineering design experts at Royal HaskoningDHV. This work and other assessments indicate at this juncture that the substantive capital costs, taking into account the build and completion of the site, are still within this range.

8.5 The financial estimates will continue to be refined in the work towards the Outline Business Case. The estimates remain provisional until such time as a procurement process has been undertaken."

And given that we are in a new era, we have to wonder if we can't get a better deal. We have existing capital from the good times and the buyer (the public of Guernsey) should be demanding a squeeze on the supply chain.

An argument might be that it is an economic enabler or post Covid stimulus; it isn't. Marine projects of this size are generally out-sourced to foreign companies. French

stone, Dutch barges, German engineers and Polish labourers. In any event, all capital projects, going forward should be at least whole or in part be benefitting the local economy. We have grave doubts whether this would be one that would fit into any future terms.

There is an expectancy that there needs to be a review of Capital Projects with a view to prioritisation and that is a debate that hasn't been had. That is no criticism of Policy and Resources given the extreme workload they are under; it's just that it hasn't happened yet. We are of the view until that has happened, until we know what is priority, we are not in a position to proceed with this project.