



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Remote Meeting, Guernsey, Thursday, 30th April 2020

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Present:

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

Law Officers

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

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, D. A. Tindall, B. L. Brehaut

St Peter Port North

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

St Sampson

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

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

Alderney Representatives S. Roberts, A. Snowdon

The Clerk to the States of Deliberation

S. Ross, Esq. (H.M. States' Greffier)

Absent at the Evocation

R. M. Titterington, Q.C. (H.M. Comptroller);
Deputy M. P. Leadbeater (*absent*); Deputy R. H. Tooley (*relevé à 9h 34*)

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States of Deliberation

The States met virtually at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Propositions in Pursuance of Rule 18

POLICY & RESOURCES COMMITTEE

I. Covid-19 Pandemic – Funding of Financial Response – Debate continued

Article I.

The States are asked to decide:

Whether, after consideration of the policy letter entitled 'Covid-19 Pandemic – Funding of Financial Response' of the Policy & Resources Committee, they are of the opinion:

1. To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses as a result of the Covid-19 pandemic, of up to £100 million, to be funded from the Core Investment Reserve.

That, notwithstanding -

2. i. the Resolution of the States of the 16th January 2020 on Article V Proposition 1) of Billet d'État no. I of 2020, to adopt the Fiscal Policy Framework and its Principles as outlined in Section 5 of the Policy Letter entitled "Review of the Fiscal Policy Framework and Fiscal Pressures", and

ii. Principle 7 of those Principles (States' total debt should not exceed 15% of GDP) and the first two items thereof (that Gross debt can be deployed only to finance the investment in infrastructure or assets and that Any project or acquisition supported with recourse to government debt must be able to generate sufficient revenue to meet the repayment of that debt), the Policy & Resources Committee shall be authorised to enter into external borrowing facilities of an amount not exceeding £500,000,000, on such terms and conditions as the said Committee shall deem appropriate.

[Amendment 2](#)

1. To substitute, for Proposition 1, the following:

"1. To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses and individuals as a result of the Covid-19 pandemic, of up to £100million, to be funded from the Core Investment Reserve, and to direct the Policy & Resources Committee to report, on a quarterly basis, on how such funding has been spent."

2. To substitute, for Proposition 2, the following:

"2. That, notwithstanding –

- i. the Resolution of the States of the 16th January 2020 on Article V (Proposition 1) of Billet d'État no. I of 2020, to adopt the Fiscal Policy Framework and its Principles as outlined in Section 5 of the Policy Letter entitled "Review of the Fiscal Policy Framework and Fiscal Pressures";*
- and ii. Principle 7 of those Principles (States' total debt should not exceed 15% of GDP) and the first two items thereof (that gross debt can be deployed only to finance the investment in infrastructure or assets and that any project or acquisition supported with recourse to government debt must be able to generate sufficient revenue to meet the repayment of that debt),*
- a. To authorise the Policy & Resources Committee to enter into a maximum of £250,000,000 of additional external borrowing facilities, for an initial period of 2-3 years only (but subject to Proposition 2(b)), in order to meet the short-term cash-flow requirements of the States, on such terms and conditions as the said Committee shall deem appropriate,*
- b. To agree that authorisation for the Policy & Resources Committee to enter into an additional tranche of a maximum of £250,000,000 of external borrowing facilities, or to extend the initial facility referred to in Proposition 2(a) beyond 3 years, will be contingent on the States approving:*
 - i. a Recovery Strategy for the Bailiwick (including an indicative spending plan) which will be developed by the Policy & Resources Committee, working in consultation with States' committees;*
 - and*
 - ii. the broad terms and conditions for such borrowing, the proposed sources of such borrowing, and the basis on which it is proposed such borrowing will be repaid.*
- c. To agree that the Policy & Resources Committee will commission the Independent Fiscal Policy Review Panel to undertake regular reviews of, and provide assurance on, the economic and fiscal recovery plan and its delivery, initially on a six-monthly basis.*
- d. To direct the Policy & Resources Committee to amend the Terms of Reference for the fiscal review agreed by the States in January 2020 (Article V of Billet d'État I, 2020) to incorporate the financial implications of the Covid-19 pandemic."*

Amendment 3

To substitute, for Propositions 1 and 2, the following propositions –

- 1. To delegate authority to the Policy & Resources Committee to approve financial support measures for businesses as a result of the Covid-19 pandemic, of up to £100million, to be funded from the Core Investment Reserve, and to direct the Policy & Resources Committee to report, on a quarterly basis, on how such funding has been spent.*
- 2. That, notwithstanding –*
 - i. the Resolution of the States of the 16th January 2020 on Article V (proposition 1) of Billet d'État no. I of 2020, to adopt the Fiscal Policy Framework and its Principles as outlined in Section 5 of the Policy Letter entitled "Review of the Fiscal Policy Framework and Fiscal Pressures", and*
 - ii. Principle 7 of those Principles (States' total debt should not exceed 15% of GDP) and the first two items thereof (that gross debt can be deployed only to finance the investment in infrastructure or assets and that any project or acquisition supported with recourse to government debt must be able to generate sufficient revenue to meet the repayment of that debt),*
 - (a) In principle, the Policy & Resources Committee shall be authorised to enter into additional external borrowing facilities of an amount not exceeding £500,000,000 in order to fund the financial response to the Covid-19 Pandemic;*
 - (b) The Policy & Resources Committee shall be authorised to enter into a maximum of £250,000,000 of the additional external borrowing facilities referred to in proposition 2(a), on such terms and conditions as the said Committee shall deem appropriate;*
 - (c) Authorisation for the Policy & Resources Committee to enter into the final tranche of a maximum of £250,000,000 of the additional external borrowing facilities referred to in proposition 2(a) shall be contingent on the States approving a Recovery Strategy to the Covid-19 Pandemic which will be developed by the Policy & Resources Committee, working in consultation with States' committees; and*

(d) The Policy & Resources Committee may by resolution authorise the President of that Committee, or a delegate nominated by him for the specific purpose, to sign any document necessary for the purposes of entering into or otherwise in connection with the additional external borrowing facilities referred to in proposition 2(b).

3. To note that the Policy & Resources Committee will commission the Independent Fiscal Policy Review Panel to undertake regular reviews of, and provide assurance on, the economic and fiscal recovery plan and its delivery. 4. To direct the Policy & Resources Committee to amend the Terms of Reference and methodology for the fiscal review agreed by the States on 16th January 2020 (Article V, proposition 3, of Billet d'État I, 2020) to incorporate the financial implications of the Covid-19 pandemic.

The States' Greffier: Billet d'État XI – Article I – Policy & Resources Committee – Covid-19 Pandemic – Funding of Financial Response. The continuation of the debate.

The Bailiff: Before I call Deputy Trott, who indicated last night that he wishes to speak first, Deputy Tooley has sent a message saying that she is present but possibly her microphone is not working. Can you please call her again and just see if she is there?

The States' Greffier: Madam Tooley?

Deputy Tooley: Present.

The Bailiff: Thank you. You may be relevée.

In that case Members of the States, we will resume debate on Amendments 2 and 3, and I call first Deputy Trott, if he still wishes to speak at this point in the debate. Deputy Trott.

Deputy Trott: Yes please, sir. Thank you and good morning all. During this debate, several Members have asked why £500 million now? Firstly, why £500 million? Of course, we do not know whether it is the right number. We do know that the recovery is predicted to cost a multiple of the crisis. Just take a moment to digest that point. Recovery is likely to cost a multiple of the amount spent during the crisis.

We have already asked the States to authorise additional spending of up to £130 million. We already know that the impact on States' finances in 2020 alone, that is just for this year, is likely to be some £190 million. Now, yesterday, Deputy Roffey asked a typically sensible question about the levelling process. We modelled a 13-week lockdown and a six-week lockdown and the difference between the two was about £40 million.

The reality is, thankfully, that we will not have full lockdown for 13 weeks, but some sectors of the economy will effectively be in lockdown for the rest of this year. Our professional staff modelled conservatively, not excessively. That is what they do. So keep that in the back of your mind as well.

We are asking for up to £500 million. It may be too much, in which case, we will not take it all on. That has been made absolutely clear. But it may not be enough. So why do we need that decision in principle today? We need to know the States' appetite to borrow to invest in our Bailiwick recovery.

We could plan for a recovery, which includes investment in assets and connectivity, in transport connectivity, in digital connectivity, the connectivity that employers need in order to grow and our community needs for its quality of life. A plan to support local construction and its role in infrastructure projects that enhance our community, such as the enhancement of the seafront. Plan for transformed public services as a core enabler for our community and our economy, in health care, in education and skills, in our on-Island transport infrastructure.

We can plan to reduce the cost of doing business in Guernsey. Can we remove some of the costs that, at the moment, are applied by the States to those wishing to create jobs and growth? Plan to rebuild tourism and hospitality and incentivise visitors to return. Those visitors are not just going to

come here if we show them pictures of Castle Cornet and offer them a flight that costs the same as a week in the Costa del Sol.

Keep taxes competitive, so that employers stay in Guernsey, jobs stay in Guernsey and families can afford the quality of life that they deserve. Plan the kind of future that makes our twentysomethings come back and make a life and a future here.

Or if the States have no or only limited, half a job done appetite for borrowing, we could reprioritise the capital spending plans from the existing Capital Reserve, cut public services, use our reserves to invest in recovery within our means and raise taxes. That is what recovery looks like without borrowing. That is recovery without effective investment. That is recovery that takes generations, not years. That is recovery without ambition or confidence.

This is about people's lives. It is about people's jobs. It impacts on our community, on hard-working families. If we, as a States, do not signal that we have the ambition, assurance and confidence to invest in Guernsey, why will they? Increasing taxes, cutting services and spending our reserves in order to survey would be akin to choosing austerity over investment and ambition and it will not remove any requirement for us to borrow.

So when we need to borrow we will not be doing so from a position of strength. We will be doing it from a position where we have to take the best deal we are offered, rather than get the best possible deal for Guernsey. The best time to borrow is before you need it and, guess what, the worst time is either when you need it or after you need it.

If we lack vigour and strength, it will cost us more. That means it will cost the taxpayer more. That is not what success looks like. We must be bold and we must be ambitious. The United Nations International Labour Organisation has advised that half of the world's workers are in danger of having their livelihoods destroyed by the coronavirus pandemic – 1.6 billion people. These are not attention seekers, this is the United Nations. We must show that we are confident in Guernsey's future.

Of course, we must take calculated risks. We cannot wait until we know the detail before knowing that we must invest in our future. By the time our GDP has fallen 15%, unemployment has risen to 2,000 or more and our tourist industry is dead and buried, it will be too late. We will be boxing ourselves into a corner, where our only way out is austerity.

We need to know that we can afford to pay a coupon of around 1.5% to 2.5%. As I said yesterday, of course we can, but can we afford not to? Of course we cannot. We have always been fiscally prudent and, arguably, few more than me over the last 20 years, and we will be again. We will not leave a legacy of permanent debt for future generations. But we must be confident and ambitious now. If we are not, then why should our employers and our community be confident and ambitious?

Deputy Green wants, understandably, assessments by those skilled in appraising fiscal plans. Professional economists certainly have a key role and full fiscal reviews are a key part of P&R's plan and process. I remind Members that I set up the Fiscal Review Panel. I am well aware of its importance. So here is a question; I do not just direct this question to Deputy Green, I direct it to all Members of the Assembly. Where would you find the highest concentration of the economists? I will tell you. It is at the International Monetary Fund. And what do they think?

Well, the International Monetary Fund has stated unequivocally, fiscal policies are at the forefront of responding to the Covid-19 pandemic. Fiscal measures can save lives, protect the most affected people and firms from the economic impact of the pandemic and prevent the health crisis from turning into a deep, long-lasting slump. Not recession, Members of the States, slump.

Most importantly of all they go on to say as the shutdowns end, broad-based co-ordinated fiscal stimulus, where financing conditions permit, will become more effective in fostering the recovery. Sir, I ask Members of the States to show leadership. I ask Members of the States to show that we are confident and ambitious. This is not a game. Please support the Le Tocq Amendment.

The Bailiff: Who wishes to speak next? There is nobody, as far I am aware, in the queue. Deputy de Sausmarez and then Deputy Lester Queripel.

Deputy de Sausmarez: Thank you, sir. Sorry, I am just trying to get the right documents onto my screen at the same time. I hope my audio is coming through and that you can hear me okay.

I suppose I will start with a comment that many others have made, which is, you know, Deputy Roffey talked about his Guernsey genes making him very inherently resistant to the idea of borrowing. Well, I have got half Guernsey genes and half Scottish genes, so the idea of borrowing makes me want to be a bit sick, actually, and the idea of borrowing half a billion pounds makes me want to keel over.

I think we are all in the same boat, nobody wants to be in this position but I think everybody recognises that a very significant of borrowing, or nearly everyone recognises that a very significant degree of borrowing, is going to be necessary.

I will also start by saying that I think both Amendment 2 and Amendment 3 are improvements on the original Proposition so I think that is definitely welcome. But, that said, I am uncomfortable with aspects of both. I am sorry if this is a little bit disjointed because I am trying to flip between the two.

The one thing that I think is common to both of them is they have a tendency to de-couple the fiscal and economic response from the wider context and I do not think it is at all helpful or in fact the right approach to be de-coupling fiscal and economic recovery from social and environmental issues.

This is something I feel very strongly about. I think it has got us into trouble in the past and I think it is something that we should be very proactive about avoiding that particular pitfall going forward in this situation. I thought Deputy Tindall's speech yesterday, saved me a bit of time actually, she talked about when we take the environmental context into consideration, many of the things that will achieve our environmental aspirations will of course act as an economic stimulus.

The same goes with social considerations as well and it is important that we look at the bigger picture and not just enforce fiscal and economic aspects from that bigger picture. It is so important that we look at things holistically and make sure that we are working towards wider social and environmental objectives as part of our economic objectives; that they are inter-dependent on each other.

I think the general danger is I think there is a temptation to be short-termist about this. If we looked at the economy and fiscal stimulus and that is our primary or, in fact, only consideration, then I think we are in danger of being motivated by things that will not serve us well in the longer term.

So I think it is incredibly important that we resist the urge to just look for the quick wins, the quick economic wins, that will actually put us in a more difficult place in terms of the social and environmental context and actually this is a terrible situation to be in and nobody wants to look at it as an opportunity, so I will not use the word opportunity, but it is right that we are looking towards the bigger picture and, when we are talking about our recovery plan, we are trying to think about recovery in that wider sense and that we are not just looking for an economic recovery but we are looking for a social and an environmental recovery plan as well. They should be absolutely inherent in any recovery strategy or plan that comes back.

So that is one general point that I will make and I think that is something that, once we know the result of these Amendments, we may be able to talk more about. Intuitively, I like the approach that is set out in Amendment 2, being a little bit more cautious, I suppose, but what worries me about Amendment 2 is the two-three-year time period.

Now I worry that this could, despite all the best intentions of those laying it, will almost inevitably usher in austerity policies. Because I struggle to see how, when the timeframe is that short a period, we would be able to avoid having to plan for the scenario that we will be limited to just that very short period in terms of the borrowing facility and that does give me some considerable cause for concern. So, although I sort of intuitively like the approach taken in Amendment 2, it is not something I am comfortable with, with that specific timeframe. So I do like the idea of approaching it in two tranches, I think that is great. But I am concerned about the specifics of the timeframe.

145 I think one of the issues with putting fiscal policy, which of course the fiscal policies are going to be absolutely crucial, but the fiscal policies must address those wider issues again and one of the things that concerns me is yet again everything hangs on GDP. I think in Guernsey in particular, GDP does not have quite the same bearing on reality as it might do in other places. I think it is a poor metric, myself, anyway. I think it was Robert Kennedy who made a fantastic speech about GDP
150 counting many of the things that we would consider terrible and not counting many of the things that we consider to be important and I still think that is the case, however many decades later.

I do not think GDP is necessarily the best metric and I really applaud, actually, the approach that Guernsey has taken in recent years, to broaden the outlook a little and include better life index, for example. So I welcome that but I would guard against hanging too much on GDP and making that
155 too much the centre piece of any fiscal response.

Also, a question about something that appears in both Amendment 3 and Amendment 2 is talk of the Independent Fiscal Policy Review Panel. Now I know there has been some email chat about this and I think Deputy Trott sort of addressed it in his speech just before I spoke but the use of the definite article would imply that this body already exists – ‘the Independent Fiscal Policy Review
160 Panel’. If it does already exist, who is it? What is it? What is their economic philosophy? Who sits on that panel? So, I think there are a lot of questions about that.

Assuming we are commission it from scratch, however, in both Amendment 2 and Amendment 3, in Amendment 3 we are simply noting that the Policy & Resources Committee will commission the Independent Fiscal Policy Review Panel to undertake regular reviews and, in Amendment 2, we
165 are agreeing that they will. So there is actually not much difference between them but I think there are an awful lot of questions around this mysterious body, that certainly I am not very comfortable with. So that is a clause in both amendments that does not sit at all comfortably with me.

I am still a little bit undecided, actually. I may well, depending on the order in which we vote for both of them, because I think both certainly are an improvement on the original Propositions and I
170 look forward to the summing up, in particular, to finally make my mind up. So I look forward to both responses from the layers or seconders of both amendments and look forward to what will come in the debate ahead of us. I am just trying to get back to the right screen so I can mute my microphone but I think that is me done. Thank you.

175 **The Bailiff:** Next, Deputy Lester Queripel, to be followed by Deputy Ferbrache.

Deputy Lester Queripel: Thank you, sir.

We are being asked to borrow an extraordinary amount of money without our being told how and where it is going to be spent or paid back and that really concerns me, as it also does many of
180 my colleagues who have already spoken. For example, is any of this money going to be pumped into sport, the arts and creative industries in an attempt to rekindle the feel-good factor here in the Bailiwick? If it is, how much? Those are crucial areas to be considered on our road to recovery because sports clubs and arts associations and groups will have lost a lot of money over the lockdown, because of all the events they have had to cancel, of course.

So that is a question I think needs to be answered, so I am hoping Deputy Dudley-Owen and Deputy Le Tocq have views on that when they respond, sir. In a *Press* article on Tuesday, Deputy Trott pointed out to readers that economic modelling indicates the States have an immediate
185 requirement of up to £250 million. He said that in his speech earlier on and in a previous speech on this issue.

In order to follow that, the 2020 implications of Covid-19, he said that includes between
190 £170 million and £190 million in respect of General Revenue, comprising financial support schemes for businesses and the reduction in States’ revenues, the increase in the States’ expenditure and the reduction in the States’ uprating income.

I appreciate I may be missing a fundamental point somewhere along the line, but surely we are
195 not just talking about £250 million here, because we also need to factor in the £100 million referred

to in Proposition 1 of both these amendments. So that is £350 million to repair the damage caused by Covid-19.

With that in mind, I am attracted to Amendment 2, whereas Amendment 3 frightens me, because that Amendment adds £500 million in Proposition 2, to the £100 million in Proposition 1, which makes a total of £600 million. I really cannot bring myself to agree to taking that sort of debt on board at this stage, when we are all completely in the dark, due to no one really knowing how much we are going to need and where it is going to be spent.

I get that we have lost an enormous amount of money and consequently we are going to need an enormous amount of money to repair –

The Bailiff: Deputy Lester Queripel, Deputy Fallaize has a point of correction.

Deputy Fallaize: Thank you sir.

I think, given the significance of this debate and the level of public interest there must be in it, it is important the Propositions or Amendments are not misrepresented and Deputy Lester Queripel is saying that, if Amendment 3 is accepted and then it becomes the substantive Propositions and is approved, the States will have agreed to authorise borrowing of £500 million and sir that is simply not correct. The States would have authorised the borrowing of £250 million and no additional borrowing would be permitted beyond that in the absence of further States' Resolutions.

Thank you sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Surely, in principle, sir, Amendment 3 is asking for that amount? That is the direction of travel, anyway. I will get back to what I am saying. Yes, we are going to need an enormous amount of money to repair the damage and in times of crisis it is easy to lose sight of what needs to be done to get out of that crisis. One thing is for certain and that is that drastic measures always need to be taken. What I am trying to get my head around is how drastic do the measures need to be to get us out of this crisis?

Sir, we are always told we need to be fully informed to enable us to make a decision and, bearing in mind we are being asked to make a monumental decision here, I do not feel fully informed because we have not been fully informed and I do not feel anywhere near as informed as I feel I need to be.

Finance is not my area, so I need as much detail as possible provided to me in order to make a decision. Having said that, having spoken to dozens of people who operate their own businesses here in the Island, businesses that have been brought to a standstill for several weeks now, I can see why it is going to cost a lot of money to provide that financial support for those businesses, to get them through this absolute nightmare.

Every single one of them, as we know, has lost a lot of money, consequently there is a loss of Income Tax, if any at all, paid less or nothing at all for services they normally would need, hardly any income coming in, etc. So £100 million feels about right to me. Now that is all I have got to go on, my instinct and what I feel and what I have heard, from talking to dozens of people who have their own businesses.

That is why I voted in favour of the three funds being put in place when we were at St James'. That is why I agreed also to £27 million being given to Aurigny. Just as an aside, sir, that all came to a total of £102 million and we are being asked to agree to £100 million. I was wondering where that extra £2 million is going to come from. I would be grateful if one of my colleagues could talk about some those figures; £2 million might not sound like a lot when one is talking about £600 million but in times of crisis I feel it is absolutely vital to keep track of every penny, to be accountable to the public.

It is far too easy, when eye-watering amounts of money like this are being discussed, to actually lose sight of where it is going, where it is needed and where it has gone. I am not talking about

trusting anyone, here sir, what I am talking about is accountability. As a custodian of the purse, just like my colleagues in the Assembly, this responsibility is weighing extremely heavy on my mind.

250 Deputy Trott said when he spoke the questions we need to ask ourselves are can we afford to borrow and the second question being can we afford not to borrow? But I do not see how we are supposed to answer those questions with so little detail in front of us. I realise that for some people borrowing is a dirty word, but surely we all borrow at some stage in our lives? We borrow in an attempt to get us where we want to go and that is the crucial part of all this.

255 Because there is a huge difference between want and need and I am reminded of the time during the campaign for the 2008 general election, when my campaign slogan was 'Give the People What They Need' and that slogan was misinterpreted by many out in our community, who interpreted it as 'Give the People What they Want.' That was unfortunate, because there is a huge difference between want and need. We all need food on the table, a roof over our heads, clothes on our back
260 and water and power to enable us to survive. As much as we might want a huge country mansion with a Porsche and a Rolls-Royce in the garage, we do not actually need them.

That is the question I am asking myself here about this whole borrowing issue. What do we want for the Island and what does the Island need? Do we need to spend £350 million repairing the damage caused by Covid-19 and do we need another £250 million to rebuild our economy and our
265 community? Where and how will that £250 million be spent?

It has been stated in the media by CIBA and the Chamber of Commerce that they wholeheartedly support borrowing this money, because it will result in new businesses being set up and create lots of new jobs. That sort of approach really intrigues me, because they seem to be of the opinion that, in order for someone to be able to set up a new business, they will be given money by the States
270 and once they are set up in business, they will then be able to take on employees.

That is not how I understand it. No one has told me that the States are going to be giving money to new businesses, and I apologise here if I am totally off-beam with that. I would like clarification on that point and I would like to hear Deputy Dudley-Owen's views and Deputy Le Tocq's views when they sum up on the amendments, please.

275 To say that the money is going to be spent on rebuilding our community and kick-starting our economy, it is not going to satisfy, because I am looking for specifics here. Where will it be spent and who will be the recipients of this enormous sum of money? To further elaborate on that point, surely if anyone was going to start a new business, they would have done it before Covid-19 had us at its mercy, when we were in the good times?

280 Deputy Trott said this morning in his speech, which he elaborated more on his article in the *Press*, we could invest in assets, we could invest in transport, connectivity, construction –

The Bailiff: Deputy Lester Queripel, Deputy Oliver has a point of correction.

285 **Deputy Oliver:** Thank you sir. It was just something Deputy Lester said regarding if a business was going to start, surely they would have started before Covid-19. Well, this is not entirely true, because many businesses have actually popped up with Covid-19, such as hand sanitisers, making face masks, so there are new businesses popping up because of different things. So there is nothing to say afterwards that new businesses will not still keep popping up. Thank you.

290 **The Bailiff:** Deputy Queripel.

Deputy Lester Queripel: Sir, thank you. I take that point from Deputy Oliver. In the main, though, those businesses were to deal with Covid-19, to get us through the crisis. Just going back
295 to what Deputy Trott said, he came up with a whole raft of things. As I say, if we can do that now in the bad times, why could we not do that in the good times? Why could we not reduce the cost of travel in the good times? Why could we not reduce the cost of doing business in the good times? How come we can do it now in the bad times? That really needs to be clarified for me and I would

like, again, Deputy Dudley-Owen's views and Deputy Le Tocq's views on that, please sir, when they
300 sum up.

Deputy Trott also said this morning we cannot wait until we know the detail. So he is asking us
to approve the Propositions without our being fully informed and that totally goes against what we
have always been told. We need to be fully informed. So I am struggling with that one.

When Margaret Thatcher was Prime Minister, she was being given a hard time by some of her
305 colleagues because she wanted to introduce some drastic measure or other and she eventually said,
'Now look, everyone, I appreciate it is a bitter pill to have to swallow, but it is for the good of the
patient.' That is what this whole borrowing issue is all about for me, sir. I am not at all sure that I
can swallow it. I am not at all sure if the vast majority of our community would be able to swallow it.

I am not sure if everything we do will be for the good of the patient, because they do not have
310 that detail. They have not been fully informed. One thing I really do not want to do, is hand over to
the next Assembly a legacy of debt.

Moving back to what Deputy Trott said about our recovery from this absolute nightmare, he said
that funding our economic recovery is likely to require funding of structural changes to the
economy, funding measures to increase competitiveness and deploying funding to economic
315 development that hitherto would have shocked this Assembly and our community.

Now that may sound proactive and impressive, but I am afraid I have not got a clue what he is
actually talking about. How? Where? Who is going to be the recipient of all this money? Those
questions have not been answered and I am wondering if Deputy Dudley-Owen and Deputy Le
Tocq can answer those questions when they come to sum up.

320 What is meant by 'required funding and structural changes to the economy'; 'funding measures
to increase competitiveness' and 'deploying funds to Economic Development that hitherto would
have shocked this Assembly and our community'. What does that all mean?

As we know sir, and again Deputy Trott told us this, the cost to repair the damage and rebuild
our economy can be funded in one of two ways, either by completely emptying our reserves and
325 our funds or by borrowing and that either approach would result in future budgets having to include
provision for either servicing the borrowing or rebuilding our reserves. The result of emptying our
reserves would mean we would have to cut back on services we provide and increase taxes in order
to balance the budget. To me, sir, that has got GST written all over it. But that is a regressive tax and
I really think we need to avoid going down that road.

330 Later on in this article, Deputy Trott said, even if Members did not see the *Press* article, they
would have heard him say this in his speech, he said in the article:

There will be a need to review all aspects of our revenues and taxes, whatever we decide to do.

So the reality is, whether we borrow or use up our reserves, it is going to result in the same thing
happening. This is the way I see it. Taxes and charges will have to be increased and GST will have to
335 be introduced, because how else are we going to either pay back the loan or replenish our reserves?

I would like, again, Deputy Dudley-Owen's views and Deputy Le Tocq's views on that when they
respond, please, sir. Now Deputy Trott did not say GST was going to be introduced; that is for the
States to decide. But my view is it will not be long before we are having to debate on whether we
introduce GST or not.

340 I believe I am right in saying it costs about £1.5 million a day to run the Island. Approximately
£10 million a week. So over the course of a year, that is approximately £480 million. So borrowing
£500 million would, in the good times, enable us to run the Island for just over a year. But of course
we are not in the good times. We have been pitch forked into this bad time. We now have to decide
what we are going to do to get us out of the bad times.

345 Money is not going to rain down from heaven to enable a rapid climb out of these bad times.
My view is we take things slowly. Rather like building a house, you put the foundations in first, you
allow the concrete to dry, before you start building the walls. So to me sir, like other speakers have
said, this all seems like too much of a rush. We need to do this quickly and in fact we need to do it

now. That is a gun to the head type of approach, that always worries me. We need to do it so quickly, in fact, that we do not really have much time to think about it and we certainly do not have a lot of time to talk about it.

It concerns me greatly that some of my colleagues have informed us all at the very start of their speeches that they will be brief. As though they feel guilty about spending time debating this issue. This is a massive issue, with a positively astronomical amount of money attached to it and there is a lot that needs to be said and a lot of questions that need to be asked.

On the point of length of speeches, when Deputy Ferbrache spoke in the debate on education, he spoke for one hour and 27 minutes on an issue that had a £154 million price tag attached to it. This issue in front of us has a staggering £600 million price tag attached to it. Yet very few speakers have spoken at any great length and very few questions have actually been asked and it really concerns me.

Because it seems like some of my colleagues are falling for the 'we really do not have a great deal of time to talk about this because we really need to rush it through as quickly as possible.' There comes a time during in any crisis when you need to pause and review, to slow down and take stock of the situation and this debate is the time for us to do that because if we are not going to do it now, we are not going to have any other opportunity.

There are people out in our community who say just stop spending. If we have not got the money then we certainly should not be looking to borrow it and we will just have to go without. But in the next breath, they will say, 'I do not want you to stop spending on health.' The next person will say, 'Stop spending but I do not want you to stop spending on housing.' The next person will say, 'Stop spending but I do not want you to stop spending on education' or whatever.

I do not take any notice of them because that is just nimbyism rearing its ugly head yet again and I have got no time for that. What I do, I look around me and listen to evidence, if there is evidence to take note of. I try to ...

(Audio connection lost)

The Bailiff: Sorry, Deputy Queripel, I have not been able to hear you and there are lots of other messages coming in from people saying that they cannot hear you either. Have you lost the connection at your end, are you able to hear me?

Deputy Lester Queripel: I can hear you clearly, sir, yes.

The Bailiff: I can hear you very faintly now.

Deputy Lester Queripel: I wonder if I should go closer to the microphone, sir. Is that any better?

The Bailiff: Yes, that is much better.

Deputy Lester Queripel: I have not got long to go, sir, but I did feel the need to say all of this because this is a massive issue. So where will the additional £250 million be spent? I do not hear Economic Development coming up with a whole raft of ideas of how we can diversify the economy. If they had those sorts of ideas, then surely they would have come up with them a long time ago? So what do we actually need the extra £250 million for?

I am even questioning why it is going to cost £350 million to repair the damage, when we are told we have an immediate requirement of £250 million. I still cannot get my head around that one because surely if we have an immediate requirement for £250 million then the other £100 million could be spent on our recovery?

That is what I am asking myself, when I remove the gun from my head, do we even need all of this money? Where is the proof? Where are the details telling us where it is needed and where it is going to be spent? I appreciate P&R's intentions are honourable. I do not doubt that for a second. They honestly believe we need this money, but I am not convinced.

And as my brother Deputy Laurie Queripel and Deputy Langlois both said when they spoke, this is a gamble, this is a lottery. We have no guarantee whatsoever of a return on this. So I remain to be convinced we even need all this money. Like others have said, when they spoke, we have already got the money anyway, so why do we not use it?

405 Of course, we have been told that if we do that, taxes and charges will have to be increased to build up reserves. But at least we will not be in debt. And if we borrow, taxes will have to be increased anyway, to pay off the debt. So one really has to decide which is the lesser of the two evils.

When Deputy Le Clerc spoke, she apologised for being somewhat downbeat and pessimistic. I do not think she needed to apologise, because she was not being pessimistic and downbeat. She was being realistic and I think that is what we all need a dose of right now and I say that because 410 there is no guarantee that all this money is going to be the magic wand we need. You can throw as much money as you like at a problem, but that does not mean you are going to solve the problem. You solve the problem by doing the right things and I am not convinced that borrowing all this money is the right thing to do.

415 As I said earlier, I do not want to hand a legacy of debt over to the next Assembly, so I need to be convinced that this is the right thing to do. So that falls to Deputy Dudley-Owen and Deputy Le Tocq – you need to convince me that your amendment is the amendment that I need to support. Moving towards a close, I want to emphasise I am not opposed to borrowing.

It has its advantages. But like several of my colleagues, I have concerns about the lack of detail 420 here. Where is it going to be spent and how is it going to be paid back? In closing, sir, I cannot remember if any of my colleagues have already asked for a recorded vote or not but if no one has, sir, then I am asking for one now please when we go to the vote.

Thank you sir.

425 **The Bailiff:** Thank you Deputy Queripel. Next, Deputy Ferbrache, to be followed by Deputy Stephens.

Deputy Ferbrache: Thank you very much sir.

Can I say at the outset that I commend the work of Deputy Trott and the Treasury team in very 430 difficult circumstances? This tiny jurisdiction of 65,000 people across the archipelago of our Islands, have come up with a plan. I enjoyed, and I mean that without any irony or any criticism, the stirring speeches of Deputy Trott, both when he opened the debate and earlier this morning.

I also thought Deputy Lester Queripel's speech, although I did not agree with all of it, the point he made about it was respectful, it was perceptive and it told us that we need to be fully informed. 435 Because not only do we need to be fully informed, the people that will be paying back whatever amount is borrowed will be the people of the Bailiwick and they need to be fully informed.

And we have not been as yet, and that is not, again, as a criticism of Deputy Trott or anybody else in P&R or anybody else in Treasury. They have been doing the best they can and they have been fighting not just fires, but conflagrations. They have been fighting a battle, the like of which 440 we have never seen.

So let us move on in relation to where we are. We are in a position whereby we are going to need to borrow vast sums of money and I agree with Deputy Trott, I want us to have a healthy tourist and hospitality sector, I want us to have a vibrant construction industry, I want us to protect our financial services industry. I want us to make sure that this community, the Bailiwick of Guernsey, 445 is going forward after this terrible disaster.

So I do not think there is anybody that disagrees with that and I also think there are only very few speakers that have spoken to date who are against spending money and borrowing money. Because the reality is we are going to spend money and we are going to borrow money. Also the reality, as Deputy Lester Queripel has said, that there will be some tax increases, because the money 450 has to be paid back, whether it is over 20 years, 30 years or three years, it has to be paid back.

But where I would like to start this speech, in materiality, is not where I thought I would. Because lots of intelligent people, Deputy Roffey, Deputy Parkinson, Deputy Fallaize, and her mind was also

clouded again, equally intelligent Deputy Soulsby and Deputy de Sausmarez again, worried about the restrictions imposed in the amendment brought forward by Deputies Dudley-Owen and McSwiggan.

Well, there is not. Because if you look at the figures and look at the presentation we had by the Treasury department with Deputy Trott on Monday, there would be two types of borrowing. We would need a revolving credit facility and we need that for, we were told, two to three years. We were told the set-up costs of that would be in the region of just over £1.2 million, when you add together the various costs of that.

So we know that the set-up costs for borrowing on a revolving credit facility will be just short of £1.25 million. That is a heck of a lot of money but it is not an unreasonable amount of money. What I did, both before then and after then, is check with sources that I know in Guernsey, Jersey and London, who deal with both revolving credit facilities, they deal with it on a daily/weekly basis, and they deal with long bond issues. I am not going to mention their names because the information was given to me in confidence, but they were people whose judgement I would trust completely. Just as I trust Deputy Trott and Treasury team's judgement completely.

What they are saying is that when you need the cash immediately, and we were told on Monday that we need the cash immediately to pay the bills, to meet the expenses that Deputy Trott has set out in the policy letter, and to have a bit of a reserve, to go from £170 million, £180 million to £250 million, to cover the other contingencies, so we got all of that and we understand that and how you finance that, as I say, is this revolving credit facility, and they told two to three years.

I have already said, the cost of setting up would be just short of £1.25 million, but you would borrow that money. LIBOR at the moment is 0.6%. You would borrow that money at probably around 1.5% interest. How these facilities work is that you pay that interest on the money you draw down. So you have got a facility of £250 million. Let us say you draw down £150 million. You have paid 1.5% on £150 million.

Over a year, that is £2.25 million worth of interest. But because the finance people who have made that facility available to you, they have to get that money from somewhere. They charge you a rate on the balance that you have not yet drawn down and that would be, say, a third of the other rate. So you pay perhaps 0.5% on the other £100 million. So that is £500,000.

So the interest on that short-term facility would be something like £2.75 million *per annum*. Now let us say you drew it all down. That would then cost you, you would be paying 1.5% on £250 million and that would be, you would be paying something over £3 million in relation to that interest; £3.25 million, I think. My figures may be slightly awry, if they are, somebody can correct them – £3.75 million would be the interest rate. That is what we would be paying every year.

And it is not like an overdraft. If you have an overdraft, you pay prodigious rates of interest because you are buying short-term money without authorisation and therefore you have got to pay through the nose. That is not the way that a revolving credit facility works and, by the way, if I am saying anything that is wrong, then Deputy St Pier has not yet spoken and Deputy Le Tocq has not yet spoken, so they will be able to correct or inform the Assembly, accordingly, when they speak.

But I believe what I am saying is entirely accurate, so the interest on the full £250 million revolving credit facility would be, if it is all drawn down, £3.75 million. But P&R are saying they want that short-term revolving credit facility. So they are not being restricted at all. So I do not understand Deputy Roffey *et al* saying there is a restriction here in the Dudley-Owen Amendment, which prohibits or ties the hand of P&R in some way, because it does not.

If P&R want to borrow money long term, they would be able to borrow, as Deputy Trott said this morning, of between 1.5% and 2.5%. So they would borrow at, let us take the middle of that, 2%. So that would cost, if they were to borrow £500 million, £10 million a year in interest. Now just work that out. Half of that is £5 million. So if they were to borrow it all on a 20 or 30-year bond, now, the people of Guernsey and Alderney *et al* would be paying £10 million *per annum* interest. If they borrow £250 million at say 2%, that is £5 million. If they borrow the short-term credit facility at 1.5%, and there are those differences in rates so it is considerable, and they draw down the full amount, that is £3.75 million.

505 Therefore, by borrowing in two tranches in that way, you actually save money, because your interest is £8.7 million, against £10 million. So I do not see in fact the caution, and it is an abundance of caution set forward in Amendment 2, seems to me and I see Deputy Parkinson wants to bring a point of correction, sir, so I give way.

510 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Yes, sir. The point that is being made is not that the money could not be borrowed cheaper on a revolving credit facility, the point that is being made is that the Amendment proposed by Deputies Dudley-Owen and McSwiggan obliges the Policy & Resources Committee in
515 two to three years. That money cannot be repaid out of the income of the States.

It, therefore, effectively, forces the Policy & Resources Committee to sell financial assets to repay the borrowings or, conceivably, to take out another loan. My concern with Amendment 2 is that –

The Bailiff: I think you are making a give way point, Deputy Parkinson, rather than a point of
520 correction.

Deputy Parkinson: Well sir –

The Bailiff: Also, if you are going to tell us what your concern is with it, that does not sound like
525 a point of correction to me.

Deputy Parkinson: Alright sir, I will leave it there. Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Thank you sir. It is not a point of correction and he is wrong anyway because if, as I am sure he would as an intelligent and perceptive man, had read 2(b) in the Propositions in the Deputy Dudley-Owen/McSwiggan Amendment, it does not say it has to be repaid. What it says is:
530

To agree that authorisation for the Policy & Resources Committee to enter into an additional tranche of a maximum of £250,000,000 of external borrowing facilities –

And listen to this, everybody.

– or to extend the initial facility referred to in Proposition 2(a) beyond 3 years –

And the initial facility is the initial £250 million.

– will be contingent on the States approving:

- i. a Recovery Strategy for the Bailiwick (including an indicative spending plan) which will be developed by the Policy & Resources Committee, working in consultation with States' committees; and
- 540 ii. the broad terms and conditions for such borrowing, the proposed sources of such borrowing ...

So I do not see there, and I have read that many times and I have discussed it with Deputies Dudley-Owen and McSwiggan, I do not see there where it says you have to repay £250 million. What it says is that you review it at that period and then, if you carry out these, and the States can approve it. So it does not say anything about repayment there. I have looked again, I am reading it
545 again as I am speaking now, the word repayment does not appear.

So what everybody is saying, what every sensible person is saying, go ahead and borrow the money, get the best deal you can on a revolving credit facility but come back to us in due course, with a recovery strategy and the recovery strategy could be a month's time, it could be in a week's time. It could be in three weeks' time. But well within two to three years.

If somebody coming forward in a year's time, for argument's sake, and saying we know we have only got a revolving credit facility now for two to three years, so that has to be repaid under the P&R proposals and under any other proposals, so you have to go back to the financial institution who is lending you that money to ask for that money to be extended.

What Deputies Dudley-Owen and McSwiggan are saying is that there should be a check and balance to that. So there is no repayment at all. When Deputy Parkinson was telling us yesterday that the Wall Street Journal says it takes 3.1 years for stock markets to come back up again, I am sure he is right, I am sure he has read it. But I am sure he has also read, as I have, that as at last night, the FTSE was 6,115.25. It is up. Remember it went down to about 5,000 or just under. So it is up by 20% from its low of a few weeks ago. The Dow Jones, which had fallen to below 20,000, was last night 24,633.86.

So none of us know where the stock markets are going, but they have all fallen and they have come back up again. That does not mean they will fall again. That does not mean they will go down again. It does not mean that they will not go down again. We simply do not know. Now, Deputy Trott, very accurately indeed, quoted from the body of economists, that worldwide say you need to have a financial stimulus. I absolutely agree with them, I absolutely agree with him, I absolutely agree with the sentiment that we need a financial stimulus. There is not an inch between us in relation to that, or those great economists.

I do say, though, as somebody who has always been interested in history, American politics – I do not know why I am interested in that but I always have been – and economic history, I have always been interested in that, and I am one of these sad people that read economic text books and articles regularly. It just interests me.

I noticed, only eight days ago, JP Morgan, with all these Harvard and Yale clever people, with lots of MBAs and lots of qualifications, their analysts were predicting, they said, a return to all-time highs, they are talking about the stock markets, at the end of the year, based on new research that shows that sunlight can control and kill the current coronavirus spread. My goodness me, they know more than scientists because they have got an MBA or they have been to Yale.

The point in relation to that is that none of us really know, other than we are in a real pickle. We are in a situation we have never been in before. Now Deputy Lester Queripel, he and I are good friends and he reminded the Assembly, he has increased it by six minutes, because it was one hour 21 minutes, he used to say, now he says it is one hour 27 minutes, my speech on the education debate. That was nothing to do with the value of the project involved, capital-wise, that was whether we should have a sea-change in our education policy. I think that was not quite as important but almost as important as what we are talking about today.

I say to Deputy Lester Queripel and others, do not worry, I will not be speaking for six hours. But I will be speaking for some length, because, as he said, this is an important topic, and not many people yet have talked about the figures. I have. I have talked about the figures about repayment.

What we have not been told yet, and I would be grateful if Deputy St Pier, if he speaks, or Deputy Le Tocq, as he has to speak unless Deputy St Pier is going to sum up on the amendment, tells us what the set-up costs will be for the second tranche, the £250 million that will be borrowed, as Deputy Trott says, at somewhere between 1.5% and 2.5% interest. I think we are also entitled to know, as Deputies, because we have got to make the decision and more importantly, or just as importantly, the people of the Bailiwick are entitled to know how we are going to repay that.

Deputy Lester Queripel is exactly right. It is going to come from, at least in part, taxes. It is going to come also, probably, at the right time in the sale of assets. It is also going to come from cuts and cutting back and looking at how we do business again in the future.

Now there were speakers from two different views, I did not thoroughly disagree with them but I think they were both wrong. There was Deputy Tooley and some others yesterday who said you do not cut back in a crisis. Well, she is absolutely wrong because what we need to do, when we are coming out of this crisis, is to see if we are getting value for every penny that we spend. We also have to see that if every project that we have undertaken or everything that we would like to do is something that we can, going forward.

Equally, Deputy de Lisle is completely wrong – if I may respectfully say so – he is a person whose judgement I respect. He is a person with significant knowledge in this field, when he says we should not be borrowing at all, that we should just cut our cloth accordingly. We have to have a financial stimulus, as Deputy Trott has said and £500 million, to me – it is a vast sum of money, of course it is, as Deputy Lester Queripel said it is more than our annual tax take, how much it costs to run the Island in a year. But it seems to be about right.

Deputy Trott, again, he emphasised the point today. He is not saying that, necessarily, that will be the right figure. It might be too low, it might be too high. It is the best estimate that he and others can make in the circumstances and I think they have had a pretty good shot at it.

What I do find a bit ironic, and it is nothing to do with Deputy Trott because I think he probably shares the same view as me, that although you have got to have good governance and you have got to have checks and balances, I have heard so many people in this debate say we have got to get rid of rules and regulations, we have got too much bureaucracy.

I almost feel like the Prophet Peter because I have been saying that in the States for years and I have had very little support and I have had nobody – because as Deputy Queripel says, it is nimbyism – everybody wants the rules to change unless those rules affect them. Everybody wants the projects to be cut down unless it is their project and we cannot do that going forward.

As an example of our bureaucracy. I know that Deputy Soulsby always has an intake of breath when I say that, and I know they did not go forward with it because of the finances. But I use the phrase, probably incorrectly, about the health regulator. I think I was the only person in that States' debate who spoke against it and I think there were only four of us that voted against it, because it was a projected that needed ... absolutely essential that we have a regulator to regulate, and it was not essential at all and we are going to have to cut back on things like that going forward.

But the general principle, it does not matter about looking backwards, really, those are just examples, we have got to start looking forward; going forward. In relation to where we are, the going forward, we are in a position whereby we have got to get away from the kind of scenario that we, as the STSB, just before Deputy Roffey joined us and he has been a great blessing and boon to us with all his knowledge, but just before he joined us, we had a presentation on the States' Dairy Project, if it was to be going from A to Z. I am not *[inaudible]* at all at the moment, by the way, but the point that was being made was that we have got to go through 12 significant hoops, which will cost lots of money and which will involve very many thousands of words before we can get –

The Bailiff: Deputy Ferbrache, there is a point of correction from Deputy Soulsby.

Deputy Ferbrache: I give way, sir.

Deputy Soulsby: I apologise for this, but I did the put the point of correction up a couple of minutes ago. The one area that I am sure Deputy Ferbrache knows was going to issue a point of correction on. I have already mentioned in debate before how, in terms of regulation, that was all put on hold any way because we did not have any money for it from this year's Budget. So that probably will be out of the window over the coming years. It is not going to be the highest priority, clearly.

I did not want to interrupt Deputy Ferbrache, because I think he is making a really good speech actually, but I think we ought to acknowledge as well that I have been making comments about the capital privatisation procedures and the whole capital process for quite a while now and I have spoken about the number of quangos that have been building up over time.

The Bailiff: I think this is getting beyond a point of correction, Deputy Soulsby.

Deputy Ferbrache: But it is a fair point, sir, and I accept what she says, absolutely, both regards, I will work backwards. She has been saying that consistently over a period of time. I am not saying she is a Johnny or Jane-Come-Lately to the point. I fully accept that. In relation to her first point, I

655 did actually say that it had not been done and had not been carried out, but I do appreciate that I do speak too quickly sometimes and therefore perhaps the point had not been appreciated but I fully accept that.

660 Moving forward, 12 points, 12 stages we would have had to go through for the States' Dairy Project and we just talk about, again, Deputy Tindall said that planning is not the problem, she said in her speech yesterday. And when I say that I agree with her, planning is a problem. I do not mean the way that it is operated in a sense because, as she said in previous speeches, 97 point something per cent of applications are granted and I know from dealing quite regularly with planning officers that that they always do their best to assist and that they ...

(Audio connection lost)

665 **The Bailiff:** Deputy Ferbrache, we seem to have lost you.

Deputy Ferbrache: ... unless I am being told otherwise.

The Bailiff: We can hear you again!

670 **Deputy Ferbrache:** Thank you very much sir. But the point is that it takes too long. I do not mean that, again not a criticism for Deputy Tindall who I think is doing an excellent job of doing her job and her officers are also doing a good job. But we have got to change where we are in relation to ... and I have got Deputy Fallaize saying 'no sound' and Deputy Tooley said, 'I can hear Sir Richard loud and clear but keep losing Deputy Ferbrache.' And Deputy Dudley-Owen saying, 'He's back.'

675 I am assuming that people can hear me, if they cannot, could they put a message on the CAT facility.

The Bailiff: I can hear you.

680 **Deputy Ferbrache:** Thank you very much, sir. It is only your view that I really seek but you are not allowed to give it. But in connection with where we are, let us just go back to the recent debate we had just last week on the Inert Waste Strategy. The Inert Waste Strategy, that showed that we spent on the environmental impact assessment report, carried out by Royal Haskoning last November, £298,000, and to get to the next stage by getting the local planning brief up and running that is going to cost another £800,000. So you are up to about £1.1 million. We cannot be affording that kind of procedure and that kind of expense going forward. So we have to change, we have to do things differently.

690 We also should be, because again in relation to these points, Deputy Le Clerc said if we carried out a public project it would take at least a year before we got a spade in the ground. She is absolutely right and I think she might actually be a little optimistic, sadly. We have got to change the world going forward. All the sacred cows have got to go, we have got to have this recovery plan, but we have got to have detail, as I say, of what the borrowing is, and the other matters that we referred to.

695 Now I say, I have borrowed, because of my various interests. I have borrowed quite a lot of money over the time. Sometimes I thought, how on earth am I ever going to pay it back, so I appreciate the need for care and concern but we are facing, the Bailiwick like all the world, finds itself in a remarkable position, but sadly not a joyous one. All our lives have been plagued and sadly, for so many people in the world, ended by this terrible virus.

700 Who would have thought, just looking on our television sets three months ago when we saw this far away province in China that most of us have never heard of, that it would come to wreak the havoc that it has?

705 Now I believe, and I am not just saying it because I am a Guernseyman with family going back hundreds and hundreds of years, that this is the best place in the world, but we are faced with two challenges. The first is the threat to our democracy and the fact that we have got the biggest

restriction on our civil liberties since the Second World War and I, like the overwhelming majority of the population, say quite rightly so. The job done by Dr Brink, the job done by Deputy Soulsby, the job done by the health team, is absolutely magnificent.

710 But I also say that I would like to add a rider to that, that those liberties were won over centuries in blood, sweat and tears, and they must be re-established in full and as soon as practicable.

But we are talking about the economic consequences today. Our economy has already been damaged severely and savagely and I believe will continue to be so for a long time. Some people's jobs have been lost, some businesses will be ruined and all businesses will suffer. The headline in the *Guernsey Press* just a couple of days ago, quoting from Deputy Trott's letter in that publication, 715 read, 'Thousands could lose their jobs due to the virus.' He is absolutely right. He has built upon that point today by saying half the jobs in the world could be at risk. He is quoting accurately, but I think that is an exaggeration.

As I say, comments made generally about economists and financiers for a prolonged economic meltdown and we know that the World Trade Organisation expects a slump in the world trade of 720 30% this year, with perhaps a modest year's growth and worst employment prospects since the 1930's Depression.

We were also told just recently that British Airways may well make over a quarter, that is over 12,000 people, of its workforce redundant. That is something that has practical application here because we have got to and it is the responsibility of the STSB to advise the States on Aurigny and 725 to be part of the connectivity problems going forward and British Airways believe and I do so as well, that there is not going to be a V-shaped recovery. They believe that it will take many years before their requirement for their services is re-established to pre-virus levels.

And John Lewis. Remember John Lewis were the first department store that ever gave employee participation. It is owned by its employees. That wonderful institution is saying that it will not open 730 some of its shops ever and perhaps that will be a lot of its 50 stores around the UK.

Now the policy letter is a good first step in the process. It is not that detailed, but I do not mean that as a criticism. It could not be. It gives the basics and we have had the detail flushed out to a degree today. When you look at the column and I think Deputy Laurie Queripel referred to it, at Paragraph 6.3 in the policy letter and we have got £185 million what I call a rainy day fund, 735 £100 million of that is going to be authorised, everybody agrees with that, so that leaves £85 million; £230 million unallocated in the Capital Reserve fund. So add 85 to 230 and that gives you £315 million.

We have then got below that all these other funds where it is either imbalanced or there are monies available, of another £90 million. So you add that and you have got £405 million. We have 740 then got about £140 million of the bond that has not been spent. Add that and you are up to £545 million. We have got £950 million, or thereabouts, in the Social Services, whatever it is called now, the Committee ably led by Deputy Le Clerc. We have got that and she tells us yesterday that it is £122 million coming up in July. I think P&R have got £90 million that is coming after soon.

So I would say that with proper checks and balances we can take £100 million from there, which 745 takes us to £640 million. We have also got, and I know this is untouchable, but it is already mentioned, we have also got just under £1.5 billion – I emphasise that figure – in the States' Superannuation Fund, which is the pension fund for States' employees. Nobody has suggested touching that at the moment, but that is the fund, although it is not 100% funded because these things never are because of the way the actuaries work, it is a fund that could be available if we 750 really need it. I hope we do not.

So we have got those assets. But I, like Deputy Trott and others, think it is not a good time to cash in your chips now, although, as I say the Stock Market is on the rise a bit. But it is not a good time so we should not be borrowing. But what we need to be doing and before this crisis we could 755 rightly say we had reasonable reserves, we had an economy that was a bit sluggish, but it was getting better.

Just by an example to that, the restaurant business of which my family have got an interest in and have had an interest in for some years, we were having the best first two or three months of

this year that we have had for years. The trust company of which I am a small minority shareholder, was doing really well and the legal firm which bears my name was also on the rise.

760 I am sure that was true of very many other businesses. But that has been all, not halted, but it has been stuck. There are now blocks in the road. In my view, the increases in the quality of people's lives in this Bailiwick since the end of the Second World War has been incredible, so this catastrophe for a society like ours, which as somebody said is a service-based economy generally, is significant.

765 A former Bailiff once said that since the Second World War, it is as though Guernsey has pulled the handle on the fruit machine and hit the jackpot so many times. Now I have mentioned on one or two occasions, or perhaps a little more, my own family circumstances in growing up in the 1950's and 1960's. I have mentioned the outside toilet – there you are I have mentioned it again. There were so many Island working class folk then and what an improvement there has been.

770 So going back to the Island and all Bailiwick economy and recovery at the beginning of this year and up to the time the pandemic kicked in, I think that my experience was typical. In relation to where we are, all that is being asked for, if we look at paragraph 1.3 of the policy letter, it says, rightly:

... the duration and magnitude of the economic shock as a result of this unprecedented situation is highly uncertain.

775 I would add that that is extremely bad news but it is a truism. We need the £250 million now. Nobody is saying that should not be borrowed now. But to just allow, without any checks and balances, P&R, in good faith, acting honourably, to go away without the people of Guernsey, the people of Alderney and even the people of Sark knowing what that is going to cost, without a proper recovery strategy, dealing with the environmental aspects that Deputy de Sausmarez has referred to earlier, dealing with all the other things, in my view, is just a step too far. So, on balance, 780 but the balance I think is considerable, I would favour, and I am going to favour the amendment put forward by Deputies Dudley-Owen and McSwiggan.

Thank you very much, sir.

The Bailiff: Thank you. Next I will call Deputy Stephens, to be followed by Deputy Dorey. Deputy Stephens.

785 **Deputy Stephens:** Thank you, sir.

I am not going to speak in general debate and so I would like to make a few general comments arising from the debate yesterday. Also, I have been reflecting on some thoughts that members of the community have shared with me. If Members who do not like borrowing were to form a line 790 then I would be standing with them, but I am persuaded that borrowing is the right course of action and I am persuaded not by my colleagues on the P&R Committee or by the staff, or by public opinion, which I think will be split on the matter.

I have moved from a well, this current situation is bad but we will probably be alright to a gradual understanding that the economic crisis is much worse than anything I have ever known or probably 795 could have imagined and the choices before us are limited. So, as well as this being a fiscal, political, professional, international and local issue, it is also a very personal issue, as other Members have identified.

If I still toy with the idea of not borrowing at all, then I have to be persuaded by the reality that if today Members decided to reject the policy letter, they decided not to borrow, then the Island 800 faces a cliff edge. A sudden and not a gradual decline. Now one suggestion is that we use a large proportion of our reserves to fund recovery, but if that happens and our reserves are depleted then it is very likely that Guernsey becomes much less attractive as a borrower and Guernsey then is likely to attract less business, replacing the reserves will be difficult and services to the community will be depleted.

805 So, very much like Deputy Roffey but probably not for all the same reasons, I have surrendered to borrowing. If Government's primary responsibility is to preserve life, then many in Guernsey are

working very hard to do that at the moment and I think we should all be very grateful to them. But close to that responsibility comes another responsibility and that is preserving opportunities. To do that at this time, then Government has to borrow.

810 If we do not borrow, then we do not really have sufficient funds to mitigate against, for example, poor health, poor education opportunities, poor employment, poor housing opportunities, and our future generations may not be servicing debt arising from a loan but they will not really be doing much else because they will have little option to improve their standards of living.

815 So my view is that no borrowing equals a future when 2019 seems a halcyon time and aspirations to develop projects and to do more than basic business as usual may just as well be left at the Assembly door. I think, even with borrowing, Members will have to face some very hard choices over business as usual.

820 This is so very hard, but it is a challenge that politicians and this Assembly have to accept and so, to Amendments 2 and 3. Now Deputy Dudley-Owen spoke yesterday and I thought she spoke very well, about the importance of Members rising to the challenge of the speed of decision making and the urgency of the current situation, as the Island moves from crisis response to a phased response. I agree with her. I think in yesterday's debate it became very clear that most of the substance of both amendments is similar and it is just this final tranche of £250 million and the mechanisms and the timings for achieving that which needs resolution.

825 Let me be clear. I really welcome what I detect as a willingness amongst Members to be accountable for that decision on that final tranche of money. Now Deputy Ferbrache spoke very persuasively just now about what he felt were the benefits of having two tranches of borrowing and I really do not like to argue with Deputy Ferbrache and I really do not want to say he is wrong, but I have got a feeling that there is a strong likelihood that two tranches of borrowing will come at a cost and I am sure Deputy Trott will speak to that, or Deputy St Pier will speak to that later.

830 I think Amendment 2 will add cost and difficulty to achieving the sums that we need. But if that is what Members want then so be it. But it is not P&R's preferred way forward and I would rather vote with my Committee and favour Amendment 3. This is not some attempt at financial fancy footwork. Where the outgoings are rising day by day, it makes very good sense to act speedily, as
835 Deputy Dudley-Owen said.

The Bailiff: Deputy Stephens, there is a point of correction from Deputy Dudley-Owen.

840 **Deputy Dudley-Owen:** Thank you sir. Can I be heard?

The Bailiff: Quietly, but yes. That is better.

845 **Deputy Dudley-Owen:** Okay. Deputy Stephens has implied that the lump sum, the aggregate sum of £500 million will be taken in one lump sum and therefore, if we split the borrowing, there will be increased costs. That is not the case. It is a point of correction, she has got that wrong, because they will be two separate types of borrowing, one a short-term loan and one a bond, a long-term borrowing. Thank you.

850 **The Bailiff:** Deputy Stephens.

Deputy Stephens: Thank you. So, it makes good sense, I think, to act speedily, efficiently and competently to achieve the funds that the Island needs and the policy letter makes it absolutely clear that borrowings cannot be spent without States' approval. The key issue for me is the recovery strategy, which is also in the control of the Assembly, so I would urge Members to vote for
855 Amendment 3.

Thank you sir.

The Bailiff: Members, it is now very close to 11 a.m., I propose that we rise and resume at 11.10 a.m., when I will call Deputy Dorey, to be followed by Deputy Brouard. We will rise, resume at 11.10 a.m.

*The Assembly adjourned at 10.59 a.m.
and resumed at 11.11 a.m.*

**Covid-19 Pandemic – Funding of Financial Response –
Debate continued –
Amendments 2 and 3 carried**

860 **The Bailiff:** I think it is now 11.10 a.m. Are we ready to resume?

The States' Greffier: We are, sir, yes.

865 **The Bailiff:** We are? There seem to be quite a number of people having intermittent communication problems this morning. I just hope that, if you are having difficulty, that you have nominated a proxy and told your proxy how you would wish your votes to be exercised, as and when we get to the voting. I am sure it may be this afternoon but I do not know. We will resume now with Deputy Dorey, followed by Deputy Brouard.

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

I just wish to make a short speech, which is just about the Amendment and I just want to build on the points made by Deputy Ferbrache. The main difference between the two Amendments is that the first £250 million is for an initial period of two to three years in Amendment 2. I do not understand why P&R are not supporting this, as it is exactly what they said in the presentation on Monday to States' Members. If I look at slide 4 from the presentation, it is titled 'Short-Term Borrowing', the first bullet point: 'Facility of up to £250 million for two to three years'. And it was also in the FAQs, which were issued to States' Members just before the presentation. So why is P&R opposed to what they said in that presentation? I notice that Deputy Stephens said it is not P&R's preferred way forward. If something has changed significantly since Monday we need a very thorough explanation from P&R of what has changed.

880 The other significant difference is the Independent Fiscal Review Panel. If P&R are opposed to that, they can vote against that Proposition when we come to the vote at the end of the Meeting, on the amended Propositions. So I would urge Members to support Amendment 2. Is exactly consistent with what P&R told us on Monday.

885 Thank you.

The Bailiff: Next, Deputy Brouard.

890 **Deputy Brouard:** Thank you sir.

If I end up speaking slightly in general debate, I do apologise. I do actually rather feel like the reluctant guest at a party, having argued against the borrowing we took on several ... *[Inaudible]* and here I am as part of the team trying to cajole you to borrow half a billion. I know the quip about the Guernseyman who has deep pockets and short arms but that does us an injustice. Many of our community are stepping up to the plate to support the community, donating time and money to the community.

895 Even taxpayers of little or moderate wealth are supporting our businesses through the various schemes we as a Government have set up. Support that is going across the spectrum of business,

from gardeners to some of the wealthiest and largest household names, that one would never have suspected would need or want our support and it is right that we help and keep the jobs.

900 I hope in years to come some of these large companies that are now back on their feet and making dividends again for their shareholders will reflect on the taxpayers who helped them and think about a quiet, private gesture back to the community or to the Government and many of course do that now.

905 As Deputy Trott said in his *Press* article, we have had to tear up the fiscal walls. I hope, when this is over, as I have argued over the years inside P&R – I just cannot see the point of these arbitrary, meaningless parameters, because when we need to we change them – I hope in the future we can review and see what is really necessary to focus on with our limited resources.

910 It may seem counterintuitive, but I have some money in the bank but I also run an overdraft. If I spend my savings, it just takes forever to put them back. So, a little like what we are proposing today. We need to give the Government the best set of tools in the box because we are going into a fiscal battle and there are no guarantees of exactly how or when it will be over. So I would rather go forward, keeping some of my assets intact and borrow against them, which gives me far more option than selling off what we have, especially in a fire sale.

915 Now I hope we do not need all the dry powder we are asking to be put in the armoury, but I would rather stock up now, when I can see the problems and difficulties ahead, rather than squabbling around later, in the midst of a financial crisis, to find I am without. A particular pet of mine is keeping ownership of the utilities and I would rather borrow than let them go to some carpet bagger. It was the gifting of Guernsey Telecoms back in 2002 which was one of the main drivers for me to enter politics, so they may be on someone's table but they will be the last I will look at before I turn off the lights.

920 Deputy Le Tocq said, opening, the allocation is for another time. The only spending power being sought today is up to the £100 million from the Core Investment Reserve and that is for businesses as the States has already approved £30 million for the requirements of individuals. So, as I mentioned, I am a reluctant guest at the party. Although we are seeking unprecedented amounts to be drawn for our needs, I do support our team and I stand shoulder to shoulder with my colleagues on P&R. You as the States will decide how and when it is spent.

925 The effect of Covid-19, the duration of magnitude, is unknown, as Deputy Le Tocq outlined in his opening. We need to have the dry powder. We need that flexibility and it is best to put that in place before the need is critical. We are only going to spend what we need to spend and always with an eye on the way that it will be repaid and it is best put in place before the need is critical, as I said, so please support the P&R Amendment 3.

Thank you very much, sir.

935 **The Bailiff:** Does anyone else wish to debate these amendments? No, I see nobody wanting to do so. Deputy St Pier, are you wanting to speak as the penultimate speaker or are you happy to go now? I think you probably are the penultimate speaker.

Deputy St Pier: That is fine, sir.

940 **The Bailiff:** You will go now? Deputy St Pier.

945 **Deputy St Pier:** Thank you sir. Sorry, one moment sir. Deputy Soulsby and others are absolutely right that the policy letter, at 19 pages, is clearly very short for such an enormous sum of money and, as we all know, there are several reasons for that. Not only, of course, the speed of this crisis and the need to respond to it, but also the fact that it was only ever intended to provide enough detail for the decisions that are actually required today and those decisions are the ones contained in Propositions 1 and 2(b) and 2(d) of Amendment 3.

I am going to let the Assembly into a secret and I think I should probably do this first this morning. The policy letter was originally drafted only to deal with a short-term facility but the

Committee decided that it needed to put the question of longer term borrowing to the States now because ascertaining the appetite, in principle, for more borrowing or otherwise will shape our recovery strategy options.

Alderney Representative Roberts yesterday was spot on, the recovery strategy needs to be a Bailiwick strategy. As Deputy Graham rightly spotted, the recovery strategy is not all about fiscal policy. It must include our policy for borrowing and use of our assets. Although not entirely discreet from fiscal policy, nonetheless, should play its own significant role alongside other policies relating to what we think economic recovery will look like.

In response to Deputy Le Clerc's question the strategy cannot be developed by Policy & Resources alone. It needs input from across the States, which is a point I made in a meeting of the Covid political executive group on Tuesday afternoon.

I am going to let Members into another secret, too. Right now, I have not, in fact we have not, a clue as to whether £500 million is even the right number. Clearly it is not yet supported from the detail that is the policy letter. As Deputy Tindall noted, it is a flexible number up to a maximum of £500 million.

It remains, frankly, a proverbial finger in the air at the moment. But that does not mean that it is not the right thing to ask you, our colleagues, whether you have the appetite for borrowing, and that is all that Propositions 2(a) and 2(c) in Amendment 3 do at this stage. But clearly, as has come out in the debate, there are some Deputies, like Deputies de Lisle and Smithies who do not have an appetite. That is absolutely fine. It is a perfectly arguable policy position.

But we need to know whether they are in a majority or not. Because, if they are, that will shape what our recovery strategy will look like. Alderney Representative Snowden, when he spoke yesterday, was bang on as well. There do need to be safeguards, there does need to be due diligence.

There clearly are understandable concerns, of course there are, when we are talking about half a billion pounds, such as quite obviously, how will we repay any debt. I cannot possibly answer that today, other than in the most generic way. But on that question I will say two things. Firstly, none of us, who have taken out mortgages, had any certainty of our family's cash flow for the next 25 years, but we did so anyway because it was the right thing for us to do at that time.

Secondly if, as our community's leaders, we truly lack the competence to believe that this Bailiwick, given its 800-year-plus history of success, cannot over the next 20, 30 or 40 years, generate a nominal – not a real, a nominal – return of more than 2.5% a year to cover the cost of the loan and fund its repayment, then we should make way for others who do believe so.

But today is not the day for all these legitimate detailed questions to be examined in depth. Those boxes need, rightly, to be methodically ticked off later. Today is the 20,000-foot view; today is to stand back and look at the big picture. Today is about whether or not we have a philosophical objection to borrowing.

Deputy Soulsby was dead right. We will need to take risks. Deputy Graham was also right. We have a potential opportunity, if we have the courage to take it, to kick start our economy to another level; to take different growth trajectory, as he put it. And Deputy Roffey was right, cutting our way out of this economic hole – austerity – or taxing our way out of it would, he said, be crazy. I agree with him unreservedly. It would be complete madness to even try.

Because, as Deputy Trott said opening debate yesterday, the scale of what we face is so large, so unprecedented in modern economic times that any such policy response would fail and it would fail dismally. Deputy Fallaize was absolutely spot on yesterday, when he said, in referring to Deputy Trott, but actually it applies to Deputy Trott and I, and in fact I think it applies to the Bailiwick, none of us have ever really been great advocates of classical Keynesian economics, but this really is the time to recognise, we have absolutely no other choice than to follow that path, along with every other developed economy in the world.

Sir, Deputy Roffey spoke of his preference for a recovery strategy which supported social housing and the sports and arts and Deputy Lester Queripel spoke in support of the latter too. Deputy Roffey might have added the chance to adapt our economy and the Bailiwick to climate change or he

might have said the Seafront Enhancement Area, or someone else, I have to admit probably not Deputy Roffey, might have said the runway and our air links or to reinvent and pump-prime our visitor economy, fit for a post-Covid, post flight-shame world.

1005 Indeed I agree with Deputy de Sausmarez. The recovery must consider its social environment outcomes just as much as the economic ones because if we focus exclusively on the fiscal and economic outcomes alone we could well experience detrimental social and environmental outcomes. The recovery must also deliver a transformed, efficient and effective public sector too and our recovery needs to focus on the whole picture, not just the economy.

1010 Deputy Soulsby is right. Now is not the time to be reckless. Now is the time for confidence and big, bold ambition and that is what we need to build our recovery strategy and we need to know that the States has the appetite in principle to support that ambition with money. Sir, a number of pan-Channel Island businesses across the economy, including financial services, have already taken regrettable but unavoidable decisions since this crisis began to lay off staff and over the next few months others are likely to face similar, tough boardroom decisions to retrench and maybe
1015 even ... *[Inaudible]* on Island.

We saw that after the global financial crisis and we can reasonably expect to see it again after this crisis and if businesses are faced with a choice, we want them to choose this Bailiwick as their Channel Island base and if we want that, we must have and show we have confidence in ourselves.
1020 Our Bailiwick's handling of this crisis has been widely praised by business leaders across the Islands. We must not squander that intangible value, which has the potential to be a real asset in our recovery.

Meanwhile, our nearest neighbour, Jersey, has already secured themselves, at the end of March, the financial firepower they need to fund their recovery; £400 million from their rainy day funds and
1025 £500 million in borrowing. I do not believe that at this juncture we should let them steal a march on us.

I want to go back now to Amendment 3 and the difference with Amendment 2. Deputy Fallaize's analysis was typically forensic and it was accurate. The words 'in principle' in Proposition 2(a) do not irrevocably commit this States to debt and perhaps more importantly they do not authorise Policy
1030 & Resources to commit the States to debt and Deputy Lester Queripel can take reassurance from that.

The States has a triple lock. The first lock, as Deputy Fallaize said, is that Proposition 2(c) requires that the States must have had the opportunity to review, amend and approve the recovery strategy that I spoke about earlier. I would ask Members to turn to Proposition 2(d) in Amendment 3 because
1035 it is important.

This is the second lock and it is only present in Amendment 3, not Amendment 2. Deputy Le Tocq touched on it when he laid the Amendment, the legal advice is that Proposition 2(d) is required to ensure that Members of Policy & Resources are authorised to sign the documentation that would contractually bind the States in relation to borrowing. But critically Proposition 2(d) is strictly limited
1040 and only applies to the short-term lending in Proposition 2(b). It does not empower any additional borrowing referred to in Proposition 2(c).

The third lock is my personal word on behalf of the Policy & Resources Committee that if and when we bring any policy letter to the States seeking authority in relation to long-term borrowing, we will ensure that it covers off the anticipated terms and conditions, the likely sources of funding and the possible options for repayment. These are questions that must obviously be dealt with
1045 before the States signs off any borrowing. But they cannot possibly be dealt with when the recovery strategy comes to the States as Amendment 2 directs.

In addition, in the light of the debate, picking up Deputy Green's comments about the understandable significance of this issue to the Scrutiny Management Committee, I also undertake that if the Propositions in Amendment 3 become Resolutions, the Policy & Resources Committee
1050 will do two further things. Firstly we will work with his Committee to agree how it might be in a position to undertake scrutiny of any such further borrowing in real time, rather than post-event, which I am sure his Committee would value as a real improvement on the 2014 bond issue. Secondly

we will include within the recovery strategy policy letter Propositions that enable the States to review and approve the terms of reference of the review panel.

Sir, I have left the key real difference, the most significant difference to the end, because it is so important. The key and most significant difference between Amendments 2 and 3, actually lies not in relation to the potential of further borrowing, but in relation to the differences between Propositions 2(a) in Amendment 2 and Proposition 2(b) in Amendment 3.

Now Deputy Green was the first to identify that Proposition 2(b) in Amendment 3 provides more flexibility than that contained in Amendment 2 and a number of others have spoken to this including, of course, Deputies Parkinson and Fallaize. Whilst I think we all understand the reasons for Deputy Dudley-Owen and McSwiggan seeking to expressly limit the loan for two to three years, as intended by the Policy & Resources Committee, aside from the inflexibility that others have identified, the real risk is of the unintended consequence of it removing the States' negotiating power.

The best analogy I can give, it would be very similar to the days when capital projects were approved with a fixed sum against them and we were then asked to go and tender against that fixed sum. If our prospective counter parties know we have fixed positions, it will strengthen their negotiating hand and weaken ours. It will cost us more. It really is as simple as that and for that reason alone, if no other, I would implore Members to reject Amendment 2 and support Amendment 3.

Even if Members then go on to vote against any long-term borrowing in Proposition 2(c) in the final votes, none of us who have taken out ... sorry, even if Members go on to vote against long-term borrowing in Proposition 2(c) in the final votes, that would still produce a far better outcome than Amendment 2 on its own sir. For that reason I do encourage Members to support Amendment 3 and then deal with the final votes. Thank you sir.

The Bailiff: Okay. Well that then brings us to the ... *[Inaudible]* difficult when we put two Amendments together. I know different people have different views as to what order we should take the speeches in. As far as I am concerned it was agreed yesterday when we agreed to run the two together that the first vote then would be a vote on Amendment 2. Deputy McSwiggan will be replying to Amendment 2 ... *[Inaudible]* Deputy McSwiggan, do you wish to speak now or would you prefer that Deputy Le Tocq replies to the debate on 3, that we vote on that and then you speak before we vote on Amendment 2? What would you wish to do?

Deputy McSwiggan: Sir, I think I caught that ...

The Bailiff: The question is do you wish to speak now before Deputy Le Tocq replies on Amendment 3 or do you wish on Amendment 2 after we have voted on Amendment 3? Sorry, there is very heavy rain here and I think it is not helping with the sound.

Deputy McSwiggan: Sir, I think it would be helpful if Deputy Le Tocq summed up now and then we voted on his amendment, on the understanding that we will still want to lay our amendment and have it voted on, even if Deputy Le Tocq's Amendment passes. Is that acceptable to you, sir?

The Bailiff: Yes. So the sequence will be that Deputy Le Tocq will sum Amendment 3. We will vote on Amendment 3. You will then speak on Amendment 2 and we will vote on Amendment 2. The running order, is that as you understand it?

Deputy McSwiggan: That would be perfect. Thank you sir.

The Bailiff: Okay. I call, then, Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

I hope you can hear me. I will keep my camera on for a little while but I will turn it off, that might improve things. You will see why in a moment. We are in the midst of an historic debate and there have been I think very helpful and constructive contributions all round on these Amendments and several common themes.

1110 There have not been many questions but most of the ones that have been posed have been addressed by my P&R colleagues, so I will try not to be too repetitive. There have been a few specific questions, which I will seek to address but they mainly fall into two or three themes, so I will concentrate on that.

1115 But first, if I can, I will tell you a story. I am not sure if the Members can see but if you are able to, I am wearing cufflinks today, with a Guernsey flag on one and the other one has a Guernsey donkey. There is a reason for that and very often I wear these cufflinks when I am representing the Island overseas and they are always a good talking point, particularly people because Guernsey people have been known as donkeys, *têtu comme un âne*, stubborn as a donkey.

1120 I am going to turn my camera off now, sir, because it says that my connectivity is not as good as it should be. Oh, you have come back on now! Okay, so *têtu comme un âne*, stubbornness is a traditional Guernsey attribute, of course, and the Le Tocqs have been in or to the Castel for at least eight centuries now and Castellans are known in *Guernésiais* idiom as *ânes pur sang*, pure-blooded donkeys. So I think I know what stubbornness is, sir, in terms of Guernsey attitudes and our traditional resistance to things.

1125 But my late father also used to point out to me that stubbornness is not the only attribute of a donkey. They are also heavy load carriers. When push comes to lift or shove, they will carry and move significantly more than other similar creatures and often up steep hills and tricky terrain.

1130 Much has been said, sir, to compare the current economic conditions with those of the past, be that the credit crisis or the earlier decade in this century, the post-war years, or the Great Depression of the late 20's and 30's. Guernsey did fare better than most during virtually all of those epochs but I want to refer Members back to another, earlier, era, when the economic and social challenges faced by our forebears were arguably far worse than those which face us now.

1135 It was in the early part of the 19th century when Europe had been beset not by bubonic plague but what we might term as Napoleonic plague for nearly two decades. While the gross national revenue of the Island was only £3,000 at the time, Government debt stood at over £19,000 with an annual charge for interest and ordinary expenses of £2,390. Thus, Guernsey only had £610 *per annum* left to run the Island. In other words, interest paid to the bank loans consumed 80% of the Government's income and Guernsey had not enough money to solve the problems it faced.

1140 Trade with the Continent and nearby France, in particular, had been halted, not just for a year, but for several years ongoing. At the time, this trade, along with other licensed activities which almost certainly would not be licensed today, brought in regular revenues. The Island was in debt at over three times its income and accruing more debt rapidly.

1145 On top of this, there had been little investment in infrastructure for decades, if not centuries. Few paved or well-kept roads to travel on. So getting between one parish and another, let alone to Town, was treacherous, especially in winter. Coastal defences were crumbling and regular flooding occurred. Most importantly, there were no covered markets, where Islanders could efficiently and safely trade and do business with one another and export their goods.

1150 The Guernsey donkeys in the States of the 19th century chose to effectively carry the load of borrowing an enormous sum for that day. The initial risk would be equivalent to our undertaking over £1 billion today. But they did not stop there and what they did use it for, apart from to eventually create the economic conditions, which would see them pay off their existing debt, well they invested firstly in building the grand Town Markets that still exist today.

1155 Soon after followed by coastal defences, public and community buildings, schools, roads, other transport infrastructure and, of course, in the mid-part of the century, massive harbour redevelopment and land reclamation, which saw our small, medieval harbour, which had evidently not changed much since perhaps Roman times, over quadruple in size.

So here is my challenge, sir. Is this attribute of the Guernsey donkey spirit still alive and kicking today? This is the culture P&R is effectively looking to test for. We know it still exists in the business community. We know it exists in the third sector, with entrepreneurs and in the wider community. It is about Guernsey Together. We are in this together.

But does it still exist in the States of Deliberation? That is our question and really that is why we are faced with the challenges that we have today and this amendment has been laid, partly to focus attention on those things that are before us now. Deputy St Pier has said in his speech and made it very clear, that all we are asking at the moment for is to test the appetite. I have used the term culture, but you could equally say appetite.

That is primarily what the borrowing parts of the amendment refer to. Obviously, in terms of spend, as has been said by my colleague Deputy Brouard and others, we are just looking to use an element of our reserves at this juncture. But as many have realised, the details in terms of how much we borrow and how we take out that borrowing and when we repay it, that is not being decided today. But it will need to come before this Assembly at some time.

But in order not to tie our hands, and that phrase has been used sir, by several people, in terms of tying P&R's hands, but in terms of what Amendment 2 does, it does not just tie P&R's hands in terms of the short-term borrowing, it would effectively tie all of our hands as an Assembly and all Guernsey's hands in terms of getting the best value for money that we possibly can, that flexibility, as Deputy St Pier said, is essential if we are going to do the best job we possibly can for the whole of our community together. The only point, in terms of spend, now, that we are talking about is that which is in Proposition 1 of the Amendment.

I want to concentrate on a few questions and I have put them into two or three themes that hopefully address all the individual questions that were posed during these last two days. The first is the questions about detail and the detail that some would want to have now before agreeing to whether we would even consider to borrow and how much it is.

Many individuals have expressed concerns that they want further details before they do that. On the first instance I would say and re-emphasise what my other colleagues from P&R have said, we are not saying the final decision is now, we just need to know the appetite, because that will affect the recovery plan and the ambition that we have. It will limit our ambition of we know that there is no appetite or culture for the sorts of borrowing that we are talking about here.

It is equivalent, in a sense, to a couple or a family going to the bank and looking to buy a family house and finding out how much they would be allowed to borrow based on the evidence that they currently have in terms of their incomes and things. At that stage, they do not know what type of house they will want or be able to buy, they do not know whether it will need renovation. They do not know those sorts of things, but they are looking at the parameters because they need that permission first and that will determine what they look at and how ambitious they are.

When we took on our house here in the Castel, sir, it is chucking down with rain now, I am thinking very much of the first year we spent here. We arrived a few months before the hurricane of 1987 and we lost half our roof and two chimneys during that time. I had no idea what would beset us when we took on this property and we have to deal with those matters when they arrive and the States will have an opportunity of doing so.

There are questions, particularly raised, I think by Deputies Queripel and Merrett, with regards to details, in fact, I cannot remember which one of them, but I think it was one of them who said that our Core Investment Reserve should not be used, or they doubted it should be used. They referred to it in terms of the old idiom of the rainy day fund.

As I look out of my study window here today it is raining quite heavily and it is raining quite heavily in our economy at the moment. So if this is not a rainy day then I am not sure what is. Every person that has spoken has highlighted whilst we do not know what ultimate damage has been done to our economy, we know it is the worst in living history.

So our forebears, who put together that rainy day fund did so because they knew that such a day –

The Bailiff: Deputy Le Tocq, there is a point of correction from Deputy Merrett.

Deputy Merrett: Thank you sir. I said the complete the opposite to what Deputy Le Tocq is saying. I said it is the time to use the rainy day fund. It is not just raining, it is pouring, sir.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you. I am glad for that correction because I obviously misunderstood her yesterday. For any who are doubting that we should even do that, I think we just need to look out of our windows at the moment, although the sun is beginning to turn out between the clouds here. That is exactly what we want to see. My adage is plan and prepare for the worst, hope and pray for the best and that is what we are seeking to do here, I hope, together.

The second theme was around details and questions of how will we fund this, how will we pay it back? Again, many asking for greater details before they agree to do any borrowing of any type. Again, sir, I would refer to that illustration that has been mentioned already, of a couple looking to borrow. When a couple or a family look to borrow, they do so on the basis of what they know now in terms of incomes.

We know now that we have certain assets, we have a particular income that will enable us to resource and to fund this sort of borrowing. We do not know in the future. Neither do couples, as Deputy St Pier alluded to, know what the future might hold. But we cannot wait always until finding out because, by then, it will be too late. If we are to prepare a recovery and a rescue plan, effectively, for our economy, there needs to be risk taken and sir this is, as Deputy Soulsby alluded to, very much about appetite of risk. Just how much are we willing to do so?

I alluded in my initial comments in this speech to the risk that was taken by our forebears roughly 200 years ago. At that time it was a huge risk, what they were seeking to do by printing money, effectively, and then burning it when it came back later as the economy took off and taxes were being paid. It was huge risk. They did not know, at that time, whether it would work or not.

In terms of that element of risk, that is my question. We need to gird our loins and decide whether we have that ability today and the strength of mind to do what our forebears were willing to do and which we can enjoy, still, today by looking around our Island and particularly at things like the harbour and the infrastructure that they built.

Sir, thirdly there were a number of sort of individual questions. There were some questions about the cost of borrowing that came from two or three Members and again, based on the bond, there was a presentation made to States' Members. Our anticipation that it would be roughly 0.5% of the cost is what we would think in terms of the borrowing here, but we would not want to go into greater detail here. I think we know, roughly speaking, that if we are going into those sorts of negotiations, they need to be done by a small team, not on the floor of the Assembly.

There was a question that Deputy Lowe raised regarding Proposition 3 in the Amendment and it has perhaps been alluded to by others as well. Deputy Lowe, particularly, says why does it say 'to note' and not 'to direct'? I thank her for that. It is true, we could have said 'direct'. The fact is, I think, as I alluded to in my opening speech, the States already, in our fiscal policy debate earlier this year, alluded to the fact that, from time to time, *ad hoc* independent fiscal policy review panels would be needed to undertake reviews to a greater extent than has been the case in the past.

These individual panels, Members who have questioned them are correct that they are set up sometimes for longer than just one year, sometimes it is the same panel for a couple of years or so, but we have had them for issues in the past. I think particularly we would need to include more than just economic issues in any review, but this is something that we had already agreed to as a States in the debate earlier this year that we would need, from time to time, particularly if there was an economic crisis of some sort, we would need to set this up.

So, in a sense, we do not need to re-do that. Policy & Resources are simply saying that we confirm the things that are already agreed by the States, that such a panel should be set up and that is why, obviously, we would need to agree what its remit would be.

In conclusion, and I hope I have covered through that most of the issues that have not been dealt with by other colleagues, I come back down to this question. Do we, the Members of the States of Deliberation of 2020, have the same courage and commitment to work together and be willing to take the sorts of risks that our forebears, in the 1820's were willing to take when it came to investing in Guernsey and its future? Please vote for Amendment 3.

The Bailiff: Thank you, Deputy Le Tocq.

We now come to the voting and I know a lot of Members are having connection difficulties today. I am not a techy person but I suspect some of those problems are weather-related because there have been some very heavy showers moving through. But I am pleased to say that in the best parish the sun is now shining, so hopefully connection problems will be better.

Those who have had problems, I hope they have had a chance to appoint their proxy, but when we have gone through the roll call with the recorded voting, if anybody has not been able to vote, I will just pause to see if there is an opportunity for them to record their vote before I declare the result so that we avoid the sort of situation we had a couple of weeks ago where effectively I ended up changing the vote.

I do hope, if you are having problems, that you have cast your proxy but, as I say, I will give a chance for everybody, if possible, to vote, given the connection problems that the weather seems to be causing today. Having said all that, and that is probably too much, we move on to vote on Amendment 3, proposed by Deputy Le Tocq, seconded by Deputy St Pier and it will be by way of a recorded vote. Over to you Greffier.

There was a recorded vote.

Carried – Pour 20, Contre 19, Ne vote pas 0, Absent 0

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

* denotes Deputies who voted by proxy.

The Bailiff: Members I can declare the result of the voting on Amendment 3. There were 20 votes in favour, with 19 against, I declare Amendment 3 carried.

Now I invite Deputy McSwiggan to reply to the debate on Amendment 2.

Deputy McSwiggan.

Deputy McSwiggan: Thank you sir. Wow, that was close –

The Bailiff: You are slightly faint. Can you speak any louder?

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Deputy McSwiggan: Can you hear me any better now, sir?

The Bailiff: Yes, that is better.

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Deputy McSwiggan: I will try and maintain this closeness throughout my closing speech. Please prompt me if I fade out again. The reason why I voted in favour of the amendment that has just passed is because the Propositions it contains are much better than the Propositions that existed in the original policy letter.

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Members will know from the recent education debate that I am no fan of political brinkmanship and I will settle for any solution that is better than the worst solution but I will also continue to try and build on that to get to what I believe is the right outcome. In this case, sir, it remains my conviction that the solution in the amendment that Deputy Dudley-Owen and I have put together is much closer to the right outcome than we find ourselves even now.

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But sir I am grateful to the Policy & Resources Committee for having entered into dialogue with us before this debate and for having brought an amendment that does offer a material improvement on their original Propositions. So I think we enter into this final vote on the amendments in a much more favourable position than we started out. I am grateful to everyone for that.

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Just to recap, the material differences between the Propositions that have now been introduced through Amendment 3 and the Propositions that would be introduced through Amendment 2, a number of small differences have been pointed out. The two critical differences between those two sets of proposals are these. The first that the first tranche of borrowing, that first £250 million is a short-term facility. I know that has given some Members pause for thought and that is a point that I want to come back to in my summing up speech. But it is important to say that our aim is to have a short-term initial tranche of borrowing to give the States the immediate cashflow needed. That is not the case in the other set of Propositions.

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There is no commitment at all in the amendment that we have brought to a sum of around £500 million of borrowing until we have a plan for how it would be spent. Arguably, that is also the case with the previous amendment but 2(a) in that amendment, which sets out that headline figure of £500 million, gives me enough grounds for concern that I would rather it were not there at all.

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Those two things, the fact that our first tranche of borrowing is short-term, for cashflow purposes, and that any commitment to larger and longer-term borrowing must be contingent on having a reasonable plan in place for how we are going to spend that and how we are going to repay it are red lines for me. From the sound of the debate we have had this morning and yesterday afternoon, they are red lines for enough of us, generally, that it continues to be worth laying this amendment and asking Members to take a vote on it.

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I have been fed up for quite some time and I have complained against, this is general talk, about Covid-19, but the endless war talk around this pandemic is exhausting, although I have to say for the purpose of producing a generation of pacifists who have never even had to go through the experience of war then so much the better. The reason why I am struggling with the war talk is because I think it is leading us up a blind alley in our thinking about how we respond to this pandemic and how we build back better after it.

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World War Two is, in all our minds, this once in a generation event that led to a complete change in the way that the world lived and worked together and so on and one that we made every attempt not to have to repeat. Obviously, that is going to inform our response to the pandemic, too. We want to minimise every likelihood of it happening again. We want to ensure that the societies that we build after it are better and stronger and different to the ones that we had before.

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But I would remind Members of the debate that we were having long before this pandemic was anywhere on anyone's radar and the crisis that we were talking about at that point in time and the crisis that was and continues to preoccupy us in particular is the climate crisis. If we fully

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acknowledge the climate science and we are honest with ourselves about the implications of that science, we have to recognise that we do not have the same power that we had after World War Two to prevent this happening again. Not without even greater concerted global activity at a far greater pace than we have seen it unfold so far.

1345 If we follow the climate science, we know that the environment that we are going into this century is much more troubled in many ways than the environment that we have enjoyed in the past century. We know that because of changes in climate and weather patterns in various different countries, pandemics and epidemics like this one are going to be a more frequent feature of life. As are displacements of people and greater food insecurity, in our part of the world, as well as the
1350 other parts of the world.

So what I am looking for in our response to this crisis is a response that is adaptive but is sustainable and that is repeatable. Because, sir, I think we are deluding ourselves if we think that we are going to get through the worst of this and then walk out into green fields and into a long, uninterrupted period of peace and contentment. Actually, sir, I think what this pandemic for us is,
1355 is a learning period and it is getting us ready to face a future, based on all that we know about what the next decades look like, it is going to continue to be challenging for us and for our descendants.

So it is really important to me that the response the States takes now is one that helps build a better society and one that is repeatable. One that is not pushing into the future a burden which we do not expect the future to be able to bear. We have to get it right for us and for our society
1360 right now but we also have to get it right for our children and for our children's children.

While I am as anti-austerity as many of my close colleagues who have spoken in the last day-and-a-half, I approach the issue of borrowing from a possibly slightly different angle. Sorry I am hesitating over this because I know it is absolutely not the case that anybody in this Assembly does not care about our children and I am trying to say it in a way that makes that clear but I think that
1365 in getting right for the present we must not forget about the future.

Because of that bigger environmental context, we have to be aware that getting it right for the present and the future does not just mean one monumental push now and then everything will be better. It is about proceeding in a way that is sustainable and cyclical and does not set up the future to fail. I apologise if that is not completely clear. I hope that colleagues who hoped that I might say something to move them will understand where I am coming from in that.
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The other thing that I would ask Members to bear in mind, in voting for this amendment, is the price of the trade-offs that we are possibly having to make right now, I know that many Members are absolutely delighted to catch P&R in a rare anti-austerity mood and absolutely want to keep them in that mood for as long as possible, but I would remind Members all of us who have sat on Committees have also seen a letter from Policy & Resources already asking us to think about how costs can be cut, how expenditure can be avoided and so on.
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I would suggest that this is much more in line with the normal approach that we expect from Policy & Resources. It is not suggesting any malign intention on their part but their normal approach is much more in line with a kind of austerity approach to public finances and I think that we will start to see that mindset creeping back in much sooner than Members hope, whatever way we vote on these amendments today. If Members are not supporting this amendment because they want to preserve Policy & Resources' anti-austerity mood, I just do not think it will last for nearly long enough to do the good that we hope it will do and we will have paid a very high price for having done that.
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So those are the fundamental reasons, I think, why I would ask Members to support this amendment, but there are a number of specific points that came up in debate that I need to try and address briefly. The first of those is the issue of flexibility and that point has been well addressed by Deputy Ferbrache and by Deputy Dorey.
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But I would just say, sir, that my initial reaction to Policy & Resources' proposals, apart from the £100 million stimulus to business and we hope to the community, was 'no, no, no' please give us much more information before we agree to any borrowing at all. It was only as a result of Policy & Resources' presentation on Monday, where we were made aware that there really is an immediate
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need for some form of borrowing for cash flow purposes, so that we have the ability to decide when or if to liquidate some of our investments at the right time, that any Proposition about an initial £250 million borrowing facility made its way into this amendment at all.

So it started as a very big step towards Policy & Resources' original proposals that I had not wanted to take. I still feel the case in the policy letter was very thin in terms of making any argument for that. But that case was strengthened to some extent by the presentation that we received on Monday.

The wording in our amendment is lifted completely from slide four of the presentation that Policy & Resources gave to us on Monday. Slide four said that we are looking for a facility of up to £250 million for two to three years, it is a revolving credit facility or similar, we need it immediately for cashflow purposes and it allows us consideration of whether to liquidate our reserves or to convert this to longer-term borrowing.

So the approach that we have set out in this amendment is not something that we have foisted on Policy & Resources, in order to limit them, it is a step that we have taken towards Policy & Resources in order to enable them to take the immediate action that they told us on that date was so important.

We have simply put in the additional step, in effect, that the consideration that was outlined in Policy & Resources' slide four should happen at the level of the States on the basis of a decent recovery plan, a decent explanation of how we are going to spend the money and how we are going to repay it, rather than at the level of the Committee.

I would absolutely stress that this is not the austerity debate. Some Members have made it quite clear how they want the States' long-term approach to public spending to unfold and there are definitely distinct schools of thought in that between Members who are prepared to see greater cuts and Members who are prepared to see greater stimulus and a lot of Members with a sort of mixed picture in between.

I would remind Members of the normal way in which this States makes policy. Our normal approach is to say, 'Look, here is the thing that we need to do for the community. These are the benefits it will have, these are the risks that we are taking. But on balance, we know that we need to do this.'

So what is it going to cost us, how are we going to fund it? We set the policy direction first and then we sort out the funding. P&R do not come to us with a budget saying, 'We would like to raise these taxes and then you are going to decide how you want to spend them.' The taxes that P&R feel generally, I suppose, forced to encourage us to raise are as a result of existing Government decisions about what important services and service developments are for the benefit of this Island.

So, sir, I trust that Policy & Resources will not take this to be the austerity debate; they will not take this to be the decisive debate on the recovery plan. That they will take this to be, as it ought to be, a direction to do what the States normally does, which is to develop the plan to say what we need to do and then to establish a sort of envelope of spending that we are looking for and to decide how we are going to meet that spending.

That is not an unusual order of business for the States and it is a really strange sell, I think. Deputy St Pier, in his penultimate speech, said that the Policy & Resources Committee put these proposals to us because they want to know the appetite for borrowing now, because that will shape our recovery strategy. That may be true of the Propositions in the amendment that we have just approved but it is certainly not true of the original Propositions. There was no in principle decision put to us in those original Propositions.

I will remind Members that they said, in Proposition 2:

... the Policy & Resources Committee shall be authorised to enter into external borrowing facilities of an amount not exceeding £500,000,000, on such terms and conditions as the said Committee shall deem appropriate.

So the original decision that was put to us was to grant at once the authority to the Policy & Resources Committee, without any further States' decision, the ability to enter into borrowing facilities of the full £500 million. Part of the reason why I continue to favour this Amendment over

the one that Policy & Resources themselves brought is because the more outrageous the starting position, the more essential it is to have executive checks and balances.

When you know what the underlying impulse is, you have a better idea of how you may want to contain it. Because it is just human nature, we will revert to our underlying impulses whenever the opportunity presents itself to do so. So, although it is quite clear from the amendment that has already been approved, that P&R does not have the full authority to enter into that £500 million right now, it still provides more latitude for interpretation or misinterpretation than I personally am comfortable with in light of what the original Proposition said.

In any case, sir, I think it is quite reasonable to say we are not going to tell you our appetite for tasting a menu we have not even seen yet. I do not think that that is unusual or unconventional and I do not believe that it is unreasonable to ask Policy & Resources, working with other States' Committees, to put together a plan for the spending and repayment of this borrowing before we assent to it. I think that is very fundamental and very straight forward.

I would just ask Members to imagine this policy letter as a paper that has come to their individual Committee and on the back of this 19-page Committee paper, would any of us have made a decision of this magnitude at this speed? I am on, or have been on, I think about half of the States' Committees, so I hope I have a reasonable insight into how decision-making happens at Committee-level and I cannot imagine a single Committee being willing to make this kind of decision at this short order with this little information.

I do not think that is an indictment of the Committees, I think that is a reflection of the fact that we need enough information at our fingertips, to measure it with the scale of the decision we are being asked to make, before we commit ourselves to that. Again, that is all this amendment asks Members to do.

So all of this really is about trying to forecast the future and trying to predict when it will be best for the States to take different types of financial action. Of course, forecasting the future is all but impossible. Even if we rely on, to use words that have become very loaded, the very best of the science to tell us what that future might look like.

But knowing how hard it is to predict the future, perhaps our greatest help is to look at the patterns in the past and we have had several of those patterns alluded to in the course of this debate. Deputy Fallaize said that the desired borrowing in 2009, in which he played an important role in signing, ultimately proved unnecessary. Since then we know that the bond has fallen massively short of what it promised and that it was very costly to borrow. If we look back on both those considerations of borrowing, or actually decisions to borrow and the gap between ambition and reality, what grounds do we have for believing that this decision will be any different now?

Deputy Lester Queripel asked how the funding will be used and asked for a comment on that from both me and Deputy Dudley-Owen and from Deputy Le Tocq. Now Deputy Le Tocq, I think, has tried to address that in his closing speech but of course I cannot give Deputy Lester Queripel the answer that he is looking for and I think that is the whole purpose of this amendment. The point of this amendment is to recognise that the decisions we are being asked to make right now go far beyond the information that we have been given to justify those decisions.

I include in that the information that we have been given behind the scenes in Policy & Resources' presentation on Monday. That helps justify that first tranche of £250 million to meet immediate and short-term needs, but it did not make the case for the £500 million worth of borrowing and it had the opportunity to. With that in mind, sir, I found it really interesting to hear the speeches from Deputy Stephens and Deputy Brouard, because both made it clear that they are natural sceptics of this decision but that they have heard something to convince them that it is the right thing to do.

All we are asking Policy & Resources to do is to share with us that something, that thing that is such a game-changer that right here, right now, we are able to sign up to £500 million worth of borrowing. I do not know whether that thing is something that they know about the pandemic or something that they know about the likely future state of the economy or something that they know about the quantum of costs for borrowing in the shorter or longer term. But whichever one of those

1495 things it is sir, I have not heard it in this debate. I have not heard that one thing that might hit me beyond what the policy letter did and say, yes, now is the right time to be making this decision.

Sir, the right time to be making –

The Bailiff: Deputy McSwiggan, there is a point of correction from Deputy Le Tocq.

1500 **Deputy Le Tocq:** Thank you sir. Yes, I did not want to interrupt but I cannot leave that to go unchallenged. We have made it perfectly clear, several times, we are asking the States, as an Assembly, to make a decision in principle. We are not asking to sign up to half a billion of debt right here, right now, as she said.

1505 **The Bailiff:** Deputy McSwiggan.

Deputy McSwiggan: Sir, I will just draw Members' attention again to the original Propositions and the context in which we are having this debate. I will just conclude by saying that I found myself in a very similar position to Deputy Tooley when she set out her questions in her speech, although
1510 I suspect we may come to different ultimate conclusions, But I think that she was absolutely right to say we need to understand how we are going to spend this, how we are going to paint this.

We need to be prepared to have that conversation before we commit ourselves and, sir, I do not want any Member of the States, especially not any Member of Policy & Resources, to walk away from this debate, whatever the outcome, thinking that we have made a decision about what our
1515 recovery plan should or should not include.

What we want, certainly what I want from Policy & Resources is a credible recovery plan, which shows how we will use Government money to make a positive difference for businesses and our community, what that is likely to cost us. On the back of those justifications, I am more than willing to spend what it takes. But in the absence of those justifications and until we have those, I cannot
1520 do that.

So although I thank Policy & Resources for bringing the amendment that they have done, and for putting us in a much better position than the original Proposition did, I would ask Members to take us one further step towards better governance, towards clarity and planning for our future, which is entirely commensurate with the amount that we are being asked to commit ourselves and
1525 our children too.

Thank you, sir.

The Bailiff: Members, it is now time to vote on Amendment 2 and just for the benefit of anyone listening, to explain what has happened, in the original policy letter from the Policy & Resources
1530 Committee there were two Propositions. Those two Propositions have been replaced as a result of the successful Amendment 3. If this Amendment 2 were to carry, they will be replaced again by the Propositions in this Amendment 2. If Amendment 2 were to fail then the Propositions that will be left in play will be those that were inserted as a result of Amendment 3. I hope that is clear and over to you Greffier.

There was a recorded vote.

Carried – Pour 25, Contre 14, Ne vote pas 0, Absent 0

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Leadbeater*

CONTRE

Deputy Tindall
Deputy Brehaut
Deputy Parkinson
Deputy Le Clerc
Deputy Trott
Deputy St Pier
Deputy Stephens

NE VOTE PAS

None

ABSENT

None

Deputy Mooney	Deputy Fallaize
Deputy Le Pelley	Deputy Graham
Deputy Merrett	Deputy Green
Deputy Meerveld	Deputy Le Tocq
Deputy Inder	Deputy Brouard
Deputy Lowe*	Deputy Soulsby
Deputy Laurie Queripel	Deputy Roffey
Deputy Smithies	
Deputy Hansmann Rouxel	
Deputy Paint*	
Deputy Dorey	
Deputy Dudley-Owen	
Deputy McSwiggan	
Deputy de Lisle	
Deputy Langlois	
Deputy de Sausmarez	
Deputy Prow	
Deputy Oliver	

* denotes Deputies who voted by proxy.

1535 **The Bailiff:** Members, the Greffier has now informed me that the voting on Amendment 2 was 25 in favour, with 14 against. I declare Amendment 2 carried.

We now have three Amendments that have been circulated, proposed by Deputy Roffey, seconded by Deputy Graham. Deputy Roffey are you intending that all three be laid or are you going to select one of them?

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Deputy Roffey: I am going to select one of them, sir. I apologise that I had to do it that way. They are all trying to do the same thing but it depended on the outcome of the votes on Amendments 2 and 3. So it is now going to be Amendment 5 that is going to be laid and Amendments 1 and 4 are no longer valid because of Amendment 2 being passed.

1545

The Bailiff: Okay, so Amendment 5 will be laid. We are very close to 12.30 p.m., I am not going to suggest we do it before lunch but I wanted to give Members a chance to know which was going to be laid so they can consider it over the lunch recess. I understand that there may be one or two other Amendments just to amend, effectively, Amendment 2. Is that correct? Can anybody confirm whether that is correct?

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Deputy Tooley: Yes sir, I can confirm that that is correct.

The Bailiff: So how many further Amendments are you proposing, Deputy Tooley?

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Deputy Tooley: Two, sir.

The Bailiff: And are you in a position to circulate those or for the Greffier to circulate those as soon as possible to States' Members?

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Deputy Tooley: Absolutely sir. We have sent them to the States' Greffier, for him to check that they are in the correct format so that we can submit the Propositions.

The Bailiff: Greffier are you in a position to broadcast those and publish them so that, again, Members can consider those during the lunch recess?

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The States' Greffier: Yes sir, I will do that as soon as the States rise. We will check them for formatting and issue them. Yes.

1570 **The Bailiff:** And will you be doing that on the website or by email; or by both? Preferably both, I guess, if people have having connection problems.

The States' Greffier: Both, sir.

1575 **The Bailiff:** Both. Thank you very much. With that, when we resume at 2.30 p.m., and it will be 2.30 p.m., we will take Amendment 5 first and then we will take the two further Amendments that by then will have been circulated. But we will rise now and resume at 2.30 p.m.

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

**Covid-19 Pandemic – Funding of Financial Response –
Debate continued –
Amendment 5 carried**

The Bailiff: Good afternoon everyone. It is 2.30 p.m., are we ready Greffier?

1580 **The States' Greffier:** We are, sir, yes.

The Bailiff: Okay. In that case, as I said just before lunch, we will resume with Amendment 5, to be proposed by Deputy Roffey, seconded by Deputy Graham.
Deputy Roffey, would you like the Amendment to be read?

[Amendment 5](#)

To insert the following Proposition immediately after Proposition 2a.:-

"aa. To authorise the Policy & Resources Committee in addition to raise up to £50,000,000 through an offer designed and constructed to be attractive to individual local investors."

1585 **Deputy Roffey:** No, I do not think so, sir. Although Amendment 5 is relatively new, it is basically trying to do exactly the same thing as Amendment 1, which Members have had for a few days. Although, I should say there is one qualitative difference between Amendments 1 and 4, which are not going to be laid, and Amendment 5, in the sense that in both Amendment 1 and Amendment 4, the request was up to £50 million of the first £250 million to be raised should be done by means
1590 of a bond offer aimed at local independent investors.

That is not possible, now number two has been passed, because that first £250 million is limited to two to three years, and that simply is not compatible with this sort of offer. While the Amendment does not seek to specify how long the offer should be for, all of the best independent advice that Deputy Graham and myself could take, suggested probably somewhere in the area of seven to 10
1595 years. Therefore Amendment 5 actually adds an additional Proposition, allowing or instructing in fact P&R to seek to raise up to £50 million by means of an offer aimed at local people.

So it could be said, unlike the other versions, that this would allow up to £300 million to be raised at the beginning and from a service point of view that is probably true, but it is very much a sophist argument because when that initial £250 million has to come back to either be converted into
1600 longer term borrowing or not then, of course, the fact that we have raised up to £50 million through this local offer would be taken into account by the States in deciding whether or not to allow any of that revolving credit facility to be changed into its more long-term borrowing. So, effectively, it does not really make any difference, but I just want to be completely transparent about that.

Really, the only people I think who would object to this on the basis that it is too much to borrow
1605 are those who have argued over the last couple of days that, really, we should not be doing any

extended borrowing at all in response to this crisis. The amount that we can get out of our existing reserves, certainly over the next two or three years, at the appropriate time, from the Core Investment Reserve and the unallocated part of the original bond and from the other reserves.

1610 I think I even heard somebody this morning say that we could possibly raid the Superannuation Fund, which rather struck me. But I think the vast majority of Members accept that there will need to be some at least medium to long-term borrowing in response to this unprecedented crisis, so the question then is how that borrowing should be gone about, where those funds should come from.

1615 What Deputy Graham and I are saying is that there is no better way, in our view, than to actually invite the people of Guernsey to invest in their own futures, to invest in their own community. In fact, I was not in the States at the time, I would not have approved the previous bond anyway, but given that it went ahead I was quite disappointed at that time that this offer was not made because I think it would have been preferable than keeping it only to large, institutionalised investors.

1620 But this is a different situation, I think, now. What we are seeing now is the case for actually inviting local people to invest in their own futures is greater than ever. Because we are at such a seminal moment in our history, because the community spirit has been so tangible in the Island over the last few weeks that I do not think there has been a better time to say to the people of Guernsey, who are usually self-reliant, Deputy Le Tocq referred to that going way back to Napoleonic times and indeed beyond that, we do have natural self-reliance, so if we need money to invest in our futures, then that money coming from ourselves, or some of it anyway, has to be a good way of doing it.

1625 We believe that this is a really positive suggestion and we do note, that having laid this Amendment, we were told that P&R had actually been considering such an option right from the beginning of this whole crisis, which is great, so we could have ignored it but, a bit like P&R were looking for an expression of intent by the States, I am not sure they quite got the one they wanted but they were asking for one, Deputy Graham and I would also like the States to give their backing to this concept so that it gives more scope for the idea when consideration is continued by P&R.

1630 I suppose you could say, if we think this is such a great way of raising some of the money, why limit it to £50 million? Well, I think, several reasons. Firstly because we know that some Members do not believe that we should be borrowing that much more than we already are in debt as an Island, in response to this. I do not actually agree with that. I think we will need to borrow significantly more but we did not to lose supporters simply because we were suggesting that too much was raised, which would then be owe-able for the next seven to 10 years

1635 But also, because of the possibility of unintended consequences. If this was such an attractive bond offer that it attracted hundreds of millions of pounds from local investors, which I think it could if it is pitched in the right way, of course that is money that would not be going other deposit-taking organisations in the Island and we do not want to undermine their business model. We certainly do not because they are also the lending organisations, they are the ones that provides funds for things like the local mortgage market for instance, so the last thing we want to do is distort that by making this too large.

1640 Of course, if this one goes well and if it does not have unintended consequences and it does not starve anybody else from funds and if Guernsey needs more borrowing going forward, and I hope it is as little as it needs to be, but I think it will be considerably more than £50 million, there is nothing in theory to stop a similar such offer being repeated in future. But we think that £50 million is about the right prudent way to go for this first particular offer.

1650 People have asked me what sort of terms are going to be offered. We are deliberately being non-prescriptive in that sense because Deputy Graham and I recognise that we are not experts in this field. We have some ideas, we have our own thoughts. But our thoughts are the thoughts of amateurs. Should it be a fixed interest bond that is on offer, or should it be something that floats up and down a certain percentage of our base rate? Probably the latter but it is not our job to actually say.

How high should that interest rate be? Again, it has got to attract the money without actually being too expensive for the taxpayer. Again, how that is pitched, how the prospectus is drawn up is really for the experts, as is the term, whether the bond should be tradeable, where there should be a bonus for people who retain the bonds to the end of the full term. And, as Deputy – I think – St Pier mentioned in another context yesterday, should the returns on such a bond be tax-free? I think it can be argued both ways. This amendment deliberately does not seek to trammel that because there are people with a better idea of how to approach that than us.

But one thing I can say is that it is not a premium bond. I did not see Channel Televisions coverage of this story, but I actually had several phone calls from people telling me that I was suggesting, because of what they have seen on Channel, that I was proposing a local version of the premium bonds. I have to say those people were phoning up to say, ‘jolly good idea’, they would like to invest in it! I hate to disabuse them, I hate to disappoint them, but no prize draw is imagined here. This is something far more prosaic than that. But the fact that it did get such a positive reaction maybe it means such a more esoteric idea could be considered at some stage, but we are not bringing it forward today.

How long would it take to launch? Because obviously we want some of this money relatively quickly although – we have not yet – at the end of the day we will approve a revolving credit facility or such other short-term loan as P&R are due to enter into, so that takes some of the immediacy away, through launching this particular offer, should we get the backing of the States.

I really hope that it could be done quite quickly because P&R, if they have been thinking about it from the beginning, must have considered most of the elements of it and must have a fairly good idea of how it could be structured.

While I am quite sure that even in six months’ time the Guernsey people will be very keen to invest in their own futures, to show confidence in the Island of Guernsey, to show confidence in our ability to recover from this situation, it would be a shame just not to bottle the *esprit de corps* that we have at the moment, the amazing togetherness that is there. I suggested calling these bonds Guernsey Together bonds. They could be recovery bonds, call them what you want. But the spirit is there now so I think we could be quick out of the traps, obviously thinking it through properly and organising the prospectus properly, but the quicker it could be done, I think the better.

It is really down to the States, if they do not like the idea, I will be disappointed but, you know, I am not going to lay awake at night. I and I know Deputy Graham, think that really it is quite simple. Guernsey’s economy needs some help. I think everybody agrees that it needs some help. The question is who better to provide that help, who better to provide the firepower that Deputy St Pier is asking for, than the people of Guernsey themselves? We are self-reliant; we are a very self-reliant people and we do have, some of us, modest amounts of money to invest.

So we are talking about pitching this so that, obviously it cannot be a fiver, it cannot be £25 because the administration would be horrendous, but ordinary people with modest savings would be able to make use of this and show confidence in their own Island and I strongly recommend this amendment to the States, sir.

The Bailiff: Thank you. Deputy Graham, do you formally second the amendment?

Deputy Graham: Yes I do, sir, and I reserve my right to speak in debate, if necessary.

The Bailiff: Deputy Trott, do you wish to speak at this point or does anybody else from P&R wish to speak at this point?

Deputy Trott: I am very happy to sum up but I think that it might be of use to the States to know that Policy & Resources Committee is fully, 100% supportive of this amendment. But I will reserve my right in order that I can sum up at the end.

The Bailiff: Okay. Deputy Gollop has indicated that he wishes to speak. Are you able to speak now, Deputy Gollop?

Deputy Gollop: Thank you sir.

The Bailiff: And then I will call Deputy Paint up next. Deputy Gollop.

Deputy Gollop: Thank you very much, sir.

I wish to very much rise to support the Deputy Roffey/Deputy Graham amendment of Guernsey Together bonds, recovery bonds or whatever. I think Deputy Roffey and Deputy Graham have very much hit on a strong ... *[Technical interference]* theme here, compared with some of our other competitor jurisdictions, who used to encourage high net worth individuals who moved or retired to then go out and ... *[Technical interference]* some sort of statutory requirements. We have not done that.

This of course has been predominantly designed for local residents and local people but I think it is an attractive offer and I think there are people out there who are very community minded and would be very interested in both helping the Island and having a safe investment.

I accept that it would attract considerable interest. We do need that expertise and that money at our critical time and even if it was a modest but reasonable return the security of the States of Guernsey would ensure that it would be possible. I also hope that it would be accessible to ordinary Islanders with moderate savings, but not for a silly, small amount.

I accept there will be administration involved. I think the important point is there might have been some mixed messages from the debate yesterday and this morning, linked to elements of why the States have approved one Amendment and then another. I think it misses the point. I think there are only a relatively small number of my colleagues who are utterly opposed to borrowing or raising money *per se*. I think more of us just want more information as to the economic recovery plans and also perhaps more engagement and more involvement.

Therefore I have no hesitation in saying, in addition to the Propositions as amended by the Deputy Dudley-Owen, Deputy McSwiggan amendment, that we should have the courage to raise up to £50 million through such an offer designed and constructed to be attractive to individual local investors and hopefully we will use the expertise of local financial consultants, bond dealers, lawyers etc. as well, to ensure that our economy stays together.

The one point I am not clear on, not being an expert in any way on any of this, is why the figure chosen is £50 million and not, say, £20 million or £30 million, or even £100 million. I accept there could be knock-on consequences for other forms of financial instruments on the Island but I, personally, would like to know more about that, although I appreciate maybe a public debate in the States is not necessarily the best time to put across such information at this juncture. But I do think we should get behind this Amendment and support it as another string to our bow.

Thanking you.

The Bailiff: Deputy Paint and then Deputy Dudley-Owen.

Deputy Paint: Thank you, sir.

If I remember correctly, the remote Meeting before the last one, I mentioned local bonds, to enable people who were cash-rich, had savings and willing to do so to invest in Guernsey's future. Deputy Roffey spoke about his local genes and how averse he was to borrowing.

Well, I have the same genes and also my DNA my family having lived here for 500 years or more. It is quite a long time. However, I do agree with Deputy Roffey and, like him, I have been one who did not like borrowing money unless I absolutely had to, and also paid back as soon as possible.

The States of Guernsey should look, and I believe they have, at how this can be done. I have been actually actively speaking, well not quite speaking, messaging through the internet, one of the

Policy Council on this matter. There is no doubt that every Committee has to have working capital but none should be wasted.

Deputy Roffey also went on to say that somebody told him to remove his anti-borrowing hat. Well, sir, I have three hats in front of me at the moment. My bunnet for working at home, my going out fisherman's hat and my ceremonial Merchant Navy hat. So I have three hats to wear all the time and I very rarely have one off. I must say that, I am sorry about this, I will choose to wear a hat most of the time and with regard to removing it, if I choose to do so, and only when it is polite to do so or I am expected to do so, which I forget and nobody wants .

I must say that the idea in principle of safely using so much money out of our present cash reserves, as we can, must be done, including in local investments, which I agree with Deputy Roffey about. There has been a lot of talk about austerity, but the austerity should be led by the States themselves. Stop trying to fund pet projects or vanity projects or anything that would be nice to have but not necessary. That is one of the most important things we have to do as States, show the lead.

Regarding local bonds, one should remember that every local person investing in the future of Guernsey Bailiwick will be paid interest on these bonds. That interest will be paid with income tax, where if we borrow from outside the money that comes in still we will have to pay interest but it will be paid in some common place and that is very important to us because 20% of what you pay out you have back by Income Tax.

I have seen that it has been considered that they expect about £50 million, that may be raised. I have heard reports that is estimated by other people at £150 million. We are getting closer to not having to borrow money if this is true. So really, secure borrowing here that is available locally, is very interesting to me.

That is all I have to say, sir. Thank you.

The Bailiff: Thank you, Deputy Paint.

Now, Deputy Dudley-Owen, to be followed by Deputy Le Clerc. Sorry, there was a point of correction from Deputy Trott that came in just after you had finished Deputy Paint. Deputy Trott do you wish to raise your point of correction?

Deputy Trott: Yes, thank you sir. I think my friend Deputy Paint suggested this was not borrowing. This is borrowing of a very similar type than was being discussed this morning. Longer term borrowing than the three years, seven to 10 years Deputy Roffey suggested, and it will need to be repaid. The difference is that this would be borrowing primarily, if not exclusively, by Bailiwick of Guernsey residents.

The Bailiff: Deputy Paint, do you wish to deal with that?

Deputy Paint: Thank you, Deputy Trott. I am sure you understand.

The Bailiff: Okay. Deputy Dudley-Owen, then Deputy Le Clerc.

Deputy Dudley-Owen: Sir, can you hear me?

The Bailiff: Yes, I can hear you.

Deputy Dudley-Owen: Sorry, all of my communication is starting off with that one question at the moment. I have taken the hat from Deputy Paint if we are passing around a bunnet at our turn to speak. Just to speak in support of the amendment that has been put forward by Deputy Roffey and Deputy Graham. I think it is a really good idea and really catches the sense of community that has really been strongly engendered by, actually, a lot of the communications from Deputy St Pier and Deputy Soulsby over the last few weeks, and Dr Nicola Brink, to bring us through this crisis.

I love the idea of it being the #GuernseyTogether bond. I wrote to Deputy Trott on Thursday last week and asked him pretty much the same question that, obviously, Deputy Roffey and Deputy Graham had asked, whether this could be considered, that we had a Government retail bond and that the Island could get behind and invest in.

1815 I have got, really, a question about this and I was going to bring it up in the Members' briefing on Monday, but the briefing was quite short so I did not have time to. It is this. It is for Members of P&R who will answer, hopefully some time during the debate. Is it possible that this bond can be opened up to a wider market than just on-Island?

1820 With our financial sector, is it something that it is possible, feasible or easy to do to put this out to an investment market that is outside of our shores and I would like that answer to see whether there is a possibility, we are an attractive Island, we have got good credit rating, stable political landscape and there are an awful lot of reasons to invest in Guernsey and it would be good to know if we could do that. Or it might be just on the too difficult to do list and keep it just to local investors. But I would be grateful for a response to that questions some time during the debate.

1825 Thank you.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

1830 I wondered whether, following Deputy Dudley-Owen, she might have mentioned the previous attempts that she and I have had to try and launch some sort of investment saving scheme in the past and with an ISA, particularly for first-time buyers. I think, if we are looking for some ingenuity, perhaps not in this first tranche of raising money but maybe, if we can do it for this, we might be able to resuscitate the ISA scheme for first-time buyers and also with the tax incentive that ISAs provide to savers.

1835 So I think this is a really good idea. I listened to Deputy Gollop and I would perhaps just caution against going too big too soon and going above the £50 million. I think we have to do this in potential tranches and be very clear what the rate of return would be and maybe for a fixed term.

1840 I say that because we have to be careful not to undermine the other saving institutions on Island and I think perhaps I should declare an interest on this because I still work part time for a bank on the Island, albeit just with the hat of social responsibility. But I think I should declare that interest before I continue speaking.

1845 Yes, this may affect the outflow of funds from other savings organisations on the Island and, again, that may affect their capital adequacy requirements for the regulator and I would hate to see that what we were offering would make a run on their potential funds. I know that Deputy Trott will have more expertise in this area than I have but that was just a word of caution that I would like to say, because again those organisations are very often lending as well and, again, it is capital adequacy requirements through the GFSC.

1850 But lastly, with regard to the GFSC, I expect that any sort of savings vehicle that we would have on offer would have to go through the regulator and I just hope that there would not be too much red tape and bureaucracy by the regulator in launching this scheme, because I can see that is where, potentially, we would get bogged down in a potential scheme. But I think this is a great idea, but I just would need to have some caution on the effect that it might have on other lending organisations and savings organisations on the Island.

1855 Thank you, sir.

The Bailiff: Thank you. I will call next Deputy Fallaize, to be followed by Deputy Soulsby.

Deputy Fallaize: Thank you, sir.

1860 Briefly, I seek clarification about one thing. Although, obviously, there will be overwhelming support for the concept of borrowing, which is available to local investors in the form set out in this

amendment, my question, or point, is about the total borrowing that would have been authorised by the States in the event this amendment is successful.

1865 The Le Tocq amendment, I think, fell because the States believed that it was not appropriate today to authorise borrowing of more than £250 million. It seems to me that if this amendment is successful, the Propositions then in play will be proposed anyway to authorise the Policy & Resources Committee to enter into borrowing of £300 million, which of course is – what? – 20% more than the authorised borrowing that was set out in the Le Tocq amendment, which was defeated because it proposed too much borrowing in one go.

1870 So my question, what I am seeking clarification about is, when Deputy Roffey sums up, or perhaps Deputy Graham, who I see is going to speak soon, is just to be absolutely clear to the States that this Amendment authorises the Policy & Resources Committee to enter into another £50 million of borrowing, in addition to the £250 million set out in what is now Proposition 2(a). It is not, I think, that this £50 million would be part of the £250 million, it is in addition to and, if that
1875 is the case, I do think that there would be something ironic in Members who this morning argued so strongly that there should not be authority to borrow more than £250 million at the moment ending up with a set of Propositions in front of them, which if approved will permit borrowing of £300 million.

1880 Nevertheless, the concept is so attractive in relation to allowing local investors to be involved that I am sure the Amendment will go through. But I think we need some clarity as to its effect.

Thank you, sir.

The Bailiff: Deputy Soulsby and then Deputy Smithies.

1885 **Deputy Soulsby:** Thank you, sir, hopefully people will be able to hear me, although I am regretting having allowed the construction industry to get back to work at the moment – I have got a pneumatic drill outside! I think he might have just gone off to have a cup of tea, so I might be able to say this so people can hear me.

1890 It is really just to say I totally support this idea. For me, I thought it was more like the old 3.5% war loan that was offered back in the day. I think it is a really good idea. One consideration needs to be taken into account though, whether tax will be charged on the interest and so I would be interested to see any thoughts and ideas on that front. That is all I have to say.

1895 **The Bailiff:** Thank you. I had said I would call Deputy Smithies but he has withdrawn his request so, unless he pipes up now, I will go to Deputy Graham to be followed by Deputy Tindall. Deputy Graham.

1900 **Deputy Graham:** Thank you very much, Mr Bailiff. This is a good opportunity to kill two birds with one stone, really. One is to raise money for our recovery and also to allow the community to buy into that in a way that reflects the spirit of Guernsey Together. One or two detailed points have arisen.

1905 Deputy Gollop asked why £50 million specifically. This was not entirely a finger in the air exercise. It was originally thought to be that 10% of an overall figure of £500 million would be a realistic proposition. Secondly, I think the £50 million was reckoned, with some of the advice that we took from experts in the field, was that £50 million was probably safe from the point of view of not undermining the lending institutions elsewhere in the Island.

1910 A remark of Deputy Trott's, which was almost a throwaway line, and then followed by Deputy Andrea Dudley-Owen's query about whether this would be open to outside investors prompts me to say that I would personally be quite keen to make sure that whatever terms were written would be such that no would-be local investor was frozen out by investments from elsewhere, particularly institutional investments. If, for example, the figure of £50 million were reached and the bond offer was closed at that time, in other words, I really do not want to risk the community buying element in this merely in order perhaps to ensure the greater viability of the bond itself.

1915 I leave that to experts really but my preference would be that terms would be written to guarantee really that any local investor with sufficient resources to invest was not precluded from doing so by competition from outside the Island.

1920 I permitted myself a wry smile when Deputy Le Clerc mentioned about an institution to help first-time buyers. I can just about remember back to 2016, when I was elected for the first time and one of the seven points on which I was elected was I was going to seek the establishment of a Guernsey savings bank, which was first set up by the first Baron de Sausmarez and later morphed into the TSB, I think, before it eventually disappeared or was merged with others.

1925 I did raise this in the early days of this political term and I received absolutely no enthusiasm from anywhere in P&R. I was told that the example I quoted of it being done successfully in Gibraltar was not germane to hear and I never really managed to get any grip on it ever since. But I am glad to hear that, in Deputy Le Clerc, there would have been a supporter had it reached a wider audience.

1930 Deputy Fallaize asked the question about the relationship between this £50 million and any other sum that we are committed to raise. My understanding, and I am open to correction on this, is that now we have had Amendment 2 passed with a substantial majority, I believe that puts our potential £50 million in the status that it would be in addition to any £250 million already agreed to in principle by the States. I will leave that to Deputy Roffey, who tends to be more alert on these matters than I, to deal with that point at the end.

But I do hope that Members of the States will take this opportunity to support an initiative which, as I say, kills two birds with one stone. It raises money we need and it allows that buy-in and reflects the Guernsey Together spirit that is so strongly evident at the moment.

1935 Thank you sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Sorry, sir. Thank you.

1940 I was not going to speak. I do not use that phrase very often, as other Members do, but it was Deputy Le Clerc and Deputy Fallaize and their comments that I just felt I had to say something. I have heard this before in previous debates. Because I agree with Deputy Fallaize, there is a real irony in this debate. The first is it sounds like we are supporting the extra borrowing over the £50 million over seven to 10 years, because that is how I read it, and yet this element of being able to borrow on long term has been something that has not been too welcome, to say the least, albeit there was an extra nought on the end. I am pleased to see that and I do support it.

1950 The second irony is this continuous repeating of the need to remove red tape. Red tape has become a word which is synonymous with inappropriate bureaucracy. Whilst that word, red tape, can be that, inappropriate bureaucracy is something to be removed, I have to remind Members is why we have a regulator, why the Guernsey Financial Services Commission is there and that is to oversee schemes, where money is borrowed from the average person in the community, the consumer. Because they are there to ensure that their money is safe, that it is protected and I do feel very strongly that the GFSC should do everything that is needed to ensure that protection is in place.

1955 Naturally, the borrower on this occasion is the States of Guernsey and we are in a different position from a group of businessmen setting up a pension fund or the like and I hope that therefore their checks and balances will be easy enough to be fulfilled. But I still feel very strongly that removing red tape should not be seen as a short cut to avoiding the protection for consumers.

1960 Otherwise, my thought would be if we avoid that element then why not just ask for money from the consumer, from our residents of the Bailiwick, and ask them to put it into the Social Investment Fund as a gift because without protections for the money they lend then they might as well say goodbye to it, as if it was a gift straight to the Bailiwick. So I would, please, ask people to think about it, when they ask for the removal of red tape, to be aware of the reasons why it is there in the first place.

1965 Thank you, sir.

The Bailiff: Next, Deputy Merrett, to be followed by Deputy Inder.

Deputy Merrett: Thank you, sir.

1970 I am concerned this conditional £50 million to the first tranche and I would like Deputy Roffey when he responds, obviously he said earlier that he thought it should be sooner rather than later but should this not be towards the potential second tranche? It is only then, sir, that we will know and our community will know what the recovery strategy is and whether or not they want to donate funds, not donate funds, to invest funds, towards our recovery strategy.

1975 So, whereas I am very supportive of this amendment, I am not supportive of another £50 million, especially when we do not know at this juncture sir whether the longer term borrowing, which I believe is the intent of Deputy Roffey, we do not yet know about the recovery strategy.

1980 I actually just think this amendment is a little bit too early, as in my preference would be to have this debate to include this potential £50 million in the second tranche, because if one reads the now main Proposition it simply says to 'authorise' the Policy & Resources Committee to enter into a maximum of additional extended borrowing facilities.

Clearly, sir, that could already include this £50 million. The Policy & Resources Committee, because it says, that they get to decide *per se* how to do that, but that is on the shorter term. So I would put it to Deputy Roffey that this excellent idea, which I do support the principle of, should actually be against the second tranche of the recovery strategy.

1985 That is where I am going to get a bit unstuck, so if Deputy Roffey can confirm that when he sums up. In summary for myself, sir, I am supportive of the principle of possibly doing this, I am not supportive of another £50 million at this juncture until I understand or the States agree a recovery strategy.

Thank you sir.

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The Bailiff: Deputy Inder.

1995 **Deputy Inder:** Sir, Members, you got quite lucky. Basically, Deputy Merrett ate my whole speech. The Amendment itself, I think by Deputy Graham and Deputy Roffey's own admission, is high on concept, little on detail. As far as Deputy Fallaize's point, I know exactly what I voted for and it was an initial tranche of £250 million.

2000 If I am correct, I think Deputy St Pier showed some support for it on one of the Meetings. In fact, I think he referenced it in one of the updates, so I do not think Deputy Roffey is going to be able to answer the question. I do not know how these instruments are created, I do not know how long they are created, so I would like to hear from, possibly, Deputy Trott or possibly Deputy St Pier, for them to explain to me how long these instruments take to be set up; whether it is likely to come in tranches too. Because at the moment, I do not think Deputy Roffey, when he sums up, is going to be able to convince me or even knows whether it is tranche one or tranche two.

Thank you sir.

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The Bailiff: Deputy Meerveld.

2010 **Deputy Meerveld:** Yes, I am very much on the tail end here of both Deputy Merrett and Deputy Inder. I fully support the idea. I would live to see part if not the majority of our long-term debt raised locally through local borrowings from our own community. But that flies directly in the face, unfortunately, of what we agreed this morning, which was short-term debt, which may be repaid by selling off assets, or might be converted into longer term debt with a more comprehensive proposal.

2015 I would like to see this come back again as part of the discussion when we discuss the recovery plan and the potential for long-term borrowings but I am afraid I cannot vote for it as it stands today, for both the reasons that it is introducing a form of medium-term debt and it is also exceeding the £250 million that we have already agreed on this morning.

Thank you sir.

The Bailiff: Next, Deputy Lowe.

Deputy Lowe: Thank you, sir.

Just listening to States' Members and it seems there is confusion, perhaps Deputy Roffey and Deputy Graham would consider a quick, slight Amendment to the wording, if they were minded to do so, to clarify that? Because I think Members are very supportive if it is part of the £250 million, but not as well as. If they are not prepared to do that or do not want to do it, I would be more than happy to do an amendment so if this one was passed, it would be amended again afterwards.

The Bailiff: Anyone else? No. Well, Deputy Trott, then, will speak, immediately before Deputy Roffey replies. Deputy Trott.

Deputy Trott, we cannot hear you.

Deputy Trott: I beg your pardon, sir. Would you like to see me as well, sir?

The Bailiff: It is always a pleasure, Deputy Trott.

Deputy Trott: I tell you what, sir, there you are. What a treat!

Whenever one talks about these sorts of things it helps to, I think, have some details around the definition of terms. Now, sir, a debt that is two years in duration in City terms, or a debt that is in three years in duration, is considered the same as a debt that is in eight or nine years' duration; i.e. it is medium-term. If it is not until you go over 15 years, the City would consider it long-term and it is only when it is less than one year that the City would consider it short-term. So we are talking about medium-term there.

Now I can confirm that the Treasury were, as Deputy Roffey mentioned, already looking at this and continued to look at it because it does require, there is some detail that needs to be attended to, and we have been fortunate to have the help of a number of professional advisers, all of whom, to my knowledge, have so far offered their advice and assistance *pro bono* and I want to emphasise that point, because there has been a real sort of community feel around the borrowing needs of Government and the help of the advisors that have come forward.

It is a very good idea and one that has the full PRC support and that is why we started our analysis of this particular instrument before lockdown commenced, but it is a flick more complicated than would appear at first sight, because there is a substantive KYC, AML/CFT issue, which needs to be considered when there are large numbers of applications.

When I say, for instance, that the States is happy in the future for us to borrow long-term £250 million over maybe, I do not know, 20, 25, 30 years, there is a strong chance that there would only be a handful of investors, a handful of institutional investors, on an issuance of that size, because at the institutional level they are dealing in tickets of 20, 30, 50 or even £100 million or more.

But when you are dealing with a large number of retail applications, you have a much more onerous know your customer and money laundering process to go through and I think Deputy Tindall referred to that. The terms, and by that I mean the type and size of coupon, the maturity, the size of the issue and the minimum subscription size, will all need to be determined and the bond will need to be marketable.

Now some experts, experts that I hold in the highest regard, would advise that a floating rate would be best to roll on the fixed coupons say 1.7%, 1.8% or whatever the case may be, a floating rate linked either to base of LIBOR or whatever would be best. Why? Because if it is issued on a fixed coupon, the price will fall when rates start to go up and investors would then need to sell at a loss, whereas a floating rate would be more likely to stay at around par, but then of course the risk passes to the issuer, because they would have to pay whatever the floating rate was and in this case that could cost us more.

2070 But it is those sorts of details that our professional advisors will continue to work on. I should also say, sir, at this stage, that the international stock exchange has come forward and supports this and has offered their services and help for us throughout. But these are all solutions that can be implemented quite quickly, particularly with the help of the Guernsey Financial Services Commission, and we might be able to speed things up with having distribution from one broker, 2075 however with the help of all the banks. It is a very good idea. I will say at this stage, sir, that if it is successful, I shall join Deputy Roffey as a seed investor in this vehicle and I know that there will be potentially thousands of other Channel Island residents that will follow suit.

I think it was Deputy Dudley-Owen who asked can this go wider than just Guernsey. Well the answer is it can, but almost regardless of whether it is a floating rate note or whether it is a fixed 2080 coupon, there will be significant interest and there will be significant interest because Guernsey remains a very solid bet. We are AA- rated, which is why implored Members to be bold this morning and borrow now, whilst the rates would be advantageous and conditions are advantageous, relative to most others.

But it could raise significantly more. I think Deputy Roffey and Deputy Graham are right to set a 2085 Bailiwick-only retail target of £50 million, although I can tell you I am aware of one investor who could not be considered retail but who will participate with a tranche of £5 million, so that is a very encouraging start.

But it could very easily raise considerably more and I can fully support this being done, I should say, in addition to the ultra-short-term borrowing of two to three years. This is still medium-term 2090 borrowing, it is just that the period being suggested is slightly longer.

Deputy Le Clerc asked what effect on the banks and building societies. Well, I have given this a little bit of thought and I think there will be some effect. Clearly a number of the people who would be attracted in this instrument would be coming from bank accounts where very minimum amounts of interest were being enjoyed. However, I do not believe that this will cause significant liquidity 2095 difficulties for the banks because the truth is that £50 million, spread across all of the deposit eggs is a relatively inconsequential sum.

I know numbers this size scare most States' Members, trust me they do not scare the banks who do business in this way. So, to confirm, sir, the PRC is entirely supportive, unamended, and I hope that these words will be of comfort to some.

2100 Thank you sir.

The Bailiff: Thank you, Deputy Trott. Now Deputy Roffey will reply to the debate on Amendment 5. Deputy Roffey.

2105 **Deputy Roffey:** Thank you, sir.

There was a number of individual points but the one main point that a number of people made, I thought I had addressed in my opening, but I will have another go. Yes, it is in addition to the £250 million. That is not how we tried to do it. Amendment 1, which was our first attempt, would have made £50 million of the £250 million to be raised in this way, or up to £50 million.

2110 When the P&R Amendment got through, we were still able to do that in Amendment 4, make it £50 million of the £250 million, but when that set of proposals was replaced with the sorts of proposals flowing from Amendment 2, because the £250 million was very specifically limited to two to three years, it was not possible, and this is what I say to Deputy Lowe, since she was saying could we not tweak it, no we could not tweak it, because we could not make this £50 million offer to local 2115 investors something that was able to sit within that two-three-year strict time limit. Because all the advice we have got is that the length of the bonds that will be offered to local people investing in this way would be more like seven to 10 years and therefore it cannot be part of the two to three years.

2120 So, yes, from a sophist argument, Deputy Fallaize and others are quite right that this today authorise £300 million, up to, borrowing, in the sense that there would be the short-term borrowing,

whether it is the revolving credit facility or some other way of £250 million that we have already approved plus this £50 million.

But in reality it is not going to make any difference because that short-term borrowing is going to have to come back to the States, as Deputy Meerveld has said. Either it is going to be repaid or it is going to be translated into longer-term borrowing and when we make that decision, this share offer – not share offer, bond offer – which hopefully will have raised £50 million from local people investing in their own community, will be taken into account. We will decide, we will say we have got that £50 million, therefore that is £50 million that we do not need to go out to the market for to actually turn this approval of the short-term facility into a longer term facility.

So at the end of the day, it is not going to add to the amount that we borrow. The only people who would vote against that on that basis are those that think that at the end of this process, within the next two or three years, we can go forward without £50 million or more actually borrowed in medium-term or long-term borrowings ... sorry, I see there is a point of order, sir. Sorry, a point of correction.

The Bailiff: Yes, Deputy Merrett, your point of correction?

Deputy Merrett: Thank you sir. Deputy Roffey seems to be implying that the additional tranche is an absolute and actually the additional tranche under (b) is only with the States' approval of the recovery plan, etc. So I think he might be slightly jumping the gun there, sir.

Deputy Roffey: I think that is missing the point, sir. I am talking about the first tranche. The first tranche of £250 million is only for two to three years, which within that time – it will probably be a lot earlier than that – that would have to come back to the States for us to decide whether to just pay it off, maybe selling assets or using our reserves, or to translate it into a longer term borrowing.

I am suggesting that at least £50 million is going to be translated into longer term borrowing, those who do not think it is likely to happen, I fully understand they will work against this on the basis they do not want to commit to medium-term borrowing, they think that within two to three years, with one bound, we are going to be free and we will have no additional debt.

But unless Members think that there is no danger in this because money will be taken into account when deciding what to do about that first tranche, whether to pay it down or whether to translate it into longer borrowing. I am not really sure whether I can go any further than that but the wording of Amendment 2 really gave us no choice but to take this approach because we could not make it a part of the first tranche because you could not issue a bond offer to local people with a timescale, a term or two to three years. That just would not work.

If people want to vote against it for that reason, I accept that. I am not sure it is being entirely rationale because, as I say, I think it will come out in the wash when we address what to do about that first tranche we are going to approve and how to take it forward, but that is their right.

Deputy Gollop, why not a different sum? I think Deputy Le Clerc almost answered him for me. Actually, it is not just the financial institutions and the deposit-taking organisations, I am probably doing no favours to an organisation that I was involved in for years and still have a huge empathy with, because they actually have a significant amount of withdrawable share capital, which people leave in as a sort of savings account. They might have to put up their rate slightly to stop all that money going off to be invested in Guernsey Together bonds instead.

But, you know, I think at £50 million, taking in Guernsey as a whole, it is not going to be disruptive. But if we pitched it at £200 million, £300 million, to be attracted from local investors then there was that real danger. So I think we are, certainly feeling our way into the water here, not to have unintended consequences.

Deputy Dudley-Owen says can we market this externally? I find it hard to find a way that we could actually prevent that happening. I am not quite sure how the rules can be drawn up with a geographical restriction on who can invest but I hope really that it is aimed primarily at local investors.

2175 While I am delighted that Deputy Trott knows somebody that wants to take out £5 million in this way, I am not sure if it was himself or somebody else, but somebody he knows that wanted to take out £5 million, in a way I would be disappointed if 10 of those came along and that was it, gone, and Mrs Le Page, with her £10,000 found that she was too far down the queue. A bit like when shares were sold off in the UK in the utilities, I think there actually ought to be, ideally, if it is not too complicated, something favouring in the first instance the moderate size investors to make sure they are not actually shut out of the process.

2180 Still, I welcome the fact that a few local people have got a lot of money that they are willing to invest to show confidence in their future, so it is a difficult balancing act.

2185 What else was said? I think that really is mainly it, as I say it would be really disappointing if this did not get the go-ahead, particularly if it was on the basis of the amount of money that we are authorising today, because the £250 million is only for two to three years. Pretty soon we are going to have to decide how to translate that, if at all, into medium-term debt. If you think any of it is going to be translated into medium or long-term debt, this is the best way to do it. If we wait until tranche two before we even start considering it, then this is going to be the tail end Charlie of the whole process.

2190 We will not have missed the community spirit, Guernsey has always had huge community spirit, I think this would have worked at any time, but I think actually delay for the sake of it, now, would be a shame, because I think people are just feeling so passionately about their Island at the moment, about their community and its future that I think it is a question of *carpe diem*, seize the day, seize the moment. Seize the zeitgeist that is amongst Guernsey people and try and move this forward. Of course there is work to be done; Deputy Trott is right – know your customer, anti-money laundering and terrorism and everything. We do not want to have a dodgy bond issue.

2195 But within reason I would like to see this move forward as quickly as possible. I think it is an idea whose time is now and I really hope it gets a good vote in favour.

Thank you sir.

2200 **The Bailiff:** Members, there will now be a recorded vote on Amendment 5, proposed by Deputy Roffey, seconded by Deputy Graham. Over to you, Greffier.

There was a recorded vote.

Carried – Pour 27, Contre 11, Ne vote pas 1, Absent 0

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

Deputy McSwiggan
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow

* denotes Deputies who voted by proxy.

The Bailiff: Members, the voting on Amendment 5 was 27 in favour with 11 against and one abstention. I declare Amendment 5 carried, which brings us to Amendment 6, to be proposed by Deputy Tooley and seconded by Deputy de Sausmarez.

2205 Deputy Tooley, would you like the amendment to be read?

[Amendment 6](#)

In Proposition 2(a) to delete the text “, for an initial period of 2-3 years only (but subject to proposition 2(b)),”. In Proposition 2(b) to delete the text “, or to extend the initial facility referred to in Proposition 2(a) beyond three years,”.

Deputy Tooley: No thank you sir. It is very short, I do not think that is really necessary to have it read.

2210

The Bailiff: Thank you. Please go ahead, then.

Deputy Tooley: Thank you. In laying this amendment, I think I need to go through the journey that the relevant Propositions have taken us on over the last few days. This began with the original Propositions under the terms of which we were asked to approve that the Policy & Resources Committee should be authorised to enter into external borrowing facilities of an amount not exceeding £500 million until the said Committee should deem necessary.

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I think it was very clear from debate and indeed from discussion in the days before the debate that there was very little support for this as written and there was, as a result, widespread discussion of amendments, and so on, which resulted in the two substantial amendments being laid.

2220

The Policy & Resources' version, which was voted on first today, altered this so that the effect should be to authorise in principle Policy & Resources Committee to enter into external borrowing facilities for an amount not exceeding £500 million; £250 million of that permitted on such terms as Policy & Resources Committee deemed appropriate and £250 million contingent on the States approving a recovery strategy to be developed by the Policy & Resources Committee, in consultation with other States' Committees.

2225

This was quickly superseded by the Dudley Owen/McSwiggan amendment and there is much that I like about that amendment, not least the fact that is production brought together, under the skilful hand of Deputy McSwiggan, Members who might often be considered to have come from all parts of the political sphere.

2230

This meant the substantive Proposition which sits before us with regard to borrowing in this respect is that we agree authorisation for P&R to enter into a maximum of £250 million additional external borrowing facilities for an initial period of two to three years only, on such terms and conditions as said Committee shall deem appropriate and to agree that authorisation for the Policy & Resources Committee to enter into an additional tranche of borrowing, or extending the term of the initial facility, would be contingent on the States approving a recovery strategy, broad terms and conditions for borrowing, sources borrowing, and the basis of repayment.

2235

Now, as I said yesterday, I did not like the original Propositions. I much preferred either of the Amendments, but there were things in both that I considered less than ideal. Last night Deputy de Sausmarez and I thrashed out those parts of both amendments which made us ... Had the Propositions in Amendment 3, once adopted, remained the substantive Propositions I would have wanted to lay an Amendment dividing the £500 million requested firmly into two tranches and not giving agreement to it in principle for the full amount.

2240

There would also have been an amendment –

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The Bailiff: Deputy Tooley, I am sorry to interrupt you but there are quite a lot of messages coming in from people saying they are having difficulty hearing you because the quality is poor. From my point of view the quality has been poor but I do not think I have missed hearing any word. So, I do not know, perhaps the production team in the Court might know what the problem is. Greffier, do you or anybody know what the problem is, do you have any suggestions to what Deputy Tooley could do?

2250

The Deputy Greffier: Sir, it is Christine. I think that it may be the internet connection that is the issue. Deputy Tooley could try phoning into the meeting as an alternative.

2255

The Bailiff: If Members are not able to hear what she is saying then clearly it is important that they should hear what she is saying, so Deputy Tooley, do you want to try phoning in?

Deputy Tooley: I will just see if I can do that, thank you sir.

2260

The Bailiff: We will pause then, to give you time to do so.

The Deputy Greffier: Sir, could I suggest perhaps we take our mid-afternoon break now, whilst Deputy Tooley calls in, just so we can check the connections and recommence? Would that be an idea?

2265

The Bailiff: I think you are having a few other problems are you not? Do you want to send out a fresh invitation or are you happy for us to stay on this invitation?

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The Deputy Greffier: It would be preferable to stay on this invitation. I think it is just a couple of minor issues but we should be able to get them resolved.

The Bailiff: And how long do you think that might take?

2275

The Deputy Greffier: I think it is more the wi-fi connection rather than any other issue, so if Deputy Tooley can call into the meeting we can get that resolved in the break. You know, 10 minutes.

2280

The Bailiff: Ten minutes. So if we come back at 3.50 p.m. If its 15.37 now, if we come back at 15.50. Members we will break now and resume at 15.50 and I think you will need to log off and come back in, is that correct?

The Deputy Greffier: Yes, that would be helpful sir, thank you.

2285

Deputy Tooley: Thank you sir.

*The Assembly adjourned at 3.38 p.m.
and resumed at 3.50 p.m.*

**Covid-19 Pandemic – Funding of Financial Response –
Debate continued –
Amendment 6 lost; Amendment 7 carried**

The Bailiff: Well, Greffier, it is 15.50 now, have any problems been fixed, Greffier?

The States' Greffier: It is sir, yes, the problem has been resolved.

The Bailiff: The problem has been resolved, so we are ready to get going again, are we?

The States Greffier: We are, yes.

The Bailiff: I can see that Deputy Inder has asked whether this amendment complies with Rule 4(3) financial implications. I do not know the answer to that, but it seems to me it is within the ambit of Amendment 2, that we debated this morning, and a similar issue was not raised there. But I will throw the question to Deputy Tooley and ask her. Deputy Tooley, are you now able to be back with us?

Deputy Tooley: Sir, I was just waiting for the phone to un-mute. It is our opinion that the only implication of this amendment would be that in allowing additional flexibility in the purchase of these credit lines, this borrowing arrangement, it would potentially make this a cheaper arrangement for the States of Guernsey to enter into.

The Bailiff: Thank you, Deputy Tooley, and I can see Deputy Fallaize has asked that you start again. I think Members some had great difficulty hearing. I do not know if you are reading a speech or speaking from notes, but perhaps, if you want to be certain that everybody has heard what you are saying, it would be advisable to start again or at least to recap on what you have already said, at the very least.

Deputy Tooley: That is great, sir. I can work the same way from my notes. That is not a problem. Thank you, sir, and thank you for the patience in allowing me to begin again. In laying this amendment, I think we need to go through the journey the relevant Propositions have taken us on over the last few days.

This began with those original Propositions, under the terms of which we were asked to approve that the Policy & Resources Committee should be authorised to enter into external borrowing facilities, of an amount not exceeding £500 million, on such terms as that Committee should deem necessary.

I think it was very clear from the debate and indeed from the discussion in the days before the debate, that there was very little support for this, as written, and that there was, as a result, widespread discussion and the Amendment which came forward, which were substantial and made sweeping changes, essentially, to the original Propositions.

The P&R vote –
(Audio connection lost)

The Bailiff: I think we have lost Deputy Tooley. Greffier, are you able to help?

The States' Greffier: It sounds hung up, sir, we are just investigating now.

The Bailiff: Okay, thank you.

Deputy Tooley: Sir, can you hear me on the computer?

2335 **The Bailiff:** Yes, try that.

Deputy Tooley: Yes, I will flip back to that. I do not know why, but the phone just cut it off completely.

2340 The P&R version, which was voted on first altered this, so that the effect of that section would be to authorise in principle the Policy & Resources Committee to enter into external borrowing facilities for an amount not exceeding £500 million; £250 million of that permitted on such terms as the Policy & Resources Committee deemed appropriate and £250 million contingent on the States approving a recovery strategy to be developed by the Policy & Resources Committee in consultation with other States' Committees.

2345 This, though, was very quickly superseded by the Dudley Owen/McSwiggan amendment and there is much that I like about that amendment, not least the fact that its production brought together, under the skilful hand of Deputy McSwiggan, Members who might often be considered to have come from all parts of the political sphere.

2350 This meant that the set of Propositions with regard to the borrowing in this respect, the authorisation for the Policy & Resources Committee to enter into a maximum of £250 million worth of additional external borrowing facilities for an initial period, on such terms as the said Committee shall deem appropriate and to agree that authorisation for the Policy & Resources Committee to enter into an additional tranche of borrowing, or extending the term of that initial facility would be contingent on the States approving the recovery strategy, broad terms and conditions for borrowing, the sources of borrowing and the basis of repayment.

2355 Now, as I said yesterday, I did not like the original Propositions. I very much preferred either of the amendments but there were things in both I considered less than ideal. Last night, Deputy de Sausmarez and I thrashed out those parts of both amendments which made us uncomfortable and had the Propositions in Amendment 3, once adopted, remained the substantive Propositions, I would have wanted to lay an amendment dividing the £500 million of funding firmly into two tranches and not giving agreement in principle for the full amount.

2360 There would also have been an amendment, much like Amendment 7, which I considered necessary but if, as I thought most likely and as things have borne out, the Proposition in Amendment 2 became a substantive Proposition, then there were two things which bothered me more, which are dealt with in Amendment 7, so I will say no more on that now.

But the other was the issue of the restrictive clause around that first tranche of borrowing. I am much happier with the prudence of the new Proposition, in so far as it separates out the first and second tranches of borrowing. But I am uncomfortable with the requirement that that borrowing must be based on a repayment schedule of two to three years.

2370 Those two to three years are going to be fraught with complexity. We are seeing the world change daily. Companies which once appeared solid and almost unassailable are shaking and it is not only those who built their houses on the sand who have much to fear from this or successors, but those we have long believed had the most solid of foundations.

2375 Although the current Propositions include the possibility of the Policy & Resources Committee returning to the States to request the ability to refund the borrowing, to transfer that two to three year mid-term borrowing into longer-term borrowing, it would be necessary from day one, from now, for there to be planning for that repayment to begin within two to three years and I am concerned that tying our community to that kind of deal is cutting the possibility of better deals elsewhere.

2380 Now I know that some Members voted for 2 over 3 because they wanted to lock-in that requirement that this would be repaid in two to three years, but I believe there are others who will have voted for this because they had a greater concern, as indeed I did, about the agreement in principle to borrow £500 million and, on balance, this was the lesser concern. Now, though, we have the opportunity to address both.

2385 Our amendment makes clear that this should still be for short-term cash flow requirements and not for long-term prospects and while I absolutely agree with Deputy McSwiggan that we should

be careful what debts we leave for our children and our children's children, I am concerned that if we ... *[Inaudible]* permanent within two to three years, then we potentially hobble our children's future and that of their children.

2390 Do I want to pass debt to them? No, I want to repay it as soon as we can. But do I want to require repayment of a huge debt at a time when it may be unwise or impossible to repay it? Not if that means we are unable to invest in our community, in our children and thence in our children's children.

2395 So, sir, we bring this amendment in the hope that those Members who preferred option two over option three because it divided the large £500 million of borrowing into two tranches, one agreed now and one potentially agreed in the future, we believe that there are those who also would prefer not to tie our community to need to repay this first tranche within two to three years and therefore we bring this amendment and urge Members to support it.

Thank you sir.

2400

The Bailiff: Sorry, my computer was a bit slow there. Yes, quite a number of Members have said that they had difficulty because your connection was patchy but, listening to it carefully, I do not think we actually missed any words. It was extraordinary, it was as if there were pauses but I do not think we missed any of the words, so we have all heard what you had to say. Thank you very much.

2405 I turn now to the seconder, Deputy de Sausmarez, do you formally second the amendment?

Deputy de Sausmarez: Yes I do, sir, thank you.

2410 **The Bailiff:** And I see that Deputy Merrett wishes to raise Rule 24(4), which can only be raised just after an amendment has been proposed and formally seconded. I just remind you that if we were in the Chamber, I would be inviting those who support debate on the amendment to stand in their places but, because we are having a virtual meeting, instead of standing in your places, you need to communicate via the Chat function, whether you support debate on it and if fewer than seven Members indicate that support then the amendment will not be debated.

2415 Quite a few are going through, I think we have already had more than ... yes, we have certainly had more than seven people who support debate, so that Rule 24(4) challenge has failed and we will therefore continue with debate and I would invite Deputy Le Tocq if he wishes to do so. Sorry, not Deputy Le Tocq, Deputy Trott, if he wishes to do so, to speak at this point. Deputy Trott?

2420 **Deputy Trott:** No sir, I will reserve my right to speak later but the States may like to know that the PRC is unanimous in its support of this amendment.

The Bailiff: Thank you. In that case, I will turn to those who have indicated they do wish to speak and the first who gave me that indication was Deputy Gollop.

2425

Deputy Gollop: Hello sir. Hopefully, everybody, and yourself, can hear me.

The Bailiff: I can, yes.

2430 **Deputy Gollop:** Deputy Tooley put forward her case as well as possible under the technical challenges we all face and although she declined to read the amendment, because it is short, I perhaps might help those other Members and listeners in radio land because it is quite complicated. The amendment says

In Proposition 2(a) to delete the text ", for an initial period of 2-3 years only (but subject to proposition 2(b))." In Proposition 2(b) to delete the text ", or to extend the initial facility referred to in Proposition 2(a) beyond three years,".

2435 Now, of course, I am getting more and more confused with this high finance and the way in which we are doing this, because this morning we, by a narrow margin for various reasons,

supported the Deputy Le Tocq/Deputy St Pier amendment because Deputy McSwiggan, amongst others, thought it better than the Propositions as originally printed, which indeed it was.

2440 Then, just a few minutes later, as Deputy Graham, I think rightly said, by quite an overwhelming margin, the Deputy Dudley Owen/McSwiggan amendment won, which changed the game again, which effectively was a game-changer, although as Deputy Trott and Deputy St Pier reminded us, this is of course not a game but a very serious reconstruction of our future.

2445 Now, this amendment, which has come without, really, much prior publicity or discussion, I think significantly changes things again, because we will have succeeded in a short space of time, if it succeeds of the States changing its mind three times, four times if you include the original P&R Proposition.

2450 Although I do agree with Deputy Tooley in some respects, I would like to see flexibility of borrowing. I have no problem with borrowing more than £250 million, maybe £300 million. I understood the inference behind the Roffey amendment, although he did explain it in a different way, that it could be to an additional sum, and I appreciate too that it is possible, I do not have the expertise to know for certain, that there might be better deals for the Island, through the taxpayer, for our recovery with a longer term of borrowing, as we identified already in the Roffey/Graham amendment.

2455 I understand the point about extending the initial facility beyond three years effectively allows, Deputy Tooley explained, the possibility of us repaying at a more suitable point or juncture in our economic cycle, because, clearly, if you have to repay in three years, then the taxation impact could be substantial.

2460 But I do not believe that is the interpretation correctly made of the Propositions that we have already supported. Because it is not a final answer, it is actually another step on the journey and the journey includes an itinerary and a destination bind, not a mystery tour, and I think what we as States' Members want is much more understanding of the scope of the projects to be invested in, the criteria, engagement and involvement, because the policy letter is astonishingly scant. Most of it is taken up with an explanation of the obvious and a discussion of the schemes that have already been publicised through the excellent Covid portal.

2465 There is nothing really about the scope of reconstruction and plans and infrastructure we need and the problem with this is it puts all of the decision making back into a narrow pew, the Policy & Resources Committee, because the States as a wider whole, representing the public, will no longer have the important safeguard of the reports coming back to us in a timely fashion, either before or after an election. So that we are aware of where we are going with this.

2470 Because, if we delete the text for an initial period of two to three years only, and also delete the text of extending the initial facility to longer term borrowing, that really wipes out the debates and the gains of the last two days. I would prefer the propositions on this particular amendment to go through as the Dudley-Owen amendment proposition has stated, and for us to reconsider the matter a month or two down the line, when we have a much greater idea of the cost to the economy and the plan for the way ahead, hopefully in a period when lockdown has at least been modified, if not significantly amended.

2475 This is not the right time to mortgage our future, so despite seeing the amendment as well-meaning, I do not believe I can support it at this stage. Thanking everybody.

2480 **The Bailiff:** Thank you. Next, Deputy Smithies.

Deputy Smithies: Thank you, sir.

2485 This is a new one for me. Never mind flip-flop government, this is flip-flop while we are dancing on the head of a pin. We have got an Amendment 3, which was voted through, and then very shortly after, Amendment 2 was voted through, again by a substantial majority. Now we have this late Amendment, I accept that Deputy Tooley and Deputy de Sausmarez may have spent considerable time last night trawling through the entrails of these Amendments, but what we have here is basically Amendment 3 brought back to us.

2490 Apart from having lost Proposition 2(a) from Amendment 3, now Amendment 3, 2(b) is going to be, if we accept this amendment, virtually the same as Amendment 3, 2(b). The extant Amendment 2, the Proposition 2(b) now becomes Amendment 3, 2(c) so we are just taking a step backwards and rejecting the extant amendment to go back to the previous one and I just cannot see the point of this. Will someone now please bring an amendment taking us right back to the original policy letter? We are making no progress at all. This is unbelievable.

2495 Thank you sir.

The Bailiff: Right, I am having some difficulty. So many messages have gone through the Chat column, I think I missed Deputy Meerveld and apparently I have also missed Deputy Fallaize. There have been an awful lot of messages from him but I cannot see one up here wanting to speak. Maybe Deputy Meerveld, I will call you –

2500 **Deputy Tooley:** Sir –

The Bailiff: Sorry? You are breaking up, whoever that was.

2505 **Deputy Tooley:** Sir, it is Deputy Tooley here. I did try to raise a point of correction during Deputy Smithies' speech.

The Bailiff: Okay, sorry. What is your point of correction, then?

2510 **Deputy Tooley:** Deputy Smithies is misrepresenting the amendment, I am afraid. He is saying this amendment takes us back to Amendment 3. It is not. Critically, Amendment 3 required the States to agree in principle £500 million worth of borrowing. This amendment does not do that. It is misrepresenting the States to claim that this amendment returns us to Amendment 3.

2515 **The Bailiff:** Deputy Smithies, do you wish to reply to that point of correction?

Deputy Smithies: Only to say it is what it is and I stand by what I said.

The Bailiff: Thank you.

2520 **Deputy Lester Queripel:** Sir, can I have clarification of the Rule, please sir?

The Bailiff: Yes, which Rule?

2525 **Deputy Lester Queripel:** Sir, when you say you are required to call the Members to speak in the order they appear on your screen, are Members making that request before the amendments have even been laid and is that the order you are taking them in?

2530 **The Bailiff:** As far as I am aware, I am taking Members in the order in which they request, but it does get very difficult when we have a lot of clutter in the Chat column. I am afraid I have rather lost the way in this amendment. I am aware that I had overlooked Deputy Meerveld. I was not aware that I had overlooked a message from Deputy Fallaize.

2535 **Deputy Lester Queripel:** That is my point, sir. Are they asking to speak before the amendment has even been laid?

The Bailiff: I am not aware that they are, Deputy Lester Queripel. It may be I am seeing something different on my screen from what you are seeing but I am not aware that they are.

2540 **Deputy Lester Queripel:** Alright, sir. Thank you.

The Bailiff: I will call Deputy Meerveld and then Deputy Fallaize, if I have missed you I have missed you, but there has been, as I say, quite a lot of messages from you and I am not aware of one. But I will take you in that order. Deputy Meerveld, Deputy Fallaize and then Deputy Tindall, Deputy Ferbrache and if there is anybody else who has requested to speak, who I have missed, will you please send me a further Chat message because, as far as I am aware, those are the only ones waiting. Deputy Meerveld, Deputy Fallaize, Deputy Tindall, Deputy Ferbrache.
Deputy Meerveld.

2550 **Deputy Meerveld:** Thank you, sir.

If we go back to Amendment 2, I think, certainly from my perspective, there were two basic principles there. One was that we wanted to restrict the initial borrowing to what I call short-term borrowing, two to three years, which was originally taken directly from the presentation that Policy & Resources made to Members on Monday. And the second principle was that before we approved long-term debt and a very fundamental change to the way we run our economy and the way we run our Island's finances, we wanted to see details of the recovery plan presented to us to know how we justify how much money we need borrowing, for how long, how it was going to be spent and, preferably, how it was going to be repaid.

Unfortunately, I cannot support this amendment, because it takes us right back and I agree with Deputy Smithies, the number might have changed from £500 million to £250 million, but it takes us straight back to the point where Policy & Resources has discretion to go out and raise £250 million in 30-year bonds and that I think goes fundamentally against what we agreed only an hour or two ago.

So I cannot support this amendment and I encourage other Members not to either. I think we have made a good decision already, we have given approval in principle for the majority of what Policy & Resources said they need right now, that short-term borrowing, and there is another £50 million, effectively, being added through the Roffey amendment as well.

So, I cannot see any justification for rolling back that decision and incurring long-term debt, until we have seen a detailed recovery plan and we have an idea of what is needed, when it is needed, how much is needed, etc.

Thank you, sir.

The Bailiff: Deputy Fallaize, then Deputy Tindall.

2575 **Deputy Fallaize:** Thank you, sir.

I think my request to speak was made in accordance with the Rules, I apologise if it was not and I thank you for calling me, sir. Some Members are speaking as if the last hour-and-a-half debate has not taken place and I think, first of all, because the States often do themselves no favours by Members claiming that previous decisions have been overturned or the States have somehow changed their minds during the course of debate and it leads people who are listening not unreasonably to believe that is what has happened.

In fact, the States are at the moment debating amendments to decide which Propositions should be put to the States in general debate. No decision has been made at all. It might be that the Propositions, as amended, are thrown out at the end of the debate.

2585 The Members who voted against Amendment 3 and against Amendment 5, that is the Le Tocq amendment and the Roffey amendment, I think that includes Deputy Smithies and Deputy Meerveld, who have just spoken, I think do have some justification to be critical of this amendment on the basis that they are holding to their principle that the States should not borrow more than £250 million and that even the £250 million should be contained to short-term borrowing over a period of two to three years.

I accept that the way they have voted has been consistent with those principles. However, that is not the position the States are now in. The principle has been breached. Because, by voting in favour of the Roffey amendment, the Propositions as they stand are for borrowing of up to £300 million, some of which, the £50 million outlined in the Roffey amendment, is not contained to short-term borrowing at all. So I do not think it is any use now arguing that this Amendment should be rejected on the basis that only short-term borrowing should be permitted and the borrowing should be contained to nothing more than £250 million.

Both of those principles have now been lost and defeated as a result of the success of the Roffey amendment, unless the States, oddly, are going to vote in favour of the Roffey amendment and then against it, in effect, when the substantive Propositions are put at the end of the debate. I assume that is not what is going to happen.

So, those two principles having been breached, by retaining the short-term condition on the £250 million, which this amendment, the Tooley amendment, is trying to remove, all we are doing, we are not sticking to any kind of principle – that is gone – all we are doing is making the terms under which the Policy & Resources Committee can issue the first tranche of borrowing more inflexible, more restrictive, quite possibly pushing the costs up of borrowing, potentially requiring the liquidation of assets at a time when they will be or could be of lower value and requiring measures to be put in place to ensure the borrowing remains short-term, which I think most States' Members would not support, including austerity and tax rises and potentially selling off utilities.

Now, as I say, I do accept some Members who want to stick so rigidly to the principle that the borrowing should only be on a short-term basis, perhaps they were willing to pay higher costs to maintain that principle. Whether that is a sensible thing to do or not is another matter, but I accept it is a principled thing to do.

But now that principle has been abandoned and the States look as if they are going to –

The Bailiff: Sorry, Deputy Fallaize, there is a point of correction from I think it is Deputy Merrett. Yes, Deputy Merrett has a point of correction. Deputy Merrett.

Deputy Merrett: Thank you, sir.

I do think we are advancing more opinions here because actually what is now the substantial Proposition, in that Proposition in 2(b) it does say 'or to extend the initial facility referred to in Proposition 2(a) beyond three years'. So it does not say that we would have to sell off utilities or anything else like that, because it could be extended. So I think Deputy Fallaize is misleading the States, sir.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: I do not think that was a point of correction, sir, that was a debating point. The principle, that the States should not borrow, other than on a short-term basis, which was core to the Dudley-Owen/McSwiggan amendment of this morning, has now been abandoned by the successful passage of the Roffey amendment. I am assuming that all of the Propositions as amended will be supported at the end of general debate.

As I say that principle having been abandoned, all the States would be doing, by rejecting this latest Amendment and retaining this short-term condition around Proposition 2(a) would be potentially to drive up the costs of putting that borrowing facility in place. That clearly cannot be in the interests of the States or of taxpayers.

The obvious difference between what would be left in play, the Propositions that would be left in play, if this amendment is successful, and the Le Tocq amendment, which the States supported but then, in effect, replaced by the Dudley-Owen amendment, is there would be no mention here of the second tranche of the £250 million. That is the difference. Clearly, what was making some Members very uncomfortable in the Le Tocq amendment was that there was mention of a second tranche of borrowing of £250 million.

Now, I personally did not think it meant very much, because it was an in-principle agreement and it would have required a further States' Resolution to be put into effect. Therefore I thought it was a fairly meaningless set of words. Nevertheless, clearly some Members were very uncomfortable with even the mention, the words of the second tranche of the £250 million.

Now, they have been removed by the Dudley-Owen amendment and this amendment from Deputy Tooley does not seek to reinsert them, so it provides Members with that protection, or keeps that principle, that the second tranche of borrowing is not mentioned here, but I think the principle around short-term borrowing has now certainly been lost and therefore I think the pragmatic thing to do, sir, is to vote in favour of this amendment.

Thank you, sir.

The Bailiff: Now, Deputy Tindall, to be followed by Deputy Ferbrache.

Deputy Tindall: Thank you, sir.

I agree with Deputy Fallaize. This amendment is about saving money, a lot of money. I have to say that before I saw this amendment being published I was in a real dilemma and if it fails I will be back there, because I just cannot agree to borrowing £250 million for such a short term of two to three years. It is just such a ridiculous waste of money to restrict ourselves when we have low interest rates, investments of security and the fact that we are rated AA– and that is just to name three positive aspects of our borrowing position.

The cost of borrowing short to medium-term will be more expensive than if we can borrow more flexibly. Converting it later to long-term does not solve the problem. The situation at the moment is that P&R can only go to the market and borrow £250 million and they are hamstrung in seeking vital funds, funds we need urgently, because the borrowing can only be for the medium-term of two to three years.

P&R to borrow what is still a huge of money, of £250 million, but with minimum flexibility on when the capital is to be repaid or how it is to be serviced. I also believe that, because of the lack of approval of the ability to borrow £500 million will also mean that more will be required for the short-term cashflow requirements of the States.

Deputy Gollop wants to wait for a few months to mortgage our future, except if we delay, I believe that mortgage will be bigger and more expensive. But Deputies Tooley and de Sausmarez are like knights in shining armour on their houses, riding to the rescue. It is not an army of knights, which would be a reversal back to enabling P&R to borrowing in principle up to £500 million, but it is something.

Earlier, we agreed not to be big and bold. But we need to at least be prudent with taxpayers' money and this amendment, I believe, will save a lot of money because of the flexibility it gives in the way in which we can borrow the £250 million. A saving which will be bigger than what we have spent on projects we have had fierce debate over the years.

So, sir, I support this amendment because what was a fearful prospect becomes more palatable just by changing these few words and allowing the flexibility for P&R to negotiate the best terms. For the sake of our businesses, our economy, for the sake of our taxpayers and for our Bailiwick, I urge others to support this amendment too.

Thank you, sir.

The Bailiff: Deputy Ferbrache and then Deputy McSwiggan.

Deputy Ferbrache: Sir, with great respect to both of them, Deputies Tooley and de Sausmarez as knights in shining armour, I regard them both as wanting a second bite at the cherry. Deputy Fallaize said it is okay, Deputies Meerveld and Smithies were consistent, because they voted against the Roffey amendment and they voted against the Le Tocq amendment. Well I voted against the Le Tocq amendment and I voted in favour and I made it very clear to Deputy Roffey and Deputy

Graham beforehand, that I was going to vote in favour of their amendment, albeit a different version, but I still support their amendment.

Deputy Fallaize, with considerable respect, often dances theoretically on a pin's head and that is what he has done again today. He said it will be cheaper if we give P&R the ability to enter into a long-term commitment. Deputy Tindall has said it will be cheaper if we enter into a long-term commitment. Deputy Tooley has said it would be cheaper if they enter into a long-term commitment. I am sure, because they are all conscientious States' Members, they listened to my speech this morning when I gave details of what I understand to be the –

The Bailiff: Deputy Ferbrache, there is a point of correction from Deputy Tindall.

Deputy Tindall: Thank you, sir.

I did not say that we should enter into long-term, would be cheaper, I said the flexibility of being able to not commit to a short-term will be cheaper.

Thank you sir.

Deputy Ferbrache: Yes. I do not understand the difference between that because the fact is Deputy Tindall is effectively saying it will be cheaper. Again, whatever words were used, she gave no examples of how it would be cheaper. Neither did Deputy Fallaize, neither did Deputy Tooley and I think the public of Guernsey and Alderney are entitled to know, because they will be picking up the tab eventually how it would be cheaper.

When I spoke this morning I gave examples of what I call short-term, I know Deputy Trott says it is medium-term because it is more than a year, but again that is really semantics, it is a short-term loan because it is no more than three years and a long-term loan is a 20, 25, 30-year loan, in my definition. I do not need an economic text book or a lesson from Deputy Trott or anybody else in that regard.

So they would be able to borrow a two-to-three-year revolving credit facility at a cheaper rate than they would be able to enter into a 20-30-year loan. I like it because Deputy St Pier had not spoken at that time and neither had Deputy Le Tocq, for either or both of them, to correct me if those figures are wrong.

They are the knights, because they are both males, in armour, whether it is shining or needs polishing. I have got Deputy Trott: 'Clearly you do!' exclamation mark – I have not got a clue what he is talking about but no doubt he does and he will be able to tell us in due course. I will give him time to think about what he is going to say between now and then.

In relation to the principle is that they have been given the opportunity to come up with detail and come up with facts and figures and they have not done so. I have done my research and I have sent that to the public at large and to the States' Members earlier today and I have never heard anybody else, whether Deputy Trott, Deputy Tooley, Deputy Tindall, Deputy Fallaize or any other Deputy gainsay the figures that I put forward.

Despite what Deputy Tooley said when she issued a point of correction to one of the earlier speakers, if this amendment is successful it takes the whole guts out of the McSwiggan/Dudley-Owen amendment because it would mean, if you look at it, and what I did to make it easier for my own reference, the amendment would then read, and I appreciate it could be debated – if was a court it would not because a court would say these issue have already been considered and it would be an abuse of process – in the States we give general licence to people to repeat themselves and argue again and again.

But 2(a) of the Dudley Owen/McSwiggan amendment would then read: to authorise Policy & Resources to enter into a maximum of £250 million of additional borrowing facilities in order to meet the short-term cash repayments of the States on such terms and conditions as they deem appropriate. And (b) would then read: to agree that authorisation of the Policy & resources Committee to enter into additional transfer, a maximum of £250 million, which if I recall, is a capital sum, of external borrowing, will be contingent on recovery strategy and broad terms etc.

So, (a) nobody is suggesting that the loan would have to be repaid necessarily in two to three years; (b) I have given examples where it will be cheaper; (c) nobody else has gainsaid that and the public of Guernsey should be told that and the public of Alderney should be told that. As Deputy Gollop has said, the policy letter was – I will take out his adverb – scant of detail. I accept the reason for that but he said, and that is what concerned the States, that if we accept this amendment, if we pass it, it puts all the decision-making back into the hands of P&R, with little scrutiny on behalf of the rest of the States.

As Deputy Smithies so eloquently said, it is unbelievable. This really is unbelievable. We have made a decision. And I know Deputy Fallaize, who knows all the Rules backwards, forwards and sideways, inside out and takes the Rule Book to bed with him and sleeps with it, kisses it and puts it under his pillow, he does all those kinds of things, but let us have some basic common sense. We made a decision by a very clear majority just a few hours ago, on the basis that we would have that kind of 'control'

Now Policy & Resources support it absolutely because Deputy Trott has made his first initial speech, he will make a longer one later on. Deputies de Sausmarez and Tooley support it because again all seven of those people were against the Dudley-Owen and McSwiggan amendment earlier. If one takes it back, unless one –

The Bailiff: We have got two points of correction coming in, Deputy Ferbrache. (Deputy Ferbrache: Then I pause.) The first from Deputy de Sausmarez and then second will be Deputy Tooley. Deputy de Sausmarez.

Deputy de Sausmarez: Thank you sir.

Yes, the point of correction is that I voted in favour of the Dudley-Owen/McSwiggan amendment.

Thank you.

Deputy Ferbrache: Yes, I apologise.

The Bailiff: And Deputy Tooley?

Deputy Tooley: Yes, my point of correction is precisely the same. I too voted in favour of the McSwiggan/Dudley-Owen amendment.

Deputy Ferbrache: That is good then. They can reflect again, then, on their basis of why they are bringing this amendment because, in connection with that, the principle in relation to what we are talking about is that, if you look at the two amendments, i.e. one that was passed by 20 votes to 19 and the other one that was passed, I think 25-14, I will be corrected if I got that wrong, that in respect of that, the only addition, that if you take out the words that Deputies Tooley and de Sausmarez want to take out, the only variation to the P&R amendment, proposed by Deputy Le Tocq, is a very minor one and therefore you are effectively left with the Le Tocq amendment that we have looked at previously.

In connection with that, the States should stick by the decision made at about 12.30 p.m. and not listen to the honeyed words of Deputy Tooley.

Thank you sir.

The Bailiff: Deputy McSwiggan.

Deputy McSwiggan: I am not going to be desperately upset if this amendment passes, I do not think, because it still does have the critical words that this is to cover the States' immediate cashflow requirements. So, although it does not specify a timeframe, it has more constraints around it than the Le Tocq/St Pier proposal would have had.

I do take a little bit of comfort from that but it probably is not enough comfort for me. The safeguard of two to three years was in there for a reason. I think that reason appears to be justified. I have been feeling a little bit muddle-headed, I guess, regretting that such a critical thought has been forming so late in the debate and it was really Deputy Stephens' and Deputy Brouard's speeches in the last debate that crystallised it for me and yet, between my request to speak just now and my getting to speak, Deputy Ferbrache put it a lot more clearly.

In other words, what we are not talking about, not on any informed basis, what we are not talking about and what matters and what is fundamental to our decision-making about the right thing to do here is the quantum of the upfront costs. It is like playing pin the tail on the donkey with apologies to all us donkeys in the room. We are all here, blindfolded, trying to guess what we are venturing and what we are losing, if we are going for a short-term loan without a time limit defined or a short-term facility with a two-three-year time limit defined, or a £250 million charge, or a £500 million charge.

We all have our own ideas from our professional backgrounds, from our personal experiences, from the States' past history of the kind of sums that we think we might be talking about but I think with the exception of Deputy Ferbrache, who reminded us that he has put his figures on the table, very few of us have articulated what we think those differences.

Where some of us may be worrying over the loss of a few million, others may be worrying over the loss of a few thousand, and we do not know whether we are talking about comparable sums, whether we are talking about what we fear losing or gaining and we do not know, much more critically, what the reality of it is. What the sums that P&R are contemplating losing or gaining with different options in play are.

So that, I think, would be critical information for me. If I were to change the position that I took earlier today and in the run-up to this debate it would have to be on a realistic understanding of what those figures are likely to be and what the effect of different timeframes to this borrowing, or different amounts, would have on the kinds of costs that the States will be facing up front and ongoing and if that cannot be articulated, sir, then I have to stick to my original position. So that is me.

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff. I will not support this amendment. Deputy Fallaize spoke about the principle has been abandoned. But that is not true. Because the principle for the £250 million has not been abandoned by the Deputy Roffey amendment. It is only for the £50 million that they want to raise by a retail bond.

So the principle still remains for the £250 million and what is being proposed is exactly what P&R said on Monday, when they presented the States' Members their approach going forward, which was short-term borrowing facility, up to £250 million for two to three years, so what has been proposed by the Dudley-Owen/McSwiggan amendment is exactly what P&R told us was going to happen. But I think the most important point and why this amendment should be rejected is the part which refers to 2(b); 2(b) says:

... will be contingent on the States approving the broad terms and conditions of such borrowing, the proposed sources of such borrowing and the basis on which it is proposed that such borrowing will be repaid.

Now that will be lost for this £250 million. They will not have to come back to the States and explain that and if States' Members can learn anything it is from the debate that we had on the 2014 borrowing and the subsequent Scrutiny hearing and the KPMG Report, which was highly critical about the lack of information that Members had and the process that the States went through in relation to that borrowing.

So I urge Members, if they have a chance, to look at that Scrutiny hearing report, look at the KPMG Report, because this is breaking all that was learned from that approval of that proposal in

2014 for the bond offer. We have to learn from the mistakes that we made and this would be breaking that fundamental point, which was that the States needs to approve the broad conditions of such borrowing, the source of borrowing and the basis on which such borrowing will be paid.

2850 We need the additional information. The bond of 2014, we did not have information. Please reject this amendment. The States made a good decision in supporting the Dudley-Owen/McSwiggan Amendment. Do not take a step back, which is what this is.

Thank you.

2855 **The Bailiff:** Does anybody else wish to speak before we go through the closing sequence? I see no one requesting to do so.

So Deputy Trott, do you wish to speak now before we hear in reply?

2860 **Deputy Trott:** Wish to speak is not the word I would use, sir, but I will. Because I think that the points that are made about the additional flexibility are particularly valid and I think Deputy McSwiggan addressed that point. I am sorry that the use of proper terms, familiar to those who know what they are talking about and in use for so long that they pre-date the time that Deputy Ferbrache abluted in an outside facility, is offensive to him, but I really do think in debates of this nature, with these sums of money involved, that the language should be consistent and accurate. So I say to him, sir, *nimis inepta* which I am sure he will be quick to translate.

2865 He also, sir, was critical of those who said, including Deputy Tindall, that this flexibility is likely to be cheaper. It could well be cheaper and I will tell you why. These sorts of revolving credit facilities, whether they last one, two or three years, four or five for that matter, incur a set-up fee and the set-up fee can be a substantial part of the interest payment, particularly with interest rates at the levels that they are at the moment.

2870 And those set-up fees are effectively amortised over the duration of the facility. So it is quite conceivable that a slightly longer period, maybe that is four or five years over three, would be less expensive for that reason alone. But to be honest with you, sir, I am losing the will to live, because people do not seem to want to concentrate on the facts, rather play politics and that is very disappointing because, as I have said before, this is not a game. I wish some people would consider that message in the manner in which it is delivered.

The Bailiff: Deputy Tooley will now reply to the debate. Deputy Tooley.

2880 **Deputy Tooley:** Thank you, sir, and I hope my signal will hold out, but I will keep my remarks as brief as I can in that hope. Thank you everybody for debating this and in general for being positive and friendly, I guess, in that debate.

2885 Deputy Gollop said that he had not much time to consider this and then several speakers, who would appear to take the same voting preference as him on this, said that this was exactly what we had on the table in the first place. I do not think both those things can be true. Either people have not had the time to consider this, in which case it must be something new and different, or it is the thing that was originally on the table, in which case, presumably, people have had plenty of time to consider it.

2890 I would say it is probably somewhere in between those things, is the truth. The fact is that we have known that we needed to consider whether we were willing to open up these credit lines over a potentially slightly longer period and we have had that as a consideration in our minds from the first laying of this policy paper. But, equally, it was tied up with proposals that many of us were uncomfortable with and this Amendment allows those two things to be separated from each other.

2895 I spoke during Deputy Smithies' speech, so I am not going to go back over that. I did have, actually, slightly more sympathy with Deputy Meerveld's comment. What we are aiming to do here is to add flex, not to roll back on what has been decided. Deputy Fallaize, I thank for his comments and actually I would go further and say that what we are presenting here is that oft-mentioned

good old Guernsey compromise between what people might have liked of Amendment 2 and they might have liked of Amendment 3.

2900 Several of the speakers, in talking about the fact that the current Propositions on the table, Amendment 2, allow for this borrowing to be over a longer period if it is deemed that would be better, neglect the fact that these decisions, these plans have to be made in advance. We cannot have a situation where we, at some later date, decide we are not going to be ready to make repayment and change that plan at very short notice. Or we could, but that would not be to give it
2905 the correct time for thinking and time for doing that it requires. It would be making a very quick decision over something quite significant.

I thank Deputy Tindall for her words. When she was speaking about the potential foolhardiness of taking out credit lines of £250 million over such a short term, it occurred to me that indeed, in general the bigger borrowing one makes, the longer term one takes that out over. It would be very
2910 unusual to find people taking out their mortgage over a short term. Short-term loans tend to be for things such as car purchases and things, which are much smaller by comparison.

The Bailiff: Deputy Oliver has a point of correction, Deputy Tooley. Deputy Oliver.

2915 **Deputy Oliver:** Thank you, sir.

That is not entirely true that people do not take out large sums of money for short periods of time. There are a lot of people which take out bridging loans, which will literally cover them for a short term while they get their finances in order.

Thank you.

2920 **Deputy Tooley:** Thank you, sir.

That is actually a really useful and helpful point. Because the one thing I think the vast majority of people who have ever had any dealing with finance know, is that bridging loans are excruciatingly expensive. Deputy Ferbrache talked about us attempting to take a second bite of the cherry and
2925 talked about the fact that his figures suggested or showed that short-term borrowing would be cheaper but, again, what this neglects, is that the need to make repayment of a loan at short notice might require the selling of our assets at a time when they are at the bottom of the market.

Now that might be fantastic for people who have money to invest, then, in buying up those assets, at the bottom of that market, but it would not be a great deal for the Guernsey taxpayer and
2930 we need to make it possible for the Guernsey taxpayer to either retain their assets, our assets, or to know, at such time as we need to refinance, they are getting the best possible deal.

The Bailiff: Deputy Meerveld now has a point of correction, Deputy Tooley.

2935 **Deputy Meerveld:** Thank you, sir.

I think Deputy Tooley is misleading the States. At every stage we have said that the two-or-three-year loan, which I see as an interim finance until such time as a proper plan is presented, could be rolled over or converted into long-term debt. Therefore there would not be ever a need to sell assets at the bottom of market. P&R would simply come back to the States and say the market is
2940 not good for selling our assets, we need to roll over our debt or convert it into long-term debt. So I am afraid that argument does not fly.

Thank you sir.

2945 **The Bailiff:** Deputy Tooley.

Deputy Tooley: Sir, I do not disagree with Deputy Meerveld. The Propositions do indeed allow for exactly what we are proposing doing. But they do not allow for the timed planning of that exercise. They do not allow for that to be prepared in advance and to be potential aim that the

2950 Policy & Resources Committee, however it is constituted in two or three years' time, is working towards.

Deputy Trott spoke about the set-up fees of loans and financing such as this, the cost of refinancing such deals can be very high. That is why we believe this proposal would allow the States the best possible flexibility around the way in which we should deal with this borrowing, which should be for those short-term liquid asset needs that we have at present.

2955 Thank you sir.

The Bailiff: We will vote now on Amendment 6, proposed by Deputy Tooley, seconded by Deputy de Sausmarez.

2960 **A Member:** A recorded vote please, sir.

The Bailiff: We have a request for a recorded vote. Over to you Greffier.

There was a recorded vote.

Carried – Pour 15, Contre 23, Ne vote pas 1, Absent 0

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

* denotes Deputies who voted by proxy.

2965 **The Bailiff:** Members, the voting on Amendment 6 was 15 in favour, with 23 against and one abstention. I declare Amendment 6 lost, which brings us to Amendment 7, to be proposed by Deputy de Sausmarez, seconded by Deputy Tooley. Deputy de Sausmarez are you there?

[Amendment 7](#)

In Proposition 2(b)(i), directly after "Bailiwick", to insert "that shall include fiscal, economic, social and environmental objectives".

To insert directly after 2(b)(ii): "2.b.iii. a mechanism by which the Recovery Strategy will be reviewed."

To delete 2(c) and to substitute therefor: "2.c. To agree that the Policy & Resources Committee will ensure that regular reviews, as referenced in 2(b)(iii), take place to provide assurance on the Recovery Plan and its delivery, initially on a six-monthly basis."

Deputy de Sausmarez: Can you hear me, sir?

The Bailiff: Yes, I can now.

2970 **Deputy de Sausmarez:** Sorry, I think that was a user error on my part. I would like to think that this amendment is going to be slightly less contentious. In fact, I hope it is in some respects pushing at an open door. Its intent and effect is to make social and environmental considerations as integral to the recovery strategy as fiscal and economic factors and I hope there will not be many people in the Assembly who would argue against that.

2975 Everyone understands the imperative of supporting and indeed stimulating the economy, which is taking, and will continue to take, a series of body blows as the impacts of Covid-19 ripple through every facet of Island life. Our role, as a Government will be to help the economy up off its knees and onto its feet again, ideally back to fighting fit.

2980 The economy is important because of its fundamental impact on our society. Our inboxes in recent weeks have borne testament to what happens when parts of our economy are prevented from functioning properly. People who have always paid their way and been very successful can suddenly find themselves in a position, through absolutely no fault of their own, where they cannot pay the rent or feed their children or pay tax contributions that pay for vital public services, or employ others who need to pay their rent and feed their children and so on.

2985 When the economy suffers, everyone suffers. That is why the economy is not so much an end in its own right, it is an essential means to an end, a thriving society. However, although I think it is generally true that when the economy suffers everyone suffers, that observation does not work quite so well in reverse.

2990 There is a saying that a rise in tide lifts all boats, but what we do not see are the people caught in the anchor ropes, out of sight, struggling to breathe as the water rises above head height. We have to be very careful not to be blinkered into voting exclusively on the economy, because economic benefit could very easily be at the expense of broader social benefit, or at the expense of the environment.

2995 There are plenty of examples where investment delivers mutually beneficial outcomes across economic, social and environmental criteria. To give a hypothetical example, a large-scale project focussing on improving energy efficiency of homes would deliver economic benefits through the upskilling of the workforce and the creation of jobs. It would have social benefits through lower utility bills, and it would have environmental benefits through reduced greenhouse gas emissions. It is a win-win-win.

3000 However, there are also plenty of examples where, if we were to focus exclusively on fiscal or economic factors, we could end up with a win-lose situation. We could, to give another hypothetical example, decide to significantly reduce duty on alcohol as a fiscal measure to stimulate the hospitality sector. That could well have the desired effect in economic terms but it could equally have a noticeably negative impact, in terms of public health, domestic violence and so on.

3005 There is no shortage, either, of examples of investment that could deliver short-term economic wins but deliver very poor environmental outcomes. In any crisis situation there is an understandable instinct to look for the quick wins and the danger is that we look too narrowly at the problems that face us and too narrowly at potential solutions.

3010 Our recovery must take careful account of what we want to achieve for all of us as a community, not just for what we want to achieve with certain sectors of the community, or of the economy at the expense of others.

This amendment, crucially, also makes provision for the States to agree the most appropriate mechanism for that all-important scrutiny to take into account the broader scope of what Members will, I hope, agree to be included in our recovery strategy and so I commend it to the Assembly.

3015 Thank you.

The Bailiff: Deputy Tooley, do you second the amendment?

Deputy Tooley: I do sir.

3020

The Bailiff: Deputy Trott, do you wish to speak at this point? Deputy Trott? Does anybody from P&R wish to speak?

3025 **Deputy Trott:** Sorry, I was on the phone. I am still on the phone, in fact, but I have just asked the caller to hold for a moment. The Policy & Resources is equally supportive of this amendment, sir. Not that it seems to be helping particularly, but there we are.

The Bailiff: Okay. We will go to debate. I will call first Deputy Gollop.
Deputy Gollop.

3030

Deputy Gollop: Thank you very much, sir.

3035 This is an amendment I think I can support. I think it adds a degree of flesh onto the bone. I salute the points Deputy de Sausmarez has made. One of the, I suppose, converse benefits of the lockdown period, has been that society as a whole, and I think particularly people walking and exercising in Guernsey, have become more aware of the climate change issues and certainly more aware of the beauties of nature. I know I have had a ticking off from some of my States' colleagues from sitting outside and them hearing birds tweeting and singing whilst the meetings are going on, but never mind. I cannot always help that easily, because of the problems of wi-fi and so on.

3040 So I do salute the objectives of this amendment. I could have added, as Deputy Lester Queripel might have done, cultural as well. Because I think it will be important to kickstart our economy and recovery, involving sport – hopefully, the Island Games will go ahead and be a huge success, arts, culture, literature, libraries and so on.

3045 But it is not really covered. Too often we only programme our thinking onto pure economics. The socio-economic factors are important and Deputy de Sausmarez, more than many people, would know that there is a growing awareness of sustainability and the importance of environmentalism in business, whether it be from green, ethical finance, to actually making whole, new enterprise and entrepreneurial workshops from an ecological perspective.

3050 So I support that. I also would wish to see a mechanism by which the recovery strategy will be reviewed. We want greater transparency and an Island national debate on the recovery and we also want to agree, I think, that Policy & Resources will ensure that regular reviews will take place, to provide assurance from the recovery plan and its delivery.

3055 I mentioned before the success of the old-style, annual independent fiscal reports. Well as fine as they were, perhaps they should be a little bit more inclusive and diverse and have a panel reflecting a greater range of ages and genders and so on, but if we are to stay Guernsey Together, I think all of us States' Members should try to compromise and include diverse points of view and this amendment certainly accords with my values.

Thanking you.

The Bailiff: Deputy Ferbrache.

3060

Deputy Ferbrache: Sir, I just speak briefly. Firstly this is an excellent amendment. The environment is going to be even more important going forward than it has been in the past. Secondly, really, to say that after – what? – a day-and-a-half debate or whatever it is, I can absolutely

now agree on something with my good friend, Deputy Trott and I do hope he has finished his call now to Her Majesty!

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

Whereas I agree with, and I hope I have got the right amendment and actually, sir, it would be helpful if we have amendments that have been submitted during debate actually read out, because it is quite difficult trying to go between two screens. I think my understanding of the addition in 2(b)i is the fiscal, economic, social and environmental objectives, which I very much agree with, but I do not think Deputy de Sausmarez, maybe she did and I missed it, but they also delete 2(c).

Part 2(c), sir, as far as I am aware and I am quite happy to be corrected, was, or is, in fact, to agree that the Policy & Resource Committee will commission the Independent Fiscal Policy Review Panel. Now Deputies de Sausmarez and Tooley wish to delete that completely and replace it with:

To agree that the Policy & Resources Committee will ensure that regular reviews, as referenced in 2(b)(iii), –

– if it passes–

– take place to provide assurance on the Recovery Plan and its delivery, initially on a six-monthly basis.”

So, my understanding of that, sir, is that it takes out any independence of the review and it would be the Policy & Resources Committee who are reviewing their own work. That is my understanding, sir. I do not think Deputy de Sausmarez mentioned that so maybe when she sums up, if she can just reply to that because it does appear to me, sir, that they want to remove any independent scrutiny from this particular panel that was in the Proposition of the approved Amendment by Deputies McSwiggan and Dudley-Owen. I sense a little bit of an afterthought but actually that is quite a substantive change, sir.

The Bailiff: I do not see anyone else wanting to speak. I see Deputy Fallaize has requested that the amended Propositions be available online. I can confirm that I have asked the Greffier to ensure that that will be so. Clearly, he cannot prepare them until we have finished voting on all the amendments. I will call next Deputy Dudley-Owen and then Deputy Dorey.

Deputy Dudley-Owen: Thank you sir. Can you hear me?

The Bailiff: Yes, I can.

Deputy Dudley-Owen: Thank you. I like the first part of this amendment. I am very keen to see a broadening of the recovery strategy and Deputy de Sausmarez and myself have spoken about this over the last few weeks in terms of looking at how to build the principles of a sustainable economy into any recovery strategy going forward. So I am really happy to support that particular bit of this amendment.

The bit that has concerned me since I first had sight of this is about the deletion of the existing 2(c) and the substitution of the Policy & Resources Committee to commission regular reviews. The Fiscal Policy Panel has been discussed internally via States’ Members over the email waves this morning and it seems to be that there is some consternation about that particular panel.

For me, a panel such as that is merely a body through which we can effectively exercise governance, we can get independent views from specialists in their field and those specialists need to be recruited on the basis of what we are wanting them to do. That comes through the terms of reference in the recruitment process.

Whether people liked the previous fiscal panel review or not is neither here nor there. It is about going forward from here and refreshing the terms of reference of any of these oversight bodies to

suit our needs and our needs now are very different from what they were a few months ago and what they were last year or even a decade ago.

I would like to ask whether this amendment can be taken with those two Propositions separately.
3115 They do look like separate Propositions to me and I hope that they can be split out because I really would like to support the first one, of the insertion of the 2(b)iii, but I am afraid I cannot support the substitution of 2(c).

Thank you very much sir, if you could confirm that, I would be grateful.

3120 **The Bailiff:** No, I would be proposing to take the amendment *en bloc*, but of course if it were to carry and the separate paragraphs of the amendment become substantive Propositions there will of course be the opportunity for Members to take it separately when they come to vote on the substantive Propositions. Sorry, I am not saying that very concisely.

3125 **Deputy Dudley-Owen:** No. I understand. If that is the case then, obviously, if these become the substantive Proposition then there is no longer a fiscal policy panel in existence for us to vote on, therefore it is not an either/or choice and if you vote against 2(c), if it does become the substantial Proposition, then there is no fiscal policy panel requirement. I think it exists already, I know it exists already. Sorry, I am not making myself very clear either, because I have no internet and I do not
3130 have access to a lot of the paperwork, unfortunately.

The Bailiff: Deputy Tooley has a point of correction. Perhaps this will help. Deputy Tooley.

Deputy Tooley: Thank you, sir. The first part of this amendment actually provides for Policy &
3135 Resources Committee to return to the States with a mechanism for which this panel and review process etc., should be put in place. If the States, at that point, wants to use the kind of panel that Deputy Dudley-Owen is talking about, this Independent Fiscal Review Panel, then that is the point at which that can be reintroduced, or introduced, and made quite clear by Resolution of the States.
Thank you, sir.

3140

The Bailiff: Continue, Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you very much for that interjection. For my part, I cannot see why
3145 you would not use an existing independent body, rather than recreating something. It is nonsensical to me to introduce commissioning regular reviews by a. n. other body when we have already got a body where fiscal policy is really of vital importance to us and we do also have an Economic Advisory Panel that helps us out at Economic Development.

I think we are in danger of creating too many of these independent review panels, commissioning lots of reports and actually one or two oversight bodies is more than enough in
3150 addition to the Scrutiny panel that we have.

Thank you very much, sir.

The Bailiff: Deputy Dorey and then Deputy Hansmann Rouxel.

3155 **Deputy Dorey:** Thank you, Mr Bailiff.

I think it is unfortunate that this amendment is deleting 2(c), which is to agree that Policy &
Resources will commission an Independent Fiscal Policy Review Panel but, unless I have
misunderstood how the amendments have worked out, we first voted on the Le Tocq amendment,
which was Amendment 3, and that included a 3 and a 4 and 3 was to note that the Policy &
3160 Resources Committee will commission an Independent Fiscal Policy Review Panel to undertake regular reviews of and provide assurance on an economic fiscal recovery plan and its delivery.

As I understand, the Dudley-Owen/McSwiggan amendment did not delete Proposition 3, I believe that still exists in the amended Propositions. So, although we have lost to agree that P&R

will commission an independent panel, we still have to note that P&R will commission an independent panel. Not so strong, but there still is a commitment there. So I do not think the situation is quite as other Members said, unless I have misunderstood how the amendment is worked out. Perhaps HM Procureur could just confirm that?

Thank you Mr Bailiff.

The Bailiff: Thank you. I do not know whether one of the Law Officers is available.

The Procureur: Sorry, sir, I am here and I did hear what Deputy Dorey has said. In my view, he is correct, Propositions 3 and 4 in the P&R amendment still stand.

The Bailiff: Perhaps it would be helpful if the Greffier were to circulate a set of substantive Propositions as they now stand, accepting that they may yet change. Is that something that would be possible, Greffier?

The States' Greffier: Yes, it would be possible to do that. We are working on that now. It would incorporate the amendments as they currently stand. It would not incorporate possible or future Amendments, but we could do that, it would not be too much trouble.

The Bailiff: Exactly. I think if you could do them as they stand now, substantive Propositions as they are now, I am sure that would be helpful to people. Thank you.

Next I call Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you sir.

It really is just to try and understand what it is we are now voting on. The words and the intent of this do appeal to me and I absolutely agree with the mechanisms that are trying to be placed into what is in Proposition 2(b) so that when P&R does come back to the States with the recovery strategy it will have those extra elements in it and the reference that is being deleted in 2(c) and now as part of the amendment would insert the 2(c) that says 'to agree the Policy & Resources Committee will ensure that regular reviews, as referenced in 2(b)iii take place to provide assurance on the recovery plan and its delivery initially on a six monthly basis'.

Now that 2(b)iii, which is going to be inserted, is a mechanism by which the recovery strategy will be reviewed. I agree it does not make sense to have different bodies, but there is also a lot of confusion about whether the Independent Fiscal Policy Review Panel actually is still around, because it has not been doing things in the same way as the regular reviews and, if I recall going to one of those reviews, the last one, they were reviewing in 2017 or 2018, previous year's fiscal output and how policies were interacting with that. So it was very far back.

Now, it does make sense to look anew at what it is we are trying to do. If our intention is to look at the recovery strategy, I would suggest that the proposed amendment by Deputy Tooley and Deputy de Sausmarez, does allow P&R to come back with, as part of that recovery strategy, incorporating the parts of that Amendment, those different elements, and not just focusing purely on the fiscal policy side but how those interact with the social, environmental factors that we are going to be needing to address as part of that recovery strategy, that, to me, sounds like we are giving them the opportunity to actually sort out what is a complicated mess.

Because the fiscal review panel that was referenced in Amendment 3, the P&R Amendment, and now in Proposition 3, which is to 'note the Policy & Resources Committee will commission the Independent Fiscal Review Panel to undertake regular reviews, provide an assurance of an economic, fiscal plan and its recovery', if that Proposition is just to note, if we pass this amendment, we would have the opportunity or P&R at least would have an opportunity at the time they bring back this recovery strategy to the States to clarify what the mechanism is and, bearing in mind that if we did agree the de Sausmarez and Tooley amendment and had the insertion of that wider part

3215 of the review strategy, including the social and environmental, that that would potentially create a different way of looking at it rather than just on the fiscal policy.

I do not think it would make sense for us to do two things at the same time and I do not think that is what we are asking for. But it is complicated. Hopefully, by now, there is some clarity on what the Propositions potentially are and we can start discussing on how they interact with each other.

3220 **The Bailiff:** Well, Members, those of you who are not monitoring your emails may be interested to know that Christine has just circulated a set of substantive Propositions as they currently stand. Those have been sent out to you by email.

I call next Deputy Prow, to be followed by Deputy Fallaize.

3225 **Deputy Prow:** Thank you, sir.

Yes, I think I am in the same place as Deputy Merrett and Deputy Dudley-Owen with this. I certainly agree with Deputy Ferbrache and I certainly support the inclusion of fiscal, economic and social, environmental objectives. It is when we get the other two parts of this amendment.

3230 I do not really think that the proposal of the amendment has really outlined and made an argument for either of these two. I take Deputy Merrett's point around the independence of any such review and I am also a bit confused about Policy & Resources' position with this. Because, if I recall properly, Deputy Le Tocq was supported at the Independent Fiscal Policy Review Panel and I do not believe that, in considering these amendments, that the cases have been made out to persuade us that these are the right way to go. I thank Deputy Dorey because the points that he made had occurred to me and I think the clarification that he sought, I would also support.

3235 Thank you, sir.

The Bailiff: Next I call Deputy Fallaize.

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

I do not understand the arguments put by Deputies Prow and Merrett and Dudley-Owen against this amendment, because there has been an implication in their speeches and I think perhaps in one or two others that, if this amendment is successful, the notion of independently reviewing the States' fiscal policy and fiscal approach to the recovery strategy would have been lost.

3245 But that is not the case, sir, because Proposition 3, as it stands, is still in play. The Le Tocq/St Pier, I think it was Deputy St Pier who seconded that amendment, the Le Tocq/St Pier amendment was approved and the Deputy Dudley-Owen/McSwiggan amendment, which was then approved, did not knock out the Proposition 3, which the Deputy Le Tocq amendment added.

3250 What the effect of this amendment is, as far as I can see, that the recovery strategy would need to include social and environmental, as well as fiscal and economic considerations. There would need to be an assessment of the recovery strategy, initially on a six-month basis, on the basis of social and environmental, as well as fiscal and economic considerations, and there would be an Independent Fiscal Policy Review Panel set up by the Policy & Resources Committee to assess the recovery strategy.

3255 So, although some speakers have suggested that this amendment somehow would lose independent oversight or detract from the oversight, which the States wishes to put in place, I think it is quite clear that the actual effect of the amendment would be to add oversight without detracting from any of the oversight, which is proposed in the Propositions as they stand.

3260 None of the independence of the oversight is going to be compromised by this amendment. The oversight will merely be added to. But both the oversight of the recovery strategy and the careers strategy itself would have to consider social and environmental, as well as fiscal and economic issues.

As Deputy Ferbrache said, that seems to me to be a good thing. I cannot understand why anybody would oppose that and therefore why anybody would vote against this amendment.

3265 Thank you, sir.

The Bailiff: I am not aware of anyone else wanting to speak so, if nobody does, I will call Deputy Trott, immediately before Deputy de Sausmarez replies.

3270 Nobody seems to want to speak; Deputy Trott.

Deputy Trott: Thank you, sir.

3275 There are a few positives from this crisis so far but I think there are two worthy of mention. This is clearly a once in a generation opportunity to create a future that has a renewed focus on social and environmental issues and I think that is the primary reason why the Policy & Resources Committee welcomes this amendment unanimously.

3280 The other thing that has come out of this crisis is the sense of us all being in this together and we have been extremely fortunate that our financial service industry has been able to work remotely and successfully, I believe, so far. I have lost count of how many times over the years I have heard Members in various Assemblies say, 'It is awful, is it not, we have got such a dependence on financial services?'

3285 Well thank goodness that we have and I think that industry in particular is keen not only to embrace environmental issues. We know that through things such as green finance and the like but has also been hugely supportive and helpful in us finding a fiscal solution to the problems we currently face. They will certainly, sir, want to be, in fairly large numbers, part of a fiscal analysis that takes into account environmental and social issues, of that you can be certain.

3290 Questions have been asked about the Fiscal Policy Panel. Well, it is simply being held in abeyance. It can be reactivated on demand. It has not gone anywhere, it just has not, in recent times, been considered to be of particular importance. It is, of course, very important now. But, as I said this morning – I think it was this morning, it may have been yesterday; it may have been twice – the International Monetary Fund have a very large collection of economists and they are, like those who have been advising us on-Island, of one mind, and that is the measures that we are considering are entirely appropriate for the crisis we face.

3295 But that is slightly off-tangent, sir. The key thing here is that we are fully supportive, we understand the importance of outside scrutiny and we have had absolutely no shortage of people who are prepared to offer their expertise to us for absolutely nothing, sir, which if maintained is another welcome development as a consequence of this crisis.

3300 **The Bailiff:** Now, Deputy de Sausmarez will reply to the debate. Deputy de Sausmarez.

Deputy de Sausmarez: Thank you sir. Can you hear me okay?

The Bailiff: Yes, I can hear you, Deputy de Sausmarez.

3305 **Deputy de Sausmarez:** Wonderful. Yes, thank you. I think that debate has been helpful in thrashing out, certainly, I think the last couple of speakers have reduced the need for my summing up to be at all at length. We started, though, with very welcome contributions from Deputy Gollop and Deputy Ferbrache.

3310 Deputy Gollop talked about how one of the silver linings, I suppose, of the current situation, is that we as a society have become more aware of the beauties of nature and actually have been, in some cases, able to make more of it and more appreciative of it. He talked about cultural considerations too and I completely agree and I would include all of those in the social box, if you like, of what is in the social scope of what is being proposed in this amendment.

3315 I welcome Deputy Ferbrache's contribution. It is great to know that he is such an environmentalist. I always knew it, it was hiding under there, quite convincingly for a while, but the truth is out. Actually, there are more serious points in that in terms of economic stimulus and economic recovery, surely some of the greatest potential has to be in areas such as the blue

economy and the green economy? So that is a fantastic example of where we can have yet more mutual win situations.

3320 Deputy Merrett introduced, she picked up on something quite rightly she introduced some questions which focused on the aspect for review. Now, I would like to clarify, but I think Deputy Fallaize has done this quite succinctly already, but in no way does this amendment take away the independent review aspect.

3325 All it does is add further means for the States to agree the most appropriate mechanisms. So I think that point has been ably covered. That was something that was touched upon by, I think, Deputy Dudley-Owen and Deputy Prow. I think that situation has been cleared up so I think we can all agree that all this does is allow the States to agree the most appropriate mechanisms. Clearly, the ability for the fiscal and economic aspects to be reviewed by independent experts in fiscal policy and economics is something that I think people will rightly have strong views on. But those people

3330 are not going to be the best qualified people to take a view on other aspects, necessarily.

So that is why we have added a clause in this amendment that allows, quite explicitly, the States to agree the most appropriate mechanism for that review and then puts in a framework for that review to be meaningful. So I hope that clarifies, I hope that puts everyone back on the same page and I hope this will be very well supported.

3335 Thank you.

The Bailiff: Members, there is a request for a recorded vote; it is a recorded vote on Amendment 7. Over to you, Greffier.

There was a recorded vote.

Carried – Pour 38, Contre 0, Ne vote pas 1, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Alderney Rep. Roberts	None	Deputy Leadbeater*	None
Alderney Rep. Snowdon			
Deputy Ferbrache			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			
Deputy Gollop			
Deputy Parkinson			
Deputy Lester Queripel			
Deputy Le Clerc			
Deputy Mooney			
Deputy Trott			
Deputy Le Pelley			
Deputy Merrett			
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Fallaize			
Deputy Inder			
Deputy Lowe			
Deputy Laurie Queripel			
Deputy Smithies			
Deputy Hansmann Rouxel			
Deputy Graham			
Deputy Green			
Deputy Paint			
Deputy Dorey			
Deputy Le Tocq			
Deputy Brouard			
Deputy Dudley-Owen			
Deputy McSwiggan			
Deputy de Lisle			

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

* denotes Deputies who voted by proxy.

3340 **The Bailiff:** Members, I can confirm there were 38 votes in favour, with no one against and one abstention, I declare Amendment 7 carried.

3345 That brings us very neatly to 5.30 p.m. We have one further amendment, I think it is going to be Amendment 9. I do not think Amendment 8 is going to be laid, I think Amendment 9 replaces 8 and I am told that there is another amendment that is possibly in production. There are also quite a number of people who seem to indicate that they would wish to speak in general debate. So I am going to propose that we rise now and resume tomorrow, but I see that Deputy Meerveld wishes to say something. Deputy Meerveld?

3350 **Deputy Meerveld:** Yes, sir. I did not realise there was another amendment in the works, potentially, but I was hoping that we could actually take this final amendment, which is simply a technical amendment and get that done, so we could start general debate tomorrow and I would like to put that to Members.

The Bailiff: Well, yes, I would have been inclined to do that ... Deputy Soulsby?

3355 **Deputy Soulsby:** Sorry, sir, Health & Social Care have got a meeting right after the States' Meeting and it is on a very important matter, which I do not think we would like to be starting off at about 6.30 p.m.

3360 **The Bailiff:** No. I agree. I think it has been quite a long day. I do not know about other Members but I do find it quite tiring working online, keeping an eye on all the computer screens, with the problems we had this morning. I think that we are not going to finish tonight. Let us close now. It is our normal finish time, 5.30 p.m. and we will resume in the morning.

So, Greffier, if you could say the Grace.

The Assembly adjourned at 5.32 p.m.