



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 29th October 2014

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Present:

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

Law Officers

H. E. Roberts Esq., Q.C. (H.M. Procureur)

People's Deputies

St. Peter Port South

Deputies P. A. Harwood, J. Kuttelwascher, B. L. Brehaut,
R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, E. G. Bebb, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M. J. Fallaize, D. B. Jones, L. B. Queripel, M. M. Lowe,
A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
B. J. E. Paint, J. P. Le Tocq, S. A. James, M. B. E., A. H. Adam

The West

Deputies R. A. Perrot, A. H. Brouard, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and R. N. Harvey

The Clerk to the States of Deliberation

A. J. Nicolle, Esq. (H.M. Deputy Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Comptroller)
Deputy M. J. Storey (*indisposé*)

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Deputy Greffier

EVOCATION

The Bailiff: Members of the States, as you heard. Deputy Storey is *indisposé*. I am sure you would like to join with me in wishing him a full and speedy recovery.

Members: Hear, hear.

CONVOCATION

- 5 **The Deputy Greffier:** To the Members of the States of the Island of Guernsey, I hereby give notice that a Special Meeting of the States of Deliberation will be held at the Royal Court House, on Wednesday, 29th October 2014 at 9.30 a.m., immediately before the meeting already convened for that day, to consider the States of Guernsey Budget for 2015 which has been submitted for debate.

Procedural – Adjournment of Billet d'État XXII to permit consideration of Billet d'État XXV

- 10 **The Bailiff:** Chief Minister, I understand you wish to move a procedural motion.

- 10 **The Chief Minister (Deputy Le Tocq):** Sir, I do. I move that Billet d'État XXV be considered first.

- 15 **The Bailiff:** Members, the effect of that would be to deal with the elections to the HSSD Department before we deal with the Budget. Do we have a seconder for that?

- 15 **Deputy David Jones:** I do, sir.

- 20 **The Bailiff:** Deputy Jones, thank you.

- 20 I put that procedural motion, then, to you Members: that Billet XXII be adjourned and resumed immediately after consideration of Billet d'État XXV. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

CONVOCATION

- 25 **The Deputy Greffier:** To the Members of the States of the Island of Guernsey, I hereby give notice pursuant to Rule (1)(3)(b) of the Rules of Procedure of the States of Deliberation that the items contained in this Billet d'État which have been submitted for debate will be considered at the Meeting of the States of Deliberation already convened for Wednesday, 29th October 2014.

Billet d'État XXV

HEALTH AND SOCIAL SERVICES DEPARTMENT

30 **The Bailiff:** We will therefore move to Billet XXV.
Before we do so, those Members who wish to do so may remove their jackets.

Statements under Rule 8(b)

35 **The Bailiff:** Members, before we call for any nominations, I have had notice and I have given permission for two Members to make Statements pursuant to Rule 8(b). I think Rule 8(b) is being invoked for the first time, and I remind Members that a Statement under Rule 8(b) must relate to a resignation matter, so it is to be delivered by somebody who is resigning and who wishes to make a Statement regarding that resignation, and may do so during this meeting. So it must relate to the resignation and there is no provision under the Rules for any questions to be asked after the Statement has been delivered.

Resignation as Minister for Health and Social Services – Statement by Deputy Dorey

The Bailiff: Deputy Dorey will deliver the first Statement.

40 **Deputy Dorey:** Thank you, Mr Bailiff.
It is with much regret that today I am making this resignation statement as Health and Social Services Minister.

45 As the Minister of HSSD, I am ultimately accountable for the provision of safe and effective health and social care services to the people of Guernsey and Alderney, in line with the Department's mandate. There have been problems in the standards and quality of care provided by maternity services, which went undetected for far too long by internal and external governance and regulatory processes. In tendering my resignation, I would like to take this opportunity to apologise to the Islanders who were directly affected by this unacceptable situation.

50 Since the detail of the incident was brought to our attention in August, we have demanded assurances that every possible step is being taken to ensure this should not happen again in maternity services or in any other part of the health and social care system. The response from HSSD staff has been comprehensive. A number of investigations, both internal and external, have been completed and there are more reviews to be carried out and reports published. The senior management team is committed to making sure that the necessary improvements are made.

55 The Board are ultimately accountable for the failings. We have already faced one vote of no confidence early this year. Rather than face another vote, which we felt was inevitable, we felt the honourable course of action was resignation. A debate would have been totally inappropriate on issues surrounding this incident.

60 There will be many more difficult decisions to be made in the future, and it is important that the HSSD Board has the confidence of the Policy Council. Having made a presentation to them about the incident, I left the meeting with the clear view that we did not have sufficient support from the Policy Council.

65 I personally would have wanted to continue to work with staff to bring about the improvements to the system, but this was not the issue. The Board were, I think it is only fair to say, exasperated over the refusal of T&R to sign up to the agreement that HSSD had so painstakingly negotiated with St John's. It was very frustrating for an organisation which has been so heavily criticised for over spending and which puts considerable work into a transformational project which identifies such a significant saving of money, but it was not supported. Deputy Storey – and I hope he is feeling better – if he was in the Chamber, would have made a significant speech on just this topic. I know this issue would have been enough on its own for him to resign.

70 Based on the St John's 2018 rates, discounted to 2015 prices, the saving that Lightfoot identified was over £400,000 per annum, and over £500,000 on St John's higher 2015 rates. A budget was prepared for HSSD running this service, and revised based on expert advice from an individual who had run a large ambulance service and another who had run a small service operating a limited geographical area. These

experts identified additional savings of up to £300,000 per annum. The acceptance of St John's original offer would cost the States very substantially more, and it also transfers considerable risk to the States.

75 The other main reason for resigning is the failure of T&R to grant the full amount that we requested in our budget. I will speak later about the budget and the FTP.

Twenty-two months ago, I decided to stand for the position of Minister. I knew it would be a lot of hard work: it has been unbelievably hard. There are just so many complex, time-consuming issues affecting HSSD. You just do not realise that beforehand, not to mention the relentless never-ending media requests
80 and sometimes the unbalanced and inaccurate, insensitive and sensationalised reporting in the media, and particularly the press.

I am saddened to be leaving HSSD in this way, at a time with the Department so busy and stretched. It now has to cope with the challenge of a new Board and extensive induction process. But I can and will offer my successor my wholehearted support in leading the Department through the challenges it faces, in
85 whatever way he or she may think best.

As I am standing down, I would like to look back briefly on the 22 months I spent at HSSD and reflect on some of the issues still facing it. I was elected at a time when HSSD had cancelled non-urgent operations at very short notice, and they had just closed down two wards temporarily in response to serious financial pressures. I said I would focus on improving financial control, but *never* to the detriment of vital frontline
90 services. I am proud to say that I and my Board have been faithful to this.

In the past two years, the Department has built up a strong finance function that works closely with those delivering frontline services. The quality and reliability of financial information has vastly improved in the two years. We have delivered around £4 million-worth FTP savings – no mean feat in itself, even though it falls short of the Department's overall target.

95 In 2013, £1.5 million of the £1.6 million of the amount the Department spent greater than its authorised budget was due to the FTP savings being delivered during the year rather than at the start of the year. In 2014, the forecast amount HSSD will spend is greater than our authorised budget, which was announced at the end of the first quarter, which many seem to forget is about £5 million. If this prediction is correct, it will mean that HSSD spends £111.5 million, and in 2013 HSSD spent £112.1 million. That is £0.6 million
100 less in 2014, compared to 2013. This, in my view, is an excellent performance and I think compares very well with many other health authorities around the world when you consider that off-Island expenditure which HSSD has limited cover over is predicted to be £1.7 million over budget even though the procurement process has improved.

Also, the FTP saving of £4.7 million was never going to be achieved in 2014. It was totally unrealistic. HSSD is £3.7 million short, in cash terms, as only £1.2 million has been banked, but T&R realised this
105 when, in their 2014 budget, they specifically put extra money in the budget reserve with the purpose of covering this.

A lot of effort has been put into a realistic Budget for 2015. This reflects our commitment as a Board to securing vital frontline services and providing resilience in critical areas, as well as giving the Board a realistic chance of not overspending. I trust that States' Members will want to ensure our health and social
110 care system are safe and effective and will support our amendments to the Budget.

As Minister, I have always worked to create a stable environment with gradual and steady transformation, if possible. States' Members will know the Department, under my leadership, has moved away from the idea of a single all-encompassing health system review. The decision was reached after
115 listening, with representatives from the various branches of local medicine, to pitches from organisations that potentially could have done a review, together with external advice of a very experienced healthcare manager. We decided on a modular approach, and one of those modules involves the delivery of specialist healthcare. I believe that people who face constant instability and uncertainty about their future are those who resist and fear change. Real transformation needs to be built on a safe and solid foundation.

120 One of the most frustrating parts of leaving any political office is all the projects that you have started which are not complete, and due to the size and breadth of HSSD there are many. Some are nearer to completion than others. I will mention just a few. These include 2020 Vision, which has helped create our operations plan for 2014 and our draft operations plan for 2015, although recent events have resulted in staff being redirected towards the immediate needs of the organisation, which exposed a lack of resources
125 to progress the Department's plans.

But progress has been made on the Tobacco Strategy; the Sexual Health Strategy; the new Mental Health Centre; the Mental Health Strategy; HSSD's contribution to SLAWS; the Children and Young People's Plan; HSSD's workstreams from the Disability Strategy; working with Housing on key worker accommodation and looking at models to radically change the management of our staff accommodation;
130 A&E contract; A&E consultant; considerable progress in updating and adding to procedures to make them robust and stand up to scrutiny and challenge. I could continue, but I will stop with that list.

But I would draw particular attention to the renegotiation of specialist healthcare provision and the challenges of emergency care, including the future of the ambulance service and the A&E doctors' contract. None of these are trivial issues. None can be solved overnight. In most cases, the consequence of getting it wrong and disrupting continuity of service to the public could be life threatening. That is a serious responsibility to carry, and the HSSD Board has approached it with due consideration and care.

During my time as Minister, I am particularly proud of bringing the treatment of age-related macular degeneration on Island. So many of our elderly population no longer have the stress of travelling monthly off-Island for this treatment.

I am pleased that the States overwhelmingly supported our re-profiling of the PEH in the capital prioritisation debate and the progress that we are making, although it is not as advanced as it should be due to our limited resources.

Finally, I would like to re-emphasise the lack of resources to support management. They have had to deal with many challenges, including the problems with SAP and the Hub, and in particular these have caused ongoing issues with staff recruitment and prevented us from making progress in other areas.

The management structure, in my view, needs reform to ensure that there is a balance between senior staff who are responsible for managing the organisation and senior staff responsible purely for the quality of nursing and clinical care. Also, we need to strengthen our governance systems.

My priority has always been the provision of high-quality health and social care to the people of Guernsey and Alderney. That is a team effort, and it is bigger than just the HSSD Board. I have been pleased to meet so many people who are proud to work for HSSD and who are dedicated to the organisation and the people it serves. I am very grateful to the many service users who have privately and publicly expressed their thanks for the care and support they have received from HSSD.

Finally, I wish to say my great sincere thanks to my Board Members and States' Members who supported us; and lastly, but not least, I wish to thank the team in HSSD for their commitment, support and help.

Thank you. (*Applause*)

Resignation from Health and Social Services – Statement by Deputy Brehaut

The Bailiff: Deputy Brehaut will now make a Statement under Rule 8(b).

Deputy Brehaut: Thank you very much, sir.

Just before I start, can I just make no apologies for asking us all to take five or 10 seconds to pause to reflect about the specific event itself, just before I start my resignation speech?

Thank you very much Members.

Mr Bailiff, Members, when Deputy Dorey made the Policy Council aware of the situation within midwifery, there were a number of options open to them, and in particular to the Chief Minister: should they rally round the Minister; should they have given him an assurance he had their full support; should they have taken a position such as, for example, 'This is *our* Health Service, you are *our* Minister, and this event was an occurrence over which you had no control'? Well, no, they chose not to do that. This was an opportunity, after all, to demonstrate leadership, wasn't? What followed was not leadership, but panic dressed up as leadership.

When Deputy Dorey and I met with the media on that Friday, over a three-hour period we gave interviews – interviews which, because of the subject matter, were emotionally extremely draining. It was my expectation that, following our resignations and the news breaking, there would be a period of time for the community to absorb the news and time for the family at the centre to come to terms with their life-changing event becoming public knowledge. But within hours, an e-mail from the Chief Minister, calling for leadership and renewal, arrived in our inboxes. Until I received that e-mail, I was uncertain of what indecent haste looked like, but there it was: the seed of panic attempting to flower again into something that just may look like leadership. 'Do something, do anything' is quite obviously more important than attempting to do what just might be the right thing.

Deputy Dorey and I were keen to get a clear statement out to the community, if it was possible, almost untainted by politics, but the announcement so close to our resignations now ensured media coverage moved from the tragic event onto the election of a new Minister – just what we did *not* want to happen.

Sir, I have served on HSSD since I was first elected in 2004. The Roffey, Grut, Adam and Lewis board seems a world away. Even with the trials and tribulations over the clinical block, that period, in retrospect, was a settled and productive term, comparatively speaking. But even then, with Zero-10 on the horizon, changes were taking place: about 35 to 40 long-standing vacant staff posts were removed and the Chief

Officer's management team was pared down, I have to say for the first time, and that has happened a number of times since. But while the fiscal climate was difficult, the political climate or the temperature of the States to HSSD was generally warmer. The affection the community have for HSSD was broadly reflected in the Assembly. Yes, not universally, but broadly. There was a greater tolerance, a greater appreciation of the challenges and a maturity – a political maturity – in dealing with sensitive issues that will ultimately end up in the public domain.

Sir, the first rule of public health is that you do not alarm a community when conveying a concern to them that may have implications for them. Raising concern must be balanced against raising alarm. In my view, what can be more described as perhaps aggressive scrutiny raises far more alarm and concern in an unbalanced and disproportionate manner. Just how many Rule 5 Questions has Deputy Dorey fielded, and how many of them have led to better outcomes and improved services, and how many of them have sought out failings, perceived or otherwise, and simply been posed as an attempt to embarrass the Minister or his senior staff? But that is the new political reality for HSSD. It has become the football that some, unfortunately, enjoy kicking about. Sometimes a goal is scored, but far too frequently those in the game desperately want an angle. HSSD has become such great sport.

Members, if we reflect on the long exchanges across this Assembly – on bowel cancer screening, for example; but there are very many others... certainly more heat generated than light at times. Such passionate arguments, such lengthy exchanges, such detailed technical answers; answers that came from where? The Medical Officer of Health, the Head Pharmacist, the Clinical Governance Team, the Head of Finance, the Chief Officer, who in turn have to liaise with the MSG and even, at times, with the GMC. So while we are all embroiled in the elaborate political choreography of Question Time, when senior staff are sat behind a table drafting responses, when clinicians become copywriters, events within midwifery slip under the radar.

There will be a degree of repetition – because I had not seen Deputy Dorey's speech – just in the next few lines, but if Deputy Storey was here today – and I too wish him well – he would have spent some considerable time in his resignation statement dealing with the St John's Ambulance contract. He is on the record as saying that, in isolation, the intervention of the CCA was reason enough for him to resign. He saw it, as I do, as an affront to senior staff who were negotiating, and effectively a vote of no confidence in HSSD and their ability to negotiate. But let's not forget that T&R loaned St John's Ambulance Rescue £650,000 when they were unable to pay staff salaries. Before then, the previous T&R Board had purchased ambulances for St John's Ambulance and Rescue. Although HSSD paid the grant, we were only informed that the ambulances had been purchased when they were already on the Island and in service.

A condition of the loan was that a review was undertaken of the service. Lightfoot conducted the review, HSSD embraced its findings, and we were well on the way to delivering the very best outcome for the taxpayer. As ever, there will be more than one perspective on this particular episode and I hope our PAC colleagues in the future will pursue this with some vigour. But to move away from the HSSD position you would have to have believed a number of things: that a loan that could *never* be repaid could not be written off; that ambulance drivers would not respond; that paramedics would stay at home; and that there was a looming crisis. And you would also have to believe that the financial solution was an increase of £1.6 million over a four-year period, an increase of £400,000 a year. Why? It is not so they can pay back a loan, surely – is it? This was a drama – a drama with an element of risk too; but it was no crisis. But some thought it was a crisis. What does a crisis demand? Leadership. And so our friend 'panic' revisits us again – this time, mute panic because under the CCA oath you cannot say anything. Or can you?

Colleagues, why am I resigning? Well, because I have taken decisions in the past on flawed information. Be that a ward closure or assurances regarding midwifery, no politician should be left so exposed and no one family should ever be exposed to risk through the absence of information or misinformation.

I have regrets and even guilt that I am leaving other Members of this Assembly to deal with matters that arose during my time at HSSD. They face enormous challenges. May their minds be wide open and their hearts be strong, but I said at the beginning of this speech we no longer live in a political culture that is receptive to giving politicians second chances. Since announcing our resignations, I am afraid we have not been shown the courtesy, dare I say, we deserve and would ordinarily expect. I do say I appreciate the family come first, but there is a duty of care to politicians when they are so vulnerable to criticism in the public domain.

By way of illustration, when the NMC presented their initial findings, they requested that only a small group were present, and I understood that and I understood the sensitivity around that. They requested that *the Minister only* attended the presentation. I agreed to that on the basis that HSSD met immediately after the presentation to discuss the findings. I was astonished to be told that, whilst Members of the Board were not in attendance, the Deputy Chief Minister was along with the Policy Council press officer. Yes, Board Members shut out; press staff in. On whose advice?

250 Secondly, I was also dumbfounded to hear that the yet-un-elected Minister and his yet-un-elected board have already met to discuss HSSD-related issues. Proactive? Yes, I understand that. Discourteous, as well as thoughtless and perhaps a touch insensitive? Probably that too.

255 Finally, during this entire period, the Chief Minister has not approached me directly; nor has he met with the Board or, I believe, spoken or met with Deputy Dorey. He should have done so, because actually that is what leadership looks like. My confidence in the Policy Council has been eroded slightly by the lack of their support for Deputy Dorey, but sadly I no longer have confidence in the Chief Minister. He should have been standing shoulder to shoulder with the Health Minister, rather than standing in the shadows of the Policy Council press officers.

260 Again, sir, my sincere apologies to the family at the centre of this event, and to assure them that each and every politician in this Assembly with the necessary information would have acted on it. I did not have that information; but nor did I ask for it, and for that reason I am truly very sorry.

The Bailiff: Members, that concludes the Rule 8(b) statements.

I. Election of HSSD Minister – Proceedings commenced

Article I.

The States are asked:

To elect a sitting Member of the States as Minister of the Health and Social Services Department to complete the unexpired portion of the term of office of Deputy M. H. Dorey, who has resigned as a Minister of that Department, namely to serve until May 2016 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

The Bailiff: Greffier, can you announce Article I of the Billet.

265 **The Deputy Greffier:** Health and Social Services Department new Minister: to elect a sitting Member of the States as Minister of the Health and Social Services Department to complete the unexpired portion of the term of office of Deputy M. H. Dorey, who has resigned as a Minister of that Department, namely to serve until May 2016 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

270 **The Bailiff:** Members, I will now call for nominations and I will first invite the Chief Minister to propose his candidate, before inviting other Members to propose their candidates.
Chief Minister.

275 **The Chief Minister (Deputy Le Tocq):** Sir, I nominate Deputy Paul Luxon.

The Bailiff: And do we have a seconder? Deputy Langlois. Thank you very much.
Do we have any other candidates to be proposed?
Yes, Deputy Le Pelley.

280 **Deputy Le Pelley:** I wish to nominate Deputy Arrun Wilkie for the position of Minister of the Health & Social Services Department, sir.

The Bailiff: Deputy Wilkie.
Do we have a seconder for Deputy Wilkie? Deputy Collins. Thank you.
285 Do we have any other candidates?
Deputy Green.

Deputy Green: Sir, I would like to nominate Deputy Elis Bebb.

290 **The Bailiff:** Deputy Bebb nominated by Deputy Green, and seconded by Deputy Conder.
Any other nominations? No. In that case, we have three nominations: Deputy Luxon, proposed by Deputy Le Tocq and seconded by Deputy Langlois; Deputy Wilkie, proposed by Deputy Le Pelley and seconded by Deputy Collins; and Deputy Bebb, proposed by Deputy Green and seconded by Deputy Conder.

295 What will happen next is that each of the candidates will speak for five minutes and then there will be a question and answer session. I propose that the candidates be seated on the Bench, and to enable that to happen I am going to propose a brief adjournment to enable the Ministers to be relocated elsewhere in the Chamber. So we will just rise for a few minutes while people take their seats.

*The Assembly adjourned at 10.01 a.m.
and resumed its sitting at 10.06 a.m.*

**Death of President of Zambia –
Flag at half mast**

300 **The Bailiff:** Just before we resume, Members, the flag outside this building is about to be lowered to half-mast. We have been advised that the President of Zambia has died and that, as a mark of respect, flags throughout the United Kingdom on official buildings are flying at half-mast. I have given instructions that the same should happen in this jurisdiction; so if you see the flag being lowered, that is the reason why.

**Election of HSSD Minister –
Proceedings continued**

The Bailiff: Just before I invite candidates to speak, I thought it might be helpful if I briefly outline the procedure that is to be followed, largely for the benefit of those who might be listening at home.

305 We will start with five-minute speeches from each of the candidates. Under the Rules, the candidates are called in the order in which they were nominated, so it will be Deputy Luxon first, followed by Deputy Wilkie and then by Deputy Bebb. That five minute time limit will be imposed strictly.

310 Following the completion of those statements, we will have a period of question and answers – which, under the Rules, is 30 minutes times the number of candidates, so it will last for a maximum of one and a half hours. Each questioner has up to 30 seconds to ask their question and each candidate has up to one minute to make their answer. Again, those time limits will be imposed strictly.

The candidates will answer the first question in the order in which they were nominated, so it will be Deputy Luxon, Deputy Wilkie, Deputy Bebb. Thereafter, the order in which they answer rotates, so that the second question is answered by Deputy Wilkie, then Deputy Bebb, followed by Deputy Luxon, and so.

315 I will call Members to ask a question, but one question only. When every Member who wishes to ask a question has had the opportunity to do so, if there are some who wish to ask a second question I will give them the opportunity to do that, and subsequently a third question and so until the one and a half hours have elapsed or we have run out of questions.

320 At the end of that, you will be called upon to vote, using the slips which will be provided to you with your names on them.

So, unless there are any questions as to the procedure, I will call Deputy Luxon to speak in support of his candidature.

325 Sorry, just one other thing to explain: the time limits will always start at the moment that I announce the name of the person who is to speak. So, if you take 20 seconds to stand up, then you have only got 10 seconds to speak. *(Laughter)*

Deputy Luxon: I hope we haven't started yet!

330 **The Bailiff:** No, you haven't started yet! *(Laughter)*
I now call Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

335 Firstly, sir, can I just reassure Members that neither myself nor the nominees I am going to propose, should I be elected, have been disrespectful or would be disrespectful to any of the outgoing HSSD Board Members.

Sir, I am sure none of us will forget that, in spite of the many complex issues and problematic recent past history of the HSSD, the core and fundamental issue here today is one of maintaining and nurturing a compassionate, caring, credible healthcare and social services delivery organisation for every one of our 64,632 Bailiwick residents.

I regret that these elections are taking place. It would have been much more preferable for the outgoing Board still to be in place and *effectively* delivering against the HSSD mandate and 2020 Vision. However, sadly, that is not the case; but let me acknowledge the sterling work and commitment that Deputies Dorey, Storey, Brehaut, Bebb and Brouard have undertaken over the last 20 months or so, along with similar efforts which Deputy Adam and his Board made before that on behalf of us all. I thank them for what they have done and tried to do. No-one can doubt that it has been and is a major complex task.

Sir, three political boards in under three years, with a fourth to be elected here today by this Assembly, and in 18 months a fifth political board will be elected in May 2016. So that will be five boards in five years. There is surely something wrong somewhere for this degree of governance churn. How on earth can any momentum, in terms of strategy, direction, leadership or governance take place when the body responsible for these things, the political boards, average less than two years in office each time? Madness! What is the fault? What is to blame? Why does it happen? What is the root cause? Why have some things gone wrong? All good questions, but often with no clear or obvious answers, it would seem.

Every day, thousands of our Island people are treated and served by the HSSD's highly trained and motivated staff. We are so lucky to have the health and social care services we do, bearing in mind our finite size. Right now though, it is self-evident that morale is bruised and low within the Department. Right now, it is fair to say management are under extreme pressure. Right now, it is fair to say the frontline staff are feeling challenged. Right now, it would be fair to say that some members of our community may have had their confidence knocked slightly in the face of some of the recent challenges we have had. Right now, we have some very serious matters to address, tackle and resolve. Right now, I am sure all Members here today are frustrated as to why it appears we have so many testing problems.

Sir, whoever is appointed to the Board now will need the support and conviction of everyone. All 47 of we Deputies, and the CEO and his senior management team, and the Policy Council and the T&R Department and the rest of the States are going to have to work with and support the recovery plan for HSSD to assist the new Chief Officer and her management team and staff and medical entity partners in their endeavours on our behalf. HSSD is our largest, most diverse and complex Department, with an annual budget of £113 million, representing 31% of our projected 2015 Budget. It is a massive Department. It is massively complex. It has extremely testing times ahead. It will not be easy.

The Chief Minister, Deputy Le Tocq, and other Policy Council Members approached me after Deputy Dorey's sudden resignation decision and asked would I be prepared to leave my role as Minister for Public Services Department. My answer to him was that I was more than happy to deliver on my PSD Board objectives until spring 2016. However, having been elected two and a half years ago, I remembered that as elected Deputies we should make ourselves available for whichever tasks this Assembly so chooses, and as such I agreed to accept his request to stand and be nominated.

Should you decide to elect me, however, I will equally assure you that I will give it my very best effort. I will give this task levels of energy, stamina, leadership and commitment which my PSD and Policy Council colleagues will recognise as being, I would hope, considerable. I do not do gas mark 4, sir. I am either 8 or off, and that is when I sleep; unfortunately, I do not do lots of that.

Finally, can I make some promises – and this is dangerous territory in our system.

First, no easy quick-win fixes.

Second, the Board will not bring any late big surprises to this Assembly. We may need to bring news – quite possibly bad news; it may be unfortunate news – but we will bring it to you as soon as we can, and the HSSD management team will have this abiding principle shared with them very clearly from day one.

Third, we will endeavour to update you regularly with progress reports.

Fourth, although I and my preferred Board place nominations have not been elected as yet, we have discussed generally six core tasks that we would consider setting for ourselves as priorities if we are elected: (1) immediate and urgent action plans, now and for year 1; (2) organisational stability, now and ongoing; (3) morale, care and compassion, now and ongoing; (4) short-term recovery plan, one to three years; (5) a full healthcare review on the fiscal range of services demographics, future proofing and affordability.

The Bailiff: Your five minutes are up, Deputy Luxon.

Deputy Wilkie will now speak.

Deputy Luxon: My last bit was to come.

Deputy Wilkie: Thank you, sir.

I would also like to thank the work that has been done by the previous Board.

I would like to start with a story about a man called Elvis. This is not the Elvis you are thinking of. This is a man who died 500,000 years ago. The interesting thing about Elvis was that he had a deformed spine and he could not hunt and he could not carry anything. His family and his community had to provide for

him using a large amount of their resources and time. Another amazing thing about Elvis is that he died when he was 45 years old. Now, if we go forward 500,000 years – half a million years – we still spend a large proportion of our resources on those who need help, because it is in our nature. It is what makes us human; it is what makes us a civil society. The essence of that 500,000-year-old story is why we have Health & Social Services Department today.

I hope to lay before you very quickly a coherent set of policies which will improve our Health Services and improve the lives of Islanders.

I want to do a healthcare review, a scientific evidence-based report on what services we are going to need, how much they are going to cost and how we can provide them efficiently in the future. We are one of the few Governments who have not protected our Health Services from general cuts. We have only increased spending by 0.6% over a five-year period on HSSD. That is way below inflation and represents a large cut in real-terms spending. You, as Members, need to be provided with a report so you can be assured of what levels of spending are required, because at this moment you do not know.

Another policy I would like to see is the Reciprocal Health Agreement renegotiated. While in Westminster a couple of weeks ago, I met with Sir Alan Beith, the Ministry of Justice Select Committee Chairman. We talked about the Reciprocal Health Agreement. He agreed it could be renegotiated, and in fact Jersey and the Isle of Man have already done so. This is a huge issue for Islanders with health conditions. Many cannot get travel insurance and this adds stress to journeys that they may need to make. In some circumstances, they do not travel at all because they cannot afford the possible medical costs. We are intrinsically linked with the UK through business and through family ties. Not having a Reciprocal Health Agreement harms both our pockets and our hearts.

My next policy is an independent complaints panel. Islanders need to be assured that their complaints are dealt with in a fair and transparent manner. As an organisation, HSSD should welcome complaints, whether they are from the public or from staff. Talking of staff, I would also like to see whistleblowers' protection. Since the issues at the maternity unit have come to light, I have had health professionals come to me and say that they were shouted down and made to keep quiet about issues they thought could be a risk. There needs to be a cultural change at HSSD, and it needs to happen now. Members of staff should be able to speak out if they think the best possible care is not being delivered.

A little bit on leadership: politicians need to lead their organisations and build trust with their staff, if they are to be effective. We need to engage with the media more to get the Department's stories to the public. I will be spending time with the staff on the front line to build their trust, so don't be surprised if you see me mopping the floor at HSSD! It is important that you have a vision and a common goal that all members of the Department can aspire to.

I have the knowledge, the leadership and the skills to put HSSD on an even keel and point her in the right direction. If you give me your vote, I will give you results.

Thank you.

The Bailiff: Next, Deputy Bebb will speak for a maximum of five minutes.

Deputy Bebb: Thank you, sir.

The events that bring us to this election are well known, and with numerous reviews commissioned into our midwifery service there will be ample opportunity for all of us to scrutinise HSSD in the coming months. The first of the large reports is now due to be published tomorrow. The question I pose is: what next; and where should the Department be placing its priorities?

I have published an open letter to all of you, setting out what I believe to be our priorities. I propose my letter be taken as a mandate for me and the Department. Subject to a conversation with the full Board, I would seek to communicate fully as to progress against this mandate and any diversions from it. I will not repeat those priorities here, but I will expand on some points and talk of certain other issues.

I start with midwifery. It is the first and most important issue the Department faces. We have the Nursing and Midwifery Council making demands of our services, we have NHS England making demands of us, we have the General Medical Council making demands of us, and in amongst all of these esteemed regulators and professionals it is easy to lose sight of the single most important part of the service: the individual, frequently at a vulnerable point in their life, placing their faith and trust in our professionals. 'Patient-centred care' is a term we have heard frequently in the national media, and we must take this to heart. Whether we call it Service Guernsey or Service-Users' Centred Care is not the point; our actions and our focus are. We must work hard to maintain the trust of the public, as they have no realistic alternative provider. The PEH is the only choice and therefore must be the safe and confident choice for our pregnant mothers to be.

We must do two additional things as a matter of urgency. We must now expedite the work of Dr Val Cameron to fully establish a care quality inspectorate that spans all care services. It is disappointing to hear there have been delays in Dr Cameron's change of job description and mandate, allowing a more

rigorous approach to care quality assurance. I would set up the inspectorate as a separate standalone part of the Department, in the same way as the Children's Convenor's Office. Secondly, as outlined in my letter, to discuss with the Friends of Loveridge Ward an extension to their current role.

465 Finally on midwifery, I would like to clearly state that I would sincerely hope not to see a greater medicalisation of childbirth as a result of the recent events.

I have stated that the MSG contract is no longer a viable option, but we must be careful in our approach of changing the contract. Those consultants working for the MSG today are the same people we will be wanting to work as consultants here tomorrow. This will have to be a negotiated transition over the coming
470 years.

Another major area of concern is the retention and recruitment of our staff. Our record on retention is not good, and I am sure I do not need to spell out what the coming problems in midwifery will do to our ability to recruit staff. This is not a problem confined to one area – Social workers are equally difficult to recruit. I will be seeking the assistance of the Policy Council and the Treasury & Resources Department in
475 bringing together a short-term solution to see us through the current issues and bring us to a better recruitment position.

I believe my achievements in organising the recent Elephant Week, displaying my ability to work collaboratively with many different organisations... my passion for HSSD is well known, but primarily it is because of the great importance the Department places on multi-disciplinary approaches. In other words,
480 getting the best of each ability together to come up with the most appropriate solution for the individual: patient-centred care. Frequently, for the most vulnerable individuals in our society, when we fail the patient the focus will shift to the financial cost because the cost of failure will be far greater than any of us wish to contemplate.

I believe myself to have the knowledge of arguably the most complex Department of the States and the skills necessary to steer a steady path through the coming storm. Those areas of the Department that I have personally taken the initiative to lead have steadily improved with greater confidence from our service users than ever before. I ask you to entrust me with the rest of the Department, to deliver the same assurance, firstly to the service user but also to you as an Assembly and to the Island as a whole.

Thank you.

490 **The Bailiff:** Members, we now move to question time. We will start it at 10.23 and it will be for an hour and a half. The first question will be asked by Deputy Domaille. Then Deputy Stewart.

Deputy Domaille: Thank you, sir.

495 Given the changes that have happened in the past few years, I ask the candidates to explain their approach to team building and how they will seek to restore staff confidence in the political leadership, and ultimately public confidence in the Department.

Thank you, sir.

500 **The Bailiff:** Deputy Luxon to reply.

Deputy Luxon: Thank you, Deputy Domaille.

There are 2,000 people, colleagues, working in the Health & Social Services Department, and of course the political Board is there to offer oversight, leadership, scrutiny and monitoring. The senior management
505 team of HSSD are clearly the body of people who need to motivate, galvanise and make sure that there is teamwork happening through what is, as Deputy Bebb said, a very complex organisation. So the new political Board will need to demonstrate leadership and teamwork working themselves and cascade that down through the organisation. It is fair to say that many of the people are highly trained professionals within HSSD. I think they just need some reassurance and nurturing in an environment framework around
510 them.

Thank you, sir.

The Bailiff: Deputy Wilkie.

515 **Deputy Wilkie:** Thank you, sir.

I alluded a little bit to that in my speech, and I am much in favour of politicians getting involved in the front line – maybe half a day a week doing something with staff to work with them and get some feedback from them on what is happening, rather than through the normal channels.

As far as leadership goes, I have a slightly different leadership style, in that I would like to see a system of review, support and improve. This is the difference – how can I explain it best? – between Tesco and John Lewis. This system of management empowers staff and gives them the confidence to do their jobs. We
520 cannot do their jobs for them; we have got to help them do what they have got to do.

The Bailiff: Deputy Bebb.

525 **Deputy Bebb:** Thank you.

My approach with regard to team building is very much what I have done in relation to our adult respite care, where I meet bi-monthly with the service users as well as the managers, so that I have the knowledge in relation to exactly what is happening in those areas. I would expect the whole Board to take on parts of the HSSD service and then to take a similar approach, so that we discuss with both service users and the managers and have full knowledge up to the Board level of issues that are happening throughout the organisation. It is no mean task. I expect any member of the Board to be committed to the Department, because now is the time that we will all need to undertake what is almost full-time employment for all members.

535 **The Bailiff:** The next question will be from Deputy Stewart, followed by Deputy Dave Jones.
Deputy Stewart.

Deputy Stewart: Mr Bailiff, I have sat on a lot of appointments committees, so I make no apologies for going back to CV basics. Could the candidates, around their skills sets, give details of their educational qualifications, board experience outside of the States of Guernsey, management roles and particular skills they feel they can bring to this role?

The Bailiff: Deputy Wilkie.

545 **Deputy Wilkie:** In a minute? In preparing for this position as Minister... something I have been wanting to do for a long time, so I have been building my knowledge up for the job.

Board sitting: I have sat on the board of PCC Primary Care Committee, which is an organisation that organises GPs – whatever has got to be organised between the three surgeries.

550 So I have been learning about how the private sector works and I have also been building my knowledge as to how the public sector works, to give me a rounded idea of exactly what needs to be done to improve our Health Service.

The Bailiff: Deputy Bebb.

555 **Deputy Bebb:** With regard to education, I am not sure what my GCSE, A-Level and degree qualifications would have of benefit, but I do have all of those.

With regard to the management experience that I have had, I have previously worked within departments... specifically, the last one before being elected was a large international IT department, and actually bringing that team together and being part of that management team that spanned the globe was a very challenging time.

560 In relation to the board, the most recent experience I have had has, of course, been as an observer on the board of St John Ambulance, and I am sure that any member of that organisation would confirm that my discussions around that board... whilst difficult at times, at all times I have maintained the respect of that board and I believe that a good working relationship with that partner organisation would continue as a result of the good work that I have done there.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Stewart.

570 Sir, I was a grammar boy. I did not particularly do exams that well. I loved sport and went off and became a squash professional.

575 When I became serious about my career, I did end up sitting on a lot of corporate boards for listed companies, privately owned companies, and managed some large organisations. What relevance has that got to being the Minister of HSSD? Well, not that much, because clearly the States of Guernsey and HSSD are not businesses, they are public sector service delivery organisations, and so very different; but on some of the criteria about how large organisations work, I hope that I would be able to offer guidance to the Chief Officer and her team, because of course it is they who should be running the Health & Social Services Department under the direction of the Board.

580 **The Bailiff:** Deputy David Jones will be followed by Deputy James.
Deputy Dave Jones.

Deputy David Jones: Thank you, Mr Bailiff.

My question really is: considering that health funding is one of the major elephants in the room, could each of the candidates tell us when they would be bringing an emergency Billet to this States to have a dedicated debate on the funding of our Health Service, which is clearly something that we should have had many years ago?

The Bailiff: Deputy Bebb.

Deputy Bebb: The funding of our Health Service will primarily stay in the same construct that it is at the moment until the end of the MSG contract. That is key to the whole of the healthcare expenditure part of the Department. Let's understand that the expenditure of the PEH accounts for probably around £50 million at least per annum. On top of that, there is the MSG contract that is funded through SSD. Therefore, the answer as to what the costs are likely to be is that until the end of 2017 they are not likely to change. From 2018 onwards, I would like to see a very different model. I would like to see a partnership with the current MSG, because as I said, those consultants are the same people we need here tomorrow.

What I would like to do is undertake a secondary healthcare review as a matter of urgency. I have identified – and spoken to all members of T&R – that the bench-marking money that is available within the budget be diverted and dealt with as a secondary healthcare review as a matter of urgency, so that this Chamber has the choice available –

The Bailiff: Your minute is up.
Deputy Luxon.

Deputy Luxon: Thank you, Deputy Jones.

The new Board should decide the priorities. As Minister, I can have a view and share that with you now, but clearly I would have to make sure that the people decide.

In my speech I talked about six priorities, and those six priorities were: immediate and urgent action plan to deal with the crisis issues; organisational stability in terms of the day-to-day functioning; morale, care and compassion; short-term recovery plan, which is one to three years; and a full healthcare review across the whole range of issues that we know face our healthcare in the Island; and then the long-term recovery plan, which is going to be five to 10 years.

The answer is: as quickly as that work has been done properly.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

In 2012, when I was on the Board, we saw some of the issues which HSSD are now facing, and we wrote a healthcare review. That healthcare review went to the stage of going to Policy Council. It was due to be debated by this Assembly, but then the Board changed and it was pulled by the new Board and not replaced. This review obviously needs updating, but it is something I would want to bring to the States as quickly as possible.

The Bailiff: Deputy James.

Deputy James: Thank you, sir.

The Assembly is fully aware that the greatest users of healthcare services in the Island are women, and I would like to ask each of the candidates, in considering the formation of their Board, how would they ensure that their health and social care policies were gender sensitive?

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, sir.

I would probably consider inviting several of the female gender in this Assembly to join me on the Board, sir.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: I would also be happy to invite some of the female gender Members onto my Board, sir. Thank you.

The Bailiff: Deputy Bebb.

645 **Deputy Bebb:** I believe that if we are to serve anybody it needs to be in the best interests of all, and that is what a service-user centred approach is. Those services, where they are primarily for women... obviously, by having a regular meeting with all of those women it would ensure gender-appropriate solutions for those services which are predominantly used by women.

When it comes to female representation on the Board, I would be more than happy to have some, and I look forward to that being the next part of this debate.

650 **The Bailiff:** Deputy Gollop.

655 **Deputy Gollop:** Sir, almost as a supplementary to Deputy James, the Board has a constitutional facility to have up to two non-States' Members on the Board. Would, at this stage, prior to consultation with the Board, the ministerial candidates support the principle of having up to two non-States' Members; and if so, what criteria would you be looking for in those candidates?

The Bailiff: Deputy Wilkie.

660 **Deputy Wilkie:** Thank you, sir.

Yes, on the Home Department, which I presently sit on, we have a non-States' Member and I find that of great assistance. I do not know exactly who we would have on board and what criteria we would have for that yet – I would have to discuss that with the rest of the Board – but I would not be against having a non-States' Member on the Board.

665 **The Bailiff:** Deputy Bebb.

670 **Deputy Bebb:** As a general principle I have always disliked the idea of a non-States' Member. However, given the current circumstances and the very real need for leadership within the Department, I have identified two people who have great experience within our local healthcare provision but are no longer conflicted and therefore do not participate within that role. I would like to bring both of those into a non-States' Member role, but that of course is subject to the decision of the full Board.

The Bailiff: Deputy Luxon.

675 **Deputy Luxon:** Thank you, Deputy Gollop.

I absolutely think that HSSD needs as much help as it can muster from every front, and I mentioned that I think the CEO, the senior management team, the States of Guernsey, T&R Department, Policy Council and we 47 Deputies all are going to have to assist the new Board and the Department through these difficult times.

680 Absolutely, HSSD should consider bringing on two non-elected members. I have given it a lot of thought. The clue is in the label. We should look for somebody with very, very high clinical medical expertise to add wise, sage counsel in that sense; but also I think somebody from a very high-powered financial or change management corporate governance background would complement the skills and attributes. It is a matter for the Board to agree a pool of names, and then the Board would decide who they would be; but I would hope to see that happen quickly.

The Bailiff: Deputy Fallaize.

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

Clearly, HSSD has suffered from chronic instability. Can the candidates advise the States, if they are successful in gaining election, whether in the interests of stability they will seek re-election to the post in 2016?

695 **The Bailiff:** Deputy Bebb.

700 **Deputy Bebb:** My decision to stand in 2012 was made on the Wednesday when forms needed to be submitted to the Bailiff's office. To think that I can stand here today and give an assurance as to my decision in 2016 would be folly – so much can happen between now and then – but I would say that if the conditions are right, then obviously I would be looking to re-stand.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Fallaize.

Instability: you are absolutely right. I mentioned in my speech the number of Boards that will have led HSSD over just five years: absolutely, stability is important going forward.

My position is well known. I took a career break to offer myself for public service in 2012, so my intention is not to stand for re-election in 2016 and therefore I would not be able to stand again for HSSD Minister; but I accept... Who knows? Political life is a funny thing, but my intention is to try and deliver stability through some of the plans and gain some momentum to action those so that the Department can take those forward, regardless of the election and the new Board.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

Yes, I think I have already alluded to Members that it was always in my mind that if I do stand again – and I am planning to – I would stand for HSSD Minister in the next term.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

As constituted, it is the Health & Social Services Department. Do the candidates have a view whether the Health & Social Services Department is too large, and what does it do now that they would rather it did not do?

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Brehaut.

HSSD is our largest and most complex Department. Absolutely, I think there are some things that we should not do. States' Works Department offers SLA services across the States to the other Departments. I am not sure that it makes sense that HSSD senior management should need to worry about gardening, landscaping, property maintenance and a whole variety of other things. That is just at the base operational level.

In terms of its mandate, the States' Review Committee, following direction from this States early this year, will be considering how the States will look in the future after 2016, in the first quarter of next year. I hope that we look to address the point that he makes in that review.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Yes, I think there needs to be some clear management separation between the social services and the healthcare side.

I think, as Deputy Luxon has just said, that certainly some of the tasks done by HSSD could be successfully outsourced, and I would certainly be looking at that.

The Bailiff: Deputy Bebb.

Deputy Bebb: We currently offer a Health & Social Services that is so integrated that other jurisdictions would give their hind teeth for that level of integration. Therefore, it is important that we maintain the Department as a Health & Social Services Department.

But there are certain roles that we currently undertake, which we should not. We have the Children's Convenor's Office, that is part of HSSD, that regulates childcare. We have currently Val Cameron, with regard to the regulation of healthcare – *should not* be within the same Department. These are the submissions that I would make towards the States' Review Committee.

But we should also ensure that our service users, as well as our staff, no longer live in accommodation that is run by HSSD. I believe that the Housing Department are better placed in order to run both of those accommodations.

So there are small areas that I would agree need moving out, but on the whole we really need to be proud of the integrated approach that we have achieved over the last few years.

The Bailiff: Another questioner, please.

Deputy Brouard.

Deputy Brouard: Thank you, sir.

Can I ask the candidates: do you feel it is good practice to significantly underspend or save money on a given budget line, if in doing so services are compromised?

The Bailiff: Deputy Wilkie.

Deputy Wilkie: The short answer is no, I do not.

The Bailiff: Deputy Bebb.

Deputy Bebb: No, it is not: it is short-sighted and it is foolish, and in relation to public health there is a well proven, well documented erroneous move on our behalf.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Brouard.

I do not think it is good practice to underspend. I do not think it is good practice to overspend. I think it is good practice to make sure that plans – meaningful plans, thoughtful plans – and fiscal controls are in place to make sure that any States' Department delivers against its mandate well and with an eye on best value for the taxpayer. So we certainly should not compromise service delivery unless we have absolutely made a wilful decision that that is the price we are prepared to pay for the cost of reducing budgets.

Thank you.

The Bailiff: Do we have any more questions?
Deputy Collins, and then Deputy St Pier.

Deputy Collins: Thank you, sir.

What are your thoughts regarding the NHS Chief Executive, Simon Stevens' recent report, 'Vision'; and what lessons can the Department take from it?

The Bailiff: Deputy Bebb.

Deputy Bebb: It is interesting that the UK are looking to increase expenditure in the NHS by £30 billion, and £22 billion they are looking at in savings. The numbers are actually mind-boggling, compared to our current Department. What I would say that we need to take from that as a serious lesson is that we are reliant on the UK healthcare for providing the healthcare here. The staff that we have working within our services, our clinicians, are primarily trained in the UK. Therefore, it is very important that we keep abreast of changes within the NHS environment, and therefore we align ourselves to take advantage of those changes that will be coming in the coming years.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you for the question, Deputy Collins.

I agree with Deputy Bebb in terms of our reliance on aspects of NHS services; but frankly, I do not think we should model anything that we do here in Guernsey on the NHS. (**A Member:** Hear, hear.) I think seeing what has recently happened with the NHS in Wales and people needing to move to the NHS in England demonstrates that perhaps both those organisations have an awful lot of problems – perhaps even problems far greater than those difficult ones we have.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

I think the Stevens report does identify a funding gap in the UK NHS, and they do have a similar situation to us because what they are saying in that report is that to make any further – well, they are not saying savings – cost avoidance, you will need to restructure healthcare services. We have got a healthcare service in Guernsey that has grown organically over years and is running inefficiently, and the only way to make these sort of cost-avoidance measures is to have a report and restructure the way our services work over here.

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, what steps would the candidates take to ensure that the whistleblowing policy becomes effective?

The Bailiff: Deputy Luxon.

Deputy Luxon: Sir, I thank Deputy St Pier for the question.

HSSD already has a whistleblowing policy in place. I was very impressed within the first three or four months of joining this States of Deliberation to actually find out that that was the case through some personal research.

I think it is fair to say, if one wants to be critical, that it is a little clunky and it may well be that it is not ideal, certainly for the circumstances we find ourselves in at the moment. So I think that needs to be reviewed.

However, the States of Guernsey, to my knowledge – because I have been chasing to see progress – has been developing a States of Guernsey-wide whistleblowing policy, which I think is long overdue, being rolled out fully now that there is an interim process in place. So I welcome that and I believe that that will be in place before the end of this year.

There is a difference between whistleblowing and leaking: leaking is appallingly inappropriate; whistleblowing is a very important mechanism for staff in an organisation.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

I think the whistleblowing policy needs to be enshrined in legislation to give those people who are whistleblowing legal protection and give them the confidence that they can speak out whenever they feel it necessary.

The Bailiff: Deputy Bebb.

Deputy Bebb: The whistleblowing procedure and the whole structure behind it currently sits within the governance department of HSSD, which is currently lacking. Therefore, the whole question of governance needs to be addressed.

But I would highlight that there are different whistleblowing mechanisms available to all staff. Whereas there is an internal whistleblowing mechanism that is available within our internal governance team, there is also a whistleblowing mechanism available to all professionals through to their professional regulating body. That is exactly what happened in relation to midwifery. The whistleblowing procedure in the NMC was undertaken, and it has been effective because it has highlighted serious failings. What I find is shameful is that it took a whistleblower, rather than the regulators that we pay, in order to identify those failings. Questions need to be asked of NHS England.

The Bailiff: Deputy Hadley.

Deputy Hadley: In last week's *Pharmaceutical Journal*, which I am sure you all read, (*Laughter*) it said that if you need a whistleblower policy, you are not speaking to your staff. I would like the opinion of the panel.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: I think Deputy Hadley certainly has a point there, but I also think you need to be giving members of staff the confidence to be able to speak out by having the protection in place.

The Bailiff: Deputy Bebb.

Deputy Bebb: As I said, we need a whistleblowing procedure because it is essential; but on the other hand, as I explained previously, those regular meetings with service users and with managers of services and providers are essential. I have been undertaking that in certain areas of HSSD. I would wish the new Board to undertake that in *all* areas of HSSD, and therefore I would sincerely hope that such a policy, although in place, would not be called on too frequently.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Hadley, for the question.

885 Large organisations especially need to have a hierarchal structure of whatever sort that allows all members of that organisation to be able to share their thoughts, views, concerns and, where necessary, the ability to whistle blow – to actually take an action that they know is in the best interests of either the community or indeed that organisation. But they are feeling stymied from being able to pursue that, so it is vital that that happens.

890 It all comes down to culture and leadership. At the top of an organisation, the executive have to show leadership that enables communication flows up and down without blockages across the different levels, and the board needs to demonstrate an absolute determination to see that happen. Talking, listening and engaging are vital in a large organisation.

The Bailiff: Deputy Le Tocq.

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The Chief Minister (Deputy Le Tocq): Sir, if elected, what two or three immediate actions would the candidates be taking along with their Board, and why?

The Bailiff: Deputy Bebb.

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Deputy Bebb: I have outlined the list of priorities, as I have stated. I have published that in the media. The first action I would have is to run through that list of priorities with all members of the Board to ensure that all of them were behind it.

905 Following that, I think that we need to ensure that the current midwifery crisis, which will be the main centre of our concerns... We need to ensure that Dr Val Cameron can actually give the guarantee of governance, which is on the Island, which is being progressed, and we need to expedite that. Without that, we may as well not bother, because that governance is exactly the main concern of both the NMC and the GMC. It is the only thing that will really cause the focus of the Department initially.

910 **The Bailiff:** Deputy Luxon.

Deputy Luxon: Thank you, Deputy Le Tocq, for the question.

915 First three priorities? I am afraid the Chief Minister is having a laugh: it is the first *hundred* and three priorities! HSSD is facing a *massive* series of complex issues, there is no doubt whatsoever – and it is not overstating it to talk about crisis management. HSSD has aspects of crisis management across several fronts, and I am not sure that we in this Assembly are all yet fully aware of the range of those particular items.

920 But, sir, for me, HSSD Board and the senior management team executive are going to have to work three-dimensionally for at least a year: first, doing the crucial day job delivery of excellent healthcare services to those thousands of people on our Island who use them; second, an urgent need to resolve the crises that I just referred to; and third, the need to have the ability to look five to 10 years ahead to actually establish what healthcare and social services system this Island wants to have for its people, bearing in mind the aging population and the move from four to one –

925 **The Bailiff:** Your minute is up.
Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

930 I agree with a lot of what Deputy Luxon said. I think we need to focus on, obviously, those issues that we have got to focus on in the beginning – as he said, the sort of crisis-management issues that we need to deal with. But we do not want to lose sight of what we are going to do in the future. We still need to be bringing new policies to this Assembly to improve our Health Service, to make it better for Islanders.

The Bailiff: Deputy Sherbourne.

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Deputy Sherbourne: Thank you, sir.

Before I ask a question, I do apologise to the House, and specifically to Deputy Bebb, for the phone – that was a great embarrassment.

940 Can I ask the candidates: 2020 Vision identifies a great need for more preventative medicine – can you say what steps you may take, as Minister, to shift the focus from –

The Bailiff: Your 30 seconds are up.

Deputy Sherbourne: Sorry.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Sherbourne. If you want to text me the rest of the question, I will answer later! (*Laughter*)

Sir, I am not going to pretend that I am all over the HSSD mandate – why should I be? I have been all over the PSD mandate. But of course, sitting on the Policy Council and this Assembly, I have taken great interest in the HSSD mandate. What I do know is the 2020 Vision, the operating plan that Deputy Dorey referred to for 2014, the update for 2015... There are plenty of strategies, policies and developments already alive and kicking in HSSD. Frankly, the Department needs support from the new Board to actually get a grip, to get control, to get stability into a complex organisation quickly. So the first thing to do is start at the beginning and then move through the agenda.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Sherbourne.

The implementation of the 2020 Vision is, in my mind, absolutely critical, and the healthcare review is the first step in implementing that vision. It has to be an incremental way we do that, because the values that are in that vision are something that I align myself personally to.

The Bailiff: Deputy Bebb.

Deputy Bebb: There are certain areas with regard to public health that we have already invested in heavily, and the evidence as to the efficacy and the financial worth of investing in that area is well known. However, there are certain areas that I would highlight immediately.

The Sexual Health Strategy is currently out to consultation. That will be far further reaching as a result of discussions I have had with certain Members of Education, as well as other Departments, and so that will bring with it serious savings. We pay around £100,000 per annum for abortions on the Island. That is a failure of our contraceptive services. Our teenage pregnancy rates are far too high.

The other thing I would say is that physical health... We have seen over the years a great reduction in heart attack rates – actually killing people; but suicide rates still are high, and the greatest prevalence of suicide is as a result of mental health. So if we want to talk about *real* investment to make a *real* difference in the healthcare costs, we need to talk about preventative measures on mental health.

The Bailiff: Deputy Lester Queripel, then Deputy Conder.

Deputy Lester Queripel: In an attempt to reduce trauma for families and costs to the taxpayer, the UK have recently introduced compulsory mediation in cases where parents contest custody of their children. If elected as Minister, do the candidates have any intention of working alongside the Home Department to determine whether or not compulsory mediation should be introduced here in Guernsey?

The Bailiff: Deputy Wilkie.

Deputy Wilkie: I think I would have to take advice on that, Deputy Queripel. If the health professionals in Guernsey said that that would prevent suffering of young people, then yes, I would certainly take it into consideration.

The Bailiff: Deputy Bebb.

Deputy Bebb: Compulsory mediation is an attractive term; but on the other hand, if you compel people who are intractably just not going to agree, I question the value for money. I do believe that mediation currently happens when it is worth doing, and I think that that is where we should stand. However, with the review of the Children Law due in the next two years, I would be more than happy to obviously review all areas of the Children Law and whether such a process would be an improvement, having reviewed it fully.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Queripel.

Sir, time is not on HSSD's hands: the Board is about to change again; the Board will change in 18 months; the senior management team has just gone through major changes. There is so much already

1005 underway. I mentioned the 2020 Vision: that States' report set out very clearly the aspirations for the Department and the particular issue that, in terms of compulsory mediation, he refers to. I think it would be dangerous and reckless if any potential Minister promised to get busy with either new policies or revising policies that may simply not be possible to deliver, bearing in mind the resources available.

1010 **The Bailiff:** Deputy Conder.

Deputy Conder: Thank you, sir.

1015 What would be the candidates' long-term vision for the provision of nursing and social work training on the Island; and what would be their expectations regarding the relationship between the Institute of Health and Social Care Studies and the other providers of tertiary education on the Island?

The Bailiff: Deputy Bebb.

1020 **Deputy Bebb:** The Institute of Health provides a regular contingent of nurses and social workers we train, and they are the ones we retain best within our services. It is well proven it is good value for money. Over the past 16 months, I believe we have increased the capacity for input into that and I would hope to see that increase, but we are restricted with regard to placements and therefore I am unsure as to the ability to increase any further capacity there.

1025 With regard to working with other Departments, at the moment that Institute needs to focus on exactly those issues that the Department is working on at the moment around midwifery. Therefore, I do not see an immediate solution, but I would be willing to enter into a discussion about whether there are roles that could be shared with other education providers.

The Bailiff: Deputy Luxon.

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Deputy Luxon: I thank Deputy Conder.

Sir, I think there are about 25 student nurses in training currently in Guernsey, and I think it is very important that we get that back fully in place as soon as is possible.

1035 Secondly, it would be mad if the States of Guernsey, in areas where it makes absolute sense, does not work together cross-departmentally. We have an Education Department which has skill and expertise around the whole of education. It seems to me there is merit in considering how best we arrange those going forward.

1040 Again, any potential Minister would be mad committing to specifics without actually looking at the implications, but there is certainly merit in the HSSD Board liaising with T&R, the Social Services Department and Education – where there are so many overlaps – to see if we can do things better and more effectively.

The Bailiff: Deputy Wilkie.

1045 **Deputy Wilkie:** Thank you, sir.

I agree as well: I think if we can work together for the good of HSSD and for the good of the Education Department, then surely we should do it.

Going back to the local nurses, one of my policies will be to improve and increase the number of local nurses we train.

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The Bailiff: Alderney Representative Harvey.

Alderney Representative Harvey: Thank you, sir.

1055 HSSD is obviously one of the pre-eminent transferred services in Alderney. In the past, there has been precious little consultation or dialogue with the States of Alderney or the people of Alderney, and I am pleased to say that through the ALG that is now changing. Do the candidates see that as an opportunity, or as a threat?

The Bailiff: Deputy Luxon.

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Deputy Luxon: I thank Alderney Representation Harvey.

I have sat on the ALG, as he knows, wearing my PSD Minister's hat, especially around the Airport issues and the late Paul Arditti Requête, and I have witnessed a genuine engagement, which Members will see in the report that will be laid before us in December about Alderney's economic repopulation fiscal

1065 issues. So yes, I do believe that there is dialogue that would be worthy of having consultation improvement, and I think that is underway. We just need to make sure that it does happen.

The Bailiff: Deputy Wilkie.

1070 **Deputy Wilkie:** Thank you, sir.

Yes, I have been to the Alderney Hospital and it is a fine hospital. I think absolutely that we have to consult the leaders of Alderney and the Alderney people about what sort of services we provide for them.

The Bailiff: Deputy Bebb.

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Deputy Bebb: The Department is already undertaking an investigation with regard to pharmaceutical provisions over in Alderney, and I think it is important that we undertake that work.

1080 The other thing that I think is of great importance in relation to Alderney is that we ensure succession planning for those people working in the Memorial Hospital. It is very difficult, when we are looking at such a hospital, that is very remote, to find the right skills mix for that hospital. That skills mix question is the biggest question I would pose for Alderney and ensuring that in the succession planning we have a continued service being made available to the residents of Alderney.

The Bailiff: Deputy Duquemin.

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Deputy Duquemin: Thank you, sir.

If there is a problem at the Airport, the media will contact and interview the Airport Director. If there is a problem at the Hospital, the media will contact and want to interview the HSSD Minister. Question to candidates: should you / would you change this political operational focus at HSSD? Why, and how?

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The Bailiff: Deputy Wilkie.

1095 **Deputy Wilkie:** No, I think not. I think this is an issue that... Islanders feel that their Deputies, or certainly the Minister of HSSD, should reply. It is a politician's job to reply to the media. Staff are restricted sometimes, especially in Health & Social Services, as to what they can say, and they cannot comment on specific cases and so forth. However, a politician has a much broader mandate to be able to discuss things with the media.

The Bailiff: Deputy Bebb.

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Deputy Bebb: I would suggest that the reason you see only one answer from the Airport is because the operational and political aspects of the Airport are not really there. There is only the operational.

1105 If you look at the responses of HSSD, when it comes to operational issues they are generally answered by civil servants or clinicians, and that is how it should be; but when it comes to political or strategic decisions, strategic discourse, that is of course the remit of us, as politicians. That is why, because of so many issues that happen within HSSD, it is necessary to have a Minister who will be able to explain those policies, explain the future of the Department clearly to the media.

The Bailiff: Deputy Luxon.

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Deputy Luxon: I thank Deputy Duquemin.

1115 Sir, it is easy: if it is a political matter, it needs to be the Minister or one of the four Board Members, and I would suggest that, with HSSD and the complexity, perhaps all five Board Members should deal with some of the media requests. It would seem to be a very onerous demand just for the Minister himself, as Deputy Dorey alluded to. But do you know something: HSSD is a large organisation of people doing very complex and difficult things every day, and I think that there does need to be a personalisation of that person, the figurehead, and so the Chief Officer of HSSD, along with those specialist clinicians, when it is appropriate, should absolutely be dealing with the media and giving reassurance both to their workforce and to members of the public – when it is appropriate.

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The Bailiff: Deputy Trott, and then Deputy Le Pelley.

Deputy Trott: Thank you, sir.

1125 Being Minister of HSSD includes a seat on the Policy Council. What aspects of the Policy Council's mandate are attractive to the candidates, and why?

The Bailiff: Deputy Bebb.

Deputy Bebb: Well, the instant case is exactly that of Dr Val Cameron. She is an appointment of the Policy Council and therefore, realistically, responsibility for that change of job description and change of mandate is an immediate action the Policy Council needs to invest their time in.

If we look at other wider issues of the Social Policy Group, obviously I am currently involved with regard to the Union Civile, which is the equal marriage Propositions, and I would actually look to continue working in that area.

The one thing that I think has been lacking is any area in relation to CEDAW. This is apparently our number-one priority in the Social Policy Group – the Convention on the Elimination of Discrimination against Women – and I do not know what progress has been made. If it is our main priority, then we need to communicate what progress is being made in order to demonstrate the work that is being done.

The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Trott.

I think the thing that I would look forward most to is the undying respect and gratitude of the other 36 Members of the Assembly for being a Member of the Policy Council!

But seriously, sir, the ability to see the broader complexity of business within the States of Guernsey is a rich vein of opportunity for a Member of the Policy Council – something that other Members do not always get to see quite so easily. That is fascinating, and I would hope that each of the 11 Members of the Policy Council genuinely try to offer positive, constructive influence to try and improve the Policy Council's thought processes, strategy thinking and its work delivery.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Trott.

Yes, I think I am looking forward to being involved in the decision-making process around the Policy Council. I feel one of the jobs we do not do well enough as an entire Government is communication with the media. There are so many good things that go on in our Government, which do not find their way into the media, that we should be expressing. I know we all get attacked and that concerns us, but I think we should be more open with them about what we are doing and how we are doing it.

The Bailiff: Deputy Le Pelley.

Deputy Le Pelley: How would you mitigate the costs of issues like the demographic time bomb, the increased cost in medical procedures, and the specialisation of consultants?

The Bailiff: Deputy Luxon.

Sorry, Deputy Bebb did not hear the question. We will stop the clock.

Deputy Bebb: It was just the last part, sorry.

Deputy Luxon: Shall we start it again, or not, sir? *(Laughter)* You're taking my time!

Deputy Le Pelley: How will you mitigate the cost of issues such as the demographic time bomb, the increased cost in medical procedures, and the specialisation of consultants?

The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Le Pelley.

It is a massive, complex, and probably the single biggest issue that we have to deal with. Deputy Langlois, as the Head of the Social Security Department, equally has the problem of trying to work out how he manages the realities of dealing with an aging population and with all of the increased healthcare costs that will come with that. There is no easy answer, but as I said earlier in my speech, the need to review exactly what this Assembly believes is right for our Island in terms of healthcare and social services for the next 20 25 years – that piece of work has to come first, and then obviously the issue of the costs will follow.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

Yes, that piece of work needs to be done. That is what the healthcare review will do – tell us how much we are going to need to spend and how we are going to model our services in the future. But we have got to be honest with ourselves, because it is going to be cost avoidance. In the future, healthcare is going to cost us more money – maybe up to a third more than we are spending at the moment – so we have got to take our heads out of the sand and appreciate that this is something that is going to happen and we are going to have to deal with it.

The Bailiff: Deputy Bebb.

Deputy Bebb: The average person in Guernsey will cost around £100,000 in lifetime healthcare costs. The vast majority of that is spent during the last year of their life. That cost goes up and down, because progress in healthcare – especially in relation to pharmaceuticals, where they come out of patent – means that the costs fluctuate. So, with regard to the time demographic, I would suggest that actually evidence shows that we will be in a similar position.

On the question of subspecialisation, that is key to the secondary healthcare review that I have noted. I do not believe a full healthcare review is feasible within the next year, and that is the only reason I would not go for a full healthcare review. I would go for a secondary healthcare review. I believe a different model of delivery of healthcare, in conjunction with the NHS or another organisation in the UK, could give us the resilience to deal with the very frightening prospect –

The Bailiff: Your minute is up.

Next question, please, Deputy Burford.

Deputy Burford: Thank you, sir.

The renowned American author and expert on birth, Ina May Gaskin, states that the way a culture treats women in birth is a good indicator of how well women and their contributions to society are valued. To what extent would the candidates support the right of a woman to choose the type and place of birth that she wishes to have, including the right to choose, at her expense, an independent midwife, if she so wishes?

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Yes, I think women should be able to choose. I have recently – well, in the last three or four years – had two children at the Hospital – (*Interjection*) Well, not personally, obviously! (*Laughter*) That was a great experience: we had a great amount of support from the staff and it was absolutely fantastic. But each to their own. If somebody wants to have their baby at home or have it in a different way, then I think they should be able to do that.

The Bailiff: Deputy Bebb.

Deputy Bebb: Currently, we can offer caesarean sections instead of vaginal delivery, for the simple reason that the evidence and NICE guidelines say that the risks of the two are equal. That means that women are allowed a number of different choices, but those choices need information. Therefore, what I would seek to have at the heart of any future midwifery care is the ability to provide information and choices to women to empower them to make their own choices.

With regard to choosing to have a midwifery delivery at home, I do not think that it is necessary for women to choose to *pay* for that. That should be a fundamental right of women, should they wish to do it, because it is proven to be a lower risk than having a delivery at home, and in the UK it is identified as actually costing less. Therefore, I do not think it is a cost for the individual; I think it is something that we should be providing as a matter of course.

The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Burford.

It is easy to want to say yes to anything that feels or sounds like a good idea, and then recognise that once again we are adding to the cost burden of the Island for delivering all of the services. Having said that, I am not sure I completely accept the view of the person she quoted – that... not the only thing that will affect women's later life as being the quality of the childbirth, but nevertheless significant. I am not sure I necessarily agree with it, because women and mums have so many complex issues to deal with. But the

1245 principle... My nephew and god son and his wife have had two or three of their children home-birthed at home. They think it is fantastic; it worked well for them. We just need to make sure we give a safe environment in Guernsey, whichever route is taken.

1250 **The Bailiff:** Any more questions?
Deputy Harwood.

Deputy Harwood: Thank you, sir.
Budgetary discipline has been a fundamental problem for successive HSSD Boards. What assurances can each of the candidates give that they, and through them the Members of their Board, will accept the principle of budgetary discipline and will strive to deliver services within the budget that is allocated by the States?

The Bailiff: Deputy Bebb.

1260 **Deputy Bebb:** I would actually say that every Department I have sat on has strived to do so. Deputy Harwood will remember the reason for the resignation and the departing in 2012 – because of striving to do so at the cost towards the service user. Therefore, I would suggest that it is important that we place the service user most... It has been budgetary discipline time and again, but an £8 million uplift proposed by Treasury & Resources identifies a slight lack in funding in historic years.

1265 I would say that with regard to budgetary discipline I have outlined in my opening letter exactly what I would propose to the States, should they wish to endorse it, and that is costs; but I have also outlined that such costs may come with a tag that the Department does not support.

The Bailiff: Deputy Luxon.

1270 **Deputy Luxon:** I thank Deputy Harwood.

What reassurance? Well, the reason I may well have irked Deputy Brehaut slightly by having met and talked to potential nominations if I was elected was purely to make sure that I felt that the nominations I was going to put forward were people who would understand and buy into some of the principles of leadership, as a Minister, that I felt would be important and I would be able to deliver to this Assembly, if elected. So it is vitally important that the Board should accept the responsibility of budgetary restraint.

1275 But at the same time we also need to make sure that we have the right budget for the right services that this Island and this Assembly wants. We will go back to T&R during the year if we see that there is a need to, but equally we need to check what the existing budget is used for.

1280 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Harwood.
I actually echo some of those sentiments. Obviously, being on the Home Department we have always tried to keep within our budget, I have always tried to do that when I was on HSSD previously, and I will in the future. However, we do have a fundamental question at the moment: is there a funding gap? Some of the evidence we are seeing is that maybe there is, and this is why we need to do this report, to try and fathom out exactly how much money we should be spending on our Health Services.

1290 **The Bailiff:** Any more first-time...?
Deputy Dorey.

Deputy Dorey: What additional legislation would you support to deter smoking and drinking alcohol?

1295 **The Bailiff:** Deputy Luxon.

Deputy Luxon: I did not hear the question, sir, could he repeat it?

The Bailiff: Can you repeat the question, please, Deputy Dorey?

1300 **Deputy Dorey:** What additional legislation would you support to reduce smoking and drinking alcohol?

The Bailiff: Deputy Luxon.

1305 **Deputy Luxon:** None, sir. I think we have, at the moment, a very effective approach.

The higher increase above RPI, over I think it is the last eight years, has driven the cost of tobacco significantly higher. The recent consultation exercise has asked us all to make submissions in terms of the effectiveness of the strategy. Clearly, tobacco and alcohol consumption should be reasonable within our community, in terms of it not impacting on healthcare costs to a disproportionate degree, but I do not think we need any new legislation.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Dorey.

1315 Obviously, the Drug and Alcohol Strategy sits with the Home Department, and a report will be coming back to the States on that soon.

As far as tobacco goes, my personal view is that we have done a lot recently, but I think the Department has more priorities. We have got more things to sort out. I will not be focusing on tobacco restrictions in the short term.

1320 **The Bailiff:** Deputy Bebb.

Deputy Bebb: I have always been of the opinion that both the Drug and Alcohol and the Tobacco Strategies should be combined into one strategy and we should have the same approach for all substances such as alcohol and tobacco. Therefore, I was a supporter in relation to removing tobacco products from young people in our community in the same way that alcohol is removed.

In relation to smoking, I would also say that the other legislation that I would like to see is regulation of e-cigarettes. E-cigarettes currently are completely unregulated. There is no regulation and therefore they can be provided to *absolutely anybody*, and there is no regulation as to the quality of those e-cigarettes. They are the primary cause of concern. I believe that they are infinitely better than smoking tobacco, but we need to make sure that what is available is available safely and is only available to those people who are of a certain age.

1335 **The Bailiff:** Does anybody else wish to ask a first question?
Deputy De Lisle.

Deputy De Lisle: What measures will you take in training more health professionals on-Island?

1340 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: I think the first thing to do is to support the amendment that is at the Budget, which puts an extra £100,000 towards training new nurses, and I will be supporting that later.

1345 **The Bailiff:** Deputy Bebb.

Deputy Bebb: We need to be careful that when we are talking about nurses and training of social workers they need to spend at least around 50% of their time on placements, and those placements are not easily had here in Guernsey. Therefore, at the moment, if we are to continue with the current model, whereby placements are made on Island, I would question the capacity to undertake any additional. I do think that there could be the possibility of investigating whether placements could be done with other healthcare providers in order to increase capacity, but that will be something that we will currently look at as part of the current provision in relation to healthcare training on Island.

1355 **The Bailiff:** Deputy Luxon.

Deputy Luxon: I thank Deputy David De Lisle, sir.

Training on Island and growing our own absolutely in principle makes sense. With 63,000 people, 25 square miles, nearer France than England, we have to be self-sufficient in so many ways.

1360 I would hope that, not just through the HSSD but also the States of Guernsey-wide, as is happening in private sector companies, a move towards linking with schools much earlier to try and tailor employment and recruitment issues into the educational agenda itself – and the Education vision absolutely talks about this... and I think that linkage is important for the Island's economy, but in this case it is important we try and grow our own wherever we can.

1365 **The Bailiff:** Does anyone else wish to ask a first question? If not, I will call Deputy Fallaize to ask a second question.
Deputy Fallaize.

1370 **Deputy Fallaize:** Thank you, sir.
Obviously, there are challenges facing HSSD's budget, and a major impact on that budget will be what is decided by the States later at this meeting. Can the candidates tell the States whether they intend to support or oppose the three amendments which Deputy Dorey has circulated to attempt to increase HSSD's budget for next year?

1375 **The Bailiff:** Deputy Bebb.

Deputy Bebb: I will be fully supporting all three of the amendments.

1380 **The Bailiff:** Deputy Luxon.

Deputy Luxon: No. I will share my thoughts and listen to the debate, and make my decision at the end of those debates.

1385 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: I will be supporting all three of those amendments.

The Bailiff: Deputy Stewart, then Deputy Gollop and Deputy Burford.

1390 **Deputy Stewart:** Mr Bailiff, what are the candidates' views on the Reciprocal Health Agreement – or not?

The Bailiff: Deputy Luxon.

1395 **Deputy Luxon:** Sir, by memory – and Deputy Hunter Adam will correct me, I am sure, if I get this wrong – a decision was made that we moved away from the Reciprocal Health Agreement because of, I think, an annual price tag of... and I do not want to misquote, but I believe £400,000 to £500,000 per annum. I apologise if I have got that wrong.

1400 It was a decision based purely on cost budget. It was a choice that was made. The fact that we could re-engage with a Reciprocal Health Agreement, for me, if money was not a problem, would be a positive thing to do. I do not think it was a helpful thing to do. It sent out negative connotations in terms of tourism and the like and impact for locals, but there is a cost attached to it.

1405 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Stewart.

The Reciprocal Health Agreement was not moved away by Guernsey; it was cut by the Health Ministry in the UK.

1410 As I said, I was in Westminster a couple of weeks ago and I brought up this issue with Sir Alan Beith. He stated to me that the Ministry of Justice would certainly assist Guernsey in trying to renegotiate that agreement. In Westminster, the political changing of sands happens. This is a different time. We might be able to secure a better deal, and I think it is definitely worth exploring.

1415 **The Bailiff:** Deputy Bebb.

Deputy Bebb: The Reciprocal Health Agreement, especially in relation to the Jersey one, is based on the fact that they have a different model of healthcare. The ambulance service being charged and the A&E service being charged means that we have a very different healthcare model to both Jersey and the UK. Therefore, it does come, as Deputy Luxon said, with a price tag that is currently estimated at around £½ million. There is no getting away from that.

1420 Would I like to see it? I would love to see it, but we just do not have the money, and I also would contend that the Department does not have the capacity to undertake an additional review of what we already know will be too costly to be within our current budget constraints.

1425 **The Bailiff:** Deputy Gollop.

Deputy Gollop: How central will implementing in full the Disability and Inclusion Strategy be to your mission as a Minister?

1430 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: It will not be central to my work, Deputy Gollop; but obviously, being the Island Disability Champion, I do take an interest in disability issues and I would want to see that piece of work progress, along with the Young People's Plan and along with other strategies which are going to improve our Health Service for all our Islanders.

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The Bailiff: Deputy Bebb.

Deputy Bebb: In relation to the Disability Strategy, as we know, it is currently progressing and I do not think there is anything that we can do realistically in order to speed that process beyond what work is already undertaken.

What I would be interested in is seeing the crossover between the Disability Strategy and SLAWS. Currently, I fear that carers are not being dealt with appropriately by our services. When carers go into crisis, that ends up with those people coming into our services and costing an awful lot more, as well as being of great distress to the carers because that is not what they necessarily want. We need to revisit how we deal with that, and carefully, very sensitively, undertake the support of carers and those they care for, to make sure that those decisions are right for them and also right for the Island.

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The Bailiff: Deputy Luxon.

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Deputy Luxon: I thank Deputy Gollop.

Make it central? We should not need to do that. I thought we already had, and anybody who has Shelaine Green on their back will be reassured that we do not need to worry about it. The 'We all matter, eh?' campaign and the Deputies' invitation to go and just see what it feels like to walk in the shoes of some of our not fully able people last year I think showed us all how important it is. Back in my personal capacity and career, but also at the Chamber of Commerce, we engaged absolutely in that, needing to find ways to allow disabled people to come into the workplace. I believed it then; I believe it now. PSD was happy to be the first Department to receive the new Disability Inclusion Strategy presentation to our Board, and then asked our executives to get busy trying to make sure some tangible actions happened.

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Yes, I support it. It should be central.

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The Bailiff: Deputy Burford.

Deputy Burford: I do not think I made myself sufficiently clear in my question previously. I do not think that women should have to pay for having a home birth that is supported by HSSD. My question was whether the candidates would support a woman who wishes to engage an independent midwife by allowing visiting professionals with appropriate qualifications to practise here?

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The Bailiff: Deputy Bebb.

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Deputy Bebb: I would fully agree. It is a woman's choice as to the delivery – well, it is the *family's* choice as to the choice of delivery – and the means of that delivery; and if there are sufficiently qualified people in order to deliver that and the family are comfortable with it, then it is their choice. That is what service-user centred care is about: it is allowing and empowering the individual to make the right choice for them.

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The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Burford.

I hoped I had answered the question, but if I did not I totally agree with the principle. I am not sufficiently knowledgeable or qualified to be absolutely definitive that that is what should happen – that is why we have professionals in each of the different areas of HSSD's mandate.

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The Bailiff: Deputy Wilkie.

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Deputy Wilkie: Thank you, Deputy Burford.

I have not changed my answer from before. I still think women should have the choice; and if they wish to do that, then they should.

1490 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Off-Island placements and off-Island treatments cost the taxpayer a combined total of almost £17 million per annum. If elected, do the candidates have any intention of reviewing the current system in an attempt to save taxpayers' money and reduce stress and trauma for Islanders?

1495 **The Bailiff:** Deputy Luxon.

Deputy Luxon: I thank Deputy Queripel.

1500 There is no question that the amount of money that the HSSD Department and SSD spend each year investing in off-Island treatments is massive, and of course that should be looked at very carefully. I too have got anecdotal evidence of unnecessary trips. It needs to be looked at very carefully and considered very carefully. Clearly, we should send people to the right location to get the best treatment at the most affordable cost for the Island.

1505 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: Yes, I agree with Deputy Luxon's sentiments there. Obviously, the cost of sending someone off Island can be a matter of £¼ million a year, and that is sometimes a demand-led service. If there is any possibility of bringing them back to Guernsey and giving them as good a care at a better price, then we should do it.

The Bailiff: Deputy Bebb.

1515 **Deputy Bebb:** The off-Island expenditure is not just one area; it is a complex area. Some of that off-Island expenditure is not determined by the Department because decisions are made by courts, and therefore I would caveat that a recent review of the off-Island budget saw that there were no substantial savings to be made. So I would be careful with regard to what we talk about in 'off Island', because off-Island complex placements, especially for educational needs, will need to continue.

1520 What I would say is that we have got a question about commissioning, and that is something that I am pleased to say the Department, merely a couple of weeks ago, undertook to revisit with a new person in place who will be looking at all of the commissioning of the specific contracts. Therefore, there *may* be further savings but I would not like to say that there *are*. In relation to off-Island acute money, obviously that would be subject to the secondary healthcare review.

1525 **The Bailiff:** You minute is up.
Any more questions?
Deputy Trott.

Deputy Trott: Sir, this will be my second and final question.

1530 Most Islanders are blissfully unaware as to what proportion of their taxes fund HSSD services. Do the candidates share the view that providing users with an analysis of the cost of their treatment on discharge would be helpful in providing our community with greater clarity of the costs of modern healthcare provision?

1535 **The Bailiff:** Deputy Wilkie.

1540 **Deputy Wilkie:** I have heard of this being used elsewhere. In theory, I do not think it is too bad an idea. It would be a good idea to give people that opportunity to see how much their healthcare is costing, compared to what they are paying in their taxes; but obviously we will have to look at the administrative costs of doing this and whether that would be, in fact, possible.

The Bailiff: Deputy Bebb.

1545 **Deputy Bebb:** When we look at the best jurisdiction in delivering that type of model, it is the US. It was interesting when I recently had a discussion with someone and they showed a picture of all the staff employed within a UK hospital and then an equal size US hospital – and there were a third additional staff.

When we wondered why on earth is there a third additional staff, they said, 'That's the accounting team.' And that is the concern. I would love to do exactly what Deputy Trott has suggested, but that comes with huge costs.

1550 I do think, however, that there are certain things that we can make changes on. I was talking to the Chief Pharmacist and the pharmacist in the Hospital, and putting the cost on prescribed drugs would not be particularly expensive but would indicate to the Islanders the value they are getting from the current Social Security arrangements.

1555 **The Bailiff:** Deputy Luxon.

Deputy Luxon: I thank Deputy Trott. Of course, as we all know, Deputy Trott only asks questions that he knows the answer to – and I do not know his particular answer, but I am delighted it's his final question, (*Laughter*) and *Hansard* will reflect that!

1560 Percentage cost of the States of Guernsey annual budget? Well, we have a £365 million Budget debate shortly for 2015, and the £113 million for HSSD constitutes 31% of that.

In answer to his question specifically, if we are going to go to the expense and workload to actually inform patients outgoing of the cost of their treatment, we might as well be charging. I am not sure that that is what we should be doing, but if we are going to go to all that work it would be mad.

1565 This Island is going to have to look at mandatory personal private pension provision as we go forward. We may have to look at charging in some areas; but no, I do not think we should do this at the moment.

The Bailiff: Any more questions from anybody?
Deputy Fallaize.

1570 **Deputy Fallaize:** Thank you, sir.

All of the candidates now have a knowledge, albeit through various means, of the Island's Ambulance Service. Could they tell us whether they believe that in the foreseeable future the Ambulance Service should come under the control of the States?

1575 **The Bailiff:** Deputy Bebb.

Deputy Bebb: The recent agreement is a four-year agreement. There is a break clause after two years, but that requires a six-month notice period. That would require the Board, after the next election, within
1580 two months, to come to a conclusion about the Ambulance Service. I would contend that that would not give them sufficient time, and I do not think that any decision prior to that could be binding on the next Department. Therefore, we have a four-year contract with St John Ambulance.

I believe I have a good relationship with the St John Ambulance board and I think that we can work in order to find efficiencies within their model and actually work in a collaborative approach with them, as
1585 with other partners to healthcare.

The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Fallaize.
1590 I, of course, wish to be considerate in what I say, bearing in mind my role on the CCA. So I do not want to go into the detail but I accept what Deputy Bebb has just said.

The principal answer to Deputy Fallaize's question is that I absolutely believe this Island should have a robust, sustainable, meaningful, caring ambulance service for the benefit of the Island, and whichever body provides that – whether it is an outside agency or inside – we should reach that through very careful
1595 consideration of the services, the reliability, the expertise and the cost to the taxpayer.

The Bailiff: Deputy Wilkie.

Deputy Wilkie: Thank you, Deputy Fallaize.
1600 I do think we have an excellent Ambulance Service and excellent staff. We know there are funding issues. I do not think there is enough time in the short time we have got left in this term, and especially with what Deputy Bebb is saying – there is a four-year contract now being invoked – that we can sort anything out until the next term. I think we will have to put our time and resources into looking at it at that stage.

1605 **The Bailiff:** Does anyone else wish to ask...?
Deputy Gollop.

Deputy Gollop: Sir, one aspect of an integrated transport strategy is a concept of corporate travel plans, whereby organisations look at minimising cost and maximising accessibility to their various properties. At one time, the Hospital worked on this. Would you wish to see travel plans being implemented at HSSD sites?

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Deputy Gollop, for that question. I have got no idea, really, what Deputy Gollop was asking there; but if it's a good idea, I completely and utterly support it! *(Laughter)*

The Bailiff: Deputy Wilkie.

Deputy Wilkie: I have to concur with Deputy Luxon: I am not really sure what the question was or what I should be answering.

The Bailiff: Deputy Bebb.

Deputy Bebb: When it comes to integrated travel plans and what Deputy John Gollop is talking about, I would be fully supportive of it, but I will caveat it. There is a capacity issue at HSSD. Therefore, if the Environment Department have capacity to assist HSSD in bringing together a meaningful travel plan for all HSSD sites, I would be delighted; but I have to caveat it – that that capacity inside the Department at the moment I do not believe is available.

The Bailiff: Deputy Burford.

Deputy Burford: We do, sir. *(Laughter)*

The Bailiff: I do not think that was a question, but...

Deputy Bebb: I am pleased to hear it!

The Bailiff: Any further questions from anybody?
Deputy Dorey.

Deputy Dorey: What additional legislation or proposals would you favour to cope with the obesity problems that society faces and the health causes of those?

The Bailiff: Deputy Wilkie.

Deputy Wilkie: This is a huge issue in our society. It obviously started happening in the US, has come into the UK and is now coming to Guernsey. It is a sort of lifestyle: the way we eat and the way we exercise. I would certainly be in favour of bringing some sort of policy letter to the States to address this issue.

The Bailiff: Deputy Bebb.

Deputy Bebb: The Obesity Strategy, as Deputy Dorey knows, is about to be renamed. However, let's not confine it just to obesity. We know that one of the greatest causes of admission into Accident & Emergency is because of tooth decay, and the question in relation to a sugar tax – which I think is the question – has not been viewed. I would be interested in the Health Promotion Unit investigating the matter, because at the same time we have the Guernsey Dairy, and the provision of milky drinks is known to be far better for both dental and obesity cases. Therefore, I think that the question would be an interesting one to investigate with the Commerce & Employment Department, as I suggested in the Dairy Review.

The Bailiff: Deputy Luxon.

Deputy Luxon: I thank Deputy Dorey for the question. What additional legislation for obesity? I hope that we bring as little legislation forward at any time on any matter unless we absolutely have to, and start removing some of it. Nevertheless, I do not think we need any legislation at the moment to achieve the aims of the Obesity Strategy, whatever it is called.

1670 Parenting, schools, society and the Health Promotion Unit can all play a part in making sure that our Island... of which the ability to penetrate right the way through to all 63,000 residents is very easy... should be the way forward. I sit on the Guernsey Sports Commission, and very much at the heart of that is recognising how we work with the Education Department, Culture & Leisure, Social Security Department and HSSD to do our bit through sport to try and encourage children to not fall into this habit, which can become a lifelong problem.

1675 **The Bailiff:** Any more? I see-no one rising.

In that case, on behalf of you all, I thank the three candidates for the way they have answered the questions, and apologise that I have had to stop some of you mid-flow.

1680 We now come to cast votes. I remind you that there are three candidates before you: Deputy Luxon, proposed by Deputy Le Tocq and seconded by Deputy Langlois; Deputy Wilkie, proposed by Deputy Le Pelley and seconded by Deputy Collins; and Deputy Bebb, proposed by Deputy Green and seconded by Deputy Conder.

The voting slips are being handed around now. Please ensure that you have the correct voting slip.

1685 **The Bailiff:** Has everyone received a voting slip? They will now be collected up.

Members voted.

The Bailiff: Has everyone now handed in their voting slip? In that case, we will adjourn while the votes are counted, and when we resume I ask that Members resume their normal seats.

*The Assembly adjourned at 11.36 a.m.
and resumed its sitting at 11.45 a.m.*

**Election of HSSD Minister –
Proceedings concluded –
Deputy Luxon elected**

1690 **The Bailiff:** Greffier, do you have the result of the vote? Thank you very much.

Members of the States, I can announce that the result of the voting for the Minister of the Health and Social Services Department was: Luxon, Paul – 28 votes; Bebb, Elis – 12 votes; Wilkie, Arrun – 6 votes. There were no spoiled or blank papers. So I declare Deputy Luxon elected as the new Minister. *(Applause)*

**II. Election of HSSD members –
Proceedings commenced**

Article II.

The States are asked:

To elect four sitting Member of the States as members of the Health and Social Services Department to complete the unexpired portion of the terms of office of Deputy M.J. Storey; Deputy E.G. Bebb; Deputy B.L. Brehaut; and Deputy A.H. Brouard, all of whom have resigned as members of that Department, namely to serve until May 2016 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

1695 **The Bailiff:** Deputy Luxon, we now move on to the election of four sitting members of the Department. Do you wish to have a short adjournment before proposing your candidates?

Deputy Luxon: No, thank you, sir.

1700 **The Bailiff:** No. Unless any other Member wishes a short adjournment, I propose that we go straight into the election of four sitting – **(Two Members: Pour!)** *(Laughter)* Those in favour; anyone against? No.

We will move on. I will first invite the Minister to propose four candidates, and then I will invite other Members to propose anyone they wish to propose.

Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff, and thank you to Members for their support.
I would propose Deputy James MBE, Deputy Le Clerc, Deputy Hadley and Deputy Soulsby.

1710 **The Bailiff:** That is Deputy James, Deputy Le Clerc, Deputy Hadley and Deputy Soulsby.
Do we have a seconder for Deputy James?

Deputy St Pier: Yes, sir.

1715 **The Bailiff:** Deputy St Pier. For Deputy Le Clerc? Are you seconding all four?

Deputy St Pier: Yes.

The Bailiff: Thank you. Deputy St Pier is seconding all four.
Do we have any other nominations?
1720 Deputy Le Pelley.

Deputy Pelley: Sir, I would like to nominate Deputy Arrun Wilkie.

1725 **The Bailiff:** Deputy Wilkie. Do we have a seconder for Deputy Wilkie?
Deputy Collins. Deputy Trott.

Deputy Trott: Yes, sir. I wish to nominate Deputy Dr Hunter Adam.

1730 **The Bailiff:** Deputy Adam. Do we have a seconder for Deputy Adam?

Deputy Harwood: I will.

The Bailiff: Deputy Harwood.
Do we have any...? Deputy Green.
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Deputy Green: Sir, I would like to nominate Deputy Elis Bebb.

The Bailiff: Deputy Bebb, proposed by Deputy Green and seconded by Deputy Conder.
Any further nominations? No.
1740 Under the Rules, the proposer may speak for five minutes in respect of each candidate, which means that Deputy Luxon may speak for 20 minutes and the other proposers (*Laughter*) may speak for five minutes.
Deputy Luxon.

1745 **Deputy Luxon:** Thank you, Mr Bailiff, and although in my previous speech you chopped me off with one paragraph to go, what I would like to propose to you, sir, is that I only speak for five minutes across all of my nominations. I am sure Members will be pleased about that.

Mr Bailiff, with your indulgence, rather than speak individually for five minutes on each of my four nominations, I would like to address the four of them together in a much shorter timeframe, as I have just mentioned. The reason for doing this is that I did not approach this nomination process by identifying four individual Deputies who each were willing to stand for a Board place, but rather as a group of Deputies who I, and they, felt were an appropriate balance for the tasks ahead.
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Having been asked to stand, I immediately gave extensive thought as to how a Board may be brought together should I be successful. Knowing the complexity of the issues, I wanted to try and configure a Board of reluctant but willing volunteers who cared more about the Island's health and social care than they did about their own workload and pressure issues, and who would work together without ego or agenda, where politics would be put to one side for the benefit of the people of Guernsey, bearing in mind HSSD's current difficulties.
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Sir, I would like to thank those other five Members of this Assembly who approached me proactively to offer themselves as willing candidates, including three of my Minister colleagues; but more importantly, I would like to thank the four Members I have nominated, who, when approached by me, engaged so willingly to explore the prospect of stepping up to the plate. I thank them sincerely and hope that the Assembly will begin the support I mentioned in my earlier speech by electing each of them now.
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Please permit me and my nominees to work as willing servants of this Assembly to take on the responsibility for HSSD on your behalf, by electing a Board that genuinely wishes to work together cohesively to deliver against the HSSD mandate. Right now, the HSSD Department needs more than
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anything a stable and united new Board, which is exactly what my proposed nominations would be. If the Assembly chooses instead to elect any of the other nominations from the floor, good as those three nominations may be, then the thoughtful balance of skills, competency and teamwork that I have tried to bring together in my proposed nominations may well be lost.

I am very happy to accept full responsibility and accountability as your new Minister for the HSSD, but please be gracious enough to support me by accepting my choice of fellow Deputies to discharge those responsibilities. Please do not ask me to lead the Department as Minister and lead the Board as Chairman in these difficult circumstances but then tie my hands unintended-consequence-wise with a Board which may not be best suited to the tasks at hand. I realise in our present system of Government that any one of us may stand for any role on any Department or Committee Board, but I would ask Members to recognise that it is somewhat perverse to elect a Minister and invite him or her to propose their preferred choices to fill the Board positions to deliver against the defined mandate, but then ignore that request.

Without being presumptuous, disrespectful or impatient, we all believed we could not sit on our hands and do nothing pending today's election if we wanted to hit the ground running, if I was elected, and so have already met as a group to discuss and exchange thoughts and ideas on how we might go about approaching the task ahead and for me to set out with those four Deputies what my views were as Minister, should I be elected. How could we do anything else? How could I get and encourage four people to be prepared to be nominated without me setting out my thoughts and principles? All I can say, sir, is that to a man and woman we would be up for the challenge.

The Policy Council, the Treasury & Resources Department, the Chief Executive Officer, the States' Treasurer, the Head of Human Resources of the States of Guernsey and others will, I am sure, all confirm their full support for the approach I and we will wish to take, along with the need for constructive cross-States assistance. This is why I hope the Assembly will be minded to accept all four of my nominations, because I have tried to select a group of us who could work together and will work together to deliver against the mandate.

Sir, I see little point in labouring the individual CVs, as after two and a half years of working together we all 47 of us have a pretty clear idea of what we think of each other – the good, the bad and the ugly. We all have an appreciation for each other's skill sets, competences, attributes, idiosyncrasies and talents. I do not think I need to set those out for you, but I would ask you to consider that the whole is more capable than the individual parts.

All five of us may well have some weaknesses in your eyes, and we may not have deep-dyed expertise across the entire HSSD mandate, but as a Board I believe we can apply complementary skills to deliver well against the mandate; and of course we will also be looking to appoint two non-elected specialist individuals with either clinical or fiscal Government expertise, as I mentioned earlier, to further add diversity and capability to the elected Board skills set – this balance that I have referred to. In addition, we will actively work with the other three main associated Departments – Treasury & Resources, Social Services and Education – where there are such obvious mandate overlaps.

We will not be afraid to ask for input or support from any source available. The recovery need is such that we will need all the support we can muster, especially bearing in mind some highly demanding timeline requirements the Department has before it currently.

I hope that the outgoing Board will be prepared to assist in a meaningful handover of current workstreams and issues to the new Board to ensure we optimise continuity in key areas. It would be mad to waste the insights and learnings that the outgoing Board have gained since January 2013.

I have also spoken to the T&R Minister to invite him to attend HSSD Board meetings at least on a monthly basis, to enable both Departments to work very closely together in order for us, as a Government, to resolve the fiscal challenges that have plagued the last three HSSD Boards.

Briefly, Deputy Soulsby is a chartered accountant with significant corporate financial expertise, having worked at director level for major global organisations, heading up the Channel Island operations of two companies during periods of great change as a result of recent merger and acquisitions. This required an in-depth knowledge and skills across financial, HR, IT, facilities and change management disciplines, also setting up and running her own family and associated businesses. She is hardworking and has demonstrated an analytical mind that is informed through detailed personal research of complex subject matter. Her grasp of the PAC Chair and senior board roles is adequate evidence of her appetite for hard work and drive to make things happen. If elected, she will step down from the C&E and scrutiny roles, but stay as Chair of PAC as there are nine other Members who can share workstreams.

Deputy Hadley – I think you all know well. It is fair to say he was very keen to serve on the new HSSD Board – he was not a reluctant volunteer – because he wants to use his experience and background positively in and around the pharmaceutical and medical arenas for the our Island's health and social services system. He cares, is passionate and simply wants to help improve our healthcare system. To be fair, his instincts have generally been accurate, while his frustration at not being engaged with has often lead to his dogged pursuit for openness – and boy, can he be dogged! He recognises the need for the new Board to

work cohesively and collaboratively both with one another and the executive team and medical partner providers. He will remain on the Housing Department Board if he is elected.

1830 Deputy Le Clerc has had a long career in the financial services sector, specialising in operations, internal control, risk management and corporate governance. She also has had a strong interest and direct involvement in child welfare matters through personal fostering experience. She is thoughtful, hardworking and also a pragmatist who does not suffer fools gladly and cares passionately about her Island. If elected, she will remain on the SSD Board, but would step down from the Home Department and as Vice-Chair of
1835 the Public Accounts Committee.

Deputy James MBE really needs no introduction from me. However, after an impressive and successful 35-year public service career, she was honoured both with a MBE and a Royal College of Nursing Award of Merit for her unstinting services to nursing, which resulted in her being appointed as Chair of the Royal College of Nursing, during which time she initiated some significant new policy directions. She is no
1840 shrinking violet and will make her views well known in Board discussions. If elected, she will remain on the SSD Board but would step down from her PAC role.

We are very happy to be held accountable, but would like an opportunity to get on with the business at hand, which, as we all are aware, is significant. To that end, a provisional briefing meeting for the new Board had already been arranged provisionally – subject, of course, to this Assembly's election decisions.
1845 There is simply no time to be lost. We have to confront and tackle each of the many pressing challenges currently facing the HSSD Board and Department with urgency. This is not being presumptuous or disrespectful or impatient; more simply contingency preparation and planning to provide leadership through recognising the need for urgent actions.

From the 47 of us here today, five Deputies are offering themselves up to stand for places on the new Board – there are other nominations too – and in so doing, the five of us accept responsibility for leading
1850 the Department on behalf of this Assembly, *your* Assembly. All five of us fully understand the complexity of the mandate and current difficulties of our Island's HSSD, but are prepared and willing to work as a cohesive team on your behalf.

I have been impressed by the thinking, depth of appreciation and genuine recognition that all five of us
1855 will need, and we are very conscious of the highly sensitive and complex nature of the HSSD Board mandate and current issues.

Sir, I ask the States to support me, and support us, and support HSSD by approving my four nominations – four nominations that I have given great, careful consideration to and consulted with many Members about: Deputy Soulsby, Deputy Hadley, Deputy Le Clerc and Deputy James.

1860 Please trust us to serve on your behalf. Thank you.

The Bailiff: Next, Deputy Le Pelley will speak in support of his nomination, Deputy Wilkie.
Deputy Le Pelley.

1865 **Deputy Le Pelley:** Thank you, sir.

I have not known Deputy Wilkie for very long – only since May 2012, in fact, when we, along with 20 or so other new Members were elected to this current Assembly for the first time.

Deputy Wilkie served on the HSSD Board from May until December 2012 and has shown great interest
1870 in the PEH and also the Mignot Hospital in Alderney since then. During this time and since, he has kept himself aware of HSSD business and has been much involved in various investigation groups, such as Mental Health, Children and Young People, Strategic Living and Well-being.

Deputy Wilkie has already stated in his earlier address to this Assembly that he would like to be involved with the HSSD Board in the long term, and by that he means into and over the next electoral term.

In 2012, Deputy Wilkie came runner-up in the election for a States' Disability Champion. He
1875 immediately offered his services as an assistant to the successful candidate, a role which he gladly undertook for the next two years. When Deputy Gollop relinquished that position as Disability Champion, Deputy Wilkie quickly put his name forward to replace him. I have worked as a joint assistant to the Disability Champion alongside Deputy Wilkie in Deputy Gollop's tenancy, and I have continued as an assistant Disability Champion alongside Deputy Wilkie over the past six months or so. I have to say that I
1880 have been very impressed with Deputy Wilkie's enthusiasm, passion, stamina and commitment to this area of his political work. I am sure that he will carry these qualities with him into the HSSD Board, should he be successful in this election.

Deputy Wilkie is a team player. He also has sound leadership skills. Both of these aspects of his character were seen when he captained the victorious States of Guernsey cricket team in this year's annual
1885 cricket match against the States of Jersey – most ably assisted by man of the match, Deputy Duquemin, I should add. That he is prepared to muck in can be seen by the way in which he has engaged in his role as a Board member of the Home Department. He has involved himself in the Community Service Programme, and if successful in this election, do not be surprised to see him rolling up his sleeves, talking, listening and

doing things and getting to know the HSSD staff much more closely in order to articulate their concerns to the rest of the HSSD Board.

Please give Deputy Arrun Wilkie your support. Thank you.

The Bailiff: Deputy Trott will now speak in respect of Deputy Adam.

Deputy Trott: Thank you, sir.

Members may recall that, during the 1980's and 1990's, British Telecom ran a successful advertising campaign starring the actress Maureen Lipman. On one occasion, she was seen playing a doting grandmother, telling her friend over the telephone that he grandson had got an 'ology'.

A decade earlier, Granny Adam must have been positively *bursting* with pride, because Dr Hunter Adam has more 'ologies' than Deputy Dave Jones has had full English breakfasts! (*Laughter*) He is quite simply the most qualified medical doctor to ever have a seat in this Assembly.

Sir, if I was to list all of Dr – or possibly more accurately, Mr – Adam's qualifications and experience for the role as a Member of HSSD, it would take longer than one of Deputy Le Lièvre's speeches on the development of Guernsey's benefits system. (*Laughter*) However, briefly, he is a doctor, he holds a Diploma in Child Health, and is a Fellow of the Royal College of Obstetricians and Gynaecologists with the appropriate consultant qualification.

Deputy Adam has been Chair of the PEH Medical Advisory Committee and held numerous other significant positions associated with the mandate of HSSD including, of course, 20 years' voluntary work with St John Ambulance Severn, as its Commander.

He retired from practice more than a decade ago. His last role in practice was with the Medical Specialist Group (MSG) as a consultant in obstetrics and gynaecology. Sir, importantly he has no relationship with the MSG, financial or otherwise, some 13 years post retirement. And indeed 13 years ago Deputy Adam was first elected to this Assembly. In 2008 he was my nomination as Minister of HSSD and he completed a full term.

In 2012, he was Chief Minister Harwood's nomination but resigned later that year as a result of what would today be regarded as a very, *very* modest overspend. (**A Member:** Hear, hear.)

Sir, I think this is particularly relevant: in questions to candidates earlier, the new Minister Deputy Luxon said, in response to a question, 'the new Board needs people on it with high levels of clinical experience.' Sir, there is no Member of this Assembly with better clinical experience than Deputy Adam. He *is* the outstanding candidate to be a Member of HSSD, and I hope the Assembly shares mine and Deputy Harwood's view.

Thank you, sir.

The Bailiff: Deputy Green may now speak in support of his nomination of Deputy Bebb.

Deputy Green.

Deputy Green: Mr Bailiff, thank you.

Members, I am going to make two points so it will be relatively brief. I am going to make two points in support of Members giving one of their votes to Deputy Bebb this morning.

Firstly, we all know the very serious problems that are facing HSSD and dealing with those serious problems will start right now. It will start tomorrow. I would argue that some continuity is therefore vital at this time. Deputy Bebb clearly provides that continuity

Secondly, in the question and answer session that we had this morning, I think that Deputy Bebb demonstrated a level of knowledge, of passion, of experience and capability within the field of health and social services, and quite simply in those circumstances, I would say that Deputy Bebb is actually the outstanding candidate for you to support this morning. All I ask is that you give him an opportunity to continue to serve on the Board.

The Bailiff: Members, it is now for you to make your minds up and to cast your votes on the voting slips that are about to be circulated.

I remind you of the names of the seven candidates: Deputy James, proposed by Deputy Luxon, seconded by Deputy St Pier; Deputy Le Clerc, proposed by Deputy Luxon, seconded by Deputy St Pier; Deputy Hadley, proposed by Deputy Luxon, seconded by Deputy St Pier; Deputy Soulsby, proposed by Deputy Luxon, seconded by Deputy St Pier; Deputy Wilkie, proposed by Deputy Le Pelley, seconded by Deputy Collins; Deputy Adam, proposed by Deputy Trott, seconded by Deputy Harwood; and Deputy Bebb, proposed by Deputy Green, seconded by Deputy Conder.

You have four votes, there are four vacancies. And those seven names again: Deputies James, Le Clerc, Hadley, Soulsby, Wilkie, Adam and Bebb.

Has everyone had a slip, and only one slip? (*Laughter*)

1950 You have or have not? (**Deputy Luxon:** Have not.) You have not had one? Deputy Luxon has not had a slip.

A ballot took place.

1955 **The Bailiff:** Right, has everyone had a slip, and filled in a slip and handed in a slip? Deputy Jones has – Well, I propose that we adjourn now while the votes are counted. Do not go away.

Sorry, Deputy Fallaize has a slip that has not been collected.

There may yet need to be a second vote in the event of a tie, so do not go away, but once the votes have all been counted and once the result has been announced, I will be proposing that we rise and resume with the Budget debate this afternoon.

But I warn you, there may have to be a second ballot in the event of a tie. So if we all rise.

*The Assembly adjourned at 12.10 p.m.
and resumed its sitting at 12.28 p.m.*

**Election of HSSD members –
Proceedings concluded –
Deputies Hadley, James, Soulsby and Le Clerc elected**

The Bailiff: Greffier, do you have the result of the count?

So this, Members, is the result of the election for four Members of the HSSD Board and the results are:
1965 Hadley, Michael – 34 votes; James, Sandra – 33 votes; Soulsby, Heidi – 29 votes; Le Clerc, Michelle – 28 votes; Adam, Hunter – 20 votes; Bebb, Elis – 13 votes; Wilkie, Arrun – 12 votes; with no blank or spoiled papers.

So, I declare that Deputies Hadley, James, Soulsby and Le Clerc are elected as Members of the Board of HSSD. (*Applause*)

1970 And that is perfect timing to rise for lunch and resume this afternoon with the Budget meeting.

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

Billet d'État XXII

**States of Guernsey Budget 2015 –
Debate commenced**

The Bailiff: Members, we resume debate on Billet XXII, the States of Guernsey Budget 2015, and I call on the Minister, Deputy St Pier, to open the debate.

1975 **Deputy St Pier:** Mr Bailiff, I am pleased to present the States of Guernsey Budget for 2015 which has been compiled based around three key things: balancing the budget, focusing on long-term planning and investing for the future.

Sir, I should warn you and Members that this is a lengthy speech and we are likely to have a lengthy debate on multiple amendments. That is, of course, quite right, because there is much in this Budget which deserves our attention and time.

However, before I go further I want to say two public thank yous. Firstly, to all staff involved in the Budget preparation process across the States, (**A Member:** Hear, hear.) but particularly to the States' Treasurer and the Assistant States' Treasurer. The Budget takes up a huge amount of time and their hard work should not go unrecorded.

1985 Secondly – and perhaps in a departure from the political norm – I wish to thank all the members of my Board, including our non-States Member. There is hard work, debate and disagreement, but there is also laughter and camaraderie and it is a pleasure to work as a team. So thank you.

As I said last year, the first objective of the Treasury & Resources Department is balancing the books in a controlled, considered and sustainable manner. Therefore, I am pleased to be able to say that this Budget Report is projecting that this objective will be achieved. In 2015 there is a budgeted transfer of £4 million

from the General Revenue Account Reserve but this is solely to fund delays in the timing of delivery of the Financial Transformation Programme projects, which have not yet been approved. This timing of delivery of benefits aside, the underlying deficit has now been removed.

1995 Sir, this States should be congratulated for showing the resolve and restraint necessary to focus on reducing public sector expenditure and implementing targeted increases in indirect taxes such that the manifesto promises of so many Members of this Assembly – namely to remove the deficit – have been delivered.

2000 As Professor Woods said in relation to spending in his recent annual independent fiscal policy review, while the annual decreases themselves seem individually small, to have not only held expenditure in check, but to have reduced expenditure by a total of 5.7% over a five-year period, is an achievement which fully deserves to be commended.

2005 Before I talk about the 2015 Budget in some more detail, it is worth reiterating that this Budget Report is not intended to be an introduction for the Personal Tax, Pensions and Benefits Review. The Budget Report has short to medium-term focus, with particular emphasis on balancing the Budget and implementing measures in order to do so. The Personal Tax, Pensions and Benefits Review is looking to the longer term and is seeking to ensure that the income raised by the States is sustainable in 2025 and beyond, in order to continue providing the standard and range of public services that Islanders need.

2010 The measures to be presented will include recommendations in the areas of long-term control of Government spending, old age pensions, long-term care and maternity benefits, universal and welfare benefits and changing the tax base and effective tax rates.

Not surprisingly, the Treasury & Resources Department therefore opposes the amendment placed by Deputies Jones and Fallaize as it is firmly of the view that the amendment is totally unnecessary as these matters are being, and will be addressed as part of the Personal Tax, Pensions and Benefits Review and are not for this Budget Debate. Indeed, of course, it is not clear which Proposition it is seeking to amend.

2015 The Treasury & Resources and Social Security Departments are working to bring a report to this Assembly early in 2015 and that will provide ample opportunity to discuss, challenge and agree on the shape of our personal taxes and benefits for the future.

2020 In addition – and despite the report containing proposals to extend the 10% company intermediate Income Tax rate to licenced fund administration businesses – as we acknowledge in paragraph 2.3, we will continue to liaise closely with the other Crown Dependences and monitor international tax developments, such as current trends towards territorial tax systems, to ensure that Guernsey remains a sustainable, competitive jurisdiction.

2025 As I said in my opening remarks, the 2015 Budget Report presents proposals for a balanced budget. This is achieved through a combination of targeted and moderate increases in taxes alongside continued expenditure restraint. Balancing the budget inevitably means that this Assembly has to make tough choices, which is why all three amendments that have been placed to remove various categories from the increases in TRP are strongly opposed by the Treasury & Resources Department. A reduction in income will mean that the budgetary balance will not be achieved unless additional income is raised from another source and no such proposals have been submitted.

2030 I remind Members that, if accepted, the reduction in income will not be just in 2015, but ongoing. That is £1.125 million each and every year for the amendment placed by Deputy Laurie Queripel and £650,000 a year for Deputy Jones' amendment. In correspondence with Deputy Laurie Queripel, I understand that in placing the amendment there was a desire that only those who have benefited from the introduction of Zero-10 should pay the increased rates of TRP. (A Member: Hear, hear.)

2035 Further, I understand that he wishes to comprehend the full fiscal impact of Zero-10 on different businesses and individuals since its introduction in 2008. What has been lost and who has filled the gap? Of course, this is a complicated picture given the far reaching implications of the implementation, not least because virtually all companies have benefited from Zero-10. Indeed, locally-owned traders benefited most as their tax reduced from 20% to 0%, whilst financial services generally reduced from 20% to 10% at the same time as they had the largest increases in TRP. Meanwhile, all businesses – including sole traders and partnerships – have had to pay higher employer social insurance.

2040 So, after six years, it might be worth stepping back and analysing the impact of all the TRP social insurance and Income Tax changes and obtain a more detailed understanding of who has benefited most and who has been most impacted by the changes. This exercise might help inform our future policy making decisions on TRP and, indeed, in other areas. I believe that this piece of work should be undertaken as one of the outputs from the Personal Tax, Pensions and Benefits Review.

2050 In respect of the amendment placed by Alderney Representative Jean, whilst the annual loss of income would *only* be £75,000 per annum, given that Alderney *is* in fiscal union with Guernsey, this proposal would not be fair or equitable. In effect, the burden of this amendment would be carried by Guernsey taxpayers alone. In December, Policy Council will be laying a report before the States, following the Requête earlier this year led by the late Alderney Representative Paul Arditti. This includes a

recommendation for a review of the financial relationship between Guernsey and Alderney. This is undoubtedly the appropriate mechanism for considering whether a case can be made to apply different tax rates, including TRP, in Alderney.

2055 Balancing the Budget has also meant that difficult decisions on expenditure have had to be made. My Board has considered numerous requests for additional funding from the majority of the Departments for 2015. These have had to be prioritised, balancing the needs of each Department and the amount to be held in the Budget Reserve against the fiscal policy of no real terms growth in revenue expenditure. There is no slack in the system. We should be under no illusions. Ongoing restraint is going to be critical to us living within our means for some time to come. So for public service employees, as our single largest cost, there is going to be an ongoing requirement to contain pay costs.

2060 The most material request for budgetary increases came from the Health & Social Services Department. The Treasury & Resources Department is recommending a cash limit for that Department that includes £2.2 million of the requested £3.4 million increase to fund expenditure pressures and service developments. 2065 The real terms growth in the cash limit allocated to the Health & Social Services Department, which is 7.2% compared to the comparable adjusted 2014 cash limit, has only been possible due to real terms reductions elsewhere, including within the Budget Reserve which is substantially lower than in 2014.

Basically, as much funding as reasonably possible has already been included within the recommended 2015 cash limit and that is why the Treasury & Resources Department will oppose the amendment proposing an increase of £1.25 million in the Health & Social Services base cash limit. 2070

Deputy Dorey: Sir, a point of order.

2075 **The Bailiff:** Deputy Dorey.

Deputy Dorey: Deputy St Pier is constantly mentioning amendments but they have not been laid and we are not debating them at this point in time, so surely the time to debate the amendments is when they have been laid, not before. (**Several Members:** Hear, hear.)

2080 **The Bailiff:** I think several Members are thinking that, Deputy St Pier. Can you restrict your speech to opening on the Budget to be presented by your Department?

Deputy St Pier: Sir, what I am seeking to do is to defend the Propositions as they have been submitted in the Report. (*Laughter*) 2085

The Bailiff: Well, at the moment it is for you to lay your Propositions and the opportunity for defending them will come later if and when amendments are made.

The Procureur: Precisely so and that is a perfectly fair point which I have discussed with the Treasurer. (*Laughter*) 2090

The Bailiff: Do you wish to have a few minutes to perhaps reform your speech?

Deputy St Pier: No, I may have a few pauses during the speech if that is permitted, sir. 2095 I will obviously return to that issue then when the amendment is laid. Can I... (*Laughter*)

The Budget Report was of course put together before the negotiations with St John Ambulance and Rescue Service were concluded and, as an aside, there were comments made about Treasury & Resources role during this morning's resignation speeches or statements, with which Treasury & Resources cannot agree. But now, obviously, is not the appropriate time to respond to those. 2100

Sir, I would however say, with regard to the loan of £650,000 outstanding with St. John, I wish to confirm that it is not the intention of the Treasury & Resources Department to call in this loan, or seek any repayments on it until such time as there is a sustainable funding model in place for ambulance provision.

Just another pause!

2105 I would say, sir, that – as set on page 26 of the Budget Report – my Board is firmly of the view that now is the right time for an external assessment of the appropriate base line budget for the current service provision of the Health & Social Services Department. This important review would involve understanding the cost of current service levels, what the cost drivers are so that their relationship between demand and cost can be understood and how our services compare to an appropriate benchmark. It is, of course, fully appreciated that the Department is facing a number of serious issues at the current time and is subject to several reviews. 2110

However, this means that it is even more important that a clear evidence-based picture of the adequacy, or otherwise, of the cash limit is undertaken in order to allow us here to decide how best to fund the Department in the future. Indeed, the proposal for a benchmark review may well be overtaken by events such that it might be more cost effective and productive to embark on a wider review of the healthcare system. These of course, no doubt, are issues which the new HSSD board will consider.

In compiling the proposed 2015 Budget, my Department had to consider how to treat the unmet FTP targets allocated to Departments in 2012, 2013 and 2014. In recommending that the unmet targets remain within the base cash limit of Departments, and therefore need to be delivered in 2015 and subsequent years, my Board is conscious of several factors.

Firstly, Departments have identified projects which will meet or exceed their targets when delivered, but are not capable of being delivered before the 31st December 2014. For example, the Education Department has set out a clear plan for the delivery of the remainder of its target over the three years and therefore the Treasury & Resources Department does not consider that a self-imposed deadline should prevent planned savings from being delivered.

Secondly, any unwinding from these targets would result in an increase to the base line budget at a time when focus is on the elimination of the deficit.

Thirdly, there is not yet any successor transformation programme in place that will continue the drive for better value and lower cost public services. Until such time as there is, the Treasury & Resources Department believes that it is vital that delivery of these residual benefits should continue, not least in relation to the inter-departmental projects which have taken longer to deliver than originally anticipated, but which are now finally beginning to yield benefits.

And, fourthly, we believe that successive States have promised to deliver a £31 million reduction in general revenue expenditure, as part of the social contract with taxpayers at the time of Zero-10's introduction and we must deliver on that project.

Sir, this Budget Report proposes some significant changes to the treatment and structure of the reserves of the States, in keeping with the budget themes of long-term planning and investing for the future. The Contingency Reserve has over time become known as 'the rainy day fund', with the implication that when it is raining it can be used. The Treasury & Resources Department firmly believes that it is time to change our approach to our reserves and we should now put in place a structure that secures long-term sustainability and enables targeted investment at a time when demographic and economic changes require us to do so.

The first part of the package is to establish the core investment reserve. In doing so, my Department is not simply seeking to change the name of the Contingency Reserve. This Reserve will not be for rainy days. The Reserve is an enduring reserve: our core capital, our family silver, which should in future have a dual purpose to provide ultimate protection against severe and structural decline or major emergencies, and to provide a source of funding for capital infrastructure.

Page 36 of the Budget Report illustrates the benefit that can be achieved through a longer-term investment strategy by showing the recent three-year average return on the superannuation fund being 4.3% per annum higher in real terms than that of the general investment pool.

This improvement is in large part due to the longer-term approach taken in investing the superannuation fund – an approach which is not possible when managing a rainy day fund which may be required in the short term. This improvement could make a real difference to both the balance in the core investment reserve and the excess available to fund capital investment through the Capital Reserve. Such an approach would have resulted in an additional £17 million return if it had been applied over the last three years.

As set out in the Budget Report, the Treasury & Resources Department is of the view that a medium-term objective should be to increase the real value of this reserve, once budget surpluses are again being generated. However, in the short to medium term expenditure is required on growing our economy and transforming the way in which services are delivered.

This leads to the second part of the package: the establishment of the 'economic development and transformation of transition funds', which can help secure our longer-term sustainability of the economy and public services, through targeted and appropriate investment. This investment should give rise to long-term benefits, result in an ongoing improvement in the States' financial position and so contribute towards a generation of surpluses which can increase the size of the core investment reserve.

In 2006, the States agreed that up to a £100 million of the Contingency Reserve would be available to fund the deficit as a result of the introduction of Zero-10. It is undoubtedly a good news story to be able to report that at the end of 2014, some £54 million will remain in what is called the Contingency Reserve Tax Strategy.

Since this Budget removes the underlying deficit, there will be no further need to call down on this reserve. There is therefore an opportunity to provide funding for enabling and stimulating a dynamic and diversified economy and for transforming the delivery of public services to ensure that they provide it in a sustainable manner.

The success of the various initiatives delivered through these funds will be key to creating a sustainable future baseline for public sector expenditure, allowing expenditure pressures and prioritised service development to be funded. Success will also lead to the generation of future budget surpluses which will enable us to rebuild our reserves.

Of course, the amounts that are proposed to be transferred to the economic development fund and the transformation and transition fund are expected to be utilised over several years and will, obviously, only be spent if needed.

The Commerce & Employment Department and the Policy Council have set out an economic development strategy which should drive investment from the economic development fund. The amount set aside for the transformation and transition fund is considered both reasonable and realistic, taking into account the numerous known initiatives that could be applying for funding.

These could include important policy developments such as the Supported Living and Ageing Well Strategy, the Mental Health and Wellbeing Strategy and the Disability and Inclusion Strategy. They could also include a fundamental review of health care. They could also include the service transformation which will be necessary to respond to the changing demographics and our digital future.

I would also like to stress that, as set out on page 40 of the Budget Report, my Department considers that the investment from the transformation and transition fund should be undertaken in an orderly, structured and prioritised manner. It would not be the best use of these funds if individual Departments seek authority to invest without the States having first prioritised policy development and funding. This would simply lead us to a first-come-first-served allocation of scarce resources. Therefore, my Department intends to work with the Policy Council to ensure that such a prioritised plan can be placed before the Assembly for approval as early as possible in 2015.

Sir, a key feature of this Budget is the proposed issue of a States of Guernsey Bond to consolidate existing debt which is either directly provided by or guaranteed by the States of Guernsey. This will be a much more cost effective way of borrowing by entities, including Guernsey Electricity, Aurigny and the Guernsey Housing Association.

My Board and I wish to state, for the avoidance of any doubt, that it remains strong and unanimously of the Treasury & Resources Department, that the existing Resolutions of the States, that there is only borrowing where there is a secure associated income stream, should be maintained. This policy was most recently restated in my Department's States Capital Investment Portfolio report in July and is, indeed, echoed in Deputy Fallaize's amendments, which we will return to. I will also be laying a technical amendment as well, sir, which will provide a further opportunity to reiterate that point.

The combination of this policy and the fiscal framework limit to debt of 15% of GDP should reassure anybody who fears that this bond issue would be the beginning of a slippery slope whereby borrowing becomes the norm. This Assembly would have to approve any further borrowing in the same way as they are being asked to today and I have no doubt that future States are just as likely to maintain these important principles.

I would like to address a concern raised by Sir Geoffrey Wood in his recently published review, regarding the difference between the States' liabilities through guaranteeing debt and providing funding. Sir, in all practical terms, the risk to the States of Guernsey will not change. Whether we are guaranteeing external borrowings or lending on through a bond, there is the risk that the States would ultimately need to step in to assist those entities which are vital to Guernsey's infrastructure.

Pure economic theory, as presented by Geoffrey Wood, might suggest a difference in the liability. However, the idea that in a perfectly efficient market new operators will step in to run failed enterprises is fanciful. Given that our strategic policies seek to ensure that we maintain the generation of electricity or air links to the UK, future States are most unlikely to let third parties take control of the Island's strategic assets. (A Member: Hear, hear.) They would step in and do what is necessary, regardless of capital structures.

I know Members have seen this but I am delighted to be able to confirm that Standard and Poor have today reconfirmed the credit rating of the States of Guernsey as AA+ with a stable outlook and with the highest possible AAA rating for the transfer and convertibility assessment. This is fantastic news. No higher rating is possible for a jurisdiction that does not have its own monetary policy. This means that Guernsey should be able to secure extremely attractive rates. Based on current market conditions in gilt yields, I would anticipate that the States of Guernsey bond would issue now with a coupon in the region of 3.5%.

Of course, the market conditions may have moved by the time any issue is finalised, but these are historically low rates. If we are to do this, we should move with alacrity to secure the most favourable terms. It is for this reason that our timetable is tight, which has clearly upset a couple of local service providers who have been unable to work within this timeframe; it has not been a barrier for others.

Sir, the Treasury & Resources Department has included two separate Propositions in relation to the size of the bond issue. As outlined on page 52 of the Report, an additional £80 million could be used to reduce

the cost of capital to our trading entities to fund further loans that would otherwise seek States' guarantees, or for other potential opportunities such as a help-to-buy style scheme.

Sir, we are presented with an historic opportunity to lock in long-term low interest rates and achieve better value for the taxpayer and customers of the borrowing entities. For this reason, should the Assembly today approve the proposed bond issue, the Treasury & Resources Department will seek to be in a position to do so before the end of this year. This will involve appointing banks to manage the process, seeking a listing on the Channel Islands Stock Exchange and making presentations to investors. I would also like to clarify that the Treasury & Resources Department may also enter into a pre-hedging arrangement following the passing of the Resolutions and before the date of the issue of the bond, should market conditions warrant it, in order to secure a competitive interest rate. (**A Member:** Hear, hear.)

The simplest way to view this proposal is that we are seeking to fully exploit our sovereign AA+ credit rating to secure the lowest possible borrowing on behalf of public sector agencies which we control. We will be acting like a bank; we will borrow on the one hand and then we will lend on with a small mark up on the other. The taxpayers will have obtained a small return in the process and the entities and their customers will be better off. The bond proposal cannot in any way be compared to the borrowing of other jurisdictions. This is just good corporate Treasury management. My Board and I would be failing in our job if we had not looked at this opportunity and brought proposals to you.

Sir, the Treasury & Resources Department is proposing an amendment...which I will tell you about later. (*Laughter*)

Before closing, sir, I would like to draw the Assembly's attention to a small matter in the Report which I believe is of great value and indicative of the way that concentrating on delivering customer focused services can provide benefits all round. This of course if the planned exemption from Income Tax of the first £50 of interest received on savings. It is estimated that this proposal will benefit taxpayers by some £150 per annum. It will also remove the need for many Islanders to file Income Tax returns and as part of a number of initiatives designed to remove some 10,000 taxpayers from this requirement. This of course benefits taxpayers enormously but it also enables resources within the Income Tax office to be refocused on dealing with other matters, including responding more promptly to taxpayers' queries. (**A Member:** Hear, hear.)

Sir, once again this Budget has been compiled within the discipline of the fiscal framework and the Fiscal Economic Plan which sets limits for income, expenditure, deficits and borrowing for the States. Such discipline has proven invaluable during recent years and has greatly assisted in delivering the expenditure restraint which has been so effectively overseen by this Assembly.

This Budget delivers in three areas: it confirms that our financial house is in order as we move out of deficit and stop spending more than we earn for the first time in six years; it enables us to move from short-term thinking to long-term planning, with a move to three-year budgeting and it enables us to invest in our economy and in our Island's infrastructure.

Sir, I commend it to the States. (*Applause*)

The Bailiff: Well, Members, there is the small matter of 17 amendments that have been circulated and which you have on your desks. Each amendment has been given a letter in the top right hand corner and I think it is easiest if people refer to them by way of that letter. We will begin with amendment A, which is proposed by Deputy Laurie Queripel and seconded by Deputy Dave Jones.

The Procureur: Only if the Member wishes to move it, sir.

The Bailiff: Deputy Queripel, do you wish to move amendment A?

Deputy Laurie Queripel: Yes please, sir.

The Bailiff: Right, in that case we will begin with amendment A.

Amendment A:

1. In proposition 9 to insert at the end of the words ' , but only in the cases of utilities providers, and office and ancillary accommodation (regulated finance industries) (buildings and land in each case) '.

2. In proposition 10 to insert immediately following 'Ordinance, 2014' the words ' , but subject to the substitution in the Schedule thereto for Table (A) (Guernsey Real Property – Guernsey Buildings and Guernsey Land) and Table (B) (Alderney Real Property – Alderney Buildings) (on pages 62 to 64) of the following Tables:

TABLE (A)
GUERNSEY REAL PROPERTY

GUERNSEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1	Domestic (whole unit) Local Market	99p
B1.2	Domestic (flat) Local Market	99p
B1.3	Domestic (glasshouse) Local Market	5p
B1.4	Domestic (outbuildings) Local Market	49p
B1.5	Domestic (garaging and parking) (non-owner-occupied) Local Market	99p
B2.1	Domestic (whole unit) Open Market	99p
B2.2	Domestic (flat) Open Market	99p
B2.3	Domestic (glasshouse) Open Market	5p
B2.4	Domestic (outbuildings) Open Market	49p
B2.5	Domestic (garaging and parking) (non-owner-occupied) Open Market	99p
B3.1	Domestic (whole unit) Social Housing	Zero
B3.2	Domestic (flat) Social Housing	Zero
B3.3	Domestic (glasshouse) Social Housing	Zero
B3.4	Domestic (outbuildings) Social Housing	Zero
B3.5	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1	Hostelry and food outlets	£4.55
B4.2	Self-catering accommodation	£2.85
B4.3	Motor and marine trade	£3.85
B4.4	Retail	£8.45
B4.5	Warehousing	£4.15
B4.6	Industrial and workshop	£3.30
B4.7	Recreational and sporting premises	£1.95
B4.8	Garaging and parking (non-domestic)	£4.15
B5.1	Utilities providers	£35.75
B6.1	Office and ancillary accommodation (regulated finance industries)	£33.40
B6.2	Office and ancillary accommodation (other than regulated finance industries)	£10.15
B7.1	Horticulture (building other than a glasshouse)	5p
B8.1	Horticulture (glasshouse)	5p
B9.1	Agriculture	5p
B10.1	Publicly owned non-domestic	Zero
B11.1	Exempt (Buildings)	Zero
B12.1	Buildings – Penal Rate	Zero
B13.1	Development buildings (domestic)	49p
B13.2	Development buildings (non-domestic)	£4.30

GUERNSEY LAND

1 Property Reference	2 Property Description/Usage	3 Tariff
L1.1	Communal (flat) Local Market	13p
L1.2	Communal (flat) Open Market	13p
L1.3	Hostelry and food outlets	25p
L1.4	Self-catering accommodation	25p
L1.5	Motor and marine trade	25p
L1.6	Retail	25p
L1.7	Warehousing	25p
L1.8	Industrial	25p
L1.9	Recreational and sporting premises	25p
L1.10	Office and ancillary accommodation (regulated finance industries)	99p

L1.11	Office and ancillary accommodation (other than regulated finance industries)	29p
L1.12	Utilities providers	30p
L2.1	Approved development site	86p
L3.1	Domestic Local Market	13p
L3.2	Domestic Open Market	13p
L3.3	Horticulture	13p
L3.4	Agriculture	13p
L3.5	Domestic Social Housing	Zero
L3.6	Publicly owned non-domestic	Zero
L4.1	Exempt (Land)	Zero
L5.1	Land – Penal Rate	Zero
L6.1	Garaging and parking (non-domestic)	25p

2290

TABLE (B)
ALDERNEY REAL PROPERTY

ALDERNEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1A	Domestic (whole unit)	99p
B1.2A	Domestic (flat)	99p
B1.3A	Domestic (glasshouse)	5p
B1.4A	Domestic (outbuildings)	49p
B1.5A	Domestic (garaging and parking) (non-owner-occupied)	99p
B3.1A	Domestic (whole unit) Social Housing	Zero
B3.2A	Domestic (flat) Social Housing	Zero
B3.3A	Domestic (glasshouse) Social Housing	Zero
B3.4A	Domestic (outbuildings) Social Housing	Zero
B3.5A	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1A	Hostelry and food outlets	£4.55
B4.2A	Self-catering accommodation	£2.85
B4.3A	Motor and marine trade	£3.85
B4.4A	Retail	£8.45
B4.5A	Warehousing	£4.15
B4.6A	Industrial and workshop	£3.30
B4.7A	Recreational and sporting premises	£1.95
B4.8A	Garaging and parking (non-domestic)	£4.15
B5.1A	Utilities providers	£35.75
B6.1A	Office and ancillary accommodation (regulated finance industries)	£33.40
B6.2A	Office and ancillary accommodation (other than regulated finance industries)	£10.15
B7.1A	Horticulture (building other than a glasshouse)	5p
B8.1A	Horticulture (glasshouse)	5p
B9.1A	Agriculture	5p
B10.1A	Publicly owned non-domestic	Zero
B11.1A	Exempt (Buildings)	Zero
B12.1A	Buildings – Penal Rate	Zero
B13.1A	Development building (domestic)	49p
B13.2A	Development building (non-domestic)	£4.30

2295

Deputy Laurie Queripel: Thank you, sir.

Now, before any of my colleagues point it out – and of course Deputy St Pier has in advance pointed it out to a certain extent, or to a greater extent – I realise this is an imperfect amendment, because I set out with a particular goal in mind when it became clear after discussions with T&R and others, for technical and complex reasons, sir, that I could not exactly achieve what I was attempting to.

2300

I suppose what I was trying to create, via the TRP mechanism... and I suppose I should say this in hushed tones really because I know a nervousness around this subject was a form of territorial tax. So freezing the TRP rate for businesses across the various sectors that already pay Income Tax in Guernsey and at the same time freezing the domestic TRP rate, and shifting the increases onto the businesses that come under the Zero-10 umbrella. But, as it was pointed to me, it is not just some of the utility providers and the regulated finance industry businesses that come within the Zero-10 scope, but a number of businesses from across all the sectors. Some in retail, hostelry and so on come under the Zero-10 umbrella. So do you then look at sub-categories across all the TRP categories in order to make the distinction so that Boots and Burtons, for example, are in B4.4 (Zero-10)? Very complex.

So trying to create a type of territorial tax under another name via the backdoor is not really possible. But, sir, it is a system that I am keen on and I think it is something that we need to take under serious consideration. It is a system that already exists in Holland, Hong Kong, France and the home of the EU, Belgium – so well established and seemingly acceptable on the international stage.

But the emphasis was not and is not on trying to get at the Zero-10 businesses, although naturally we would welcome that extra revenue, but rather to show States' support and understanding in a practical sense for businesses and households who are obviously clearly already struggling. Yes, many of the Zero-10 businesses would benefit from the freeze as well, although it would still get some additional income from categories B5.1 and B6.1 and hopefully, anyway, we can capture other revenues from the Zero-10 businesses at a later date.

Sir, if you look at the TRP rate described to utility providers and regulated finance industry businesses, it seems that T&R feel that is where the extra revenue should come from and can be afforded. I suspect that we have not gleaned back yet, via other measures, anywhere near the revenue that has been lost as a consequence of Zero-10.

So the focus of this amendment is the effect of modest but regular increases year on year, in charges and indirect taxes such as TRP, which when taken in isolation may not seem to present so much of a problem but when taken collectively – what one might call a montage of charges – there is no doubt they are having a detrimental impact upon fixed and lower income households where literally every penny counts and for young couple with families, already under financial pressure, already struggling to Guernsey mortgages, they represent an additional unwelcome cost.

It is the cumulative effect of all these charges and indirect taxes, of which TRP is one, and I wish Members to bear that in mind sir; bear in mind the montage of charges and indirect taxes.

Sir, many Islanders have not received wage rises in years; their personal tax allowances are going to be frozen; there are waste water charges to pay; duty on fuel is again going up; they face the doubling of their refuse bills in the future; some face paid parking charges in the future. We are dipping deep into pockets that have very little, if anything, to spare. Somewhere, at some stage, the halt sign has to be raised.

Sir, I am going to go into some dangerous territory here for Queripels, because I am going to look at some figures and percentages (*Laughter*) and we are not always very good at getting those right, (*Laughed*) but since 2008 domestic TRP will have risen by, if we include these proposals, 78.5%. I know Deputy Lowe likes figures and not percentages, so if you paid £200 in 2008 in TRP you will now pay approximately, or just over, £350, sir. Pardon?

Sir, on top of all the other charges that I have listed that are increasing – and probably some that I have not listed and probably some that are going to be invented in the future – people are paying this addition without getting a pay rise over many, many years. So that is all pretty stark. People's salary – many have remained static but all these charges have gone up, sir, including TRP.

Commercial TRP – and here we go again – will have risen by 140% if we include these proposals since 2008. So if somebody owns or rents a business premises – light industrial, for example – one way or another they will pay these increases on top of what is likely to be, because of the lack of affordable industrial premises, already inflated rents.

Of course that person, sir, or people who find themselves in that position, have got to live somewhere so actually they are faced with a combination of TRP rises to the tune of 218% since 2008. That is without considering the additional impact of increased fuel duties upon businesses who use vehicles to service their businesses and provide services – a sort of triple whammy.

That is the problem sir; people have got to live somewhere, they have to run a business from somewhere, they have to work from somewhere; they are easy targets. Put into context, all this since 2008, during six of the most difficult years that many Islanders have had to face and had to live through. It is starting to resemble the flogging of a flagging horse.

Some landlords, sir, both domestic and commercial, have already stated that the increase will be passed on to the tenants; so whether that is in the commercial sector or the household sector, the domestic sector sir. So, inflationary in so many ways.

2360 As for retail, T&R have acknowledged on page 14, paragraph 2.32 of the Report that, because of the difficult economic conditions currently being experienced by the retail sector, TRP will only go up by 5%. Now, sir, Professor Woods puts it rather more graphically in his annual report. He says:

‘... the retail sector remains weak and declined by 7.2%.’

2365 So, sir, how many straws do we add before we see the camel’s back buckle? We are adding costs to businesses – and I am thinking especially of small businesses in the retail sector and light industry – when they need to be at their most competitive because they are facing so much competition. The timing could not be worse.

2370 I do not know if many Assembly Members saw the Channel Island TV news on Monday evening. The retailers and traders in Alderney were featured and they were saying exactly the same thing: the increases they were facing were likely to push them over the edge. We keep adding to the mass and in the end it will tip the balance. Sir, they could not have been clearer in their message. The point is: are we listening?

2375 That is why Deputy Dave Jones and I, as per the explanatory note, are proposing a freeze on TRP for households, retail, commercial premises etc. Sir, it is an imperfect amendment but it will bring some respite, some breathing space, to the people who most need our assistance, who are feeling the impact of one charge upon another increasing. This is clearly the message we are getting from many Bailiwick residents and many Bailiwick businesses and we need to respond to that collective voice in some way.

Thank you, sir.

2380 **The Bailiff:** Deputy Dave Jones, do you formally second the amendment?

Deputy David Jones: I do, sir, and I would like to say a few words. I did have a speech on this but, in the interest of brevity and the number of amendments, I will keep it to this.

2385 It is unfortunate actually that I find myself seconding an amendment that is a strategy that is popular in Belgium. (*Laughter*) (**A Member:** Exactly.) But nonetheless, the other thing I wanted to say is that I would like to say that I would like to thank Her Majesty’s Procureur for the diligence and the work that he has put in on all of these amendments. (**A Member:** Hear, hear.) He must have thought, the morning he woke up and found out that there were going to be 17, that it would have been a good time to go on his holidays. (*Laughter*) But I have little to add, other than to say that I will be continuing the theme that Deputy Queripel started in the amendment that we have got coming next, sir.

2390 Thank you.

The Bailiff: Any further debate? No?

Yes, Deputy Kuttelwascher.

2395 **Deputy Kuttelwascher:** Sir, I have very little to say, except it is one of these issues where, what we have got to realise is that 2015 is very much going to be a year of reckoning for the Island and its population as regards taxation. There is no easy way out and as soon as you start nibbling away at bits of this Budget you nibble away at a balanced budget and I do not support that.

2400 Sir, I spent 30-odd years with my head in the clouds (*Laughter*) and believe me for the last decade or so I have had my feet firmly planted on the ground and I am aware that I live in an Island called Sarnia and not Narnia. (*Laughter*) Let’s face reality and please do not support this amendment.

Thank you, sir.

2405 **Deputy De Lisle:** Sir, I firmly support the amendment, (*Laughter*) in that a 15% increase in TRP will hit the elderly on fixed incomes and young families hard as TRP has become a mortgage around all Islanders’ necks. From purchase to the grave, sir, people pay off their mortgage to the bank but are left until death with another TRP mortgage to the States and that is forcing a lot of people out of their homes – homes that have been in the family for generations. If I had my way I would rid the Island of that nasty TRP tax.

2410 Traditionally in Guernsey low property taxes have compensated for the high cost of living in the Island compared with the UK and also I feel that the commercial rate has been going up to the extent, particularly in the non-regulated, to the extent that we are going to see a lot of empty properties in town, in terms of the commercial above shops and that sort of area. Also, of course, the retail is not able to handle the 5% increase at the current time. I think we have got to be sensitive to economic circumstances and to work within those parameters, so I wholeheartedly support this amendment, sir.

The Bailiff: Does anyone else wish to speak? No.

Deputy St Pier, do you wish to exercise your right to speak on the amendment (*Laughter*) before Deputy Queripel replies to the debate? (*Laughter*) If so, now is your time.

Deputy St Pier: I think I have got the message, sir.

Yes, I think just to re-emphasise that there is clearly a complex relationship between the changes in TRP, Social Insurance and the introduction of the Zero-10 regime, and it is entirely appropriate, I suggest, that we do take a look at the winners and losers from that process. But piecemeal changes such as this, which will create a permanent deficit of £1.125 million without the funds coming from anywhere else, I would suggest is an irresponsible act.

I would also question and I am quite surprised that a former Member of the Commerce & Employment Board and a present Member of the Commerce & Employment Board should be seeking to move an amendment and what it says about our major sector: it, in essence, it says 'we are prepared to hammer you but no-one else. We feel that they are the only people who should be funding this'.

There is a hardship fund available for Islanders who struggle with their TRP. It is little used and little accessed, but it is something which is there and available for those who are struggling – domestic TRP taxpayers.

Retail: I would suggest, sir, that we have recognised the position of retail with the proposals for a reduced increase of 5%. Retail's challenges are far greater than just TRP or rents. It is all about the changed shopping habits that we all have now or that many of us now have and how retail responds to that. So I think to feel that TRP is the solution to the challenges which that particular sector faces is naive, sir.

Principally because of the damage it would do to the balanced budget, as Deputy Kuttelwascher has said, I strongly urge Members to oppose this amendment, sir.

The Bailiff: Deputy Queripel will reply to the debate.

Deputy Queripel: Thank you, sir.

Deputy Kuttelwascher mentioned about this being a year of reckoning and facing reality. It really depends on which reality you live in. I speak to people who, as I said in my opening speech where every pound really does count and so any additional cost to their lives, sir – any pound that is added to their cost of living – makes life more difficult for them so it does depend on which reality you live in. There are many realities.

Deputy De Lisle, sir – I thank him for his support and Deputy St Pier. The hardship fund – well, that sounds great but in the past we have been told many times that people can have access to certain funds to help them or they have rights to particular assistance and they do not take it, sir. For some reason or other they do not take it, they do not access it and they carry on struggling. Could that not be the case in regard to the hardship fund? Could there be people who actually, although they could do with some help, who are just too proud to come forward and accept that help, sir?

I do not accept the argument about it is only a 5% rise to retail because we realise they are struggling. That does not make sense to me. And, once again, Deputy St Pier has missed my point, sir. He says, 'Well, TRP alone is not the problem.' He is right, but he is right in a sense – it is part of the collective mass and we have got to put a stop to that somewhere. We have got to stop adding to that mass, sir, because when you add to that mass that causes further problems and further obstacles to overcome. I sort of take his point on board but he is missing the point, in a way.

Sir, we keep on saying that we understand that many of our people are struggling – more than feeling the pinch. We keep on saying and acknowledging that smaller businesses – retail, industrial etc – are facing challenges and going through tough times. When are we going to turn those words into action? When are we going to provide some form of tangible support rather than moral or verbal, which amounts to nothing whatsoever? Sir, words from the Government do not alleviate the pressure of domestic bills. Words from the Government do not help businesses to be more viable, achieve greater competitiveness or to relieve cost pressures. Sometimes I think our approach is equivalent to the one where it was said, 'Let them eat cake'.

Yes, I know Commerce & Employment are working on initiatives to help businesses across the sectors, but those are fairly long-term plans. The benefits should be felt in the future but they will not be any time soon, sir. To put that into perspective, this Assembly now has been in place for over two years and nothing has, of yet, really emerged to help the kind of businesses that I am talking about. So nothing is going to emerge imminently. It may do in the future.

Sir, here we have a chance to do something immediately, something practical, something that demonstrates we understand the cost pressures being experienced by households and businesses and are at least doing something to hold them in abeyance rather than adding to them.

Yes, I know there will be a shortfall of £1 million-plus but when you see the kind of figures that T&R are talking about – £250 million to consolidate liabilities and guarantees – add to that a float of £80 million in case it is needed, transfers of several million pounds from that fund to this, £25 million to be set aside for

2480 transformation and transition and, yes, I realise this is to help fund work that may benefit the public at some time in the future. But, in any case, an awful lot of investment in the hope that one day it will pay dividends for the people of the Bailiwick.

2485 Here we have a chance to invest just over a million pounds that in some way or measure will assist our people and businesses now in a very real way. Sir, former Deputy Graham Gill used to speak about always promising people jam tomorrow. We need to leave them with something on their plates today. Sir in the greater scheme of things this would be a small gesture but I believe one that would be welcomed by the many Islanders and Bailiwick residents who are feeling the pressure at the moment – one that speaks much louder than grandiose words and plans.

2490 We need to demonstrate that we are listening to the people we are meant to represent. We need to demonstrate that people's ability to pay needs to be and has been taken into consideration. I ask Members to see this amendment in that light and support it and, by doing so, convey a far greater message: that this Government is in touch with reality, that it is connected to the people of this community and does take on board their words and their concerns.

2495 So, sir, I ask Members to support this amendment in that light and in that spirit. Thank you, sir.
Can I have a recorded vote, please?

The Bailiff: A recorded vote then please on amendment A, proposed by Deputy Laurie Queripel and seconded by Deputy Dave Jones. A recorded vote.

2500 *There was a recorded vote*

The Bailiff: Deputy Jones, do you wish to lay what has been marked as amendment B?

Deputy David Jones: I most certainly do.

2505 **The Bailiff:** In that case, do you wish to do so now?

Amendment B:

1. In proposition 9 to insert at the end of the words: ‘, except that in the case of domestic and land tariffs no increase shall be applied and the TRP rates per unit shall be the same in 2015 as they are in 2014’.

2. In proposition 10 to insert immediately following ‘Ordinance, 2014’ the words ‘, but subject to the substitution in the Schedule thereto for Table (A) (Guernsey Real Property – Guernsey Buildings and Guernsey Land) and Table (B) (Alderney Real Property – Alderney Buildings) (on pages 62 to 64) of the following Tables:

**TABLE (A)
GUERNSEY REAL PROPERTY**

2510 **GUERNSEY BUILDINGS**

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1	Domestic (whole unit) Local Market	99p
B1.2	Domestic (flat) Local Market	99p
B1.3	Domestic (glasshouse) Local Market	5p
B1.4	Domestic (outbuildings) Local Market	49p
B1.5	Domestic (garaging and parking) (non-owner-occupied) Local Market	99p
B2.1	Domestic (whole unit) Open Market	99p
B2.2	Domestic (flat) Open Market	99p
B2.3	Domestic (glasshouse) Open Market	5p
B2.4	Domestic (outbuildings) Open Market	49p
B2.5	Domestic (garaging and parking) (non-owner-occupied) Open Market	99p
B3.1	Domestic (whole unit) Social Housing	Zero
B3.2	Domestic (flat) Social Housing	Zero
B3.3	Domestic (glasshouse) Social Housing	Zero
B3.4	Domestic (outbuildings) Social Housing	Zero
B3.5	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero

B4.1	Hostelry and food outlets	£5.00
B4.2	Self-catering accommodation	£3.15
B4.3	Motor and marine trade	£4.25
B4.4	Retail	£8.85
B4.5	Warehousing	£4.55
B4.6	Industrial and workshop	£3.65
B4.7	Recreational and sporting premises	£2.15
B4.8	Garaging and parking (non-domestic)	£4.55
B5.1	Utilities providers	£35.75
B6.1	Office and ancillary accommodation (regulated finance industries)	£33.40
B6.2	Office and ancillary accommodation (other than regulated finance industries)	£11.15
B7.1	Horticulture (building other than a glasshouse)	5p
B8.1	Horticulture (glasshouse)	5p
B9.1	Agriculture	5p
B10.1	Publicly owned non-domestic	Zero
B11.1	Exempt (Buildings)	Zero
B12.1	Buildings – Penal Rate	Zero
B13.1	Development buildings (domestic)	49p
B13.2	Development buildings (non-domestic)	£4.75

GUERNSEY LAND

1 Property Reference	2 Property Description/Usage	3 Tariff
L1.1	Communal (flat) Local Market	13p
L1.2	Communal (flat) Open Market	13p
L1.3	Hostelry and food outlets	25p
L1.4	Self-catering accommodation	25p
L1.5	Motor and marine trade	25p
L1.6	Retail	25p
L1.7	Warehousing	25p
L1.8	Industrial	25p
L1.9	Recreational and sporting premises	25p
L1.10	Office and ancillary accommodation (regulated finance industries)	86p
L1.11	Office and ancillary accommodation (other than regulated finance industries)	29p
L1.12	Utilities providers	25p
L2.1	Approved development site	86p
L3.1	Domestic Local Market	13p
L3.2	Domestic Open Market	13p
L3.3	Horticulture	13p
L3.4	Agriculture	13p
L3.5	Domestic Social Housing	Zero
L3.6	Publicly owned non-domestic	Zero
L4.1	Exempt (Land)	Zero
L5.1	Land – Penal Rate	Zero
L6.1	Garaging and parking (non-domestic)	25p

TABLE (B)
ALDERNEY REAL PROPERTY

ALDERNEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1A	Domestic (whole unit)	99p
B1.2A	Domestic (flat)	99p
B1.3A	Domestic (glasshouse)	5p
B1.4A	Domestic (outbuildings)	49p
B1.5A	Domestic (garaging and parking) (non-owner-occupied)	99p
B3.1A	Domestic (whole unit) Social Housing	Zero
B3.2A	Domestic (flat) Social Housing	Zero
B3.3A	Domestic (glasshouse) Social Housing	Zero
B3.4A	Domestic (outbuildings) Social Housing	Zero
B3.5A	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1A	Hostelry and food outlets	£5.00
B4.2A	Self-catering accommodation	£3.15
B4.3A	Motor and marine trade	£4.25
B4.4A	Retail	£8.85
B4.5A	Warehousing	£4.55
B4.6A	Industrial and workshop	£3.65
B4.7A	Recreational and sporting premises	£2.15
B4.8A	Garaging and parking (non-domestic)	£4.55
B5.1A	Utilities providers	£35.75
B6.1A	Office and ancillary accommodation (regulated finance industries)	£33.40
B6.2A	Office and ancillary accommodation (other than regulated finance industries)	£11.15
B7.1A	Horticulture (building other than a glasshouse)	5p
B8.1A	Horticulture (glasshouse)	5p
B9.1A	Agriculture	5p
B10.1A	Publicly owned non-domestic	Zero
B11.1A	Exempt (Buildings)	Zero
B12.1A	Buildings – Penal Rate	Zero
B13.1A	Development building (domestic)	57p
B13.2A	Development building (non-domestic)	£4.75

2520

Deputy David Jones: Thank you, Mr Bailiff, Members of the States.

This is a very simple amendment which would freeze current TRP levels at today's rates and my reasons for doing so are also pretty unsophisticated.

2525

TRP has been systematically raised over the last few Budgets, with this latest one by 95%. This, across the same period of time when most working people in the private sector have not received a wage rise in several years and also at a time when general living costs – in terms of utility charges, travel costs, motoring and all the rest of it – have increased year on year.

2530

To compound the situation for those on limited incomes, the 2014 Budget proposes a freeze on personal tax allowances for the next two years. So for them it is almost a perfect storm for those who are struggling now.

My other reason for asking you to look at this amendment is because, as Housing Minister, it concerns me that this 15% rise will be passed on to tenants by landlords looking to recover their increased TRP costs. I must make it clear, however, that it is my view; it is not the collective view of my board and they will be free to speak for themselves on this issue.

2535

The private rental is already too high in this Island and people are struggling now, today, to pay their rents and this increase will certainly not help those people – especially those on low and fixed incomes, which then leads me to those on pensions who have modest incomes who live in their own homes. These people have also been hit hard as rises in pension have not kept up with increased living costs and, for many living in Guernsey, it has become almost impossible to cope with the annual increases, especially if you

2540 have no mechanism for increasing your income. They have certainly not been able to rely on any savings that they might have had from interest rate rises which have produced little income for many years.

Now, T&R want to balance the books and I understand that, but until economic growth returns to this Island – and the T&R Minister has said recently that it is likely to be at least another three years away before we can expect that to happen... that being the case we have to recognise that we may have to support the economy from our reserves for a little longer than we might have hoped for. Now, you heard the T&R Minister say that we have got £54 million unused yet. My belief is that we are betraying the people over the Zero-10 issue that we voted on at that time, because we assured them that we would use our reserves to cushion the blow for working people as time went by.

Now, Zero-10 was predicated on three things, in my view: it was predicated that there would be steady growth to help expand our economy and to improve wage levels for the working population which would help offset inevitable tax increases to them because of Zero-10; two – it was to look at extending the ‘10’ part of the strategy, which this Budget to some extent has done, but nothing was done very much for eight years and people have had yearly increases in the Budgets because we did not tackle that soon enough; and, three, it was to find more business to help spread our reliance on the finance sector. We have not managed to diversify our economy to the extent where we have generated additional income that would help ease the tax burden on our people.

So here we are again. We are pulling the rug from under our people because we promised them at the time that we would use an amount of money – up to £100 million – from the Contingency Reserve to cushion the blow to them and yet year on year we increase their taxes, we increase their indirect taxes – the TRP charges etc – and then this particular administration decides to pull the rug altogether.

We made that commitment when we went down the Zero-10 route and the growth that was part of that package never materialised but, as I said, successive T&R boards have ignored that part and just ratcheted up the taxes on the population, year on year.

Certainly – like Deputy Queripel – as a serving Deputy, I simple cannot sit back any longer while more families beat a path to my door, telling me that they can no longer pay their bills even though they are both working. We have a new section in our community now called ‘the working poor’, while at the same time supporting a Budget that is going to make matters significantly worse for many of these people. So I would urge you all to support this amendment.

Thank you, sir.

2570 **The Bailiff:** Deputy Queripel, do you formally second it?

Deputy Laurie Queripel: I do, sir, thank you.

2575 *Amendment A by Deputies Laurie Queripel and David Jones:*
Not carried – Pour 9, Contre 37, Ne vote pas 0, Absent 1

POUR

Deputy De Lisle
Alderney Rep. Jean
Deputy Gollop
Deputy Sherbourne
Deputy Lester Queripel
Deputy Le Pelley
Deputy David Jones
Deputy Laurie Queripel
Deputy Paint

CONTRE

Deputy Perrot
Deputy Brouard
Deputy Wilkie
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
Deputy O'Hara
Deputy Quin
Deputy Hadley
Alderney Rep. Harvey
Deputy Harwood
Deputy Kuttelwascher
Deputy Brehaut
Deputy Domaille
Deputy Langlois
Deputy Robert Jones
Deputy Le Clerc
Deputy Conder
Deputy Bebb
Deputy St Pier
Deputy Stewart
Deputy Gillson
Deputy Ogier
Deputy Trott
Deputy Fallaize
Deputy Lowe

NE VOTE PAS

None

ABSENT

Deputy Storey

Deputy Le Lièvre
Deputy Spruce
Deputy Collins
Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy James
Deputy Adam

2580 **The Bailiff:** Before I call any speakers, I can formally announce the result of the vote on amendment A: 9 votes in favour, 37 against. I declare amendment A lost.
Does anybody wish to speak in debate on amendment B?
Deputy Gollop.

2585 **Deputy Gollop:** Sir, I supported the last amendment and to a degree I support this amendment. I thought the first amendment that we have disposed of in a way was a stronger argument, because it was a subsidy to some of the commercial sector and the retail sector from being burdened.

The problem with both of these amendments is, paradoxically, in a way they are kind to the taxpayer because they want to reduce the tax that ordinary people pay. But if you look at the explanatory note on amendment B it makes the point, on the last page: the estimated loss of revenue occasioned by this amendment to be £650,000. Now, we have not heard where that money would come from.

2590 **Deputy David Jones:** Sir, a point of clarification.

I did say in my speech that I would expect us to carry on drawing down from our reserves until growth returns to this Island and prosperity comes back. That would be the time then that we would have to raise taxes in other ways, but the people's incomes by that time would have improved. So I am not making any alternative arrangements of where this tax... I have said clearly that we should continue to draw from the –

2600 **Deputy Gollop:** Well, I apologise to Deputy Dave Jones there because of course he did refer to that. But of course his solution to the budgetary problem implicitly means – assuming we do not even have a contingency fund by the end of the Budget and it is redesigned – that some other fund would suffer; a transition fund, an economic development fund. Effectively, we would therefore be subsidising future growth through present cushioning.

2605 That said, the reason I am tempted to support this amendment – and probably will – is that I do not think that we have come to a proper analysis yet, despite the good work of the PTBR group, in identifying where the taxation burdens should fall. I am sure many of the people Deputy Jones and Deputy Laurie Queripel have spoken to are perhaps older people, perhaps they are working people, perhaps they are the working poor, but they feel or express the view that the richer people in Guernsey or the finance sector should pay more.

2610 Now, we know, with perhaps a bit more broader wisdom, that that could be disastrous for the Island's economy and future growth but it nevertheless is a popular voice out there. And although we have heard Deputy... I remember one Deputy on Sir Geoff Rowland's Question Time identified that an alternative to GST or other taxation would be a significant rise in TRP – much more so than this. It was Deputy Conder? Yes, indeed, he did. And it was an interesting philosophical point but such a move in taxation terms would have a material effect on traditional families, on elderly people living in large perhaps over-sized properties.

2615 We would be transforming the Guernsey way of life and I think until we have had a wider debate, we should stop putting the pressure on rates because it is in many ways an unfair tax. It is a kind of a wealth tax. It is a States' tax. It is not a tax on income and it is not a tax on consumption and, for those reasons, I am wary of increases to it, especially from people already paying taxation in other ways. But I do consider that we should have other ways of financing these reductions and it should have been factored into the budget process from the start.

2620 **The Bailiff:** Deputy Kuttelwascher.

2625 **Deputy Kuttelwascher:** I thought I was going to have a quiet afternoon.

A Member: You can if you want! (*Laughter and interjections*)

Deputy Kuttelwascher: He is sat next to me, so... (*Interjection*)

Sir, I stand because of the references to the Contingency Reserve and how we should continue to use it. I remind Members that originally in our Fiscal Strategy we should have addressed this issue within five years and it has been extended. That was done on purpose at the time because the £54 million or £58 million that is estimated to be remaining by the end of this year was not used at a rate that was expected and, because of the economic growth being somewhat sluggish, we as a board in the last Budget decided not to get close to structural deficit because it would have had a negative impact on the economy.

But one of the reasons I support the idea of a balanced Budget now, is the muddling that has been going on in the public domain about this infamous general sales tax and people have been saying, 'We do not need a GST to fill our black hole'. Well, I could not agree with you more. It has got nothing to do with it. This is closing a structural deficit or an attempt to do so and the Personal Taxation and Benefits Review will be on top.

So the interesting thing about the three funds that are going to be or it is suggested will be created is this. They, to me, represent an expression of hope for some economic growth. The economic development fund will be there, I know somebody called it 'Kev's Fund', which is a shame –

The Bailiff: Are we straying off this amendment?

Deputy Kuttelwascher: – because it led to the laying of some amendments, I think. (*Laughter*)

If such projects can be delivered, they will help the economy. The transformation fund is important to me. This is like FTP mark 2 but it focuses on transformation. Forget about the financial because we can transform all sorts of things we do and the way we do it, with no negative impact on services – in fact a betterment of services – and it could save money.

So, to me, using what is left of the money we were expected to spend but did not spend, but putting it towards what could be regarded as economic enabling is a good thing. And I would like to bury this issue of whether GST was ever being proposed to fill the black hole: that has never been the case.

I also want to comment on the quantum of what is being proposed per head. I know it is an increase, but it is on the same sort of level of a bottle of scotch or a couple of packets of fags a week. That is the quantum of it on average, so I do not think it is necessarily an outrageous or onerous amount. So I hope Members will reject this amendment.

Thank you, sir.

The Bailiff: Deputy Perrot and then Deputy Fallaize.

Deputy Perrot: I rise really to express my gratitude to Deputy Gollop for expressing his concern about elderly people living in large oversized houses. (*Laughter*) I thank him very much for thinking of the likes of me. Of course, nobody at all, ever, likes paying taxes. It does not matter whether they are income taxes or wealth taxes or indirect taxes.

But could I remind the many of the people in this Chamber of what they stood for in the spring of 2012? What they stood for at that time was to get Guernsey's finances back into balance. (**Several Members:** Hear, hear.) And although Deputy David Jones and others come out with very beguiling tales of difficulty being encountered by people who own houses but are on low incomes... I have great sympathy with that, but the point is that we have to balance our finances. If we do not, those of us who promised to do it will actually have broken a compact with the public and, for me, I cannot bear that. I keep repeating, I stood on only, I think, five points and that was certainly one of my big ones: that we get back into balance, actually by the end of this year. Well, strictly speaking, of course, that is not so because we are looking at a three-year projection.

But if we do start tinkering around with little bits here and there of the Budget, we are going to have a Budget which is completely out of kilter and I cannot go along with that. But could I say to Deputy David Jones that, whereas I do have sympathy with what he says about people struggling, you can *always, always*, *always* say that about some sectors of our society, because they will not be doing as well as other people in society. So whenever you do put up tax on real property you are going to affect somebody and that somebody is going to be hurt, probably a bit more than others.

I would also like to say this, that property taxation in Guernsey is remarkably low compared with other jurisdictions (**A Member:** Hear, hear.) and I have never heard of the sort of contract which was mentioned earlier on that is somehow to make up for the fact that it is more expensive to live in Guernsey than elsewhere. I have never ever heard that; that the Treasury Department make sure that TRP is low because it is expensive to live in Guernsey. The fact is that I do not think that anybody has ever given real thought to our system of property taxation. We have tax on real property which replaced the old property tax but it certainly did not go up to anything like the relative values which it would have if we compared this with other jurisdictions.

So, for those reasons, I have to oppose this amendment, but I do acknowledge that in his cuddly way it is extremely well meant, but I think that Deputy David Jones, on this one, is wrong.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

In other words, the road to hell is paved with good intentions, I suppose.

I take Deputy Perrot's point about the importance of a balanced Budget and I think I stood here before and implored T&R to present proposals to deliver a balanced Budget. I thought it was a major, major failing of the last States to bequeath, as it were, such a significant structural deficit in public finances and if this States are able to eliminate the deficit – which effectively the proposals placed before the States by T&R do – then I think that is a major – perhaps *the* major – achievement of this term and I would want to depart from a balanced Budget only with a great deal of caution.

I do not really take the point that Deputy Kuttelwascher made about the quantum because, although strictly speaking he is correct, cigarettes and alcohol are of course discretionary items, housing is not really a discretionary item and therefore I do not think that the two can really be compared.

If one looks at this amendment from a purely fiscal perspective... and I do not think Deputy Jones mentioned this when he opened debate – but he should have because it would have been his best argument – (*Laughter*) he could have said that the proposal that he is trying to amend relates to personal taxation, effectively, and yet in the early months of next year we know that we will have the results of a Personal Tax, Pensions and Benefits Review.

And in other areas of the Budget T&R, quite understandably, have urged caution on the States because they do not want to see changes to personal tax in advance of the results of the Personal Tax Review being laid before the States. Yet, here in the Budget is a change and not an entirely insubstantial change for some people, in a form of personal taxation.

So I think the argument that this ought to be considered at the time of the Personal Tax, Pensions and Benefits debate is quite a good one. Deputy Jones I do not think used that in his opening speech, but he should in his summing up and I am sure he has made a note of that.

However, having in a sense supported his argument on the one hand, he did make me laugh actually because TRP is as much a factor of housing policy as it is a factor of fiscal policy and he told us about the people who are beating down the door to his path and who cannot live perhaps as comfortably as they once did – the new 'working poor' he called them – but of course most of them are probably beating a path down to his door because they used to be high earning States house tenants before he kicked them into the private sector. (**Several Members:** Hear, hear.)

Now, there is at least a kernel of truth in that but the point is that because TRP is, as much as anything – I will give way to Deputy Trott.

The Bailiff: Deputy Trott.

Deputy Trott: Well, it is only on a point of much-needed clarification, sir. As Deputy Fallaize knows, in the absence of Ministerial Government, Deputy Jones did no such thing; it was this Assembly that decided to endorse the Housing Department's policy.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: No, it definitely was not the Assembly. It might have been the Housing Department, but it definitely was not the Assembly because I have been here six and a half years and that policy has never been laid before me. But I take the point that it would have been a decision of successive Housing Departments.

The point is that TRP is a factor of housing policy as much as it is a factor of fiscal policy. Now, we have in Guernsey very high housing transaction costs, when one takes into account document duty and legal fees, and we have – as Deputy Perrot has pointed out – relatively low rates of TRP; property rates.

Now, that must inevitably cause a misallocation of housing resources. It must encourage under occupancy and this is the problem I have with this amendment. If I am going to look at it from a purely fiscal prospective, I could support it, because I think Deputy Jones is probably right in the argument he makes purely on the Budget point; but if one looks at this in terms of long-term housing policy it is not helpful for us to maintain high housing transaction costs and relatively low property rates because it encourages under occupancy and it has the effect of reducing supply in the housing market and we know that there is already under supply in the housing market.

So TRP is going to have to go up. If we are serious about trying to resolve problems in the housing market we are going to have to increase TRP. Now, the problem that causes, obviously, is that some people

would find that unaffordable – the people for whom we would not want it to become unaffordable, particularly young families – but if we simply sit on TRP generally across the board, the effect that will have is to depress TRP for people who are in large properties and who can bear the additional burden. So simply flattening TRP, or not allowing it to go up across the board, is actually a somewhat regressive policy because it keeps the cost of housing high by misallocating housing resources and it means that there are some people in properties who could reasonably bear an additional burden who are not having to because of a general policy of keeping TRP increases low. The way of dealing with people who cannot reasonably afford to pay even moderate levels of TRP is through the social welfare system, not by keeping everybody's TRP lower.

So, on balance, I think for that reason, I cannot support this amendment; but from the perspective purely of the annual Budget, Deputy Jones is probably right and makes fair arguments.

Thank you, sir.

The Bailiff: Deputy De Lisle.

Deputy De Lisle: Sir, I am not going to repeat the earlier points that I made, but I have to say that we have to be sensitive with respect to economic circumstances out there at the current time, particularly with people losing employment and also finding themselves in difficult circumstances. And TRP at 15%, sir, is many times the RPI inflation rate of 2.5% – probably five times. Now, that is a lot; that is a big increase and I do not see why we should give up an advantage, if people feel that there is an advantage with respect to our TRP rates, *vis-à-vis* those in England and other parts of the world.

Because I have had experience of TRP rates that have actually driven people on retirement out of their houses where they are very, very high – such as in Canada and in other parts of the world – and I would not like to see that benefit that we can pass on to our children here in Guernsey, being taken away by T&R boards in the future. I think we have got to remain competitive and we have got to remain and keep what we have as an advantage for people.

The other point that I want to make that I think is very important is that, with the introduction of Zero-10 in 2008, already nearly 80% of everything Government spends is taken from individuals through personal taxation, having accounted for only 60% before 2008, before Zero-10; so why should the individual continually be hit by very high TRP increases – 15% – when the inflation rate is just 2.5%, when in fact we have deliberately in Government, actually, changed the rules through the Zero-10 tax banding.

So I think we have to be sensitive then to the individual, we have to recognise what has gone on in the recent past and work sensitively with that and I would like to ask the Minister actually, in closing: where are these TRP rates going in the future? I mean how far are you going to take this? Is it not about time that we give this community some breathing space with respect to this tax? Because, do not forget, it is not just TRP, but it has an impact also on rates. I always look upon it as a doubling really: you have got your TRP rate to the States but you have also got your rates to the parish, so it is a double whammy that is being hit at people here in Guernsey.

So I would certainly support the amendment that has been put forward to relieve people of these very high increments in TRP rates.

Thank you, sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

Deputy De Lisle has just said most of what I was going to say, so I will not repeat it; but all I would like to say is that I was amazed to hear Deputy Kuttelwascher say he thought he was going to have a quiet afternoon and in an earlier speech he said he thought we lived in a jurisdiction known as 'Sarnia and not Narnia'. He is a Member of the Board that is presenting this Budget and there are 17 amendments to this Budget yet he tells us, he expected to have a quiet afternoon! (*Laughter*) You have to wonder which reality he is in, sir! (*Laughter and applause*) I will not give way. (*Laughter*) And my being concerned about the levels of communications within the States, I wonder if he informed his Minister and his fellow Board Members that he intended to have a quiet afternoon. It is extraordinary! (*Laughter*) And I will be supporting this amendment, sir. (*Laughter*)

The Bailiff: Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

A great deal of what I have already said clearly applies to this amendment, so I will not be using many of my own words, but rather I am going to read some extracts from a letter that appeared in the *Press* on 10th October, sir, entitled 'Think of long-term effects on family'. This provides an example for the

2810 arguments being made, because we have heard it said that there have been tales being told to certain Members about hardship for certain individuals in our community with families. Well, here, sir, is a *bona fide* classic example. I will only read a few extracts:

‘I... would urge all Deputies to think long and hard and consider the impact of these proposals on the families of the Island before approving them without challenge. While doing so, please remember that the larger mortgages (the 300 or so mentioned in [a particular *Press*] article) are not always owned by high-earning individuals. There are single parents, such as myself, who have been left in situations they would never have chosen, who juggle several jobs so as to try and preserve the family home for their children, who may be at a crucial time in their education/development. The proposals for the increase in [TRP], the freezing of allowances and particularly the dramatic drop in the mortgage interest relief fill me with horror.’

So there, sir, is a living example of the cumulative effect of all these charges and changes.

2815 ‘Like so many, my home is my pension pot. But today, for the first time, I wonder if actually I am now working harder purely to pay more tax, as the small amount left over each month will be taken away through these new taxes... We all appreciate the black hole needs to be filled, but this Budget hits those that work the hardest in a way they don’t deserve. After all, if I am forced to sell my home at a largely reduced rate, I too will become a drain on the economy in the future. Yesterday, I was on course to remain self-sufficient – today I am not so sure. Please, Deputies, think not only of savings, but the long-term effects on local families.’

Now, that is a living example, a black and white example, of what Deputy Dave Jones and myself are talking about.

2820 Once again Members have made the mistake of looking at the TRP increases in isolation. Yes, they are modest in isolation but, sir, they go up year upon year upon year and add that to all the other indirect taxes and charges that continue to increase, you must think of this in a collective sense. Deputy Perrot spoke about a compact with the electorate. There is another compact with the electorate and that is known as representation, sir; that is known as giving a voice to those who are struggling in our community and expect their politicians to try and do something about it. So that is another compact.

2825 Deputy Fallaize spoke about the Tax, Pensions and Benefits Review as well and I have included that actually in my notes. This Budget in my opinion should be a holding exercise bearing in mind that we have the results of the Tax, Pensions and Benefits Review to come. It should not contain significant policy proposals or the indiscriminate raising of charges such as TRP.

2830 I think we all accept extra revenue will be required in the future because of the extra pressures that have been brought to bear upon health and care services, but we need to identify the most equitable way to raise those funds. At the moment the ability for individuals and for households to absorb increases such as TRP just does not seem to have been analysed and that is ably demonstrated by the contents of this letter.

So it is for those reasons, sir, that Deputy Dave Jones and myself are asking Members to consider and to vote for this amendment.

2835 Thank you, sir.

The Bailiff: Does anyone else wish to speak?

Deputy St Pier then, do you wish to...? Sorry, Deputy Le Lièvre. Sorry, I had not seen you, Deputy Le Lièvre.

2840 **Deputy Le Lièvre:** Thank you, sir.

2845 I just thought I would stand up very shortly to say a few things because I am a little confused. We have got the Personal Tax, Pensions and Benefit Review, we have got SWBIC. They are all – SWBIC in particular – working towards ensuring that the levels of benefits for those in need are correct, but we do not even need to talk about SWBIC or the Personal Tax, Pension and Benefits Review, because we have a system already that deals with the working people in the community. It deals with those struggling now, it deals with landlords and high private rents, it deals with those on modest pensions, it deals with people working on low incomes etc. It is called ‘Supplementary Benefit’ or ‘Income Support’.

2850 The element of the Supplementary Benefit scheme – we will call it ‘Income Support’ under its new title – with regard to housing costs is completely separate to any calculation of a person’s need. It becomes an add-on, so the higher rate of TRP the greater the benefits paid to the poor person. Other than the benefit limitation, which ultimately might go at some stage in the future, there is no limit on the amount of assistance a person will get with regard to their TRP.

2855 So I do not think we should hear stories about people being squeezed. The people who are most in need will get assistance in relation to their TRP at 100%. Not cut down; not at some rate decided by a committee such as SWBIC with regard to their day to day living costs. They will receive actual assistance at a rate equal to the new increase in TRP. It is as simple as that. Accommodation costs under section, whatever it is – 6 or 10 – of the Supplementary Benefit Law, include all taxes and other charges based on a property. So there is no need for them to worry. Those people – especially the non-working poor and the elderly working poor need not worry because the current system of assistance will pick them up.

2860

Now, Deputy Jones knows that – he might be laughing but he knows that – and his own Rent Rebate Scheme, in association with Supplementary Benefit, will pick up the hundreds and hundreds of poor people both in the social housing and the private rented sector, who will be most cruelly – if that is the correct word – impacted by these rules. There will be no impact for them because the benefit system – the existing benefit system, without any enhancements from SWBIC – will pick them up.

The Bailiff: Does anyone else wish to speak before I call on the Minister? No.
Deputy St Pier then.

Deputy St Pier: Sir, if I could just start with a point of correction. Deputy Dave Jones, when he moved his amendment, seemed to be suggesting that there was a proposal in the Budget to freeze personal tax allowances for two years. That is not correct. The Proposition is only in respect of this year, the Budget Report makes an assumption in relation to that continuing next year for purposes of the three-year forecast included for the first time. However, those decisions will obviously be taken next year in light of the fiscal and economic position at the time. So, just that point of correction.

Sir, he also referred to there having been a 95% increase in domestic TRP following the changes to the Corporate Tax Regime. Of course, as others have noted, it is 95% from a very low base and indeed this large percentage today – 15% – again remains from a relatively low base.

I was going to speak of hardship but Deputy Le Lièvre has covered that and I cannot possibly improve on anything that he has said. Deputy Fallaize referred to the Personal Tax Benefits review and, yes, I would agree with him that in an ideal world it would be better to have deferred any substantial changes in domestic TRP until the full package of reform under that review could be brought and debated here. However, as Deputy Kuttelwascher has said, needs must and in our judgement the Board felt that, given where rates currently are, it was an appropriate contribution to help us deliver the balanced Budget that we are seeking to deliver.

So in relation to Deputy De Lisle's question about where TRP rates are going, the answer to that is I cannot tell him here today. That is a debate which will be had as part of the Personal Tax, Pensions and Benefits Review.

Deputy De Lisle also, again I did not wish to interrupt him but I think he seemed to be suggesting that 80% of all earnings taken by the Government were up from 60%. I think that requires correction, I think he must be referring to the proportion of our taxes which come from income-related sources. Actually, our economy takes around 26% or 27% of earnings from the economy.

Deputy Laurie Queripel referred to the cutting from the newspaper and the story. I can also give an anecdote. This morning, as I was coming in, a member of the public came up to me and was expressing concern about the impact of the proposals on domestic TRP for him and he was saying that it could well push him over the edge. He meant financially and I explored with him what his circumstances were. When I did that with him he explained that he was living in a property which is certainly smaller than would be the average, and the average of course is £150 a year and the impact of these proposals would be £22 a year.

When I explained that to him and he understood the impact on him would be somewhat less than £22 a year, his concerns did go away. So I think, again, working in percentages, and I think again somebody referred to Deputy Lowe earlier always making the point that percentages are sometimes misleading and we do need to work in real numbers. Working in real numbers gave that particular member of the public some reassurance that he was not going to be in hardship as a result of these proposals.

Deputy Dave Jones also referred to pensioners with savings struggling because of course they cannot do anything to increase their income, not least because of the impact of the interest rates in the last few years. Of course those pensioners with savings will benefit from the £50 exemption on bank interest, which for a married couple of course would produce a saving of £40 a year, which again for the average property would mean that would cover the impact of TRP for them.

However, the main point I wanted to address, sir, was the suggestion that these proposals would lead to an increase in rents. There is no evidence of that. Rents are a factor entirely of supply and demand. Landlords will of course use any reason they could possibly find to site as a reason for increasing rents, but they will not be able to increase the rents if the demand is not there.

Therefore, I would agree entirely with Deputy Fallaize that this is much more about the housing policy and we need to be doing more. If we are serious about helping those who are in high rented properties, if we were serious about doing more for them, we should be doing more for them on the supply side; and there is nobody in this Assembly in a better position to help with that than the person who proposed this motion, the Housing Minister, Deputy Dave Jones and I would have far more sympathy for him had he come to this Assembly with a proposal to spend £650,000, for example, on a TRP holiday for new builds in an attempt to stimulate supply. Those kind of initiatives, sir, would have a far greater impact on those that Deputy Jones is seeking to assist.

For all those reasons, sir, I hope the Assembly will reject this amendment.

The Bailiff: Deputy Dave Jones, to reply to the debate.

Deputy David Jones: Thank you.

2925 Well, of course, the T&R Minister forgot to tell you that in the action plans of the Corporate Housing Fund fiscal stimulus for creating housing is with whose Department? T&R and they have done precious little of it since they have been in office, I have to say. So –

Deputy St Pier: Sir, I thank the Minister for giving way.

2930 As the Minister knows, my Department has repeatedly in the last two and a half years sought to engage with your Department to discover what we can do to assist *his* Department in delivering its policies. **(Several Members:** Ooh!)

Deputy David Jones: Okay, we will talk about that when we talk about the £20 million that has been taken from the Corporate Housing Fund, which is actually £30 million if you talk about the £10 million we gave a few years ago. But let us stick to this amendment and the summing up.

2935 First of all, Deputy Gollop made some points that were brought up by Deputy Conder at a Question Time in St Peter Port, but the problem with an analysis is that we should raise TRP rates to UK levels to avoid a GST, I would respectfully say to my good friend Deputy Conder, ‘You know nothing about Government at all.’ Government has proved in the past – *(Interjection and Laughter)* Well, I am sorry. I am sorry, Deputy Conder, but Government has proved in the past that it simply cannot be trusted and you will get both, do not worry about that.

2940 TRP rates are at the moment being ratcheted up year on year. It is all very well for a Treasury Member to say well it is only a small percentage this year. It is the same old excuse that T&R trot out every year – sorry, Deputy Trott *(Laughter)* The same old excuse they bring up every year, ‘Well, of course, it is only a very small increment and nobody is going to notice and nobody is going to be affected by it.’ That is pure abject rubbish. People have got an accumulative effect. We are now 95% over the last six years – that this has gone up and they are being affected by it.

2945 To take up Deputy Le Lièvre’s point, our tenants do not pay TRP, Deputy Le Lièvre, so they will not be affected and there is not much that we can do about that.

Going back to that, you will, Deputy Conder, get both.

2950 I have covered Deputy Kuttelwascher’s contribution. *(Laughter)* Deputy Perrot, you were talking about we made promises, when you rejoined the States and other new Members joined, about eradicating the deficit, but I would remind you we also made promises in 2008 that we would help cushion the blow to our people from the £100 million tax loss due to Zero-10. Affectively, this administration has now pulled the rug on that. They reneged on that promise and now they are going to make the people pay and pay much more than, I believe, was ever agreed through that agreement.

2955 You talked about a balanced Budget and the numbers of people who come and see me. Well, I am not sure how many people go and visit you in your home in St Saviours – or, sorry, is it St Peter’s? – *(Laughter)* but certainly they do... Sorry I had forgotten.

Deputy Perrot: For the purpose of the record, sir, I live in God’s own parish which is St Saviour. *(Laughter)*

2965 **Deputy David Jones:** Thank you – in St Saviours.

But I certainly must live in a very convenient spot for people to come because I get lots of them and they are all telling a similar story. It is not just people who live in their own homes and TRP, it is just the general ratcheting year on year with indirect taxation, about incomes that have not increased because they have not had wage rises in several years and it is really now beginning to bite. Everything is becoming more expensive and there are many things now that ordinary Guernsey people are excluded from in many ways. They are excluded from the marinas – that is going to get worse because they can no longer afford to put their boats in there. They are excluded from lots of things: the cost of legal advice, healthcare and all kinds of things that are very expensive.

2970 So I do take issue with that. These people do deserve to be listened to and they are growing in number. I do not think many in this Chamber will be affected by this TRP rise. We all earn good salaries. It does not matter to us one way or the other; it is only a small increase, as Deputy Kuttelwascher has said. But the fact of the matter is that we are a very privileged group and we often forget that. We sit here on our comfortable benches and we forget that there are many people out there who do not earn the salaries that we get, they do not get a regular income that we get, they have no way of supplementing their salary as many of us could if we wished and we live in a completely different world, divorced from many of the people that I see.

2980 Now Deputy Fallaize said I did not mention about the personal element of this increase. Well, of course not because, as he will know, we have an amendment coming forward that talks a lot about personal taxes

and I thought that was probably best left for that amendment as it does not appear now that it is going to be withdrawn and that is one of the reasons that I did not do it. But these are people who live in their own homes mostly and in private rental.

Again, I go back to the physical stimulation for housing is supposed to come from T&R and we will go into that later when we talk about the corporate housing fund.

Deputy De Lisle asked: where are the TRP rates going to go? Well, I can tell you. They are going to go through the roof because this is what this Treasury will carry on doing. And you have heard it – the idea that, ‘Oh, they are too low’, is not code anymore, it is telling you where they are going to go. They want our TRP rates to be the equivalent to the UK but they are very selective about what they compare the UK to, T&R. You know personal tax allowances now are higher in the UK but we do not want to compare that!

Here we go! (*Laughter*)

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, a point of correction. The Treasury & Resources Department does not want TRP rates at the same as the UK and he is misleading this Assembly and those outside this Assembly when he constantly reasserts that we do.

Deputy David Jones: Well, I can only tell you what an ex-Treasury Member told me – who has now retired from the States – of a comment that was made around the Treasury table at that time by a Treasury official. So talk to your own staff, Deputy St Pier, do not shoot the messenger.

Okay, Deputy Le Lièvre, I am grateful. There is a fund – I understand that – but do we really now want to tax people into benefits? Is that what we are saying? We are just going to just keep raising taxes until we drive them into the benefit system so that they can claim allowances of all types? And the other thing that I would ask is: how does that help with our black hole? If the Government is going to pick up the tab because higher taxes are driving people towards Social Security’s door, tell me how that helps Government spending. Surely it increases Government spending – which it should not be doing.

So I think that covers pretty well everybody. I cannot think of anybody I have missed out. I hope you support this amendment. The way these Budgets have gone now year on year, certainly for the last six years, has had a real accumulative effect on many people in Guernsey. I have renamed many of them ‘the working poor’ and I would be happy for any one of you to spend a weekend with me talking to many of these people if you wish, so that you can understand where they are coming from. They do not have the ability to increase their income, they just have to carry on paying. And do not forget, this TRP is only one of several indirect taxes that they are going to be hit by in this Budget.

Thank you, sir.

The Bailiff: Members, we will vote then on the amendment marked B –

A Member: Could we have a recorded vote?

The Bailiff: – proposed by Deputy Dave Jones, seconded by Deputy Laurie Queripel, and there is a request for a recorded vote.

There was a recorded vote.

The Bailiff: Well, Members, while the votes are counted we will move on to amendment C, if Alderney Representative Jean wishes to lay it, which I believe he does.

Alderney Representative Jean.

Amendment C:

1. In proposition 9 to delete ‘and Alderney’.

2. In proposition 10 to insert immediately following ‘Ordinance, 2014’ the words ‘, but subject to the substitution in the Schedule thereto for Table (B) (Alderney Real Property – Alderney Buildings) (on page 64) of the following Table:

TABLE (B)
ALDERNEY REAL PROPERTY

ALDERNEY BUILDINGS

1 Property Reference	2 Property Description/Usage	3 Tariff
B1.1A	Domestic (whole unit)	99p
B1.2A	Domestic (flat)	99p
B1.3A	Domestic (glasshouse)	5p
B1.4A	Domestic (outbuildings)	49p
B1.5A	Domestic (garaging and parking) (non-owner-occupied)	99p
B3.1A	Domestic (whole unit) Social Housing	Zero
B3.2A	Domestic (flat) Social Housing	Zero
B3.3A	Domestic (glasshouse) Social Housing	Zero
B3.4A	Domestic (outbuildings) Social Housing	Zero
B3.5A	Domestic (garaging and parking) (non-owner-occupied) Social Housing	Zero
B4.1A	Hostelry and food outlets	£4.55
B4.2A	Self-catering accommodation	£2.85
B4.3A	Motor and marine trade	£3.85
B4.4A	Retail	£8.45
B4.5A	Warehousing	£4.15
B4.6A	Industrial and workshop	£3.30
B4.7A	Recreational and sporting premises	£1.95
B4.8A	Garaging and parking (non-domestic)	£4.15
B5.1A	Utilities providers	£32.50
B6.1A	Office and ancillary accommodation (regulated finance industries)	£30.35
B6.2A	Office and ancillary accommodation (other than regulated finance industries)	£10.15
B7.1A	Horticulture (building other than a glasshouse)	5p
B8.1A	Horticulture (glasshouse)	5p
B9.1A	Agriculture	5p
B10.1A	Publicly owned non-domestic	Zero
B11.1A	Exempt (Buildings)	Zero
B12.1A	Buildings – Penal Rate	Zero
B13.1A	Development building (domestic)	49p
B13.2A	Development building (non-domestic)	£4.30

Alderney Representative Jean: Thank you, sir, Members of the States.

First of all, may I thank my seconder, Deputy Peter Sherbourne? I must declare my interest before this Assembly as I have made no secret of the fact that I pay quite a large TRP bill, which I cannot pass on to my tenants in Alderney. I have questioned myself about my own interests but in this respect, I still feel that I am the best qualified to present the case for the Alderney business community, across the wide range of tax that is TRP. But, in declaring that interest, I also would like to inform this Assembly that I am debilitated in the sense that I will not be able to vote for the amendment and that is difficult.

Just what is the situation in Alderney? Let me see if I can explain. There is no doubt that the recession has bitten deep into our Island. We have a lot of empty office space, a lot of empty commercial and warehouse space and holiday lets which have not performed as those properties should. Between seven or eight of these self-catering properties have applied to be removed from the register or de-registered this summer alone. We do not fully know all the reasons for this, but the States of Alderney is about to make enquiries to find out all we can about this situation and why this is happening.

This loss of course is reducing the stock of available tourism accommodation in Alderney which is not a good thing for our tourism industry. This reduction continues into the hotel sector. In the summer of 2013 we lost the Bellevue Hotel – over 40 rooms plus restaurant, bar and ballroom. In the letter that we received from them, they quoted that TRP was one of many reasons.

In 2013 an attempt was made to re-open the old Town House right at the top of our main street, Victoria Street – once a thriving business. Later in the early part of 2014, all the contents and stock were sold off and the building, as far as I know, remains for sale to this day. The owners of that building, I am sorry to say, their efforts met with such a sad result. This year one of our largest restaurants, The Moorings, shut down

and a closing auction took place there not long after Alderney Week, selling off all equipment, fridges, freezers, china, cutlery etc.

On the positive side, Alderney had a much better summer at the Harbour, with a long, sustained and settled period of good weather contributing to a 14% rise in the visiting yachts. This, however, is exceptional and it has been many years since Alderney has had a summer such as this one and for which we are truly grateful, as Alderney continues to strive to get a marina which may take some of the unpredictable weather element out of the equation.

Some time ago the removal of low value consignment relief had some effect on the Alderney economy – closing four firms and leaving five empty units of accommodation, and emptying out a considerable amount of warehouse space. The owners of these demised and empty premises still have to pay TRP – empty or not. I remember statements emanating from a previous Assembly in this States talking about a higher rate of TRP for properties that were empty to encourage people to rent them again.

In Alderney if a property is empty, at times it is not easy to get a tenancy at all. Again, the last two flats I have dealt with took me around five months to rent. Some properties have been empty for some years and will not sell either. Warehouses and offices – empty for years, but the owners would dearly like to rent them and it is well known that these premises are available.

To add to this list, is the fall in demand for lock up garages as well but there is no way to ascertain just how many, although I know that I have some.

The States of Alderney has tried to get at the amount of cancellations and ‘gone tech’ delays we have been having through the skeletal flight pattern imposed upon the Island of Alderney. We do not know how many people cancel and we do not know how many people cannot come, or the difficulties they face when they try to book. Alderney business and trade as regards would-be customers of holidays, tourism and hotels is, at the moment, to say the least, a destination fraught with difficulty.

The recent interviews and Channel TV statements from the Chamber of Commerce all lead us to the realisation that this is no mirage. TRP is part of a step too far in an Island which has a different economy, which functions in a completely different way to that of Guernsey – a more vulnerable economy, a less viable economy, an economy which survives on a turnover the likes of which, if faced by a Guernsey business, they would shut up and go home. Some of our businesses rely on a thousand or a few hundred to get them through the winter – that is all they have got.

I know this Town. I have quite a few properties throughout the Town. The people talk to me and they know I will try to help them. The winter comes again to Alderney and all too soon, when we rely entirely on an income generated by our own population. Let me explain to you what has happened there. Not enough and much reduced by some 400 in the results of the last census in 2013. I believe if our census were updated now, as we head for 2015, we would add another 50 or 60 people and possibly 100, although I cannot be certain.

For those Deputies who have sent emails supporting the Alderney situation, I truly thank you. I ask for your support for this amendment as my own interest declared before you definitely prevents me voting for it. Who should be paying the amount of TRP they are paying now? Let us not forget the utilities – our electricity and oil provider. Our costs for oil and electricity are amongst the highest in the Channel Islands. I hear that AEL may be paying around £50,000 – that is our electricity provider – and also our Water Board pays, passing this on to hard pressed customers who can ill afford any rise. Surely our utilities, including our own Water Board, should be exempt from TRP as this goes right through to the old age pensioner and the young working family with children.

I admired the words of Deputy Dave Jones. I think that in many respects he is correct. Yes, mistakes have been made and those mistakes include the under estimation of how long the recession would continue. But we did make a promise. This Assembly did make a promise and, although I was not part of it, I agree with the words of Deputy Dave Jones: this was to be funded from reserves until there was a recovery. Your own shops speak to me. I speak to quite a few of them and they feel hurt and bitter about the way that they have been targeted – your retail businesses. Deputy Dave Jones is right and I admire what he said and the courage he had for saying it.

I urge you to support this amendment on behalf of the Alderney businesses. It is not a great deal but it would certainly help to start to show the stepped differences between the two economies and they are quite steep I assure you.

Thank you, sir.

The Bailiff: Alderney Representative Jean, there is nothing in the Rules that precludes you from voting. Rule 12(10) specifically states that:

‘A Member shall not, by reason only of declaring an interest... be precluded from voting on the proposition.’

Alderney Representative Jean: Could you ask the Members whether they would find it acceptable (The Bailiff: No.) if I did vote?

The Bailiff: No.

Alderney Representative Jean: No. Okay. I accept what you are saying, sir.

The Bailiff: All I say is that there is nothing in the Rules that precludes you from voting. It is then a matter for you as to how you do vote.

Alderney Representative Jean: I may vote then. Thank you, sir.

The Bailiff: Deputy Sherbourne, do you formally second the amendment?

Deputy Sherbourne: I do, sir.

*Amendment B by Deputies David Jones and Laurie Queripel:
Not carried – Pour 11, Contre 35, Ne vote pas 0, Absent 1*

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy De Lisle	Deputy Perrot	None	Deputy Storey
Alderney Rep. Jean	Deputy Brouard		
Alderney Rep. Harvey	Deputy Wilkie		
Deputy Gollop	Deputy Burford		
Deputy Sherbourne	Deputy Inglis		
Deputy Lester Queripel	Deputy Soulsby		
Deputy Le Pelley	Deputy Sillars		
Deputy Ogier	Deputy Luxon		
Deputy David Jones	Deputy O'Hara		
Deputy Laurie Queripel	Deputy Quin		
Deputy Paint	Deputy Hadley		
	Deputy Harwood		
	Deputy Kuttelwascher		
	Deputy Brehaut		
	Deputy Domaille		
	Deputy Langlois		
	Deputy Robert Jones		
	Deputy Le Clerc		
	Deputy Conder		
	Deputy Bebb		
	Deputy St Pier		
	Deputy Stewart		
	Deputy Gillson		
	Deputy Trott		
	Deputy Fallaize		
	Deputy Lowe		
	Deputy Le Lièvre		
	Deputy Spruce		
	Deputy Collins		
	Deputy Duquemin		
	Deputy Green		
	Deputy Dorey		
	Deputy Le Tocq		
	Deputy James		
	Deputy Adam		

The Bailiff: Just before anyone speaks, I can formally declare the result of the voting on the amendment marked B: 11 votes in favour, 35 against. I declare it lost.

Deputy Sherbourne, you wish to speak now do you?

Deputy Sherbourne: I will speak now, sir, thank you.

Members, it is with great pleasure that I second this amendment. As many of you will know, I have a past close relationship in Alderney, having lived there for two years, and am fortunate also at the moment, to be the Education Department's representative on the school committee, so I pay regular visits and have been really saddened over the last two to three years to see what is becoming the demise of an Island.

Depopulation has a demoralising effect on people. It has never been easy, I believe, for people to make a regular and worthwhile living in Alderney. Many of the families there, to enable them to buy property, do

many, many jobs. It is not unusual for people to have four or five jobs to accumulate the sort of money they need to live. It is not a happy place at the moment.

3150 Depopulation, as I have said, has that demoralising affect. It has an effect on the school. Just to give you some idea, in years Reception, One, Two, Three and Four, between them, there are just over 30 children. Work that through to secondary phase and you can see a school – when I was head there about 210 to 220 – which is now about 130 and falling. The whole feeling of the place has changed and yet we can do something about it. We can enable them to kick start with small measures that will enable them to kick start
3155 their economy and I believe this will be one small step along the way.

I was very impressed with Deputy Laurie Queripel's analysis of the impact that accumulative charges are having on the lower paid people of this Island, echoed by Deputy Dave Jones in the second amendment. That is why I actually supported those two amendments, because I believe we are out of touch with those in our community who really find it hard to make ends meet.

3160 I applaud the general tone of this Budget. I think it is a really good attempt to provide us with a balanced Budget, but I think there are anomalies in those proposals which have resulted in 17 amendments and it is right and proper that we should be discussing those now. I also realise that these amendments have a financial cost. I am realistic enough to understand that we may have to bite the bullet and say, 'No, for another year or two years, we have to continue with these austerity measures'.

3165 But as far as Alderney is concerned it is a different ball game. Previous debates which have involved discussion around Alderney's plight have met with tremendous support from this Assembly. There has been a warmth directed to Alderney from this Assembly and I am proud to sit here and hear that supportive noise that comes from the floor of the States of Guernsey. This is an opportunity to put our money where our mouths are. To actually say, 'Yes, we have to make allowances for the special problems that Alderney faces'. Yes, the burden will fall on Guernsey people – I understand that but I would like to suggest that if
3170 we do nothing and we do not enable that small Island to survive and prosper, it will cost us a lot more in the long run.

So, please, Members of the States of Guernsey, think carefully before you vote Contre to this amendment and let us support Alderney in its efforts to move forward.

3175 Thank you.

The Bailiff: Alderney Representative Harvey.

Alderney Representative Harvey: Thank you, sir.

I am most grateful for Deputy Sherbourne's supportive comments and I will add not a great deal to what
3180 my colleague Mr Jean has said, because I think he covered all the issues pretty thoroughly.

Just to fill in a couple of little pictures, at the current count we have 51 hotel rooms in Alderney. Since TRP was introduced we have lost 61, so we are heading downhill rapidly and whilst much focus and attention is being paid to economy and we have many economists who have drawn cunning little graphs showing the rate of decline – what they all do is show a nice steady straight line with plenty of time to
3185 arrest matters. Real life is not like that. The closure of the Belle Vue late last year was entirely precipitated by their receipt of the TRP bill. So it is not true to say that TRP alone does not cause these problems; it is the camel and the last straw.

Fiscal union of course is all very well and we have been part of it for very many years, but there is no economic union. As has been referred to by other people, our economies are extremely different, the
3190 dynamics are extremely difficult and the challenges are very different. Yes, yacht numbers in the harbour showed a small increase, for which we are very grateful, but last year's growth in passenger numbers fell off a cliff in quarter three this year, when the Trislanders literally failed to get off the ground in many cases. I will not dwell on Aurigny and the problems there because those will be addressed separately but there have been quite a number of days when there was only one aircraft serving both our routes and all of the
3195 schedules which are conveniently combined in the interests of showing no delays. So I think there is a major problem there with that.

But I would suggest that Members, with respect, might consider voting for this amendment and against the Proposition of increasing TRP in Alderney, not out of sympathy – though we would very much welcome that – but out of common sense, because I can guarantee to you that this time next year there will
3200 be less businesses in Alderney, less retailers in Victoria Street and your take from TRP next year will be down and this increase is merely hastening that situation. So I think it would be notwithstanding the longer debate and greater debate to take place in December. I think it will send a remarkable message of encouragement at fairly minimal cost, if this Assembly voted for this Proposition.

Thank you.

3205

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you.

When Deputy Lester Queripel questioned why a Member of Treasury & Resources had been quiet, I could give two other reasons for that maybe. The first would be that they did not feel that the amendments were worth questioning; the other reason of course would be that the amendments do not need to be opposed; and I think that this particularly is an amendment that Treasury & Resources should not oppose.

It only takes out of the Budget £75,000, compared to the other ones which were much more. Intriguingly, I think if you did the maths you would see that that £75,000 is a somewhat higher ratio for the population of Alderney than indeed from Guernsey, proportionately. And Alderney, because of the diseconomies of scale, takes an unnecessary hit.

I too have an anecdote – like Deputy St Pier – on my way to the States today – it sounds like a joke but it is not particularly – a man from Alderney was staying at a local town hotel and said stick up for Alderney and there really is this community feeling that this is a time of trial, a time of stress and the States really should be facilitating a change of heart there. I mean I went to the Institute of Directors' conference earlier this month and one of the speakers clearly believed that a real future for Alderney would be as an economic developmental impôt zone.

The idea, which goes much further than this amendment, would be to reduce the costs of doing business in Alderney. And yet, as this amendment makes clear, there are high electricity charges in Alderney, there are higher fuel charges, there are higher transport costs. There are those diseconomies of scale and therefore we should be looking to help Alderney and reduce the cost.

I think all the speakers have made those points but one point that I think could be made more vigorously to add to the other points, is that in many areas rates are set according to the value of the properties in those areas and I think it is fair to say that if anybody here was in the fortunate position of taking a lease on the Mayfair residential complex or business complex that the rates would be a lot higher than Guernsey and indeed a lot higher than some of the less affluent London boroughs or Scotland or Wales or Cornwall.

But we are applying a one-size-fits-all to St Peter Port, which is a mini London in Monopoly terms, and to St Anne's, which is a mini Scilly Isles. In Alderney it is almost pointless for a business to open after four o'clock on a winter's afternoon because the cost of the fuel would be greater than the customers they are likely to get. We really do have to consider a rates tariff that is appropriate for an Island of that size with that kind of economy and that kind of seasonal drift and we are being unfair and, in a way, *ultra vires* in applying the Guernsey commercial real estate situation to Alderney.

I really do believe that this is the time to not necessarily pull up the whole structure but to not have the rises this year affecting the people of Alderney. You really could be forcing businesses to close but also the proverbial older person or working poor to suddenly find themselves homeless because they will have to consider selling their home and perhaps even leaving the Island.

The Bailiff: Deputy Hadley.

Deputy Hadley: Mr Bailiff, many of us went to Alderney earlier this year for the sad event, the funeral of Alderney Representative Arditti, and I think it was at that event that many of us said how much we needed in the future to consider Alderney as an essential part of the Bailiwick.

The sum of money here that the States will have to give up – £75,000 – really is a tiny amount, considering many of the expenses that we have and I think to vote for this amendment does send a clear message to Alderney that we appreciate their problems and in the future we are going to do everything we can to try and help them overcome them.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

I was not going to be supporting this amendment, but I think I will. I think there is a reasonable argument that we already divide up businesses between different types of businesses and different levels of payment. If you take that to the next stage, there might be a reasonable argument that you can put forward that you can divide up areas and I think Alderney does fall into that capacity.

There is also nothing to stop us, in future years, increasing it once Alderney is back up on its feet. But I will tell you where you should really look and that is just over the page on the Alderney list – the one for Herm which is completely blank. We have got a hotel in Herm, we have got pubs and restaurants but there is no TRP. Now if you want to look for the £75,000 difference to replace the one from Alderney, I would look there. Not for the landlord to pay because that is us, (*Laughter*) but for the tenants perhaps to pay, to make a bit more of a level playing field for the hotel over there, versus the hotels here or hotels in Alderney. Why should one be paying TRP and one not?

If the cost is passed on to the landlord, then the landlord, perhaps as ourselves, needs to pass that on to the tenant. I do not have a choice whether I pay my TRP or not, or whether a new tax comes in and I do not

think Herm should either. So I think that is one area which perhaps Treasury might want to look to in the future to make sure that we have a level playing field. I do not want to victimise or penalise Herm but it just stands out as a bit of an anomaly if we are looking to help Alderney and yet we have an Island close to our shows where no TRP is paid.

Thank you, sir.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

First of all, I congratulate Alderney Representative Jean for bringing this amendment, as much as anything, to flag up the issues of which we are very conscious and to give clear recognition to Alderney that awareness is around.

He paints a stark image of the issues that the Island faces, it is an island within our Bailiwick and it is part of the area that this Assembly looks after in whatever we do, or at least discusses and that situation is bad.

I currently chair the Alderney Liaison Group and I spent two days in September on a fact finding visit. I met as many people as I could in Alderney. I heard a very consistent story. Like any place, there are differing views. In fact Alderney States' Members, when altogether in a bunch, make us look positively united on occasions! (*Laughter*) But there are different views but, nevertheless, it is healthy discussion of facing a very difficult situation.

Now, many references have been made today to the December States' Report, which is the report back from the Arditti Requête, and that has now been signed off and is ready to go. In fact, it has already been printed. I saw it somewhere. That indicates that the Alderney Liaison Group reached an agreement that a review of the financial relationship between the Guernsey States' finances and the Alderney States' finances is overdue; and that is one of the Propositions in there – that there must be that review.

That said, sir, I am afraid the sting in the tail here, from my particular input, is that I think the time is wrong to piecemeal go for an amendment of this sort. It would be fundamentally unfair – however small the amount appears in the bigger scheme of things – to ask Guernsey taxpayers to pay for this before we know how this relationship works.

Therefore, I beg you to not support the amendment.

The Bailiff: Does anyone wish to speak? No, Deputy St Pier then.

Deputy St Pier: Sir, I think many of the points that actually I was going to make have been made by those who have spoken in support of this amendment. In particular, yes, we are in a fiscal union with Alderney. As Alderney Representatives Jean and Harvey will know, there is considerable sympathy for Alderney's economic plight at present and we have been working through the Alderney Liaison Group, as Deputy Langlois has said; and everybody in this Assembly must be concerned about the state of their economy, because every pound that is earned in that economy is worth the same as a pound here and every tax pound there is the same as a tax pound here.

However, this, sir, is not, I would suggest, the right response and we should not be responding piecemeal, in the way that this seeks to do, and we do tinker with those fiscal arrangements at our peril and that is not, as I say, to imply any lack of sympathy for the position which is currently found up there. But the problems are far, far greater than TRP and we should allow the review of the financial arrangements which Deputy Langlois referred to as a result of the Policy Council's States' Report, which has the support of Policy Council, I believe it has the support of the Alderney Representatives in the States of Alderney and I hope it will have the support of this Assembly. That is the appropriate framework to consider the whole fiscal relationship and whether and how we should be making changes to improve their economic position.

I would suggest, sir, that the changes that we may need to make will cost us considerably more than £75,000. We have some big decisions to make, not least to what extent taxpayers should be supporting the air links with the Island and up to what level. Alderney Representative Harvey asked that the Members should not vote for this out of sympathy, but it feels to me very much that is how it is. It is tokenism. We have a lot more work to do with Alderney, which I would suggest is going to take up the time and commitment of this Assembly if we are serious about supporting their recovery; but this is not the method to do it and I would therefore urge Members to oppose this amendment, sir.

The Bailiff: Alderney Representative Jean will reply to the debate.

Alderney Representative Jean: Thank you, sir.

Well, I definitely can be very proud of the words said by Deputy Sherbourne, who seconded this amendment alongside me, and I am very proud to be working with him because of his association with

3330 Alderney and we knew each other and worked together then. He changes little over the years as an evergreen and my thanks.

He mentioned the effects on the school and, yes, that is quite correct and this would be one small step along the way. You know for those on lower pay and, definitely in Alderney, constricted and restricted from earning money in many ways, he is quite right – he is more than right. The financial cost of this
3335 amendment is at the moment a gesture, but a gesture that would be much appreciated by the people in Alderney who are struggling. I could not agree more.

My thanks also to my Alderney colleague, Alderney Representative Harvey, for mentioning the reduction in hotel rooms. He is probably a great deal more accurate than I. The Aurigny problem and the fall in numbers of passengers at the end of the year, mentioning the possibility – and there is the very real
3340 possibility and I am aware of this – that there may be, if this carries on and we keep – as Deputy Jones said – cranking on, less businesses next year able to cope and we do not want that to happen.

John Gollop talked about a change of heart and he has always been a person who has enjoyed his Alderney with his mother and gone to the events and appears quite regularly in Alderney. He notices and takes in what is going on there and his comments were gratefully received about not worth opening shops
3345 after... and costs too high to continue. And, yes, in Alderney I would say – and you might think it is exaggerating and again I go back to Deputy Dave Jones – that when you talk about the ‘working poor’, there are working poor in Alderney alright.

Deputy Hadley, who mentioned coming over to Alderney for the funeral of the late Paul Arditti – which was for me an incredible event and such heartening support from you which deeply touched me and showed
3350 the reach of this States into Alderney and the care and respect shown. I thank him for mentioning that. It will long live with me – not an event I will ever forget.

Deputy Brouard, we can increase later if the Island begins to pick up. Yes, correct. I was asked in an interview about this – whether I was looking for the increase to be permanent. Well, the answer to that is if the Island was buoyant, no, of course not; we would expect to pay our share of tax. The analogy of the hotel
3355 in Herm is interesting. Why should one be exempted and not the other?

Deputy Langlois congratulates me on my speech – ‘I paint a stark image’ and he says that ‘it was piecemeal’. Well, I do not think that ‘piecemeal’ was quite the correct word and that really would not go down that great in Alderney. They certainly do not feel it is piecemeal and do not agree.

Deputy St Pier, we are in a fiscal union. One Guernsey pound spent in Guernsey and a Guernsey pound spent in Alderney – same currency, but I can tell you this: the Guernsey pound in Alderney buys less, a lot less! Again, the term ‘piecemeal’ was used. I do not think those struggling businesses in Alderney would agree with that.
3360

‘To allow this change may spend more than £75,000 in time and a lot more work to do.’ Well, I cannot disagree with that. I think that is perfectly reasonable and I thank you for those remarks and I thank you for the fair hearing and for listening to me today, and all the help that I have received and the kind words.
3365

Thank you, sir.

The Bailiff: We vote then on the marked C proposed by Alderney Representative Jean –

3370 **Deputy Brehaut:** Can we have a recorded vote please?

The Bailiff: – and seconded by Deputy Sherbourne and we will have a recorded vote

There was a recorded vote.

3375 *Not carried – Pour 22, Contre 22, Ne vote pas 0, Absent 3*

POUR

Deputy Brouard
Deputy Wilkie
Deputy De Lisle
Deputy Luxon
Deputy O'Hara
Deputy Quin
Deputy Hadley
Alderney Rep. Jean
Alderney Rep. Harvey
Deputy Harwood
Deputy Brehaut
Deputy Le Clerc
Deputy Gollop
Deputy Sherbourne
Deputy Conder

CONTRE

Deputy Perrot
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Kuttelwascher
Deputy Domaille
Deputy Langlois
Deputy Robert Jones
Deputy St Pier
Deputy Stewart
Deputy Gillson
Deputy Trott
Deputy Fallaize
Deputy Lowe
Deputy Le Lièvre

NE VOTE PAS

None

ABSENT

Deputy Burford
Deputy Storey
Deputy Bebb

Deputy Lester Queripel	Deputy Spruce
Deputy Le Pelley	Deputy Collins
Deputy Ogier	Deputy Duquemin
Deputy David Jones	Deputy Dorey
Deputy Laurie Queripel	Deputy Paint
Deputy Green	Deputy Le Tocq
Deputy James	Deputy Adam

3380 **The Bailiff:** Well, Members, the result of the vote on amendment C, proposed by Alderney Representative Jean and seconded by Deputy Sherbourne, was 22 votes in favour and 22 votes against. It is therefore an equality of votes and pursuant to section 1(5)(a) of the Reform Law as amended the Proposition is lost, so I have no casting vote.

We move on then to the amendment marked D, if Deputy Dorey wishes to lay it – which he does. There are some other amendments which he may wish to lay, but I understand you wish to debate them separately.

3385 Is that right Deputy Dorey? In that case we move to the amendment marked D.

Deputy Dorey.

Amendment D:

In Proposition 11, to insert at the end of the words: ‘, but with the addition of £360,000 to the revenue cash limit of the Health and Social Services Department for an increase to the St John’s Ambulance and Rescue Service Grant, such addition to be funded by a reduction in the Budget Reserve’.

Deputy Dorey: Thank you, Mr Bailiff.

3390 Yes, these three amendments – this and the next two amendments – were discussed by the former HSSD Board and they decided to put them forward irrespective of what happened today.

Sir, in compliance with the direction of the Civil Contingency Authority, the Health & Social Services Department is required to make a grant of £2.65 million to St John’s for the provision of the ambulance service in 2015 and I understand that this amendment is not opposed by T&R.

3395 However, at present the Budget only allows for a grant of £2.29 million to St John – a shortfall of £360,000. As my other amendments demonstrate, HSSD expects the T&R proposed Budget to be insufficient to meet the reasonable costs of operating the Department in 2015. So it is not possible to re-prioritise existing expenditure in order to find the additional funding needed for the ambulance service.

3400 This amendment would therefore add in another £360,000 to the Department’s budget allocation, specifically for St John, which would bring the total value of the grant to £2.65 million as required. This would be funded by a transfer from the Budget Reserve which was discussed with T&R.

The points I covered in my resignation speech – which I do not intend to repeat, except to emphasise that more than this amount might be needed because of the transfer of some risk from St John to the States.

Thank you.

3405

The Bailiff: Thank you.

Deputy Brehaut.

Deputy Brehaut: I would like to formally second, sir, thank you.

3410

The Bailiff: You formally second. Is there any debate? No, I see no-one rising. Oh, Deputy Fallaize is.

3415 **Deputy Fallaize:** Sir, I would just like to know: the explanatory note is not entirely clear what effect the actions of the Civil Contingency Authority may have had on the need for this amendment and I am not clear whether, if HSSD’s original proposal had been accepted, whether it would have been possible to meet next year’s budget or proposed budget without the need for this amendment; and, because of the views I hold about the intervention of the Civil Contingency Authority, I would be grateful to know that from the proposer of the amendment before I vote please.

3420 **The Bailiff:** Deputy Brouard and then Deputy Bebb.

Deputy Brouard: Thank you.

3425 I just have one question. It would be very helpful for me to know if the new Board of HSSD are going to support it or want this amendment supported. If you do not want these extra monies please let me know and I will not vote for them. So if the Minister for HSSD could confirm whether they want this – and it is the same with the other amendments coming up – it would be very helpful in debate.

If you need it or if you do not need it and you think you can manage, that is fine, but we, as the outgoing board, thought we would give you every chance, hence we laid the amendments. If you do not need them, obviously I will take your lead and will not follow them. The difficulty I have is that I am going to be the second person to vote and I will not be able to see how you are voting.

Thank you, sir.

The Bailiff: Deputy Bebb.

Deputy Bebb: Thank you, Monsieur le Bailli.

In relation to Deputy Fallaize's point, the costing that the Department came up with in relation to the States-employed ambulance service was just less than £2.1 million. Those figures were independently verified by two separate ambulance providers from the UK and therefore the costs that the Island will incur are likely to be in excess of £500,000 and above that indigenous costing of HSSD.

Having said that, I think that this amendment is appropriate and I would urge all Members to support it because, let's be honest, the Civil Contingencies Authority – rightly or wrongly – have acted, St John Ambulance will be the provider for the next four years, it will cost us this much money. If we do not support this amendment then we will get to the stupid position where we will be calling on the Contingency Reserve and HSSD will be told that that they have overspent on their budget when they have no option.

Therefore, much as some Members may not like it, the truth is that it is there. I look forward to a review of it, but in the interim let's give HSSD the budget so that it can work within an appropriate budget. This is no longer a choice of the Department. I would suggest that it is incumbent on all of us to support this, to make sure that we do not hear ridiculous stories of overspending when it is going to be required.

Thank you.

The Bailiff: The Minister for Health & Social Services Department, Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

Sir, regardless of what had happened this morning in the elections, Deputy Luxon would have been supporting this amendment. I do not know what the HSSD Board Members would wish to do, because of course we have not been able to meet or discuss it formally. I am sure they will either speak themselves or they will vote in whichever way they so choose.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

I think it was Deputy Lester Queripel for referring to Deputy Jan Kuttelwascher whether this was Sarnia or Narnia, but of course it is neither, it is Never Never Land. This is really quite a bizarre proposal in front of us.

If the HSSD Board were allowed to negotiate something that was clearly within their mandate it would have been at a significant saving to the States. I know there is the debate around that and I would argue that if perhaps T&R stuck to their mandate there would not be a debate around that and that will need to come out in the wash.

I support this out of sheer necessity because I am leaving a Department that will, as reviews progress and as other demands are presented to them, leave them in potentially financial dire straits and, having lived and breathed that for long enough, we need to give those Members joining HSSD a fighting chance.

But I have to say I strongly disapprove and am extremely perplexed how this has ended up here today and how it has become the resolution or the remedy when there was clearly an alternative open to politicians dealing with that issue at the time.

Thank you.

The Bailiff: Any further debate? No.

Deputy St Pier, do you wish to speak?

Deputy St Pier: The agreement that has been reached with St John does include an increase in the grant in 2015 of £360,000 and that, of course, is exactly the sort of matter for which there is a Budget Reserve for the in-year or short-term requirement for additional funding; and it would be inappropriate for individual Departments to hold reserve amounts for contingencies which may only be required once in every few years. So we are supportive of Deputy Dorey's amendment.

It is my understanding that the grant will decrease in 2016 and subsequent years and I would therefore Deputy Dorey to clarify, when he sums up, that on the amendment the £360,000 increase is for 2015 only

and the Treasury & Resources Department will then take into account and recommend future cash limits for the Department based on the annual contractual requirements.

3490 Deputy Fallaize asked in relation as to what the position would have been had the Civil Contingencies Authority not intervened and that of course is: a number of others have spoken to that position and this of course is precisely one of the financial risks which Treasury & Resources identified when it was presented with the proposed agreement between St John and the Health & Social Services Department on 30th September.

3495 We had identified that the cost of that agreement, had it been in place for the whole of 2015 – which was of course not the Department's plan, but if that had for whatever reason proved to be the case – then the costs could have been up to £3.3 million and also we felt there were some risks around the potential financial costs of transitioning from the St John-provided service to a States-provided service, which had not been included in the information that was provided to us.

3500 So the answer to Deputy Fallaize is I would suggest that it is a matter of some dispute and certainly our concern was it could have been a sum considerably in excess of that which is currently before the Assembly, sir.

The Bailiff: Deputy Dorey.

3505 **Deputy Dorey:** Thank you.

Deputy Fallaize has asked the question which a number of people have had a go at answering and perhaps have answered it with slightly different answers. I can give him my view on what the answer would be.

3510 The first quarter would have been at the same level as the level which is only a quarter of the £360,000, so there would have been a need for an increase for that first quarter; but, as Deputy St Pier has said, the agreement did have an upper limit as well on it in the extreme situation where, for example, St John relies on income and if that income suddenly stopped then there would have been a necessity for the States to cover that shortfall in the first quarter.

3515 The most extreme situation was that the agreement was not reached at the end of the first quarter but we were fairly confident, having reached an agreement, and it was a letter from St John to HSSD that we would have finalised everything within the first quarter but there was a chance that we did not and the agreement was based on the first quarter but it also had the ability to extend it.

3520 So I would have expected that, yes, there would have been at the same level for the first quarter but there would have been a reduced amount cost in the second, third and fourth quarters. So I think probably it would not have needed an increase in the revenue expenditure, but there would have been a risk and that would have had to have been discussed with T&R if that risk then was needed to be funded because we did not reach agreement or, for example, as I said, their income fell away.

3525 The only other point which I agree with Deputy St Pier is obviously there are some costs in moving the service over and there would be some one-off costs which would have been necessary to help fund that situation, but I do not think they would have been excessive.

I think that answers most of the questions. Deputy Brouard asked Deputy Luxon's view and he has given his view. Obviously, the right place for this is from the Budget Reserve rather than from the general revenue reserve, but it does mean that there is less money in the Budget Reserve for other Departments during the year.

3530 But we were very keen because... and particularly there are Members in this Assembly and there is also the media who have taken advantage of the fact that transfers have come from the Budget Reserve into HSSD's budget and say that there has, in effect, been an overspend. So we were very keen to make sure there was not that opportunity for criticism, so therefore made sure that this was included in the budget rather than rely on a transfer during the year which, although might be perfectly legitimate, the media then think of it as an overspend.

3535 So I would urge the Members to support this amendment which I think makes absolute sense.
Thank you.

3540 **The Bailiff:** Members, we vote then on the amendment marked D proposed by Deputy Dorey and seconded by Deputy Brehaut. Those in favour; those against?

Members voted Pour.

3545 **The Bailiff:** I declare it carried.

Do you wish to move your second amendment, Deputy Dorey? This is the amendment marked E proposed by Deputy Dorey.

Amendment E:

In Proposition 11, to delete 'totalling £373,100,000' and insert at the end of the words: ' , but with the addition of £1,014,000 to the revenue cash limit of the Health and Social Services Department for increased costs of providing maternity services and associated improvements, such addition to be funded by a transfer from the General Revenue Account Reserve; and in consequence that the objective in the States Fiscal and Economic Plan (as approved by the States on 15 July 2009 - Billet d'État XVIII, 2009) of a 'Real term freeze on aggregate States revenue expenditure' (page 1130) shall be split into a 'Real term freeze on aggregate States revenue expenditure up to 31 December 2014' and a 'Real term freeze on aggregate States revenue expenditure from 1 January 2016'.

Deputy Dorey: Thank you, sir.

3550 States' Members will already be aware that recent internal and external reviews of HSSD's maternity service have raised some serious concerns about the running of those services.

The Department has already taken steps to address the risks that have been identified, in order to ensure that we can continue to provide a safe service to families.

3555 HSSD has been developing its action plan in response to the draft report from the Nurse and Midwifery Council which has only been in the Department for the last week or so. They have been liaising with the NMC to finalise our own action plan.

3560 While the first draft has not been published yet by the NMC, additional resources may be required. This amendment seeks to add £1 million to HSSD's budget in 2015, specifically to address the issues arising in relation to maternity services. £594,000 will be used to continue to fund the staffing arrangements which have been put in place in maternity since concerns were discovered in the summer. These include the recruitment of a greater number of senior midwives and additional supervisory support. I will just emphasise that does not include any additional cost of doctors being on the ward.

3565 The remaining £420,000 will be used to fund some new posts which include for a period of 12 months, a Director of Clinical Governance, a Director of Medical Services and a Clinical Lead for Midwifery. At the end of the 12-month period, the Department will need to evaluate whether all of those new roles are required on an ongoing permanent basis.

3570 It will also fund additional staff to supplement existing Government and audit functions. In addition, HSSD is also looking at the cost of a completely revised approach to training and continuous professional development and the Department will need to continue to fund the cost of providing 24/7 supervision of midwives.

This highlights the fact that there are two challenges that the Department has to tackle. One is about improving working practice within the maternity service itself and the other is about improving our internal reporting and monitoring systems for governance so that other areas of concern can be identified swiftly and suitable litigation put in place.

3575 Ensuring that our maternity services are safe and remain safe must be top priority for HSSD and the States. The vision of these resources reflects the Department's commitment to resolving the issues which have been highlighted in recent weeks, swiftly and effectively.

3580 States' Members, I am sure, are all aware of the gravity of the situation and I am confident that they would share my concern and that of the former HSSD Board, and will support the amendment in taking all necessary measures to improve the service and to restore the confidence of Islanders in our health and social care system.

3585 The additional £1 million requested will ensure there is a budget for the changes that we know are needed and I trust States' Members will support the former Department in taking this forward and the new Department, so that it has an adequate budget and that this, after consultation with T&R, proposes transferring the monies from the general revenue reserve and because that involves the existing policy of no real terms growth, that is why the particular amendment is worded as it is.

Thank you.

The Bailiff: Deputy Brehaut.

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Deputy Brehaut: I second that amendment, sir. Thank you.

The Bailiff: Any debate?

Deputy Adam.

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Deputy Adam: Thank you, sir.

I am very disappointed that this amendment has been laid. We are down to receive a report, a review of the whole situation that has been ongoing behind the scenes in the last one, two, three... well, actually I knew about it in July, but never mind – since that time.

3600 We do not know what this report is. All we kept hearing was it is very grave. Sir, it is not very grave; it is an extremely, highly critical situation that has developed within the Department. Just getting these numbers thrown at you, a total amount of such and such... and that is on the wrong amendment! *(Laughter)* Sorry, just over £1 million pounds to do various things, without defining exactly what it is.

3605 Increased staffing with senior midwives and supervisory support – £594,000. I am not too sure how many staff, I do not know what grade. Are they meant to be practitioners in their own right – because midwives are practitioners in their own right – and how do they define senior midwives? It does not include the consultants. Deputy Dorey was on the radio earlier today saying HSSD are providing an extra two locum consultants to ensure there are sufficient to give 24/7 cover. Well, actually, I would like to know why do you suddenly need 24/7 cover of consultants, when in the 20 years I practiced, believe it or not, 3610 obstetrics and gynaecology, in Guernsey we never ever had 24/7 cover of consultants.

Guernsey is a small Island. You cannot afford to have such facilities in place. You have got to understand that when you are providing medical services for an Island population of 64,000 or whatever Deputy Luxon said recently, you cannot have consultants in the Hospital on call 24/7. If you wish an argument about who should be maybe 24/7 on call, it is anaesthetics because gassing... there is always 3615 people in ITU and the high dependency unit on drips, ventilators etc. and it is quite useful to have an anaesthetist on call if there is a road traffic accident with people coming in to the accident and emergency unit.

Obstetricians – how many deliveries are there in Guernsey? There are 650, roughly speaking. Roughly speaking, 650. How many is that a day? **(A Member: Two)** Just about two. So you are going to employ a 3620 consultant who is paid – well, if you are talking about NHS rates – probably £160,000 and if you are getting them to sleep in the Hospital probably £200,000 thereabouts –

The Bailiff: Deputy Dorey.

3625 **Deputy Dorey:** A point of order. This amendment is not about consultants, it is about – **(Deputy Adam: Sorry –)** No, it is not.

Deputy Adam: Sorry, I am talking about general provision of services, which is what this is talking about. This is talking about general provision.

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The Bailiff: But he did say that it does not include the cost of any consultants.

Deputy Adam: You are quite right, sir, it is not included but what I am trying to emphasise is we have been given a sum of money. I would prefer this to be pulled until we have a much better idea of what the 3635 total sum of money is going to be and what two consultants etc. would be.

Also, sir, with due respect, the issue about how to provide services for a small Island still stands, whether it is a consultant, nursing staff etc., and I think that is relevant – which has been missed. Then there are three other posts: Director of Medical Services – I am not too sure if it is a consultant or what; of Clinical Governance; and Clinical Lead – I am not too sure if that is clinical lead of midwifery or what?

3640 So this is far too vague. I cannot make a constructive decision because I cannot have sufficient background information. Improving working practice – as far as I know, sir, and this is the problem, this is why it should not have been included, because I have background information that has come from various sources, so I find it very difficult to give an honest opinion about this until we see this report tomorrow.

I know the draft report has been issued to all of HSSD but I feel it would be wrong for anyone to accept 3645 this until you have a better idea. Big things, like improving working practice – is that all the midwives? My goodness! No, it is maybe one or two of the midwives were not of a satisfactory standard and maybe they are no longer working there or maybe they are suspended.

Governance issues – I accept sometimes it is not done to the satisfaction of others. Also Deputy Dorey said, ‘Are you are aware of the gravity?’ Yes, I am fully aware of it, but, sir, I cannot support this. This 3650 should not have been laid before the Assembly until there is a proper idea and it should have been left to the new Board, because they are going to have to assess it and sort it out and see if one can mitigate some of the extra costs that have been suggested by this Board.

Thank you, sir.

3655 **The Bailiff:** Deputy Hadley.

Deputy Hadley: Mr Bailiff, Deputy Adam has articulated a lot of the issues that the new Board will have to deal with in the coming days. A lot of what he says makes sense and, indeed, of course the consultants will not come out of HSSD’s budget, they will come out of the Social Security Department’s 3660 budget – if they continue to be employed.

What worries me about this amendment, and indeed the comments of the following one, is that those of you who read the *Press* two days ago will see that what it did applaud – and I am sure this is the view of Members of this Assembly and people round the Island – is that they are expecting the new Board to be focused on the financial problems of the Health Service and to deliver a cost-effective service.

I think it sends out totally the wrong message if I vote for this amendment or the following amendment, because I do not know the money that is needed to solve the problems with Health and I do not know whether all these appointments really should be made and, indeed, it would be part of my job as a Board Member, I would suggest, to challenge some of these appointments.

So, until we know the true cost of the recommendations to the Island, I do not think it is appropriate to support this recommendation.

The Bailiff: Deputy Bebb and then Deputy Luxon.

Deputy Bebb: Members, Deputy Adam made a number of very good points. I will not disagree with them but I have sat on HSSD since the Election and I have yet to see the HSSD with a turnover expenditure within budget. Each and every occasion, despite a recall to various Budget Reserves, that is seen as an overspend, regardless of the context of any expenditure.

The public discourse in relation to our Budget is poor. We have to realise that any call on the Budget Reserves is always seen as an overspend. We – all 47 of us – have a duty to start having a more intellectual conversation with the Island about exactly how the Budget works.

But let me put it this way, today, here, right now, we should place a Budget next year that we know the expenditure of the States. I will not be on HSSD. However, I can tell you that this cost is what is currently estimated to be the bare minimum and if Members seem to think that they can deliver it for less, well, great – for the first time this term, HSSD will be able to provide expenditure lower than the budget. Fantastic! But let me say that, having read the report, I sincerely doubt that this will be enough and if that is the case, then I put it plainly: do you want HSSD to have a budget that is meaningful, do you want to take that pragmatic approach or do you want to once again, in 2015, be having a debate about HSSD overspend?

The morale in the Department is already low because of the constant focus on finances. We now have clinical failures that are extreme. Shift the conservation. Please stop and recognise Treasury & Resources will not like it, but I am sure they will like it less if once again we are seeing a serious crisis in relation to our recruitment in the Department because once again morale is eroded because of conversations in the media about an overspend.

I recognise and I agree with Deputy Adam on many points, but details concerning this may not be forthcoming and if any single person thinks that this is going to be sufficient, I would love to see that; in which case, we will give HSSD a fighting chance of coming in under budget. But, as I see it at the moment, I do not see it as happening that way. The costs will grow substantially. Therefore, give them a fighting chance, please.

Thank you.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff.

Deputies Dorey and Deputy Brehaut and other previous Members of the HSSD Board – I completely understand why this amendment has been brought forward and Deputy Bebb has explained exactly why.

Deputy Dorey did brief the Policy Council on this matter and did elude to the fact that, indeed, there may be considerable other costs linked to it. These are the known costs to date, but further costs, I am pretty sure, are going to become very clear when the NMC report is issued in the next 24 hours or so.

So, sir, myself and, I think, the other Members of the HSSD new Board will not support this amendment, on the basis that the T&R Minister is able to confirm that he understands and recognises that there may well be significant costs beyond those which are already covered in this amendment and that they naturally will need to be provided for by a bid or a release from the Budget Reserve.

On that basis of reassurance today, I would not support this amendment. I would rather we were able to identify the full costs of dealing with the issues that we are confronted with at the moment.

Thank you, sir.

The Bailiff: Anyone else. Deputy Brehaut.

Deputy Brehaut: Sir, I would urge Deputy Luxon to reflect on that decision and see this as a bird in the hand because you really do not... Without over egging the pudding or without being over dramatic, having been a Member of the Board until recently, nobody has fully grasped the implications around midwifery

and to the MSG and every organisation that sets foot with regard to the delivery and care of babies, within the Princess Elizabeth Hospital.

I can guarantee you now the Health Service is going to look very different months from now and none of us in this room will remember why that happened. Nobody will remember the singular event, because it will look so dramatically different the way we do things.

This gives you a fighting chance because you will be going to T&R – sorry, I did not wish to point; I beg your pardon, sir; through the Chair – you will be going to T&R at some point in the future saying the costs are now, we believe – and this is a figure off the top of my head – £3 million or £4 million – and it could be higher – then you can bet there will be an argument to be had around that figure in the context of your general budget allocation.

I urge Members, who will find themselves receiving paperwork from HSSD, and all Members of this Assembly to take this opportunity to make your political lives easier but, more importantly, the care and the safety of families entering the PE just that – just safe; because we have done this for long enough – we have bickered over the Budget year after year. Money has gone down and risk has gone up and remember HSSD... the two staff who went under the FTP process were in governance, ironically enough. That is not to happen, and it should not happen, again.

Please support this amendment to give the incoming Board a fighting chance.
Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

Sorry, I just had to check that we are still on the Budget debate. I was beginning to lose track here of what we were actually debating.

Deputy Brehaut: Would the Minister like me to repeat anything sir, or ...? No.

Deputy Langlois: I was beginning to lose track solely because we were beginning to talk about a lot of details to do with one Department's budget. I would simply beg the Minister of T&R to give us some very clear guidance on his preferences in terms of reporting of spending next year in this particular Department.

We have got caught in a most unusual trap here today, where a major Department – the major spending Department – has been changed, literally the same day as the Budget is being presented. Nobody could have anticipated that when the Budget was prepared. The adjustments that are being suggested are against some assumptions and so on and I would very much like to know whether Treasury & Resources would prefer to see that we stick with the original Budget, which was constructed some weeks ago before any of this was clear, and then adjust it appropriately, flex it – as all Budgets have to be done – in the light of events, or whether they would prefer to see this added on so that any deviation from the Budget is reduced?

I think that is all we are here to talk about today.

The Bailiff: Can I just see how many more people wish to speak in this debate and, therefore, we continue this evening or adjourn until the morning? How many people wish to speak? Deputy Lowe. Deputy Fallaize, are you seeking to speak? Deputy Brouard? I will put to you, therefore, that we continue until we finish the debate on this amendment.

Those in favour; those against?

Some Members voted Pour, others Contre.

Deputy Lowe: Sir, could just ask or make a suggestion? That was the reason why I stood up. Deputy Adam and many have actually said this report will be released at midnight tonight and will have ramifications to do with this amendment.

Bearing in mind the content of this report and what we are being told by HSSD, would it not be better, sir, that actually we continue this tomorrow so that at least we will have an opportunity to read this report and see if there is substance and agreement with the way that those who have read the report and why they believe this amendment to be necessary? To me, that makes more sense to continue tomorrow once we have had the opportunity to read the report and make an informed decision before this amendment. (**Several Members:** Hear, hear.)

The Bailiff: Well, that is a matter for Members of the Assembly. I will put to you again: do you wish to continue this evening?

Deputy Fallaize: Before we vote on that, are we actually going to receive the report? I mean ‘we’ as in Members who are not on HSSD.

3785 **Deputy Bebb:** Sorry, if I may provide clarification, the report is currently scheduled to be printed on the Nursing and Midwifery Council website at one minute past midnight. Therefore anybody wishing to receive the report may look at their website at one minute past midnight.

3790 **The Bailiff:** Right, I put to you that we continue the debate on this amendment. Those in favour; those against?

Members voted Contre.

The Bailiff: We will not continue the debate. We will rise and resume tomorrow morning at 9.30 a.m.

3795 *The Assembly adjourned at 5.32 p.m.*