



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 2nd November 2016

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

Volume 5, No. 30

ISSN 2049-8284

Present:

Sir Richard J. Collas, Kt, Bailiff and Presiding Officer (morning);
Richard McMahon, Esq., Deputy Bailiff and Deputy Presiding Officer (afternoon)

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

St Peter Port South

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

St Peter Port North

Deputies, J. A. B. Gollop, M. K. Le Clerc,
M. P. Leadbeater, J. I. Mooney

St Sampson

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

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean and S. D. G. McKinley, O. B. E.

The Clerk to the States of Deliberation

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

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur); Deputy C. N. K. Parkinson (*absent de l'île*);
Deputy L. C. Queripel (*relevé à 10h 29*);

Business transacted

Evocation	2085
Billet d'État XXVI	2085
I. States of Guernsey Annual Budget for 2017 – Debate continued – Propositions 1 and Propositions 3 to 36 carried – Proposition 2 not carried	2085
Convocation	2115
Billet d'État XXVII	2115
Progress Statement by President of the Committee for Environment & Infrastructure	2115
Procedural	2124
II. Revision of the Double Taxation Agreement with the United Kingdom – Carried.....	2124
IV. The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) (No.4) Regulations, 2016; The Health Service (Pharmaceutical Benefit) (Amendment) Regulations, 2016	2125
V. The High Hedges (Guernsey) Law 2016 – Approved.....	2125
VI. The Income Tax (Guernsey) (Amendment) Ordinance 2016 – Approved	2126
VII. Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 (Amendment) Ordinance 2016 – Approved	2127
VIII. Prison (Guernsey) (Amendment) Ordinance, 2016 – Approved	2127
<i>The Assembly adjourned at 12.22 p.m. and resumed its sitting at 2.32 p.m.</i>	<i>2127</i>
I. Island Development Plan – Development & Planning Authority Recommendations – Debate continued – Propositions 1-11 as amended carried.....	2128
III. Amendments to Statutory Minimum Wage Arrangements to come into force 1st January, 2017 – Proposition carried	2152
<i>The Assembly adjourned at 5.36 p.m.</i>	<i>2172</i>

PAGE LEFT DELIBERATELY BLANK

States of Deliberation

*The States met at 9.30 a.m. in the presence of
His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCATION

Billet d'État XXVI

POLICY & RESOURCES COMMITTEE

I. States of Guernsey Annual Budget for 2017 – Debate continued – Propositions 1 and Propositions 3 to 36 carried – Proposition 2 not carried

The Senior Deputy Greffier: Billet d'État XXVI of 2016 – the continuation of the debate.

The Bailiff: We continue the Budget debate and I call first Deputy Le Clerc.

5

Deputy Le Clerc: Thank you, sir.

I would like to pick up on a point that Deputy Dorey made yesterday in his speech. He referred to Paragraph 3.9, which is about Policy & Resources and my Committee working more closely together.

10

That must happen. The two reports, Budget and Uprating Reports are being debated during the same week and P&R saw our report in advance of release. But it is a case of 'you show us yours, but we are not showing you ours', so there is no overall helicopter view of the Propositions in both reports.

15

This does result in a less than joined up understanding over the overall impact on some households, such as pensioner households.

I do hope that, if Proposition 2 is passed, that the savings that will be made will be available for redirection to those pensioners most in need and would welcome the President's thoughts on how this might be achieved. SWBIC, perhaps?

20

So, I support this Budget. The message is crystal clear that we have to reduce expenditure where we can and the Committee for Employment and Social Security has committed to finding the required 3% savings in 2017. Like Deputy Brehaut, I cannot be sure that we can meet the future commitment of 5% in 2018 and 2019.

We have some major policy reports to deliver on, with high public expectation, such as SLAWS, Disability and Inclusion Strategy and SWBIC. All will come with varying degrees of expenditure.

25 With regard to SWBIC, I do not want to pre-empt our Committee's Uprating Report, but I think I need to give you a clear indication of where my Committee stands.

We wrote to the Policy & Resources Committee in July this year, soon after Deputy St Pier informed the States that the 2017 Budget would include a 3% reduction in cash limits. We expressed our concern as to how SWBIC would be financed. My Committee accepted that the 30 £3.4 million that would be needed for the first year of implementing SWBIC, reducing to £2.4 million by year three, would not be available in 2017. My Committee, therefore, said that we would not be including that sum in our Budget submission to P&R, but we did say that we wished to work with P&R to find a way of enabling SWBIC to be financed from January 2018. In other words, we were prepared to postpone for a year, but no longer. (**Several Members:** Hear, hear.)

35 The SWBIC Committee arrived at proposed benefit rates that were measured against a low bar, being a level of income below which it would be intolerable to expect people to live. Having set the bar low and now in the knowledge that individuals, young and old, and families, young and old, in Guernsey and Alderney are having to survive on incomes below that bar makes the implementation of SWBIC imperative.

40 Section 8.5 of the Budget Report sets out our options for when the States' financial position is no longer in deficit. It will be a very welcome day when we are deciding on how to invest our surpluses but, seriously, can we knowingly keep some Islanders in poverty until that time?

We will be including SWBIC as part of our Committee's submission to the Policy & Resources Plan and I hope, during that second debate, next year, we will receive this Assembly's support.

45 I go on to the grant to the Health Service Fund. Deputy Dorey has advised that he will not be supporting Proposition 14, which proposes, that for 2017 only, there should be no grant from General Revenue, to the Guernsey Health Service Fund.

I feel I should give the Committee's view on this Proposition. For the new Members of the Assembly, I think it is worth giving some background. The Health Service Fund is administered by the Committee for Employment and Social Security. The Fund pays for prescription drugs, medical 50 consultation grants, the Specialist Health Insurance Scheme, visiting medical consultants and primary care, mental health and wellbeing service. We expect the expenditure from the fund to be £42.9 million this year and £43.6 million next year. So, the fund has a significant part to play in the overall health and social care budget.

55 The fund is financed mostly from Social Security contributions, but also by an annual grant from general revenue equal to 12% of the contributions collected for the Fund. The Fund currently has reserves of approximately £110 million. The 2017 grant from General Revenue to the Health Fund would have been an estimated £4.7 million. Without the grant, what would have been an estimated operating surplus of £440,000 will, instead, be an operating deficit of £4.26 million. That 60 is an operating deficit before the investment income on the reserves is taken into account.

But, as said, the Fund does have healthy reserves and, as mentioned in the Budget Report, the Fund does have a favourable actuarial valuation, certainly compared with the Guernsey Insurance Fund and the Long-term Care Insurance Fund. As also mentioned in the Budget Report, and by Deputy Soulsby in her speech, Policy & Resources, ESS and Health & Social Care are considering a 65 restructuring of the finance of health and social care, of which the Guernsey Health Service Fund is a part. That being so, and given the reserves that the Fund holds, my Committee has agreed to support the suspension of the States' grant to the Health Services Fund for 2017 only, while these matters are examined.

Thank you, sir.

70 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

75 Within the President of P&R's foreword of the 2017 Budget Report, four words have been sent out in bold: 'responsible', 'fairly', 'progressive' and 'realistic'.

These four words reflect the Committee for Home Affairs' approach to both the 2017 Budget and, more generally, the financial challenges facing the states of Guernsey. So, I start with 'responsible'. The primary purpose of the Committee is to support a high standard of living and quality of life by maintaining and promoting a safe, stable and equitable society which values
80 public protection and justice and also respects the rights, responsibilities and potential of every person.

The work of the Committee is vital in achieving the aims of the Policy & Resources Plan, as published, yet to be debated. The successful delivery of the services falling under the Committee makes a vital contribution to safeguarding our quality of life, our community, our place in the
85 world and our economy.

The delivery of such services inevitably costs money and, as both Guernsey and the world evolves and adapts, there will be increasing demands to provide more services of a greater sophistication, best able to respond to the needs of the community. As an example, 30 years ago, cybercrime was not a consideration, whereas today the provision of specialised and professionally
90 trained law enforcement is a prerequisite for any jurisdiction wishing to deal on the world stage.

Balanced against these mandated responsibilities, the Committee is very mindful of its responsibility to ensure that public funds and other resources are used to best advantage. Indeed, the importance which the Committee attaches to this is best demonstrated by its savings and achievements to date, leading to the next one: 'fairly'.

95 The Committee for Home Affairs and its predecessors have made significant financial savings in the last three years. The Committee achieved its target FTP saving of £2.6 million, plus an additional 1% of £300,000 saving in 2016. This has not been easy and the Committee and its officers are acutely conscious of the responsibility and accountability associated with the management of public funds entrusted to it and strong financial discipline and robust challenge
100 are firmly and indelibly embedded within the Committee.

It should be noted that, within the almost £3 million saved by the Committee in recent years, some major reorganisations have taken place, including reductions in staff numbers, in particular the numbers of senior managers and this, in particular, is noticeable in the restructure of law enforcement and within the Guernsey prison.

105 The Committee is also now responsible for the new Population Management Office, which will be even more efficient than the current housing regime by the introduction of technology and new systems of working.

The saving of £3 million has not been easy, but it has been achieved without impacting on frontline services. Achieving the proposed 3% reduction in 2017 will be challenging, but we are
110 working hard to achieve this without impacting significantly on the services which we provide to the public.

Such a guarantee cannot be given in terms of future reductions without affecting the public safety services which the Committee is mandated to deliver in the Bailiwick. The Committee fully believes that the only realistic way to achieve sustainable savings is through transformation
115 reform of operational service delivery, which includes moving out of privately owned, rented properties and will take considerable time to deliver and are likely to realise the major benefits beyond 2019.

I now move on to 'progressive'. Home Affairs is committed to the ongoing Transformation Programme. The Home Operational Services Transformation Programme, more commonly known
120 as HOST, which seeks to achieve a new operating model that will ensure sustainable and affordable future service provision, is designed to enable the continued delivery of excellent public safety and customer services, but within a framework which maximises resources and within an environment of multi-disciplinary work. It offers a real opportunity for operational change, which will achieve sustainable financial savings in the future.

125 However, such savings will not be immediate and whilst the benefits will begin to be seen in 2018, the full benefits will only be realised over an extended period of around five years. Kneejerk cuts which achieve financial savings in the short term, but which leave problems for future Assemblies to solve, are not responsible and will not take place in Home Affairs, which is committed to ensuring that any cuts are realistic and sustainable.

130 I now move on to 'realistic'. The public has a clear expectation in terms of the levels and standards of service that they expect to receive in the public sector. We need to understand these expectations and to be realistic in the reductions which are achievable. It is not realistic for the States, or for the public, to expect that such financial savings over the next three years are achievable in a way which will not be felt by the service user or will not pose unacceptable risks to the Committee's ability to provide a safe, stable and equitable society.

135 For this reason alone, we at Home Affairs are not asking for an open chequebook to run the services we provide to make this Bailiwick safe and secure. What we are wanting to do is continue making savings and, at the same time, ensuring our borders and the Island's remain safe and secure, making this a good place to live and do business, whether that be for those living and working here, or those considering setting up business on the islands or moving here to live.

140 Thank you, sir.

The Bailiff: Deputy Prow.

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

Please may I start by apologising for not indicating, yesterday, that I wished to speak? I was somewhat puzzled by some of the content of the debate. If Deputy Trott is Brer Rabbit, who is Brer Fox? I just hope he is not lurking in Deputy Ferbrache's outside toilet. *(Laughter)*

150 Sir, it must just be worth looking at our Budget from a slightly different perspective. In my humble view, it has been a good debate, where there has been some good challenge for us all to consider. Deputy Fallaize and other deputies have raised the fiscal framework. I too urge Policy & Resources to urgently review and reform, for several reasons.

The director of the OECD Centre of Tax Policy Administration recently said:

'Tax policies have a direct impact on economic growth, as well as on how the benefits of growth are shared across the community.'

155 Furthermore, the OECD has also pointed out that, as population grows and ages, efficiency of public spending will have to rise. The challenge is to generate these revenues without penalising growth or exacerbating inequality.

160 These two points, in my view, are important for this jurisdiction. Our Budget should and must be a vehicle to encourage growth. Perhaps this is an area of debate we have not touched upon in too much detail. I would therefore ask the President of Policy & Resources, when he sums up, to perhaps give us a little more detail as to how this Budget will help us grow the economy.

Sir, I now turn to the point about exacerbating inequality. Debate has highlighted the risks of taxing those who are struggling, whether it is their economic situation or the dependence on the health services. I agree with many Deputies who spoke that there is more to be done to protect our lower earners and those who are more vulnerable in our society.

165 Whilst I agree with Deputy Graham's woolly jumper analogy regarding the dangers of unpicking the Budget without viable alternatives, I found Proposition 2, perhaps, a bridge a little too far for me.

170 Returning to the OECD view of global taxation, it is, as I understand, a long-held and consistent view that, due to the challenges and pressures on economies and small jurisdictions that their tax bases need to be widened. This has featured in the debate and I support Deputy Yerby's comments on strengthening the tax base.

As a member of the Committees of both Health & Social Care and Home Affairs, I fully support the excellent speeches by Deputy Soulsby and Deputy Lowe. There is a need for transformation

across all of the States. Transformation is an over-used term and often not fully understood by the public. In Deputy Soulsby's speech she well explained what it means in the HSC context. It is not just about saving money, it is about doing things differently and better and it can only be delivered by a team effort, which includes this Assembly.

Sir I would also like to support Deputy Trott's optimistic approach. He is right, in my view. We are in a better economic situation than most jurisdictions and we, too often, do Guernsey down. We need to be more upbeat about our successes and there is a lot of excellent work that is being done by P&R in preparing this Budget. Had I known of the convention, I would have happily applauded the work done.

However, I must also applaud the initiatives behind the two amendments brought by Deputy Roffey, which was defeated, and the one withdrawn, from Deputy Ferbrache. The effect of these will, I hope, kick-start a process of forward-looking thinking in our attempts to diversity our tax base in order to meet the challenges I referred to earlier and highlighted by the OECD. I completely support Deputy Ferbrache's excellent speech calling for action rather than strategy and I hope this is taken on board.

In closing, I would like to reiterate my support to all who are calling for a review of the fiscal framework. We need to encourage growth, as well as setting realistic and sustainable spending targets. We must not reach an unacceptable tipping point where the frontline delivery performance becomes critically unsustainable, particularly in health and public safety.

Thank you, sir.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

I will be brief, as many of the questions I intended to ask have, indeed, been asked, for which I thank Members of this Assembly.

In particular, Deputy Laurie Queripel for his questions regarding the bonds and Deputy Dorey for his question regarding Share Transfer Duty. I look forward to Deputy St Pier's responses.

However, sir, I have concerns, because I believe that Members have many choices as to how they wish to question, add to or support this Budget. I agree with Deputy Ferbrache that Deputy St Pier or, indeed, P&R, are not our headmasters, or to be politically correct our head teachers, but we can choose to discuss issues regarding the Budget before with P&R or, indeed, with any Member.

Or, we can bring a policy paper to the Assembly at any time, regarding how we can change and strengthen our tax base. Of course, we could also lay amendments. So, I am confused as to why many of these avenues do not appear to have been used in this debate.

I support Deputy Yerby's able speech. We need to strengthen our tax base. But this Assembly needs to be bringing ideas and solutions to the debate. We must engage our business community. We must engage our Islanders to seek their support, their ideas, their needs, their wants and, above all, we must remember that paying tax, having a Budget, is a means to an end. A means to ensure that we can pay for our healthcare, our schools, our infrastructure.

I implore this Assembly to be asking the questions, but also to be thinking of what they can do to help find a resolution: lay an amendment, explain why, use evidence, as well as emotion, and let us start working together to strengthen our tax base. Let us all work together to try to remove our deficit, to show Islanders, other jurisdictions and the world at large that we are fair, inclusive and progressive, that we value all members of our society, that we are economically secure and we are indeed open for business.

Thank you, sir.

The Bailiff: Deputy Gollop.

225 **Deputy Gollop:** I think we have heard some great speeches, including two good ones this morning from Deputy – well, all of the speeches (*Laughter*) – from the newer Deputies, Deputy Prow and Deputy Merrett, in particular.

I could not agree more with Deputy Prow that the challenge, in broad terms, is, as Deputy Kuttelwascher will no doubt remind us, about balancing the need to have an environment that
230 facilitates economic growth and expansion whilst protecting public services, especially for the more vulnerable.

Deputy Merrett has talked about the need for us to work together, which was a theme, really, yesterday, to strengthen our tax base. That is interesting. I am laughing now, because just six months ago, with the exception of Deputy Inder, who has just come in with a good mandate, the
235 Members all came into the States at the election and, to my vague recollection, almost every candidate was talking about public sector restraint and/or cuts and/or monitoring and very few were talking about strengthening our tax base. I got rather giggled at, because I hinted strongly in a press release and a manifesto that I was not unsympathetic to indirect taxation and I was very much almost a lone voice, I think.

Moving on from that, to do some wash-up points first of all, Deputy Oliver mentioned the bus issue. Now, I was on the Environment Committee when Deputy Brehaut was deputy minister and we were involved in the procurement of the new buses. We currently have a fleet of 41, plus a
240 midi-bus; 33 of those are now 12, 13 years old. Some of them will continue in service. In a way, I hope most of them do, because we need an expansion of the fleet. Jersey has seen an expansion, they have seen a growth of one million passengers, we have seen a growth of maybe 100,000
245 passengers. Still good, but not as good.

My point here is that Deputy Brehaut covered the track saying there was a problem with the chassis. I would put it a different way. I would say you can extend the life of vehicles like buses. The Routemasters in London, with a lot of rebuilds, went on for half a century. The problem is,
250 especially in Guernsey given our maintenance and employment constraints, the cost of maintenance. I have reason to believe, without having seen detailed and confidential figures, that there is a very considerable sum expended by the bus company and its contractors on maintenance. That has been exacerbated by the loss of a bus garage, bus depot, that was once the case in the good old days of the greens and the reds and the whites.

255 Therefore, we need to do something about that and I would guess, strongly, that the cost of the new fleet, the partial fleet of a dozen vehicles, although nice to have, rather than essential, actually will prove to be essential on a spend to save management basis because within a couple of years, I would think that the capital cost of that fleet will be covered by, perhaps, high maintenance costs.

260 I mention that as an aside.

Now, I have not got a Budget speech prepared on behalf of the DPA, but we know that we only survive financially if we continue to get lots of applications for development that go through the system and, in recent years, because of a slight decline in the construction sector, we have seen a reduction in those applications on a general trend, so we hope maybe the Members will
265 support the new IDP today, to ensure that we would maintain our budgetary profile there and for Building Control, too.

On a wider point, we have heard a lot of Members, most Members perhaps, that what is needed is support for the less well-off but, to a degree, I would urge a word of caution here. Members have said how appalling it will be if we taxed granny's car, for example, or continued to
270 put pressure on the Old Age Pensioners and people in need of public services. I am not going to give it today, perhaps for another time, I could lecture on VAT and its history. I do suspect that most societies, including our competitors, the immediate two that spring to mind in the Crown Dependencies, do have a more robust policy of taxing across the community, whether it be business or people.

275 I, too, in a way regret that we did not get to see or debate, rather, the Ferbrache/Kuttelwascher amendment on the lawyers and the accountants, but I would have sat on the fence a bit on that, I

think, because the problem is, from a radical political point of view, I entirely support it, but from a view of developing a culture of business growth and innovation, it would have been a severe setback to our message at the moment.

280 The dilemma I have is there is a real danger that, if we move our political philosophy too far to the centre, or even the centre left, we run the risk of the more well-off not coming back, or deserting the Island, or losing interest. To a degree, our history has been based on a successful moderate to low tax strategy and a legislative framework that has backed that up and, if we change courses at this point and we gradually move towards a more egalitarian model, we have
285 to then factor in how our economy and society is going to change to take a route with our political and economic principles. As I say, that could be a much longer debate.

I wanted to focus on the annual Independent Fiscal Policy Review, which in a way informs the Budget. Some Members have said that this was a waste of money, £20,000. Alright, perhaps £20,000 is a bit high, but I think it is a useful document from two experts in their field, from Dr
290 McLaughlin and Professor Wood.

It just gives us concerns to be cautious. We still have not resolved the fall in the working age population, for example, and the Report questions whether we are addressing that. Now, I would argue that some of the changes we have made to the population regime, changes to the open market and the Housing Rules and the new framework of governance we have now got for the
295 Home Department has not necessarily helped. We will have to re-address that in the future.

Are we in the business of encouraging population to move to the Island, as the professors imply we might be? If so, what criteria area we using? Who are we targeting? Are we encouraging them to move here permanently or just on a temporary basis? I do not know the answer to any of those questions, but it certainly needs to be taken on board in the context of the Budget.

300 The Report, also, is particularly cautious about the international situation and how Brexit and other trends might affect us and, certainly, I believe some of the work the States abroad externally is doing, has had to adapt to this new context.

As Deputy Fallaize reminded us, it is clear that the States continue to struggle to meet the 3% target for capital investment set in the fiscal framework.

305 We might have had good news on the bonds this year but, last year, the bonds clearly cost us money and we need to have greater transparency as to the costs and the outcome of that and as to why, too, the bonds have been used for what amounts to not capital investment, but effectively stabilising debts, in some cases, and long term structural problems.

I think, too, one implication within the Report that we need to challenge is it very much implies
310 that the States should be looking at some form of rationalisation of the Health & Social Care model. I have not heard that, particularly, from the Assembly in the last couple of days, nor from the public, but I think sometimes that the reports that we get, if they are focused entirely on an economic macro basis, very much give that impression and I am not quite sure how we will sort the sheep from the goats in that context.

315 I will quote, from page 23 of the Report:

'The public service reform programme adopted in 2015 represents an opportunity for more wholesale and radical approach to reducing expenditure.'

But this is interesting, too. On the Transformation Programme, which Deputy St Pier admitted has stabilised, rather than move forward at the speed it might have done. They write:

'A Budget of £25 million has been allocated to spend on the Transformation Programme, but it is unclear at this stage what scale of benefits there are, or what the benefits could be for the overall States of Guernsey Budget.'

Clearly, that is an issue, too, for Scrutiny to consider, as to how it is moving forward. I know, in fact, they already are looking at that. Then:

'The reform programme is currently working on the assumption that, without reformation, there is the potential for a £50m to £70m deficit on general revenue by 2040 and the long-term aim of the programme is to prevent this from happening.'

320 So, the message comes back again. On page 25:

'Realistically, given the proportion that staff costs represent of the total budget any reduction in overall budget must include savings on pay costs.'

They say we are 2% below the world, the OECD average of 19.3% and we are 17.3%. Actually, it is not particularly encouraging, because I am sure the OECD average of nearly 20% includes numerous countries that spend a lot on defence and countries that have a much bigger tax base than we have. So, we are clearly at the upper end of the public sector pay issue, whilst at the same time not having the breadth of income perhaps we could have.

The Bailiff: Deputy Fallaize.

330 **Deputy Fallaize:** I thank Deputy Gollop for giving way.

Would it not be more useful if Deputy Gollop compared those figures with the figures in Jersey and the Isle of Man?

Deputy Gollop: Yes.

335 I would be the first to say that, generally speaking, although we are perhaps less generous in some areas than the two other islands, we are better value for money in public expenditure across the board than the Isle of Man or Jersey.

Moving on to risks. I have already alluded to the amendment that did not appear, relating to professional costs, but it is interesting the Wood Report takes a slight interest in the topic as well.

340 On page 27, it compares our average cost of selected professional services in Guernsey and the UK. Now, you have to take those sorts of figures with a pinch of salt, because you are comparing apples and pears and London with the provinces, and so on. But, according to their figures, the lawyers' fee for drafting a will in the UK is £225, average. Us, it is £350. Surveyors' fees are cheaper, funnily enough, by nearly £50. Conveyancing fee in the UK is £1,000, compared with 345 £1,315 in Guernsey. A dental check-up, which is relevant to Deputy Le Clerc's social security work – we are all strongly behind her on the points she had raised relating to SWBIC and the Health Fund – the UK norm is £19.70. In Guernsey, it is £36.83. That sounds on the low side to me, but the point I am making is people on lower to moderate incomes here have a struggle affording professional services, in many cases. But, more relevantly, if our professional services rise too high, 350 we reach a ceiling of competitiveness issues.

So, although there may have been pushback when an idea for a form of transaction charge was mooted a few weeks ago, in reality the corporate sector should be looking, themselves, at trying to reduce the cost of services, in order to maximise our economic efficiency. There is another side to the argument, not just one based upon expanding our tax base.

355 I would say, I am more like the Tar Baby, than the Brer Fox or the Brer Rabbit, if we allude to those ancient stories, because I perhaps am neither optimistic nor pessimistic, but I think we have got a long way to travel to ensure that the Budget matches up with the overall States' framework for the rest of the States.

360 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

I will be supporting the Budget and all the Propositions, although as usual I do not like some of them. That was the case when I was the Deputy Treasury Minister and we, as a team, signed off 365 a Budget and I can quite honestly say not everybody ever supported all of the Propositions, but

that is life, isn't it? Compromise. You cannot support everything in a Budget like that. It is not something for everybody, you just hope that most of is satisfactory.

I realise what the problems are if some of these Propositions fail, because they have to go back and restructure how they are going to raise the money and that would be a significant issue and I do not think there is anything in the Budget at the moment that is sufficiently serious to vote against.

Just a few points. I brought this issue up in the past, why do we adopt this 3% GDP as what we put into our capital reserve? It is an arbitrary number used by other jurisdictions, but we are different because the problem we have, we have standard Corporation Tax of zero and, as have been proved, with our GDP going up, it is not reflected in our revenue.

My view is we should have percentage of our revenue going into the capital reserve. That is more realistic. But it is just a thought.

We also measure our GDP differently from almost everybody else, so it is difficult to make a comparison.

I would like the bond funds to be included as what is available in the capital reserve, because there is at least one, possibly more of the projects that have been submitted that could be funded in a way that produced revenue. So, we have actually got, possibly £400 million-odd available for capital spend but, obviously, I am fully supportive of the bond money having to be, as it were, lent on to projects which can produce a revenue stream to pay off.

I disagree with something Deputy Gollop said. He said the bond fund lost some money last year. No, no, no. The value of it did drop, but it would have only lost money if we had dipped into it and decided to spend it at that time. Actually, now, the bond fund is of greater value than what was, as it were, put into it. I think that was just an error. (**A Member:** Hear, hear.)

All sorts of clouds have appeared on the horizon recently. Zero-10 now maybe regarded as a factor which may result in the blacklisting of a jurisdiction. It has not happened yet, but already the European have brought it up. Now, that would cause us problems. You could say, oh great, we will just reintroduce a 10% corporate tax rate, or 20%. But that will produce a massive problem because, in introducing Zero-10, we rapidly increased the top limit for a social security contribution by companies to, it is about £137,000. We would be totally uncompetitive with people like Jersey, who have a limit of about £45,000. We have increased TRP by a factor of 10. A 1000% increase for finance companies and our TRP rates are far in excess of Jersey.

So, those particular areas of raising tax would have to be reduced. Otherwise you could see a mass exodus, because it would just be too expensive to do business in. So, re-taxing corporations is not the answer, not without further changes elsewhere.

I support this Budget, but I have to be realistic. This Budget and the last two have been what I call raiding the family silver and that is in the area of extracting or taking back working capital off some of our corporations that are owned by the States, Guernsey Post, Guernsey Electricity. The first time this happened was a substantial amount. We borrowed £20 million from the Guernsey Housing Fund. I remember the late Deputy Jones reminding us, when we had our discussion, it is just a loan and when we need it, we want it back. Fair enough, but if we wanted it back today, where is it coming from?

We have also had tens of millions from other corporate entities and I was particularly interested in Deputy Smithies' comments. He has basically put up the white flag, saying this is the last time you will be able to dip into this.

Now, these are tens of millions which have been used in the hope of balancing the Budget, which will not be available, maybe in 2018. Those other areas where we are looking at developing our corporate entities to start producing dividends or whatever and going more to a debt-funding capital structure, but that has not happened yet. So, 2018 will be interesting, depending on what happens in 2017.

Einstein once said something, I do not know the exact words, it went something like this. He could not understand why scientists kept repeating the same experiment hoping to get a different

answer and we are repeating the same experiment for the third year, at least, in a row. As regards the Brer Rabbit analogy, Deputy Prow asked who is the Fox? It is Brer Brexit.

420 Oh, yes, it is. It was something that was highlighted by Professor Wood. He said the Brexit issue is on the downside, as far as its effect on our economy. That is a real negative, because we have no idea, yet, what is going to happen. We have only been told about the threat of Brexit, because it has not happened yet. So far, the response of markets, of the community, it has practically been ignored for now. In fact, markets shot up.

425 All the economists got it wrong, which is not unusual. Any two economists are like any two lawyers. They both go into court and they are both brilliant and one is going to lose. That is the way it is.

430 I want to refer to this issue of broad shoulders and increasing, shall we use this word, progressive taxation. That has a real risk and Deputy Gollop has already mentioned it. I want to bring up a number which people may find surprising. How many individuals in our community are tax-capped? That is, they are very, very high income. You would be surprised at the number and I do not mind revealing it, because the number is not secret. It is 25.

435 Now, it is a number I have been tracking for five years. When I first asked at the beginning of the last term, it was about 32 or 33. In mid-term last time, it was about 28. It is a number which changes by one or two, but there is a downward trend and I am pleased that the income tax office is suggesting that this figure might be a KPI relating to our economy in the future and it could be published on an annual basis.

440 But the number of high-earning individuals that are being attracted to this jurisdiction has been falling for five years. Why? Lots of reasons. The Locate Guernsey report, which has gone from attracting high net worth individuals to try and attract business, at the bottom of one of its reports, said the biggest complaint of people coming here was the inadequacy and high costs of air links and sea links. Top of the list. It was top of the list in St Peter Port South during the election, never mind the 11-plus, that was there as well. Certainly, air links, sea links and the costs thereof were a major topic.

445 I think Deputy Ferbrache was treated a little unfairly by Deputy Trott, in relation to the amendment that was not laid. The history of it was we had about a week to try and draft this. The final draft appeared on the day it had to be submitted. It finished at about 12 and was submitted at 3 p.m.

450 Why it was decided that it was not such a big deal and what was the point of talking to P&R at that stage and we would not have been able to talk about it – in fact the amendment changed substantially – was that these two particular paragraphs, 4.69 and 4.70, it would have fitted within that. It was providing a timeline, if you like, and a suggestion of what may happen. Nothing more. But it set the hares running, didn't it? There was almost mass hysteria.

455 But, anyway, what is good news from that is we had a meeting with a whole range of people from industry – and I will be as vague of that, because Chatham House rules were insisted on – so I will not say what was discussed but the good news is now I am trusting the whole commercial community to come up with the ideas that, maybe, Deputy Merrett referred to. Where can we extend the tax base, without putting the skids under our economy? I was somewhat bemused about her speech, because she had the opportunity to support extending the tax base, and voted against it. No worry about that, because I do not if you remember, Deputy St Pier and Deputy Brehaut supported it.

460 Do not be surprised if the issue of how one taxes the motorists is something that is going to be reviewed, amendment or not. We looked at it several times, but dare I say no one had the courage to push it forward and the reason is, motor taxation, or the taxation of motors, is something akin to paid parking. It just shows up this massive hysteria. People were assuming you are going to tax granny's car. I mentioned to the Alderney Reps, do you know they could have won out on this, we could have say we will not tax cars under a litre and 40p would come off their petrol. They would be quids in. All it was, was asking to look at it.

It is going to be looked at, I am pretty sure, so I am pleased about that.

So, I treat this as a Budget that is definitely on a wing and a prayer. Now, I like to stay airborne when I want to be airborne so I support it. You can rest assured I have already starting praying. (Laughter)

Thank you, sir.

The Bailiff: Yes, Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you.

Sir, I feel compelled to briefly add my opinion to the many voices we have heard in the Chamber in relation to the 2017 Budget. I must admit to feeling quite deflated when I received the Budget. Deputy Trott had been bouncing like Tigger. I, on the other hand, felt like Eeyore, with the reappearance of a dark cloud overhead, dragging my chain. (Laughter)

Having lived through what could have been seen as the quickest vote to committee that the States of Guernsey has possibly seen, in May, also the recent most congenial of debates, relating to the IDP, and a general upbeat feeling of can do that seems to have pervaded this new term, I sense the honeymoon is now coming to an end.

To me, this is a missed opportunity to show that we really mean business and to have started to move, meaningfully, down the road towards making a real difference to the real lives of many Islanders.

The six months that we have been in Government, or longer, sorry, have been dominated at a high level by the Policy & Resources Plan and I cannot help but feel that much of the energy, resources and creativity put towards that plan could have much more valuably been redirected towards this first Budget of the new term.

Now, we can look at various options to help us strengthen our revenues, such as efforts to grow and diversify the economy. We can sell-off and consolidate our assets. We can look at increases in income tax and indirect taxes, or transfer funds from one reserve account to a revenue account. But all of these feel like reactionary responses to the situation we find ourselves in, as a consequence of the introduction of Zero-10 and the worst-case scenario of an economic downturn, which we have suffered.

There is much talk, in this term, of inclusivity; in fact, it is the new buzzword. Not leaving people out. Instilling fairness and ensuring equality within our community. This Budget, however, does not, I am afraid, give me the feeling that we are treating all of those in our community fairly or equally.

I do not apologise for repeating what some of our Members have already mentioned during this debate about the hardship which a significant amount of elderly people and those on low or middle to low incomes face in our community. The removal of allowances for over-65s and the less than generous increase in pensions mean that we are leaving behind the very people in our community whose efforts and hard graft to rebuild our Island in the post-war years and to leave it in the privileged and comfortable position it is now in.

The elderly have no way of increasing their income by bettering themselves through education and training, or getting a new or extra job. They have retired. They no longer work. So, there are very few options available to older people within our community to exploit opportunities to look after themselves outside their pensions, or savings if they are lucky to have them.

I would suggest that we optimise and exploit to the maximum the shift to move away from the universal benefits culture, which we have been used to for many years. We must start to use targeted benefit in all areas of Government spend, to ensure that we are helping those most in need.

Now, the elephant in the room to me, as has briefly been mentioned by Deputy Ferbrache yesterday, is the cost of wages of the highest earners within the Civil Service. Looking at published figures for the wage bill over the last eight years, over which we have been suffering an annual deficit, there has been a 31% increase in public sector pay, versus an 11% increase in private sector, locally. Pay has been permitted to rise well above inflation and, by not stopping the

incremental rises, means that pay has gone over and above inflation and it will continue to be so as a matter of course.

How this can be justified when we only award our pensioners with an increase of £1.64 per week over the next year, I do not know.

525 Civil Service reform must be expedited and it must come soon.

At this stage, I want to make it absolutely clear that I am not for one minute questioning the performance of our civil service. We have many amazing and dedicated staff members. This is a matter of affordability. We are not a private business awash with profits and therefore able to remunerate our top execs with eye-watering levels of salary. We must keep some perspective.
530 Failure to tackle the top rates of pay and the incremental increase in salary, through the banded system will be construed as supporting the *status quo* and I do not support the *status quo*. A reduction of our top salaries and curtailment of the incremental increase will assist towards a reduction of our deficit.

Overall, there are many aspects of this Budget which I have had comments and questions on,
535 but other Members have already spoken in depth about it, so I will not repeat their sentiments.

But, in the main, it has highlighted to me that there is not enough detail behind many of the proposals, for Members new and old, or existing. I do not want to be ageist.

One final comment. I am no economist, nor am I an accountant and as far as I am aware there are few Deputies equipped with these professional skills in the Chamber. I suggest, therefore, that
540 I have not been alone in spending far too long in translating the jargon in the Budget to plain English, which to me has blurred the focus on the figures and the implications of the proposals that we are being asked to agree today.

If we are serious about making States' proceedings more transparent and to better our communications with the community; not to mention making our lives as States' Deputies a little
545 easier, then I would suggest and ask that the Budget in future is proofed with an anti-jargon toothcomb.

The Bailiff: Deputy Langlois.

550 **Deputy Langlois:** Thank you, sir.

Deputy Kuttelwascher raised some interesting points about how we measure our expenditure and income against GDP, but that is really a debate for another day, probably at the next States' Meeting.

I just want to speak briefly, because very early on in the debate, Deputy Roffey was critical of
555 Proposition 2 and he said it was an implementation of an existing States' Resolution. Actually, it is more than that. If it was just an implementation, it would not require a new Proposition. It is actually an acceleration of a Resolution which only called for the personal allowances for those over 65 to be frozen until such time as people under 65s' allowances caught up. That would be a relatively painless process.

What Proposition 2 does, it accelerates that by closing that over-65s' personal allowance to
560 anybody reaching the age of 65 after 1st January 2019. So, you could end up with situations where somebody reached the age of 65 in 2018, could be living next to somebody who was 65 in 2019 and these two people who are otherwise in identical situations actually have different personal allowances. There is something mean-spirited about that and I think I would find that
565 rather hard to support, because there is a lack of principle behind it, when the original Resolution seemed to be quite a neat solution to the problem.

Proposition 3, which has been mentioned rather less in this debate, which is the partial withdrawal of the dependent relatives' allowance, despite the fact in the Budget Report it says that some families could see increased tax of £645 per year. Not an insubstantial amount.

570 These two Propositions are related, because the last States enjoyed itself dancing around a bonfire of universal benefits, probably chanting 'means testing, means testing' as they went

without, without any real idea of what the implications of this universal solution, means testing, was going to imply.

575 This partial withdrawal of the dependent relatives' allowance, it did not have any roots in those previous Resolutions. This is a fresh, new one, albeit a withdrawal of a similar type.

The thing is, there is no real argument for it in the Budget Report. It is just presented as a good thing and the only justification is that it is considered as not a well-targeted allowance. That is one of the problems of this bonfire of the universal benefits. You start talking in clichés.

580 I do not mind if P&R comes to the Assembly and suggests withdrawing an allowance or a benefit for the sake of increasing available revenues, but when it comes to this Assembly, under the guise of somehow sugaring the pill by implying that the funds will be better targeted, with no real explanation of how that is going to happen – whether we are talking in general terms or whether we are talking in specific terms – I start getting uncomfortable with the process. It is just simply too easy to say, 'let us get rid of this, it is not well-targeted. Our allowances and benefits
585 should be better targeted,' and just leave it at that.

I think we are falling into a trap here and I am worried it might continue. A bit like Deputy Kuttelwascher, old habits die hard. It is difficult for me to vote against Budget Propositions, but I suppose part of me will quite enjoy doing it for the first time in my political career, to be perfectly honest.

590 So, I will be finding it very difficult to vote for Propositions 2 or 3.

The Bailiff: Anyone else?

Deputy Lester Queripel, you wish to be *relevé*? Yes, you may be *relevé*.

595 **Deputy Lester Queripel:** Thank you.

The Bailiff: Anyone else wishing to speak?

Deputy St Pier, then, will reply to the debate. President of the Policy & Resources Committee, Deputy St Pier.

600

Deputy St Pier: Thank you, sir.

I think I indicated last night it was going to be 10 or 15 minutes. Well, that was last night.
(Laughter)

Today is a new day, new dawn.

605 Deputy Graham, in his comments, brought me to thinking that, up until 2015, each Budget only looked ahead at one year and it was in that year that we looked ahead one year and then added two. Of course, in this year's Budget, we have looked ahead next year and added three years.

610 Actually, most of the general debate has not been about next year. Obviously there has been quite a lot of comment about next year. Much of the concern has been expressed about 2018, 2019 and beyond. In a sense, we have created our own problem by seeking to project forward, although of course that is entirely the right thing to do and it is entirely appropriate that this Assembly should be focused on thinking about the problems that are heading down the track to us.

615 Before I begin in earnest, I think I would like to take a moment to thank Deputies Ferbrache and Kuttelwascher for not laying their amendment, which they have circulated in draft, to look at introducing a limited sales tax on the services of some professionals. I am pleased that Deputy Ferbrache recognised that the amendment would have increased bureaucracy and impacted the poorest, which of course, he said in relation to Deputy Roffey's amendment, he could not support.

620 Of course, sometimes the harder decisions in life require us to change our minds and, I think, they clearly have listened to the advice and feedback they received from multiple sources and they should be commended for showing the wisdom and humility in changing their minds on this occasion.

I was not going to say any more, but Deputy Ferbrache in his speech did challenge why P&R had not done more. So, I would like to respond to that. Deputy Ferbrache raised this issue with me soon after the general election. He told me that, because of the barriers to entry, in essence that his profession was a closed shop and therefore its members are in position to earn what I guess economists would call super-profits. He suggested the idea, which was then embodied in his amendment. I advised him, then, that in my view a sales tax on revenues would not work, because it would not impact the profitability of the profession. It would simply be passed on to the user.

However, I said that the underlying point was clearly worthy of further consideration. I undertook to take that away and give it some thought with my Committee, which is exactly what I did, working with officers and we are grateful to Deputy Ferbrache for bringing the matter to our attention, clearly based on his own experience of 40 years in the profession.

We did some initial work, but it became clear to us in the time available before the Budget was finalised that it was simply not possible to answer all the questions that needed to be answered, such as how would you prevent ... anti-avoidance? How would you clearly identify the profits from a particular income stream or service type or so on.

In short, tax policy is a technical area for tax practitioners, requiring some very detailed consideration and it is for that reason that we included the text we did in paragraphs 4.69 and 4.70 and Proposition 13, to allow us to go away and do the job properly.

Referring to our previous conversation following the publication of the Budget Report, I contacted Deputy Ferbrache on 4th October and I said, 'You will, I am sure, have noticed the references in paragraphs 4.69 and 4.70 in the Budget Report and Proposition 13. If you wish to go further by amendment, I would greatly appreciate early engagement with you. I can share with you the work already done on looking at this and include some of the challenges it throws up and some of the alternatives available.'

Deputy Ferbrache came back by email with, 'It is likely I will seek to amend the Budget. I want to discuss the finer details with Jan, who is on holiday this week. Frankly, I do not think we are giving Guernsey the leadership it needs. That said, I am happy to talk things over with you.'

Now, unlike a number of other colleagues who accepted the open invitation to discuss potential Budget amendments, I did not hear anything further from Deputy Ferbrache.

Now, Deputy Trott is not Deputy Ferbrache's head teacher and Deputy Ferbrache does not have to do everything that P&R want, but we are still one Government, and we will be more effective, as Deputy Merrett says, if we work together, by talking to each other, than if we try to plough our own furrow.

Deputy Ferbrache said that this Budget does not inspire. To give him his credit, I think his amendment did indeed inspire. It inspired horror at its naivety. (*Laughter*) He said that we need to be pragmatic and practical, etc. He is right, but the amendment, I am afraid, was neither.

He said that we need to innovate and he is right there, as well. But you do not innovate tax policy by amendment. We should do so after careful consideration, as recommended by Proposition 13 and I would ask the Assembly to trust Policy & Resources to do the job you elected us to do and to report back next year with appropriate recommendations.

Deputy Ferbrache then said, in his speech, he asked what is Policy & Resources going to do. I think it is worth reiterating the section of my opening speech which said that my Committee acknowledges the structural, fiscal challenges we still face as a result of ongoing demographic challenges. To address this, we will develop a medium-term fiscal plan as part of the next phase of the Policy & Resources Plan. So, that is what we are going to do.

Whether it is strengthening the tax base or, as Deputy Yerby suggested, broadening the tax base. Whether it is deepening the tax base. I do not mind what we call it. Deputy Ferbrache, you challenged and said, 'You must have some ideas. Give us some ideas of exactly what it is you are thinking.'

I think the Budget Report does clearly refer to some of those things. First of all, in relation to corporate tax which, of course, like the changing of the clocks on the last Saturday of the month,

Deputy De Lisle was very quick to mention in his speech. In the Budget Report, in paragraph 4.4, again:

‘The Policy & Resources Committee, in accordance with the above resolution ...’

Referring to the Personal Tax Benefits Review.

‘... continues to monitor the appropriateness of the corporate tax regime and will report back to the States as and when it considers any other changes should be made.’

680 That process continues. We continue in a regular dialogue with industry and Deputy Kuttelwascher referred to his meeting with them as well.

‘The matters and initiatives that will be considered as part of the monitoring of emerging and evolving standards include:

‘The Organisation for Economic Development and Coordination’s Base Erosion and Profit Shifting actions, to which Guernsey has already demonstrated an active commitment; the development of the EU Commission’s criteria for taxing governance ...’

Which, again, Deputy Kuttelwascher referred to.

‘... used as the basis for potential Code Group assessment of third country jurisdictions and the EU Commission’s Anti-Tax Avoidance Directive.’

685 There is an awful lot going on in international taxation, corporate taxation, which affects us. The UK has already indicated its intention to reduce its corporate tax rates to 18%. It is quite likely that they will go lower, as a result of if they do indeed proceed with Brexit and seek to compete more aggressively in taxation terms.

All of that impacts upon and limits our room for manoeuvre in relation to our corporate tax regime. But we will continue to do what we can and we have a good track record of doing precisely that.

690 The second thing we will do, is phase two of the reform of personal taxation, referred to in paragraph 4.17.

‘Phase 2 of the removal of the universality of personal tax allowances will consider the threshold at which withdrawal commences and the withdrawal of other allowances and reliefs for higher earners.

I will come back to that in responding to some of Deputy Fallaize’s comments as well.

695 And, the third thing is the reference in 4.69 and 4.70, which of course was the basis of my comments earlier in relation to the putative amendment.

700 So, there is a lot that P&R is doing. I think Deputy Lester Queripel also referred to this as being a standstill Budget this year, next year and the year after. I beg to differ. We have to remember that our deficit peaked at £37.2 million in 2010. We have done anything but stand still. We have put in an awful lot of work to ensure that we are headed in the right direction and, if we do in fact have a balanced Budget out-turn for 2016, as I hoped for and indicated yesterday, and indeed deliver a balanced Budget for 2017, that is not, I can assure you, standing still.

705 Deputy Dorey referred to a sugar tax. I think that really is something that is best led by the Committee for Health & Social Care, based on health policy grounds, rather than fiscal grounds. We would clearly work with the Committee for Health & Social Care, should they wish to develop any recommendations in that area.

710 With regard to share transfers, he has a point. I am embarrassed. In fact, I would go so far as to day I am deeply embarrassed that the Budget Reports which he referred to have made this undertaking in relation to this area and, indeed, I have stood here and said precisely the comments which he quite correctly quoted from Hansard. It is embarrassing, it is deeply embarrassing.

However, finally, I hope we can report progress with a wonderfully titled piece of legislation called the Document Duty (Anti-Avoidance) Duty, which in fact our Committee considered last week. There is draft legislation, a Policy Letter will now be prepared and brought back with the legislation very shortly.

I think the Report says 'shortly'. I asked whether we could change that to 'very shortly'. The Report still says 'shortly'. *(Laughter)* However, to be fair, it is an immensely complicated area. It is much more complicated than most people imagine. The issues around dealing with fund structures and ensuring that those are not inadvertently caught. The issues around ensuring that this does not inadvertently capture the same areas that would otherwise be exempt if you were doing a transfer between husband and wife or other related parties. All of those things needed to be worked into this legislation, so it has taken far longer than any of us would have hoped.

The other point I would make in relation to this is we are not sure how much revenue it will raise. There is a reference to millions being lost each year in relation to the issue of share transfers. Obviously, by definition, we simply do not know.

But, of course, it is quite likely that a number of structures will be collapsed and properties put into the hands of individuals in order to avoid the ongoing costs of maintaining a company. That will result to an ongoing annual loss of revenue to the Guernsey Registry. We have got no way of quantifying that, so it is really just a word of caution that when this Policy Letter and legislation does come back to us, do not see this as being, necessarily, the silver bullet and the route to salvation in relation to our revenue issues.

Having said that, I think I thank Deputy Dorey for raising the point again.

In relation to the Economic Development Fund, there will be a full report on the use of that Fund and also the Transition and Transformation Fund in the annual accounts, as I think Deputy Dorey suggested that actually this debate was not probably the place for it anyway. It is probably more appropriate actually in relation to the Economic Development Fund for the Committee for Economic Development to update Members on that.

I notice that Deputy Brehaut is making a statement on progress of his Committee's work and I am sure Deputy Ferbrache will be doing the same in relation to his Committee shortly and, perhaps, he might pick that point up and perhaps provide some information on the progress of that Fund.

Deputy Dorey also referred to the utilities and the impact of their refinancing. Sir, I would suggest that is the role of the States' Trading Supervisory Board to ensure that it is achievable and, I think, Deputy Smithies covered that at some length and very well in his speech and clearly to bring that to the Assembly and advise us if they do not believe that they can do so.

Deputy Roffey, of course, spoke at some length in relation to the higher personal allowances and the age-related allowances and said the purpose of them, the rationale of them, was for a higher cost of living. That may indeed have been the case, but I am not sure that it necessarily applies, particularly at the age of 65 today. It maybe it applies at a higher age limit later in life but, of course, general speaking, most people of 65 do not have mortgages and they do not have children. So, I think the statement which Deputy Roffey made is probably more anecdotal than evidence-based.

Of course, if Proposition 2 is lost, then in fact it will be effectively those that do have mortgages and do have children who will be to some extent carrying the burden of the additional tax across the whole system.

Age-related allowances, the Report says, result in a reduced revenue of £3 million a year. If Proposition 2 is lost, then our estimate is that over the first 10 years in which new claims are added, that will amount to £1.5 million to £2 million a year and we just simply believe that that could be better used in more effective targeting of benefits.

As Deputy Langlois said, the extant Resolution is the extant Resolution and this is simply a proposal to accelerate that and I think he identified his purpose.

Finally, Deputy Roffey referred to hidden taxation in relation to our seeking a return on assets. I think Deputy Smithies covered very well the opportunities for some of those efficiencies to be delivered within the trading businesses.

765 Whilst we talk about hidden taxation, what we do not talk about is hidden subsidy and that the States' trading assets have been benefiting from a hidden subsidy for years, because they do not bear any costs of capital. Capital is free to them.

So, there is an alternative that if we do not want to go around it this way we, as taxpayers, in providing them with capital for their capital projects, charge them for the cost of capital and the charge for the cost of capital, I would suggest, is 3.625%, which is effectively what we know we
770 can acquire it for ourselves on the market.

If we do not address the question of hidden subsidies, what it results in, as anybody who has done any economics will know, is the misallocation of resources. That, of course, is why you have Guernsey Water sitting on a £12 million cash reserve, considerably in excess of its working capital need and I will come back to that in a moment in relation to somebody else's comments.

775 Deputy De Lisle referred to ... I will give way.

Deputy Dorey: I thank Deputy St Pier for giving way.

He talks about capital subsidies to utilities, but Guernsey Electricity has been providing its own capital and, in the past, it has borrowed and it has financed that borrowing itself. Guernsey Water,
780 I believe, in the past, the waste water charges did not cover capital and that was passed because the total waste water costs were borne by the taxpayer, then the Waste Water Charge was introduced, which covered the operational cost of it initially, so that the capital costs will continue to be supplied by the taxpayer.

785 **Deputy St Pier:** Certainly, Proposition 22, in relation to the Belle Greve outfall, that was provided by from the taxpayer. Not through the charging system.

Deputy De Lisle referred to his opposition to the change in TRP. Again, he has been consistent. I will give way to Deputy Fallaize.

790 **Deputy Fallaize:** I am very thankful to Deputy St Pier.

On this interesting point about capital, if not charging for capital in public sector industries results in the misallocation of resources, does he not agree that not taxing capital in the private sector results in a very similar misallocation of resources?

795 **Deputy St Pier:** No, he does not. (*Laughter*)

I do not think we will get into a diversionary discussion on that particular economic issue, because it is an economic issue, rather than particularly in relation to the Budget.

Deputy De Lisle was consistent in his opposition to TRP. He opposed this move in the Personal Tax, Pensions and Benefits Review. We are simply acting pursuant to that and there is nothing
800 different in relation to the proposal.

He also referred to Senator Maclean's Budget in Jersey and in relation to the information-gathering process which Jersey were going through. I would inform Deputy De Lisle that, actually, Jersey are following us. We began that process 12 months ago, so there is nothing new in relation to the proposal in Jersey's Budget. The bond terms are available in the public domain. There is no
805 facility to repay the bond unless we buy it in the market ourselves and the coupon is fixed for the entire period of the bond.

Deputy Fallaize urged that we do not adopt Proposition 22, £5.4 million return from the capital reserves to General Revenue. I think Deputy Yerby made that comment as well. What I would say to them is this £5.4 million is not needed now. There is a lack of projects to progress immediately.
810 There are funds in the capital reserve. If, as we hope and I indicated yesterday the out-turn for 2016 is better than appears in the Budget Report, then we can return some of that £5.4 million, or

indeed all of it, if we have a balanced Budget, as part of the accounts approval process next year. So, £5.4 million is the worst case.

815 Finally, sir, there is not an alternative in the sense that if do not approve Proposition 22, there are not any other reserves to which the deficit for 2016 can be allocated and, therefore, we will effectively just be continuing to run-up the overdraft on the General Revenue account reserve, which is already £2 million overdrawn. So, sir, the rejection of Proposition 22, I am afraid, would be nothing more really than a gesture, which I would suggest is not particularly helpful for any of us.

820 Deputy Fallaize also asked that consideration be given to telecoms companies. They are not all the same. I absolutely take that point. That point was learned quite well in relation to some TRP issues by the Treasury & Resources Department in the last term.

825 However, what I would say in relation to Deputy Laurie Queripel's comment on this, as well, is as ever, in this Assembly, and in life, I guess, we have this dichotomy and this constant tension. We are looking for a greater contribution from the corporate sector, but do not look here, because they already paying more in TRP and through their vehicles and so on, that Deputy Laurie Queripel referred to.

This is the dilemma that we constantly have. We cannot continue to have it all ways, wanting the corporate sector to pay more and then, when we seek to ask them to do so, we then find reasons why that is no longer appropriate.

830 Deputy Fallaize was also worried about lower cash limits for the Health & Social Care Committee. What I would say to him is my expectation is that the cash limits should be by agreement with the Committee for Health & Social Care, as we work through the Transformation process together. We will come to agreements that they are happy with.

835 He also referred to jam tomorrow. It was always jam tomorrow. Again, I would make the same comment as I made to Deputy Lester Queripel, sir. The deficit peaked at £37.2 million in 2010. We should have a balanced Budget, hopefully, in 2016 and 2017. That is after additional transfers to the capital reserve, when we increased it by £2 million a year in 2014. So, it is not jam tomorrow. There may be some more jam tomorrow, but there has been some jam today as well.

840 We cannot cut our way to growth, he said. I think at this point he was straying into a warm-up run for his speech in two weeks' time on the Policy & Resource Plan. I absolutely agree, we cannot cut our way to growth. He referred to Jersey. Jersey, sir, of course have £80 million a year of Goods and Services Tax and they have a bigger deficit. So, I also agree with him they are not necessarily the great paragons of virtue that we would wish draw ourselves towards.

845 He made a comment in relation to wanting to withdraw the personal allowances and bring them in at a lower level and a number of Members have made that observation and that, of course, is exactly what paragraph 4.17 is referring to. We need to work with the Committee for Employment & Social Security on that.

850 This question of marginal tax rates, he presented as being something just a little bit technical and esoteric, that we really did not need to worry too much about, we just needed to get on and do it. We need to have the dialogue, we need to remember, for example, his reference again to us having a very generous social insurance and tax system for the wealthy. If you are self-employed and you are paying 29.9% on everything up to £138,000, that is quite a chunk which is coming out of your earnings. We have to remember that 10% of adults pay no income tax at all. Another 10% of adults pay 40% of all the income tax that is raised. We only have 25 tax-capped individuals, as
855 Deputy Kuttelwascher said.

860 So, we have a revenue problem, we have recognised we have a revenue problem. Professor Wood and Dr McLaughlin in their Independent Annual Fiscal Review recognise we have a revenue problem. We cannot cut our way out of growth, but we cannot tax our way out of the problem, either, especially with income tax. I think Deputy Inder perhaps referred to this in his maiden speech on the amendment yesterday, the suggestion that we can just make the wealthy pay a little bit more, it is the same argument as petrol duty. Income tax is a declining tax base, because of the structure of our economy and our over-reliance on it. So, if we think we can just keep on

adding half a penny here, or a penny there, we are fooling ourselves. We cannot tax our way out of this problem.

865 Deputy Green asked if there had been an economic analysis of a reduction in spending. Of course, reduction in spending will amount to about 1% of GDP. We have not done the detailed economic analysis, sir. It really depends upon how it is implemented. Our expectation is clearly, with nearly a third of the workforce coming up to retirement in the next 10 years of so, if it can be undertaken with fewer roles for providing existing services, then it will clearly have a different
870 economic impact than if it is cutting either services or roles in another way. It really depends upon how it is implemented. I cannot say much more than that to Deputy Green on that point.

He asked for a genuine tie-in with the Committee for Employment & Social Security in relation to the Uprating Report and Deputy Le Clerc referred to that as well. As I said in my speech, the Policy & Resources Committee are indeed committed to delivering that. But it was, of course,
875 interesting that Deputy Dorey took a polar opposite view in relation to that issue, so again we do not have completely unanimous agreement on that.

Where are the savings going to come from, was Deputy Green's question, and indeed Deputy Brehaut said that in his speech, as well. When I appear before a Scrutiny Management Committee on 22nd November, which I will be pleased to do, and indeed I look forward to it, I will be
880 delighted to appear, I will not be able to tell him then, either, at this point. That is the next stage of this process, where we have to work with the committees to identify what their Transformation opportunities are, before we determine what the appropriate levels of cash limits are for 2018 and 2019.

It is going to be an iterative process over, particularly, the next few months once we have agreed how committees are going to deliver their 2017 cash limits.
885

He asked that the removal of the health service grant should only be for one year. Deputy Dorey, obviously, opposed that. I am grateful to the Committee for Employment & Social Security for their support and it is clearly on the understanding that it is only for one year, in the context of the wider review, the funding of the entire health system, with the Committee for Employment &
890 Social Security and the Committee for Health & Social Care.

If we pursue Deputy Dorey's line and reject that Proposition, then again we will open up a £4.7 million hole in the Budget, which will again have to go to the General Revenue Account reserve in the same way as if we reject the transfer under Proposition 22, so I urge Members not to heed that call.

895 Deputy Green also expressed concern or questioned the discretionary authorities and, again, ensuring that they were appropriate. The reason that we are asking for that additional authority this year, quite frankly, is we just need to be able to get on with it, particularly in relation to Health & Social Care and that is why we think it is appropriate. It is in the context of there is work in train. We need to be able to enable that to happen without a great deal of impediment over due
900 process, which again I think many Members would recognise and endorse.

Deputies Fallaize, Green and many others welcomed the potential amendment from Deputies Ferbrache and Kuttelwascher as asking the right question. I think Deputy Kuttelwascher would know that he and I, as members of the Treasury & Resources Department in the last term, have been asking the right question for several years. That, of course, is precisely what the Personal Tax
905 Pensions and Benefits Review was all about.

Alderney Representative Jean, we have another real set of tensions here between the fiscal union and the desire for fiscal independence. I think the references to TRP, which again Alderney Representative McKinley also made, of course you will have control of TRP, we hope from next year and that, I think should seek to address that issue, allowing you the flexibility to design a
910 system which you believe is more appropriate for your needs in Alderney.

Alderney Representative McKinley also asked about whether the Aurigny losses on the Alderney routes were available and the justification for the £1.4 million. That really is a question that needs to be directed to the States' Trading Supervisory Board. A lot of work has been done around that, because I know there has been concern around it. A lot of work has been done, using

915 independent accountants, but I would suggest that perhaps Alderney Representative McKinley would like to pick that up with the States' Trading Supervisory Board.

Finally, in relation to paragraph 9.51 of the Report, just to confirm the position in relation to the Gambling Control revenues. The Gambling Control revenues are part of the Bailiwick of Guernsey's revenues. It has been conceded for the last few years that those revenues would be
920 retained in Alderney to enable the funding of capital in Alderney and we are merely proposing that that will continue as we continue the process of redefining the financial relationship between ourselves and Alderney over the next year or two.

I will give way –

925 **The Bailiff:** Alderney Representative Jean.

Alderney Representative Jean: There has been no discussion at P&F level or Alderney Liaison level of this item and it has come out of the blue. The point that I am making is that there is a section here. Proposition 30, it occurs here and on 33:

930 'To note that, with effect from 2020, unless alternative arrangements are put in place as part of the package of changes to the financial relationship between Guernsey and Alderney, the Alderney Gambling Control Commission surpluses will be credited to the General Revenue Account.'

That is the first that we know of this. There has been no discussion. You have just put that in the Billet and I am asking the Members to vote this out and I feel very strongly about it and extremely angry.

935 **Deputy St Pier:** I think that is understood.

The point that I was seeking to make was that the revenues have always been part of the Bailiwick of Guernsey's revenue base and it is simply a reversion to the *status quo* unless we agree something different. That is the basis on which that is being presented.

940 **Alderney Representative Jean:** Sorry, sir, I beg to differ.

Deputy St Pier: Deputy Oliver asked why we are continuing to fund the Overseas Aid Development Commission at the level that we are and I think that was dealt with quite comprehensively by Deputy Yerby, as the President of that Commission.

945 Deputy Laurie Queripel asked about the Income Tax Electronic Data Management Scheme and system. The details in relation to that will appear in a Policy Letter in due course. So, all the information he requested will have to be part of that business case and Policy Letter, which will come back to this States for approval before any decision is made to commit funds to that area.

950 Deputy Brehaut had concerns again, we touched on this with Deputy Green, about where on earth these savings were going to come from in the next few years. Sir, there is a benchmarking report going on at the moment, being undertaken by PricewaterhouseCoopers with the Committee for Home Affairs and also the Committee for Education, Sport & Culture. My understanding from the presence of both is that process is proceeding well, with good engagement at both, particularly at officer level, with those involved in that.

955 We expect that report early next year.

Those are clearly the next two largest spending departments, in addition to the work that was done on health. Once we have that information, that will enable us to work with those Committees on what they feel they can deliver in terms of Transformation, which will in turn then help us to work out what needs to come elsewhere.

960 As I explained in the meeting with Deputy Brehaut this morning, I do expect this next stage to require a considerable level of communication and engagement between me and my Committee and the Presidents and their Committees, in order that we work together to develop what are the appropriate Transformation targets and quantum benefits and the timelines as well.

This should be an iterative process. It is not something that should be done to Committees. It should be something that we do together.

In relation to environmental taxes, Deputy Brehaut raised that, paragraph 4.32 and, indeed, Deputy de Sausmarez as well. I think Deputy de Sausmarez drew attention to the language and I think she is correct, the wording is perhaps unfortunate. I think there is a next stage which involves some dialogue, clearly, between the Policy & Resources Committee and the Committee for Environment & Infrastructure and, of course, the Committee for Economic Development as well. As Deputy de Sausmarez said, she made the point very well that this area clearly does have an economic impact and she argued it is positive. Clearly, the Committee for Economic Development may have a view on whether they agree with that or disagree with that. We need to have that dialogue and I am not sure that that is necessarily reflected in the language of the Budget Report.

I think Deputy de Sausmarez did pick that up in the context of the original Resolution.

Deputy Graham referred to an 18% reduction in targets, which is actually a comment I had heard Deputy Lowe, in a meeting the other day and I did not pick up on it then with her, because it is not 18%. If we start with £100 and take off 3%, that takes us to £97, take off another 5%, that takes off another £4.85 and then take off another 5% off that reduced base, that is another £4.60. The net takes you down to £87.50. So, the compound reduction is 12.5%, not 13%, i.e. five plus five plus three and it is certainly not 18%. I do not know where that came from, but the compound target, effectively, will be 12.5%.

Deputy Le Clerc called for, really, increased working together and asked how that is going to happen. I think it can only happen by regular dialogue. As she would know from having been on the previous Social Security Department board, I think there was a well-developed and good process through the Personal Tax Pensions and Benefits Review. Effectively, although we do not have that review formally in train any more, there is clearly a lot of work we need to do together. We need to replicate that structure in some way. We have already had that dialogue and I think in the next few weeks we need to put that together and enable that to happen.

Hopefully, that addresses her concerns and is no surprise to her.

In relation to SWBIC and her Committee's firm expectation that that should be happening in 2018, only wish to delay it by one year. I think, really, what the Budget Report is saying is that we believe, at the moment, based on current information, based on our current revenue problem, as we described earlier, given current policies and current priorities, we do not believe that is affordable until probably 2019.

However, that may of course change through the Policy & Resource planning process and what is going to happen in the next few months in relation to that process.

I understand the concern that Deputy Le Clerc's Committee had when they saw that in the Report, but I think they need to understand it in the context of us commenting on what we believe is deliverable, given current policies and priorities as we saw them at the date we were preparing this report.

I thank Deputy Lowe for her comments and commitment to Transformation and, indeed, her detailed account of what is going on with Home and particularly in relation to HOST.

Deputy Prow asked how are we going to grow, what is Policy & Resources going to do to grow? I think, as Deputy Brehaut identified yesterday, clearly the mandate in relation to economic development of course sits with Economic Development. The key role for Policy & Resources is around creating the right fiscal environment and that is ensuring that we effectively remain competitive and attractive and that takes us back, again, to the tensions that I identified earlier, in relation to how far can we extract more from particular sectors or segments of the community and remain competitive and attractive. That is that is the potential dialogue we have.

In terms of what are we going to do about it, that I think is our key action.

Deputy Kuttelwascher, I thank you for your comments. Again, with your experience of having been on the Treasury & Resources board as, indeed, Deputy Brouard said from his experience of being on Policy & Resources, nobody likes everything that is in the Budget. You do have to look

at it in the round and some of the Propositions which both Deputies Kuttelwascher and Brouard will be supporting, they do, perhaps, holding their nose on some of them, but they still do it in the context of the whole.

Deputy Kuttelwascher also asked why we have 3% of GDP. Of course, that is really because it is an international, sort of, norm-ish. That is what goes on elsewhere. Of course, it is a target over the medium-term, rather than being a hard and fast rule as such. It is about, really based on the observations of economists elsewhere, what is a reasonable norm to ensure that the infrastructure of the community is kept up to scratch. That is really how it has come about.

He also called for projects to be funded from the bond, if appropriate. Again, I did refer to that in my speech. It may be possible to do more than £280 million worth of projects if some of them do indeed have a funding stream.

I would say, this links back to the previous comments in relation to the States' trading assets, we are not taking back working capital, which was the phrase Deputy Kuttelwascher used. What has been returned is surplus capital. Working capital is what the visitors need in order to trade from day to day. Surplus capital is what they are sitting on that they do not need.

There is a significant difference to that.

He also identified Brexit as being a key risk, as indeed is stated in the Independent Annual Fiscal Review. I would add another one, which of course is a consequence of the Brexit vote, which is inflation. With a 16% fall in the value of the pound, this will feed through to higher prices, which is going to impact on us and our community. Actually, the double whammy of Brexit and inflation, of course, does raise the spectre of a period of stagflation, which is clearly a downside risk that we have to be aware of.

Deputy Dudley-Owen, who has returned to the Assembly, referred to the jargon in the Report. As I am sure she will know from her experience elsewhere, of course, it is very easy for all us to get too close to documents as they are prepared and we perhaps lose our perspective on them. So, I think we will take that comment away and seek to try and visit next year's Budget Report with a fresh pair of eyes with that comment in mind.

Sir, I think that has taken about 14 minutes, so I am within my 15-minute allocation. Needless to say, I encourage all Members to support all resolutions. *(Applause)*

The Bailiff: Members, it is clear there is going to be a number of separate votes on the Propositions. So, I propose that we go through them in the order in which they are set out and there is clearly going to be a separate vote requested on Proposition 2. So, we will start with Proposition 1 and vote simply on Proposition 1.

I hope everybody has got the Propositions in front of them. They will need them, unless you can clearly recollect what each and every Proposition says.

Deputy Lester Queripel.

Deputy Lester Queripel: Sir, I rise to ask if we can have recorded votes on 2, 9 and 33, please.

The Bailiff: As we go through, if people want any other recorded votes, they can indicate that they want that.

So, Proposition 1. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Proposition 2 is to be a recorded vote, and for the benefit of anyone listening, Proposition 2 reads:

'To close the higher Personal Tax Allowance (granted in the First Schedule, paragraphs 1(ii), 1(iii) and 1(v)) to people who turn 65 after 1 January 2019.'

1065

A recorded vote.

There was a recorded vote.

Not Carried – Pour 11, Contre 27, Ne vote pas 1, Absent 1

POUR

Deputy Le Tocq
Deputy Yerby
Deputy Soulsby
Deputy Kuttelwascher
Deputy Tindall
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Laurie Queripel
Deputy Smithies

CONTRE

Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Dudley Owen
Deputy De Lisle
Deputy Langlois
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Le Pelley
Deputy Merrett
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Hansmann
Rouxel

NE VOTE PAS

Deputy Brouard

ABSENT

Deputy Parkinson

The Bailiff: Members the voting on Proposition 2 was 11 in favour, 27 against, with one abstention, I declare the Proposition lost.

1070

We are to have a separate vote on Proposition 9. I have heard nobody request a separate vote on any of Propositions 3 to 8, inclusive.

Deputy Gollop: I would like 3 and 7.

1075

The Bailiff: Oh, you would like 3 taken separately, would you Deputy Gollop?

Deputy Gollop: And number 7.

The Bailiff: Propositions 3 and 7 separately.

1080

In that case, we will vote now on 3. Sorry, Deputy Paint.

Deputy Paint: Sir, I would just like a bit of clarification on 7. I am quite against increasing fuel, but I would be prepared to support the others, so what can we do there?

The Bailiff: Nothing. *(Laughter)*

1085

There could have been an amendment to separate them out. There has not been. So, the simple answer is you either vote *en bloc* for all of them or vote against all of them, or abstain on all of them.

Deputy Paint: Sir, if it helps, I concur. I agree.

1090

The Bailiff: And HM Comptroller is agreeing with that. The answer would have been to lay an amendment to enable them to be taken separately.

So, we vote, then on Proposition 3:

'To close the Dependent Relatives Allowance, in the case of a child receiving higher education, to new claimants with effect from 1 January 2018.'

Those in favour; those against.

Members voted Pour.

1095

The Bailiff: I declare that carried.

Propositions 4, 5, and 6 we can take together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

Then, a separate vote on the rates of excise duty in Proposition 7. Those in favour; those against.

Members voted Pour.

1100

The Bailiff: I declare those carried.

A separate vote on Proposition 8. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Proposition 8 carried.

Then, we are to have a recorded vote on Proposition 9, which is:

'That the rates of Tax on Real Property in Guernsey and Alderney with effect from 1 January 2017 shall be as set out in paragraph 4.55 of this Report.'

1105

Proposition 9.

There was a recorded vote.

Carried – Pour 26, Contre 13, Ne vote pas 0, Absent 1

POUR

Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Yerby
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut

CONTRE

Deputy Paint
Deputy Dudley Owen
Deputy De Lisle
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Gollop
Deputy Lester Queripel
Deputy Leadbeater
Deputy Mooney
Deputy Le Pelley
Deputy Inder
Deputy Laurie Queripel

NE VOTE PAS

None

ABSENT

Deputy Parkinson

Deputy Tooley
Deputy Le Clerc
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Lowe
Deputy Smithies
Deputy Hansmann
Rouxel

The Bailiff: Members, the result of the voting on Proposition 9 was 26 in favour, with 13 against, I declare it carried.

1110 We move on to Proposition 10, which is to approve the draft Ordinance giving effect to Proposition 9 and there is a point in relation to this and each of the other draft Ordinances that they all refer to the Resolution of the States of 1st November and clearly that needs to be amended to 2nd November. We do not need to lay an amendment to that effect.

So, Proposition 10:

'To approve the draft Ordinance entitled "The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2016".'

1115 Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Propositions 11, 12, and 13, let us just take them separately.

Proposition 11, those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

1120 Proposition 12, to approve the draft Ordinance giving the Document Duty Amendment Ordinance 2016, may I remind you there is an amended Ordinance that was replaced as a result of the successful amendment by the two Law officers.

The technical change that resulted in a replacement Ordinance. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

1125 Deputy Dorey, are you requesting a separate vote on Proposition 14? (**Deputy Dorey:** Yes.) Well, let us take 13 on its own, then.

Proposition 13, those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

Proposition 14:

'To agree that no grant is made in 2017 from General Revenue to the Guernsey Health Service Fund and to direct the preparation of the necessary legislation.'

1130 Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

I think we can then take 15 through to 20 altogether.

A Member: Sir, can we have a separate vote on 16, please?

The Bailiff: In that case, we will take 15 next. Proposition 15, those in favour; those against.

Members voted Pour.

The Bailiff: I declare 15 carried.

A separate vote on Proposition 16. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare 16 carried.

Seventeen, 18, 19 and 20, can we take those four together? Those in favour; those against.

Members voted Pour.

The Bailiff: I declare those carried.

We have a request for a separate vote on Proposition 21. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare 21 carried.

Proposition 22 is to be a separate vote as well. And a request that it be a recorded vote.

'To immediately transfer the sum of £5.4 million to General Revenue from the Capital Reserve.'

A recorded vote.

There was a recorded vote.

Carried – Pour 30, Contre 8, Ne vote pas 1, Absent 1

POUR

Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley Owen
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut

CONTRE

Deputy Yerby
Deputy de Sausmarez
Deputy Roffey
Deputy Gollop
Deputy Merrett
Deputy Fallaize
Deputy Laurie Queripel
Deputy Hansmann
Rouxel

NE VOTE PAS

Deputy Inder

ABSENT

Deputy Parkinson

Deputy Tooley
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Lowe
Deputy Smithies

1150 **The Bailiff:** Members, the voting on Proposition 22 was 30 in favour with 8 against and one abstention. I declare Proposition 22 carried.

Next Proposition 23, those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

We are to have a separate vote on Proposition 24. Those in favour; those against.

Members voted Pour.

1155 **The Bailiff:** I declare 24 carried.
Proposition 25. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

Proposition 26.

1160 **A Member:** Can we have a recorded vote, sir, please?

The Bailiff: A recorded vote on Proposition 26.

'To direct Guernsey Water to transfer a maximum of £19.9 million to the Capital Reserve to reimburse the total cost of Belle Greve Wastewater Outfalls Project.'

There was a recorded vote.

Carried – Pour 30, Contre 7, Ne vote pas 2, Absent 1

POUR

Deputy Graham
Deputy Paint
Deputy Le Tocq
Deputy Brouard
Deputy Yerby
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall

CONTRE

Deputy Green
Deputy Dorey
Deputy de Sausmarez
Deputy Roffey
Deputy Gollop
Deputy Inder
Deputy Laurie Queripel

NE VOTE PAS

Deputy Dudley-Owen
Alderney Rep. McKinley

ABSENT

Deputy Parkinson

Deputy Brehaut
Deputy Tooley
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Lowe
Deputy Smithies
Deputy Hansmann
Rouxel

1165 **The Bailiff:** Members, the voting on Proposition 26 was 30 in favour, with 7 against and 2 abstentions. I declare Proposition 26 carried.

We will take 27 and 28 together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare 27 and 28 carried. Proposition 29. Those in favour; those against.

Members voted Pour.

The Bailiff: Proposition 30. Those in favour; those against.

Members voted Pour.

1170 **The Bailiff:** Propositions 31 and 32 I think we can take together.
Those in favour; those against.

Members voted Pour.

The Bailiff: I declare 31 and 32 carried. Then a separate vote on Proposition 33.
Deputy Graham?

1175 **Deputy Graham:** Sir, before we go to vote on 33, I do not know if I am the only Deputy who was left in some confusion by the exchange late on between Deputy St Pier and Alderney Representative Jean.

On the one hand, I heard that this was a reversion to custom and practice. On the other hand, it was here we are, Guernsey, again, is after our money.

1180 I am personally confused and I wonder is it too late to have some clarity on this?

The Bailiff: We cannot really re-open the debate. I do not know whether H.M. Comptroller is able to add any clarity as to what the effect of voting on this would be? Is there any assistance that you could properly give to States' Members?

1185 **The Comptroller:** I am not sure, entirely, but if you ask me for a view, I think debate is closed.

The Bailiff: Debate is certainly closed.

The Comptroller: If Members wished to suspend the Rules, I suppose, that is an option.

1190

The Bailiff: Then we get back into a debate and how many speeches do we allow?

Alderney Representative Jean: It would not be a speech, sir, but could I comment?

1195

The Bailiff: The trouble is, if we get back into speeches, Alderney Representative Jean is going to want to say something, the President of Policy & Resources is going to want to say something. They may be disagreeing with each other. Other Members may then want to chip in with their contributions.

1200

Alderney Representative Jean: May I make a point of information, sir?

The Bailiff: No. There is no provision for that.
Deputy Lowe, you are not allowed a speech.

1205

Deputy Lowe: It is not.
This is to remind Members this is one to note, which means to neither support nor reject.

The Bailiff: Under the Rules, that is exactly right.

1210

Deputy Graham: Speaking personally, I am satisfied, on condition that is purely as the Proposition says, it is a different ball game to what I first thought.

The Bailiff: Deputy Lester Queripel had asked for a recorded vote on this. Do you still require a recorded vote, Deputy Lester Queripel?

1215

Deputy Lester Queripel: Yes, please, sir.

The Bailiff: A recorded vote, then on Proposition 33, which is:

'To note that, with effect from 2020, unless alternative arrangements are put in place as part of the package of changes to the financial relationship between Guernsey and Alderney, the Alderney Gambling Control Commission surpluses will be credited to the General Revenue Account.'

There was a recorded vote.

Carried – Pour 28, Contre 9, Ne vote pas 2, Absent 1

POUR

Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley Owen
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Oliver
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut

CONTRE

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Gollop
Deputy Lester Queripel
Deputy Mooney
Deputy Le Pelley
Deputy Meerveld
Deputy Inder

NE VOTE PAS

Deputy Yerby
Deputy Prow

ABSENT

Deputy Parkinson

Deputy Tooley
Deputy Le Clerc
Deputy Leadbeater
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann
Rouxel

1220

The Bailiff: Members of the States, if I can just have your attention a moment. The voting on Proposition 33 was 28 in favour with 9 against and 2 abstentions. Proposition 33 was carried. Finally, we vote on Proposition 34. Those in favour; those against.

Members voted Pour.

1225

The Bailiff: I declare Proposition 34 carried.

That, Members, concludes the Special Meeting for the Budget. (*Applause*).

There is some ambiguity in the Rules as to what we do now, whether we formally close that Meeting and formally open the Meeting which was convened for 9.30 a.m. and which, under the Rules, started at 9.30 a.m. or, if you wish, we just continue and go straight on. I think that is the wish of the Meeting.

1230

We will just go on and commence what is called the Ordinary Meeting.

Sorry, Deputy de Sausmarez?

Deputy de Sausmarez: Sorry, sir.

I am just a little bit confused. I thought we still had Propositions 35, 36 and 37 to vote on?

1235

The Bailiff: Are there Propositions 35, 36 and 37? Are there further Propositions? There are not in what was in front of me.

I am sorry, they follow on after those schedules, do they? Indeed, you are right. Thank you drawing that to our attention. It is quite important; it is approving the expenditure budgets. (*Laughter*)

1240

Thank you, Deputy de Sausmarez. I am pleased that you got up earlier than me, this morning.

Yes, those Members who wish to have expenditure budgets for next year may wish to vote on Propositions 35, 36 and 37, so we have not closed the Meeting yet.

I put to you, together, Propositions 35, 36 and 37. Those in favour; those against.

Members voted Pour.

1245

The Bailiff: I declare them carried.

So, we now start the Ordinary Meeting and, as it is a separate Meeting, just to give people advance notice, voting will now move to the West Electoral District, when you come to vote on matters before this Meeting.

We need to formally convene the meeting.

1250

CONVOCATION

The Senior Deputy Greffier: Billet d'État XXVII of 2016. To the Members of the States of the Island of Guernsey, I hereby give notice that a Meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 2nd November, 2016, at 9.30 a.m. to consider the items listed in this Billet d'État which have been submitted for debate.

Billet d'État XXVII

STATEMENT

ENVIRONMENT & INFRASTRUCTURE COMMITTEE

**Progress Statement by the President
of the Committee *for the Environment & Infrastructure***

The Bailiff: The first item of business is a statement to be delivered by the President of the Committee *for the Environment and Infrastructure*, a progress statement, from Deputy Brehaut.

1260 **Deputy Brehaut:** Thank you, very much, Mr Bailiff.

Can I just, if Members bear in mind while I am reading this, there will be an opportunity, as I understand it, afterwards, to ask questions, so just to pay attention, perhaps, is what I might be saying.

1265 I have been invited by the President of the Policy & Resources Committee to update the Assembly on the successes, hot topics and the priorities for the Committee for the Environment & Infrastructure, and I very much welcome the opportunity to do so.

The Committee for the Environment & Infrastructure is mandated to:

'Protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous'.

And I want to stress that. That is not an agenda. That is a mandate.

1270 But what does that mean in practice? Well, it is broadly the inheritance of the majority of the former Environment Department's remit with a number of sizable areas bolted on from the former Public Services and Commerce & Employment Departments, and even the odd bit from Culture & Leisure Department and the Policy Council of old. So, the responsibilities and challenges are far-reaching and extremely relevant to every person that lives, works and visits, or uses the Island for recreation or business purposes.

1275 Sir, as an Assembly, we are surely all aware of the extent of what needs to be achieved in this term? Anybody sat here amongst us here today – or outside in the community – listening to that would not leave without having an appreciation or a fuller understanding of the challenges ahead following the Budget debate and with the forthcoming debate on Stage 1 of the Policy & Resources Plan it is important that we get a rounded and in the round view of the obligations and responsibilities of States' Committees.

1280 We are nearly six months into this term already, and so it is clear that the time available to achieve our objectives will be at a premium.

To be at its most effective, this Assembly will need to work closely with each other to weave together the various strands required to make the public policy that benefits the Island as a

1285 whole. Each individual Committee must drive the agenda and show willingness to work together to best achieve the overall objectives agreed by the States' Assembly, whilst also making the difficult decisions required to achieve those common goals.

I think, during the Budget debate, with the P&R perspective on the economy and the Economic Development Committee's perspective on the economy, it shows that a collegiate approach will be overall beneficial to the Island.

1290 In my speech on 11th May, whilst standing for election as President of the Committee for the Environment & Infrastructure, I stated that I wanted to assemble a team of committed individuals to ensure that the Committee's remit was clearly defined and articulated, and I am very pleased to say that my fellow Members have fully – and enthusiastically – embraced the broad remit and responsibilities bestowed on them.

1295 Not only that, sir, they helped complete a Budget by finding the Resolutions over page. *(Laughter)*

Part of the job of this Committee is to make sure that the environmental agenda is given the attention that it is due, and that it does not get side-lined by other more glamorous aspects of the Committee's remit or Policy & Resources Plan. Members have already heard me speak along similar lines in this term and I make no apologies for doing so again, both today and when we get to debate the Policy & Resources Plan later on, on the 15th of this month, I believe.

1300 Much of the Committee's mandate is concerned with 'bigger picture' policies and, whilst considering its priorities for this term, the Committee has looked back at the extant resolutions inherited from previous States, and looked ahead at the issues that are beginning to loom large on the horizon. Of course, the Committee also has a number of business as usual matters of which it has oversight.

1310 So, what has the Committee been up to? What has happened to the Biodiversity Strategy and the Transport Strategy, what is happening with waste and water, and what on earth is going to happen with the import of hydrocarbons in the future? All of the above – and many more besides – are questions that are frequently raised, or are debates that are regularly played out in the media. I hasten to add, often with little regard to the facts in some cases.

1315 Sir, Members, I am happy to inform you that steady progress is being made on the Biodiversity Strategy agreed by the States in December 2015, the funding of which was approved then. However, it would be remiss to spend money without knowing exactly what we want to do first, and we need a full exercise to scope and plan out the priority of the work, some of which is already underway. To do that, we will be working with La Societé, the RSPB, the National Trust and others in the partnership group, to ensure that the most cost-effective approach to co-ordination and delivery of the strategy is achieved.

1320 However, although work continues to thrash out the detail of the new plans, a number of successes have been achieved in terms of the conservation of wildlife. Indeed, biodiversity management is at the centre of policies applied to the management of land looked after by the States' Agriculture, Countryside and Land Management Services.

1325 The Island Development Plan, hopefully to be adopted, all fingers crossed, by the States later today, includes the designation of Areas of Biodiversity Importance that will complement areas proposed as Sites of Special Significance and enable greater levels of protection to be applied in respect of development and broader environmental considerations.

1330 Additionally, at the start of the year, Herm, Jethou and The Humps were formally designated a Ramsar site, giving the area international recognition in terms of its special environmental, cultural and heritage characteristics, and laying the foundation for the development of a sustainable conservation management plan. The site was central to the very successful Inter-Island Environment Meeting hosted by Guernsey in September 2016, where over 60 delegates from a broad spectrum of government and non-government organisations across the Crown Dependencies met for two days', incidentally, at Castle Cornet, which was a fantastic venue, of discussion and a series of stimulating talks.

I attended as many of those as I could get to. I was at the time, being on crutches, I have to say Castle Cornet is not particularly friendly in that regard. But, have no doubt at all that Deputy Gollop attended the majority of them.

1340 During the debate on the IDP last month, there was much discussion around the housing provision, proving that it is a subject of unerring importance. My Committee is very pleased to have announced in October the commissioning of a review of Guernsey's local housing market by KPMG is underway.

1345 As I said at the time, it is a hugely important piece of work that will provide the States with a wealth of data and analysis to inform all aspects of housing policy and particularly support the closely linked work of the Committees for the Environment & Infrastructure and Employment & Social Security. Work is well underway, with the findings expected by the Committee by the end of the first quarter of next year.

1350 Publicly, much has been made of the bids made as part of the States' Capital Prioritisation Programme, and the efficiency efforts across the public services. From Environment & Infrastructure's point of view there will always be a wide range of capital projects to be progressed in the long-term and the short-term. As ever, prioritising these projects is a very difficult balancing act, as is the consideration of where efficiency savings can be made. It will be a challenge, but the Committee is actively working to identify the areas where efficiencies and savings will have the minimum possible impact on the community service users, clients and I think, obviously, all
1355 Committees face that same challenge.

It must be recognised that, in some cases, investment in the short-term will result in savings in the longer term. For example, targeted investment in those coastal defence structures that protect lifeline routes and infrastructure here and in Alderney will bring benefits further down the line, and the Committee is responsible for a number of work streams aimed at looking at the most
1360 efficient ways to utilise increasingly scarce resources.

Capital-funded repairs to sea defences have been undertaken this year at Perelle and also at the Longstore slipway, Admiral Park and similar works to large sections of sea walls near Fort Grey should be finished by Christmas. However, there is still much major repair work to be done on coastal defences on both the east and west coasts as a result of the winter of 2014.

1365 Incidentally, Deputy Soulsby did raise with me, yesterday, the issue with the Fermain wall. The problem we have, as a department, is prioritising the capital for the must-do projects, such as sea defences that protect infrastructure and those that, whilst they are unattractive, they are not an immediate priority. But I do understand the longer they are left, they do become more of a priority, so we need to ensure that we have all bases covered in that regard.

1370 The funding of this work is vital to safeguard our key infrastructure. The total maximum cost at present, and that is assuming there is no further significant storm damage to coastal defences this winter, is £6 million, which is a large sum of money, but a sum of money to protect the Island's lifeline routes and infrastructure services.

1375 Sir, the challenges come thick and fast, and some have been troubling the Assembly for a number of terms. My Committee is in full support of the good progress made by the States' Trading Supervisory Board recently on the Waste Strategy, and is keen to advance elements of the Transport Strategy as approved by the previous Assembly.

1380 Members will have noticed the improvements that are being made to the cycle path at the Salerie, which represents ongoing investment in the cycling infrastructure to encourage safer use of bicycles as an alternative mode of transport. The Committee has also acted in conjunction with the Committee for Education, Sport & Culture and Guernsey Sports Commission to ensure that the nationally recognised 'Bikeability' programme can be provided in schools to teach practical cycling skills and help the cyclists develop more confidence.

1385 That, in short, is what we had all known in the past as the Cycling Proficiency exercise that we all did at school some years ago. It has now moved on into something of a different format and will be overseen by Education and the Sports Commission.

In terms of our public transport network, the order has been placed for the first phase of the bus fleet replacement programme which will bring significant improvements in operating efficiencies and passenger experience, which in turn will support the continuing rise in bus ridership. The growth in passenger numbers this year has been exceptional with 111,000 extra journeys having been taken in the first three quarters of the year compared to 2015.

Sir, I am also pleased to report that, as of yesterday, the release of the October figures shows that the number of extra journeys made year to date has increased further to 122,647, which is a 9.3% rise in passenger numbers compared to October 2015.

That is significant and, perhaps again, a plea I make to this Assembly, when we do make statements such as buses driving around the Island only conveying fresh air from one parish to another, we must please keep these figures in mind.

Yesterday, in typical style, I focussed on perhaps on overseas development rather than giving stats on the bus service. The cost of the bus service is £4.6 million. We should not forget that over £1 million has returned in income to reduce that figure to about £3.65 million and a further £550,000 of that is actually to provide the school bus service. So, when you get the headline figure of the bus service, it seems high, but when you break it down, I hope Members will see those figures in the correct context.

The recent numbers show that substantial growth in ridership is being achieved with the resident population and that is an important element and proves that, even with the pressures of 'business-as-usual' weighing heavily on the States' services, real, quantifiable progress can be achieved against objectives set out in a long-term strategy.

I have heard people in this Assembly say that we should move away from strategy but an expression I do particularly like is that, if you are not careful, culture will always eat strategy for breakfast.

Speaking of long-term strategies, and looking to the future, it is essential that progress is made in defining how the Island brings its hydrocarbons ashore, and I am pleased that my Committee is working closely with the Policy & Resources Committee in this respect.

More broadly, the Committee will need to develop the Island Infrastructure Plan and Marine Spatial Plan, which together with the Strategic Land Use Plan form the three legs of the E&I stool.

Following the eventual approval of the IDP, the Committee will be looking forward to the annual monitoring report from the Development & Planning Authority and reviewing whether the IDP is delivering the strategic economic, social and environmental objectives of the Strategic Land Use Plan, and ensuring that it remains a relevant and live document.

I know we are getting on to the IDP later, but the relationship between the SLUP and the IDP is something that did loom large in debate and E&I are cognisant of that and we will ensure that there is oversight of the relationship between SLUP and the IDP.

The demands on the space on Island are well known and have been well articulated in the past, and the demands on the Island's infrastructure are also known to be heavy.

There is a real need to consider in detail the potential requirements in the future to help guide sensible investment over a much longer term.

The demands on marine space are less well appreciated, but they are growing. Sea fisheries, biodiversity and marine conservation, recreation, sea routes, hydrocarbon facilities, cable-laying, wind turbines, tidal turbines, coastal defences and land reclamation will be increasingly in competition with each other and all call for a coordinated approach to the management of the marine environment.

I think there has not been in the past. We are, if we are frank, still struggling with the concept of the value of the natural environment, terrestrial. We are still not yet fully appreciating the complexities with regard to the marine environment.

Sir, I hope that I have used this time to help Members see the importance of the Committee's challenges ahead, and I hope that Members can appreciate that the two parts of the Committee's title are of equal importance in the coming term.

The Assembly must be prepared to accept the kind of progress I have outlined this morning and that it comes with a cost. However, it must also recognise that the same progress actively contributes to and improves our quality of life, our community, our place in the world and our economy.

Infrastructure is the oft-used buzzword. We hear that 'growth cannot be achieved without suitable infrastructure', or that 'the infrastructure cannot cope with the demands of modern life'.

And it is true that continued investment to improve our Island's highways network is vital, whilst also managing the best and accommodating the demand for improvements to the vital public utilities that run beneath the roads.

However, far less often we hear about the role of the environment in modern society and the benefits of the natural environment and the potential for it to underpin the core objectives of other Committees and society as a whole.

I can say that my Committee will be regularly bringing the issues to the fore and seeking out opportunities to work with other Committees, and I look forward to making further updates to this Assembly over the coming term and I welcome any questions that the Assembly may have, sir.

Thank you.

The Bailiff: Members, I remind you, there is now 15 minutes allowed, which period may be extended at my discretion, for questions.

Each question shall not exceed one minute in duration and the answer thereto shall not exceed one and a half minutes in duration.

Deputy Inder, you have the first question.

Deputy Inder: Thank you, sir.

Deputy Brehaut, you mentioned the cycle path and the extension to that and the safety measures being put in place at La Salerie at the moment. All good stuff.

I think we might have a problem there, sir. Last week there was no one. None of the Ronez workers were on that site. There is information coming to me that your officers at the planning stage are changing their minds every few minutes and I think this budget is likely to be, if my information is correct, a hell of a lot more than originally proposed. Sorry, sir, a heck of a lot more than originally proposed.

I think we need a little bit of openness and transparency. If it is the case that officers have been changing their minds, I would like to know where the eventual accountability will be.

Thank you, sir.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: I welcome the anecdote and the speculation.

I believe there was also a question in there. Just to be absolutely clear –

Deputy Inder: Point of correction, sir.

The Bailiff: There is no provision for a point of correction. This is not a debate. You will have an opportunity to ask a further question if other Members have asked all the questions they wish to ask.

Deputy Brehaut: Thank you, sir.

The work undertaken on the cycle path, which will be completed soon, obviously is overseen by the Committee for the Environment & Infrastructure.

It fell out of the Integrated Transport Strategy, which is to improve and enhance safety for cyclists and give cyclists priority.

1490 With regard to accountability, I am politically accountable for that project. When you get into aspects of other areas of accountability, say post its implementation, there may be policing issues and such that arise from that. But, politically, I am accountable and my department is overseeing that project, sir.

1495 **The Bailiff:** Deputy Gollop.

Deputy Gollop: A couple of questions. I will start with one.

Deputy Brehaut alluded to me going to Herm and the Castle Cornet conference and I got lost in a wood in Herm. The conference was well-attended by international ecologists and journalists and people from the respected, learned island organisations.

1500 My question is, when I was on Environment, one aspect of the Biodiversity Strategy alluded to was to appoint a high-calibre biodiversity officer. I do not know if that has occurred, but will that person and the new Committee be working closely with the organisations to ensure collective buying to the proposals, which will also save money as well, in order to advance the Biodiversity Strategy.

1505 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: Thank you, sir. The full context of the Biodiversity Strategy, the history rather, was that Deputy (*coughing*) ... sorry, it appears that the plague has broken out, somebody fetch the wagon. (*Laughter*)

1510 With regard to biodiversity, Deputy Domaille stood on this very platform when he was in his first speech, I think, as a member of the Environment Department, pledging to deliver a Biodiversity Strategy. That is more than four years ago.

1515 So, the Biodiversity Strategy was approved, along with £80,000 in funding. As yet, no co-ordinator has been placed.

1520 The reason for that slight delay is that the staff that work with the environment, that do the environmental bit, are now with the staff at Raymond Falla House that also do, and they are great resource. I do not want to name them, but everyone knows Richard Nash and Andrew Casebow. Those people who have the real knowledge, advised Deputy Roffey on his amendment, for example. So, it makes sense to marry those skills to see what we have before we go out to make that final appointment.

But, an appointment will be made at some point.

1525 **The Bailiff:** Deputy De Lisle.

Deputy De Lisle: Can I ask, sir, what is intended with respect to formalising the existing quay front traffic arrangement?

There seems to be some confusion with some of the lines at the moment, which many feel may cause an accident in the future.

1530 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: The seafront has been formalised in as much as there was a traffic experiment that ended and the usual road layout was re-introduced.

1535 I think your point is that on certain days when it is wet, the old lines that were painted out become visible again and cause confusion. As I understand it, my Committee has spoken to STSB, the lines department, that will correct that at some stage, but it is getting the time to do it, of course, as well as the weather.

But, we are aware of that issue and that will be dealt with.

The Bailiff: Deputy Paint.

1545 **Deputy Paint:** Sir, following my presenting Rule 14 questions for the Environment & Infrastructure Committee regarding waste and the confusion that followed, as the Committee seemed to appear that these questions were for another Committee, I have been informed that these questions were indeed for another Committee. I would like to know how this exactly works, particularly now that the President of the Committee has now acknowledged that he is accountable for other matters under his mandate.

1550 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

1555 There is clearly confusion. Respectfully, the confusion is Deputy Paint's, if I may say so. Environment & Infrastructure have ownership of the strategic objective, which is to export the waste. That is the strategy. If the States decided to overturn that decision and redirected the Committee for the Environment & Infrastructure to do something else, that would be a different matter.

1560 What has happened is that the States have resolved to export our waste. Exporting the waste, the mechanical bit, the sorting bit, the doing bit, is the States' Trading Supervisory Board bit. The paying for it bit sits with them. I think Deputy Paint's questions that I saw, need to be referred on to the States' Trading Supervisory Board, relate to the different in the exchange rate and then the increase, potentially, in the costings.

I, funnily enough, thought I could have answered those questions, incidentally, but it would have only further blurred the boundaries, potentially.

1565 Thank you.

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you.

1570 Can I ask Deputy Brehaut, he referred in his statement to the overall cost of running the bus service, £4.6 million, and the £1 million in income; the question to Deputy Brehaut is this, is his Committee prepared to examine those costs and prepared to re-examine the income that is received by the bus service, bearing in mind the challenging targets that his Committee and others will be under, over the next three years?

1575

The Bailiff: Deputy Brehaut.

1580 **Deputy Brehaut:** I think it is fair to say that, because of the proportion of the spend of the department and the bus contract, it would be politically naïve, if not foolish, not to look at the operation of the bus contract and what we pay.

Significantly, Members will be aware that what people wanted were smaller buses going into the heart of the community to pick up more people. That experiment, currently, is called the P2. It is something that I have to say, frankly, to members of the community, that if you do not use you could lose.

1585 It is as stark as that. We have tried to get the bus service to reach as many people as possible. I think the majority of the bus network serves the Island very well. Some enhancements we have tried in an effort to pick up a bit more to help those old age pensioners go to the surgeries, to go to the hospital appointments, to go to pathology, are an add-on. It does not come cheap and if these services are not used in the long-term we would have to do something about expenditure with regard to a bus service that would be self-evidently failing.

1590

The Bailiff: Deputy Merrett and then Deputy Lowe.

Deputy Merrett: Thank you, sir.

1595 I would to ask Deputy Brehaut, just for clarity, I believe Deputy Inder was asking for the cost of
Salerie Corner, the initial cost. The cost now. The end date and potentially how much this will cost.
Thank you, sir.

The Bailiff: Deputy Brehaut.

1600 **Deputy Brehaut:** I did not detect a question on costs in there and I apologise if I did not.
I believe the figure for the enhancement is around £80,000, but that was an approximation and
I have to be very careful in what I say. Things that were not anticipated in the initial design, for
example, were a request by the police for security cameras for real time CCTV, quite rightly to
monitor it. That would be a cost that was not anticipated at the time.

1605 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

1610 Deputy Brehaut, I am really pleased to hear the bus figures are up. That is absolutely genuine
and I see that as a bus user myself. But, it will come as no surprise to you that I am still going to
ask about P2. This was a trial route; I see it continually empty. The figures that came out say, on
average, four per journey. That is an hour and a half, or an hour twenty journey for four people.

That is not cost-effective, bearing in mind the cost for commercial insurance, the cost of the
driver and all the other costs that go with running a vehicle.

1615 Could you tell me how much longer you are going to allow this trial to continue, because it has
now been going on for months and it would be far cheaper to actually pay somebody to either
get in a taxi or find some other route to do it, because this is just draining the resources of the
funds considerably and I just think losing so much money is not good at this period of time.

Thank you.

1620 **The Bailiff:** Deputy Brehaut. Exactly one minute there. Well done, Deputy Lowe.

Deputy Brehaut: I will only be half an hour, super.

1625 This is a thing that will come up. If it is not the bus service then it would be Aurigny and it is
the strategic value, whether it is an airline or whether it is a bus service serving the community.
That is an average of four but, in the early mornings when there are clearly six and eight people,
going to the PE, having their appointment and returning home later, for those individuals it is
something of a lifeline route, there is no doubt about that.

1630 I cannot be any clearer than this. We have given a commitment in the short-term to continue
with the P2, but I have made it clear that if the public do not embrace it and use it on a more
regular basis, it is a service that we will withdraw at some stage, if the numbers do decrease.

The Bailiff: Deputy Gollop and then Deputy Ferbrache.

1635 **Deputy Gollop:** Yes, bearing in mind I did not altogether expect this opportunity ...

The Bailiff: Sorry, you have already had one question, haven't you?

I think it is only fair that those who have not asked a question. Deputy Ferbrache and then
Deputy Oliver.

1640 **Deputy Ferbrache:** Sir, it is a follow-on from the questions of Deputy Inder and Deputy
Merrett and Deputy Brehaut's answer, where he said it was not envisioned you would need the
CCTV cameras, that has put the cost up.

1645 Why was not liaison made with the police in relation to such matters? As I understand it, the Salerie Corner was to do with safety for cyclists. Was the original cost £50,000 now increased to £80,000?

The Bailiff: Deputy Brehaut.

1650 **Deputy Brehaut:** Well, actually, it was working with the police at the beginning of the design stage, because I gave the impression perhaps it was near completion, and then we were advised to put a camera in.

That was misrepresentation on my part. We worked with the police, who advised us to put a camera in place.

1655 For example, when we initially at staff and political level oversaw what the new layout would look like, we wanted and needed to get buy-in from the police. Now, the police are clearly comforted by there being a CCTV camera on that junction. This is a junction where a man lost his life, so we need to make that junction as safe as we possibly can. But in doing something, which is a challenge for the Committee and it is something that will be a significant challenge, is saying to motorists, 'This space is different. Cyclists have the priority. This is new.'

1660 In monitoring that, it makes sense to have CCTV cameras there and it makes sense, obviously, for the police to make that demand and ask for peace of mind.

Deputy Ferbrache: My question was, with respect ...

1665

The Bailiff: You do not get a supplementary.

Deputy Ferbrache: But he has not answered the question.

1670 I thought the idea of question time was that you asked a question, you get an answer. I have not had the answer.

Deputy Brehaut: Sorry, sir.

If I have missed something within, if someone would like to ask me the question again, I have got no objection to Deputy Ferbrache me the question again if I have missed an element of it, sir.

1675

The Bailiff: I am not going to let him ask it again, but there was a question about cost. Was there liaison with the police beforehand, was the cost £50,000, that has now increased to £80,000?

1680 **Deputy Brehaut:** Sir, there were original costings, as ever, that are overseen by the board at political level and approved.

As the project evolved, it was clear that other aspects needed to be taken into account and added to that total cost, or will do when the project is finished.

The Bailiff: Clearly, there can be a further written question, or oral question if you wished.

1685 Deputy Oliver and this is going to be the last question, because the 15 minutes will then be up.

Deputy Oliver: How is it that it has worked out roads will be shut?

1690 It is just because, getting around anywhere in St Martin's at the moment is getting increasingly difficult with the majority of roads shut at the moment. I would just like to know how it is worked out.

The Bailiff: I am not sure this is a question arising from the context of the statement, but do you wish to answer it, Deputy Brehaut?

1695 **Deputy Brehaut:** Yes, sir.

Deputy Oliver may have been aware when she ventures out, there are about 58,000 vehicles on this Island and they do immense damage to the road. It puts incredible pressure on the infrastructure.

1700 It costs us, or we have a budget of £2 million to repair the roads. The road closures, however, are organised by the Highways Department and if you do have an issue with any road closure and you feel that it is closed when it should not be, or is not open when you would like it to be then, by all means, pick up the phone and speak to staff at the Highways Department, who will assist you.

Thank you.

Procedural

1705

The Bailiff: That concludes the 15 minutes. On the agenda, the next item of business was to have been the resumed debate on the Island Development Plan, but we cannot go straight into that because the Deputy Bailiff is going to take over and I know Deputy Gollop wishes to have a civil servant sitting alongside him, so we would have a five or 10-minute pause at this point anyway.

1710

It seems pointless to start that and then, almost immediately, adjourn for lunch.

What I am going to propose, unless anybody wants to have a lengthy debate on the Policy & Resources revision of the Double Taxation Agreement with the United Kingdom, I propose that we take that next and then the Island Development Plan debate can start at 2.30 p.m. and just continue. Who is in favour? Anyone against?

1715

Members voted Pour.

The Bailiff: I am not the headmaster; I am not telling you how to vote. *(Laughter)*

POLICY & RESOURCES COMMITTEE

II. Revision of the Double Taxation Agreement with the United Kingdom – Carried

Article II

The States are asked to decide:

Whether, after consideration of the policy letter dated 27 June 2016 they are of the opinion:

To declare that Guernsey's Double Taxation Arrangement with the United Kingdom, as now amended, should have effect in relation to income tax in accordance with section 172(1) of the Income Tax (Guernsey) Law, 1975, as amended.

The Bailiff: Deputy St Pier will open the debate.

Deputy St Pier: Sir, thank you.

1720

I can be brief. The matter is a simple, but technical one. The United Kingdom Government approached the States of Guernsey in March, seeking a change to the double tax arrangement between the two jurisdictions, in relation to particular property developments.

It is not apparent from the material before you but, in essence, what it related to was property developments undertaken in the UK, owned by structures that were based in the Island and the

1725 planning gain was dropped off in Guernsey and took it outside the UK tax net. Clearly, our view has always been that it is always a matter for domestic jurisdictions, or for other jurisdictions to protect their own tax base and we will obviously not seek to have our jurisdiction used to exploit that and, therefore, to work with jurisdictions to change and assist them where appropriate.

This is one way where we have been able to do so.

1730 That is the basis of the change and I encourage Members to support the Proposition.

The Bailiff: Is there any debate?

No. Well there is a single Proposition. In case Members have not got it in front of them, it is:

'Whether, after consideration of the policy letter dated 27 June 2016 they are of the opinion:

To declare that Guernsey's Double Taxation Arrangement with the United Kingdom, as now amended, should have effect in relation to income tax in accordance with section 172(1) of the Income Tax (Guernsey) Law, 1975, as amended.'

Those in favour; those against.

Members voted Pour.

1735 **The Bailiff:** I declare it carried without opposition.

So, as I said, there seems little point trying to start the Island Development Plan, or resume the Island Development Plan debate now.

There is still 10 minutes. We could perhaps just deal with items of legislation to make best use of time?

1740 Greffier.

STATUTORY INSTRUMENTS

IV. The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) (No.4) Regulations, 2016;

The Health Service (Pharmaceutical Benefit) (Amendment) Regulations, 2016

The Senior Deputy Greffier: The following statutory instruments are laid before the States: The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) (No. 4) Regulations, 2016; and The Health Service (Pharmaceutical Benefit) (Amendment) Regulations, 2016.

1745

The Bailiff: I have not received any notice of any request to debate those.

DEVELOPMENT & PLANNING AUTHORITY

V. The High Hedges (Guernsey) Law 2016 – Approved

Article V

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled "The High Hedges (Guernsey) Law, 2016", and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

The Senior Deputy Greffier: Article V, the Development & Planning Authority, the High Hedges (Guernsey) Law 2016.

The Bailiff: Is there any request for debate or clarification of this Projet?
Deputy Gollop.

Deputy Gollop: Well, we have been through the legislation, both on the Planning Authority and at Legislation Scrutiny Panel. We thank everybody for preparing it, including the valuable work – I am not sure he is here at the moment – of Policy & Resources Member, Deputy Al Brouard (**A Member:** Hear, hear.) who to some extent initiated the Projet.

The Bailiff: Any further ... ? Deputy Brehaut.

Deputy Brehaut: Can I just ask Deputy Dorey, with the implementation of the High Hedges, can you assure us you will no longer get lost in Forest? (*Laughter*)

Deputy Gollop: Depends if they are a nuisance or not!

The Bailiff: We vote then on the High Hedges (Guernsey) Law 2016. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

POLICY & RESOURCES COMMITTEE

VI. The Income Tax (Guernsey) (Amendment) Ordinance 2016 – Approved

Article VI.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Income Tax (Guernsey) (Amendment) Ordinance, 2016", and to direct that the same shall have effect as an Ordinance of the States.

The Senior Deputy Greffier: Article VI, Policy & Resources Committee, the Income Tax (Guernsey) (Amendment) Ordinance 2016.

The Bailiff: Any request for debate or clarification? No?
Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

COMMITTEE FOR ECONOMIC DEVELOPMENT

**VII. Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014
(Amendment) Ordinance 2016 –
Approved**

Article VII

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (Amendment) Ordinance, 2016", and to direct that the same shall have effect as an Ordinance of the States.

The Senior Deputy Greffier: Article VII, the Committee for Economic Development, the Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014 (Amendment) Ordinance, 2016.

1780

The Bailiff: Any request for debate or clarification? No?
Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

COMMITTEE FOR HOME AFFAIRS

**VIII. Prison (Guernsey) (Amendment) Ordinance, 2016 –
Approved**

Article VIII

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Prison (Guernsey) (Amendment) Ordinance, 2016", and to direct that the same shall have effect as an Ordinance of the States.

1785

The Senior Deputy Greffier: Article VIII, the Committee for Home Affairs, the Prison (Guernsey) (Amendment) Ordinance, 2016.

The Bailiff: Any request for debate or clarification? No?
Those in favour; those against.

1790

Members voted Pour.

The Bailiff: I declare it carried.

*The Assembly adjourned at 12.22 p.m.
and resumed its sitting at 2.32 p.m.*

DEVELOPMENT & PLANNING AUTHORITY

**I. Island Development Plan –
Development & Planning Authority Recommendations –
Debate continued –
Propositions 1-11 as amended carried**

1795 **The Senior Deputy Greffier:** Billet d'État XXVII of 2016. Article I. Development & Planning
Authority – the Island Development Plan – Development & Planning Authority recommendations.
The continuation of the debate.

1800 **The Deputy Bailiff:** Members of the States, I hope you have all got in front of you
Amendment 33, because if you have I was going to invite Deputy Gollop, the proposer of the
amendment, whether he wanted to put it to you now.

Amendment 33

1. *To insert at the end of the words in proposition 1 'but subject to the modifications that – paragraphs 1.17, 3.3.1 and 10.1.2 of the Draft Island Development Plan (see Appendix 1 pages 12, 34 and 83 respectively which list the local centres) shall be amended to include after the word "Forest" the words "Forest West".'*

2. *To amend the wording of Proposition 1 as amended by Amendment P.2016/25 Amdt 6 as follows:*

(a) by deleting the inserted wording –

'This is a special historic area, representing every period and aspect of the Island's history, from Neolithic, spiritual, military, maritime, economic, agricultural and horticultural. Delancey Hill, in particular, has played a significant part in our history. Whether Druids, Saints, pirates, refugee French Catholic priests, Irish immigrants, stonemasons, special envoys and missionaries from Rome, the Grand Old Duke of York, Russian infantry in the Napoleonic Wars, famous Admirals, Nazi Commanders, the International Slave Force, Organisation Todt, and maverick late Victorian entrepreneurs, all have played their part in determining the special historic significance of this area.', and

(b) by substituting the following wording –

'Summary of Special Interest Delancey Conservation Area is located on a hougue in the north of the Island with land gradually falling away to the north, west and east. Delancey Park forms a significant part of the Conservation Area and is elevated above lower surrounding land to the south. From this hougue spectacular views are available southwards over the eastern seaboard of the Island and Jersey beyond and eastward to Herm and Sark. The Park's trees, some protected, and several adjacent buildings are prominent in the northern landscape.

'The Conservation Area was the site of pre-historic settlement and man-made structures, principally within the area now occupied by Delancey Park. Many have been removed although evidence remains on the ground in the form of Delancey Passage Grave, a protected monument. The Duke of Richmond Map of 1787 shows former farmsteads, several of which remain in situ, with associated orchards. The historic road pattern of this time remains. The 1898 map provides evidence of the upsurge in stone quarrying and prevalence of greenhouses and associated residential development and support development, all typical of the northern part of Guernsey at that time. Dwellings and support services, including the Catholic Church, were present. Construction of the Delancey Schools commenced in the first decade of the 1900s and has continued into the twenty first century. Many of these buildings remain, along with remnants of the horticultural industry.

'Delancey Park has an interesting history and, as well as the archaeological interest, has been heavily fortified over the centuries. The eighteenth/nineteenth century barracks and battery were a consequence of the military excursions of the time. Delancey Battery, a protected monument, was constructed about 1801 although was disused by 1898. In 1876-1878 an obelisk was erected to Admiral Lord James de Saumarez. This was later removed by the German Occupying Forces and only the plinth now remains in place. A number of fortifications were constructed during the German Occupation of Guernsey, 1940-1945. Many remain within the boundaries of Delancey Park with several present outside that area, on private property within the Conservation Area. The military fortifications represent significant events in the Island's history, visible in many locations. Delancey Park has accommodated a range of recreational uses since at least the late nineteenth century.

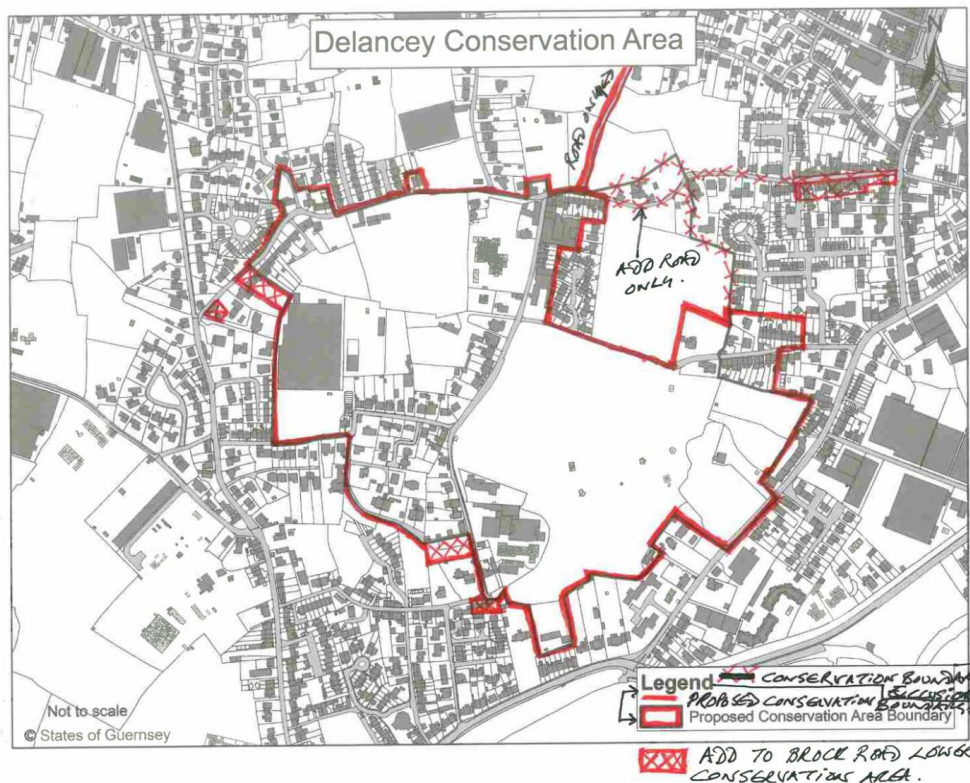
'There is a variety of built form evident throughout the Conservation Area. Unity of built form is visible in terraces and groups of workers' cottages and in the materials used in buildings (often rendered stone) and boundaries (frequently stone walls). There are a number of Victorian villas dispersed throughout the Conservation Area. There are some protected buildings in the Conservation Area and some buildings which are of traditional character but are not protected buildings. There is also a number of terraced Victorian/early twentieth century cottages which are not protected but of some interest. There are a number of boundary walls / banks in the Conservation Area which are of interest especially those around Delancey Park. Trees are also a distinctive feature of the eastern part of Robergerie, and there is an area of woodland behind buildings to the west of the junction of Mont Morin and Rue des Monts. In the eastern part of Robergerie, the trees, banks, boulder walls and traditional buildings maintain a strong historic setting.

'Reason for Designation

'The Delancey Conservation Area has visible features which make the area interesting in terms of its lengthy and continued historic development since prehistoric times, representing every period and aspect of the Island's history. The settlement pattern is made up of scattered farmsteads and clusters of nineteenth century residential buildings, which followed the historic road pattern and 20th century clos development. The area has some buildings that have historic and/or architectural interest, most of which are included on the protected buildings list. There are also some other structures related to the fortification of the Island that have historic interest and many of which are included on the protected monuments list.

'The area is designated as a Conservation Area to conserve the historic and architectural character and appearance of the area. The use of traditional materials and the unity of built form in terraces and groups of workers' cottages and the scale of the villas and cottages attractively arranged along the roads, often behind roadside boundaries, along with the open space, hougue landscape and vistas of Delancey Park, represent the particular character of this Conservation Area.'

(c) by deleting the appended map shown below, and



(d) by substituting it with the map at Appendix 1.

3. To amend the wording of Proposition 1 as amended by Amendment P. 2016/25 Amdt 20 as follows:

(a) by deleting the wording in the second sentence of the replaced paragraphs 7.6.3 and 13.4.3 'from 300,000 to 400,000 visitors to the Island per year by 2025,'

(b) by substituting the following wording:

'from 309,000 to 400,000 visitors to the Island per year by 2025,'

(c) by deleting the wording of the inserted sub paragraph b(ii) in Policy MC8, Policy LC6(B) and Policy OC8(C):

'for sale or lease',

(d) by substituting the following wording:

'for sale and for lease',

(e) by deleting the wording of the second bullet point inserted into paragraphs 7.6.8, 13.4.7 and 17.7.10:

'for sale or lease', and

(f) by substituting the following wording:

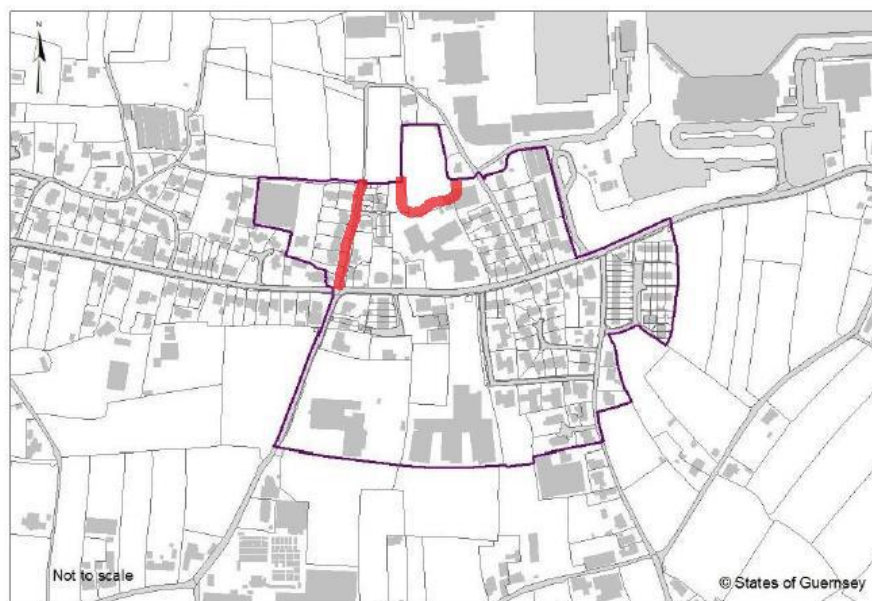
'for sale and for lease'.

4. To amend the wording of Proposition 1 as amended by Amendment P. 2016/25 Amdt 23 as follows:

(a) by deleting the inserted wording:

""(the red lines showing the modification of the boundaries)',

(b) by deleting the map shown below, and



Map of Forest West Local Centre Boundary

(c) by substituting the Map of Forest West Local Centre Boundary with the map annexed at Appendix 2.

5. To amend the wording of Proposition 1 as amended by Amendment P. 2016/25 Amdt 29 as follows:

(a) by deleting the wording inserted into the first paragraph of Policy IP8: Public Car Parking:

'Proposals for the provision of new public car parks that would result in a net increase in parking spaces available to the public will be supported if:

'a) it forms part of a major, comprehensive development scheme brought forward through a Local Planning Brief for a Harbour Action Area or a Development Brief for a Regeneration Area and accords with relevant strategies of the States of Guernsey,

'or

'b) it would enable additional parking spaces to be provided as part of proposals for public car park rationalisation or relocation or redevelopment, where this would accord with relevant strategies of the States of Guernsey.'

(b) by substituting the following wording:

'Within Main Centres and Main Centre Outer Areas, proposals for the provision of new public car parks that would result in a net increase in parking spaces available to the public will be supported if:

'a. it forms part of a major, comprehensive development scheme brought forward through a Local Planning Brief for a Harbour Action Area or a Development Framework for a Regeneration Area and accords with relevant strategies of the States of Guernsey; or

'b. it would enable additional parking spaces to be provided as part of proposals for public car park rationalisation or relocation or redevelopment, where this would accord with relevant strategies of the States of Guernsey.'

(c) by deleting the words:

'Line 9 of Para 20.9.3 on page 219 shall be amended by inserting the word "generally" after "As a result, the Island Development Plan."' And

(d) by substituting the following wording:

'Paragraph 20.9.3 (see page 219) shall be amended by:

'in line 9, inserting after "As a result, the Island Development Plan" the word "generally", and

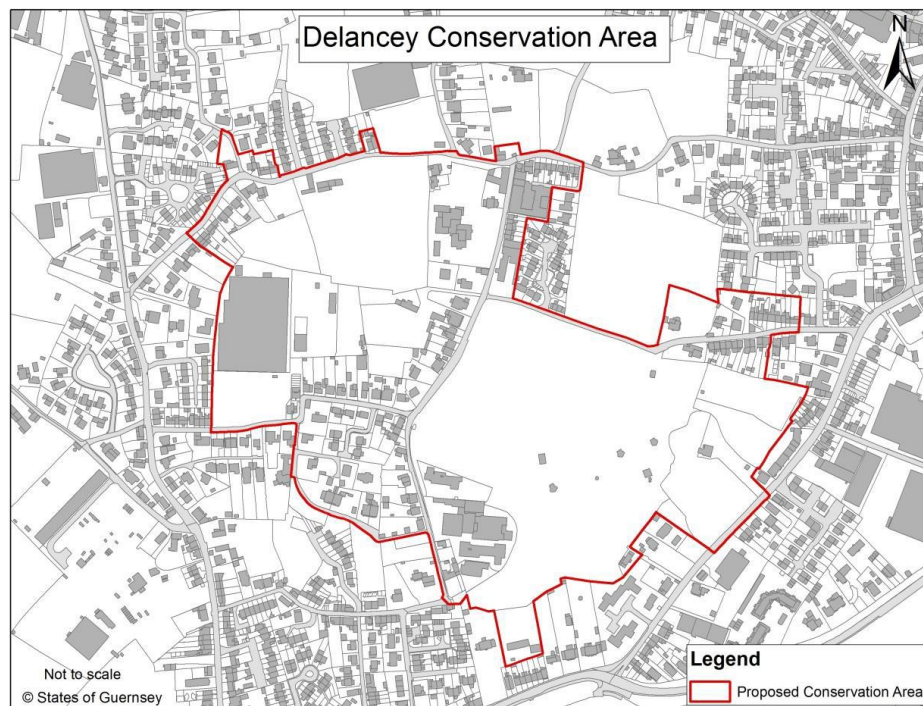
'in line 13, inserting after "Local Planning Brief" the words "or as part of a comprehensive scheme for a Regeneration Area, brought forward through a Development Framework".'

6. To insert at the end of the words in proposition 1:

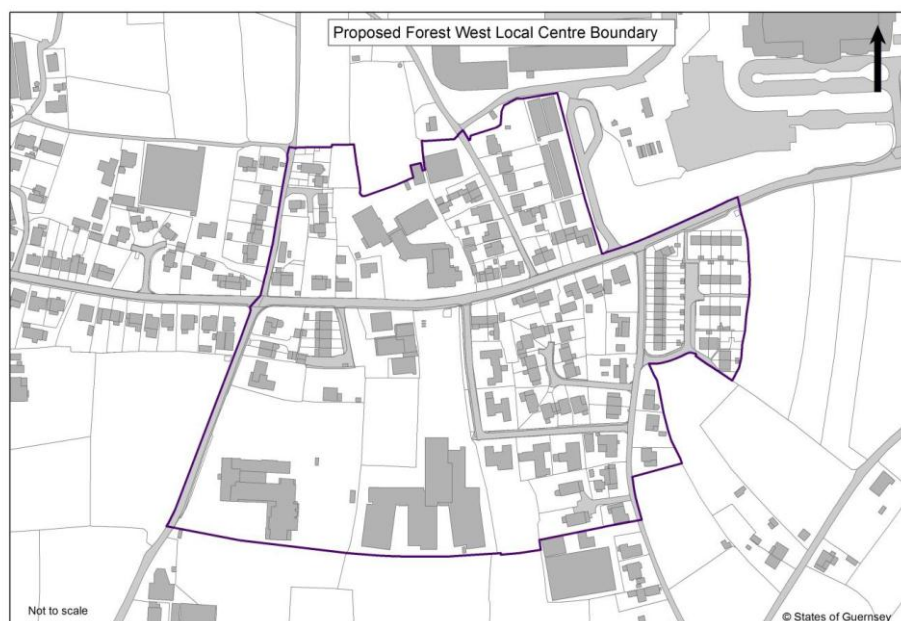
'; but subject to the modification that:

'paragraph numbering, formatting and cross-references to the same shall be amended to make any necessary changes, arising from the above modifications, to ensure accurate and consistent numbering and formatting in the Island Development Plan.'

Appendix 1



Appendix 2



Deputy Gollop: Sorry I am late, sir, I got stopped by the television crew.

1805 We have a long amendment. It is perhaps the choice that I could read all seven pages of it. It would be impossible to read a map out, but I hope it may be possible just to lay the amendment.

It is basically a collection of Development & Planning Authority recommendations which effectively constitutes a sweep-up amendment.

1810 The DPA is laying up a sweep-up amendment in order to address minor issues arising from the various agreed amendments to the original Propositions, so that the new Island Development Plan is clear, accurate, consistent and legally compliant.

It will ensure all terminology is consistent throughout the Plan. This amendment will make no substantive changes or material differences to the intent of the policies of the Island Development Plan or the agreed amendments. I will perhaps leave the introduction at that, at the moment, but will go into additional points at the end and I believe Deputy Tindall will go into details of the changes as a result of the sweep-up amendment.

1815

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

1820 **Deputy Tindall:** I do and reserve my right to speak later, thank you, sir.

The Deputy Bailiff: Does anyone wish to speak on the amendment, or is it all well assimilated?

Deputy Kuttelwascher.

1825 **Deputy Kuttelwascher:** Just a quick word, sir.

Part of this amendment refers to a successful amendment that Deputy Ferbrache and I laid and it highlights an issue which is of concern to me. It is the complexity of this 1,200-page or so document.

1830 To have to have a sweep-up amendment just so that we get the wording right, having spent so long and so much time with the Law Officers trying to get the original amendments right shows to me that we now have a document which is bordering on un-workable and I just think it is a sad state of affairs, but there we go.

At the end of the day, I will support it anyhow, but it has got far too complex to be workable.

Thank you.

1835

The Deputy Bailiff: I do not see anyone else rising. Deputy Gollop, do you need to respond to Deputy Kuttelwascher's point?

1840 **Deputy Gollop:** I think it might be helpful to explain the context of the sweep-up amendment. About two thirds of the sweep-up amendment relates to a comparatively minor, in terms of core substance, although extremely important, particularly to people who live in and have promoted the area of the Delancey Historic Conservation Area.

1845 You may recall, when Deputy Trott, with his usual zest and passion, put across a successful amendment talking about the special historic area of that part of the Island with its Neolithic, spiritual, military, maritime, druids, saints, pirates, refugee priests, the Grand Duke of York and, I don't know, Old King Cole.

1850 All of that was put in. It would have made a great television programme, but possibly is not entirely congruent to a planning document. So, a lot of work has been done by the team in re-phrasing it, using perhaps more pedestrian but informative phrases about the Delancey Passage Grave and how, for example, there is a variety of built form evident throughout the conservation area. Unity of built form is visible in terraces and groups of workers' cottages and the material. We go on to the Victorian villas and the boundary walls.

1855 Actually, I went around the area myself on Sunday and was impressed by the unusual, for the south of the Island, traditional granite walls in the area. You see them a lot in St Sampson's and the Vale, but they are not common in the Town itself.

I think that was highlighted in this excellent piece of work that we have before us, as well as the archaeological and architectural interest, because it is from a planning and conservation point of view the variety of built form that is important and not just historical anecdotes, however colourful.

1860 The map had to be tidied up and it has been. That is a substantial portion. The rest of it refers to the controversies and placing the maps in the Forest West, which was successfully amended by Deputy Dudley Owen and ensuring the figures quoted for the target, which Deputy Kuttelwascher was particularly interested in, accord with the reference document Visit Guernsey and Chamber of Commerce Tourism Group Strategic Plan 2014-2025.

1865 We also have to clarify, in the first paragraph of policy IP8 will only apply to main areas and main centre outer areas and so it is to ensure that there are no loose ends as a result of decisions made.

1870 Perhaps the most far-reaching amendment, from the point of view of the formatted plan was the one that Deputy Soulsby placed, relating to tourism establishments and the one that I think Economic Development general supported.

1875 I have a paragraph here, in the amendment, and you will see page 33, to clarify that policies MC8 LC6(B) OC8(C) seek to ensure that establishments actively and appropriately marketed under criterion B prior to considering acts in the tourism industry. This change will clarify that establishments should be marketed for both sale and for lease for a period of 24 consecutive months in order to maximise the possibility of visitor accommodation establishments being brought back up to standard and contributing to the visitor economy, which goes back to correcting figures and to change the words 'for sale or lease' to 'for sale and for lease'.

1880 As in many civil service or official financial or legal documents, just the change of one word can have a material change as to the meaning and arguments relating to that. So, that is why the amendment is quite long and we also, of course, clarify public parking.

1885 The sweep-up amendment makes the Island Development Plan more consistent and clear. The Plan covers the whole Island and covers many issues so, yes, it is complex, but not unworkable. We may return to some of this material in general debate, but I would also say that the Bailiff quite rightly stopped question time after the 15 minutes after the interesting statement Deputy Brehaut made earlier, but had it gone I would have asked a question relating to the next stage of looking at the Strategic Land Use Plan, because I think when it is a piece of work that we as a Committee should discuss with them, and Policy & Resources and Economic Development, in one way or another as to how we can move this process forward and maybe simplify it for next main review.

1890 But, I think, today, after all the work we have done in the 33 amendments, we should pass this amendment because it is clearly consistent with the views of the vast majority of Members that have been head in the last month.

1895 **The Deputy Bailiff:** Members of the states, there are six Propositions in this amendment. As Deputy Gollop has said, they are effectively to try and get the wording of the draft Island Development Plan into a form that is internally consistent.

In particular, if you look at Proposition 6 on the sixth page, that is *carte blanche* to tidy up anything that has been missed thus far.

I am going to put it to you, *aux voix*. Those in favour; those against.

Members voted Pour.

1900 **The Deputy Bailiff:** I declare Amendment 33 duly carried.
We now move into general debate. Deputy Soulsby.

Deputy Soulsby: Sir, it might surprise Members, given my maverick amendment, as Deputy Gollop called it only a few weeks ago, but I am actually very supportive of the IDP and the way it is structured.

1905 I actually disagree with Deputy Kuttelwascher on this point because, yes, whilst it might be complex in its very nature, and planning is complex full stop, I really do appreciate how it is structured and I came to appreciate it, I was actually forced to appreciate it, because I was asked to do the phone-in not long after it was published sometime last year. That was back when they had themes and the theme of that week, luckily enough, was the IDP.

1910 So, that was two days of my life I will never get back, but I did read from front cover to back cover, the previous Friday and Saturday, the whole of the IDP and it actually made sense to me. Various sections, I thought, I am sure I have read this bit before, but I had not. It is because various elements from one section, main centres, local centres, outside centres, all tied in. I think it works very well and certainly better than we have got at the moment.

1915 I do think it was a mistake that the inspectors' report was not set out in the same way as, say, for the Rural Area Plan. I appreciated how good the inspectors' report on that was when we were campaigning to keep Les Blanchés Field and we could actually see what the intention of the Plan was at the time, so all those who had made representations and understood why they were making those representations and the reasons why the ultimate decision was made by the inspector.

1920 I think it is a mistake just to have it in summary, here, but I can kind of understand that from a planners' point of view because that vagueness leaves it open for challenge. That is why I understand about that.

In terms of flexibility, I am rather sceptical. I think it is probably going to be as flexible as Donald Trump's comb-over and probably his opinions as well. But, I do have concerns. There is one particular area and this is why I need to declare an interest. It is in relation to retail and I do run a retail business, although my concerns here are more to do with my knowledge of retail rather than any interest I have in it.

1930 That is the separation of where retail can be located. The fact that comparative retail can only be located within main centres and not outside those centres. That bothers me, but I know it is not the IDP's fault, as it were, this is actually within the SLUP and I think should be revisited. As Deputy Gollop said, I think the next stage is to look at the SLUP.

1935 My real problems when I first this, I had several issues with it, and the first is if we just restrict comparison retail, which is kind of a nebulous sort of idea, really. Some shops might be a bit comparison, they might be a bit convenient, I am interested to see how it is tested. If you take, say, like a clothes shop would be considered comparison retail, you can only have that in the main centre. Surely, by restricting the availability, is surely going to lead to rent increases just through the basic economics of supply and demand.

1940 So, that really worries me, there, and the knock-on effect of that is how do we get new entrants into the market, start-ups? I do not think it will support start-ups at all if they are forced into high rent areas and only in a main centre. That is a real issue for me.

1945 Certain businesses might be comparative retail, but they might not have the huge margins that can be coped with in Town. If you look in Town now, you might have more jewellery shops, franchises can cope, but that is why we have got loads of coffee shops because the margins are so much higher.

1950 That does bother me. Also, why would we want to put all of one sort of shop in one area? Just think back to travel and trying to get more people out of their cars and trying to support that. I really hope that is a success for Environment & Infrastructure because we really need it. My concern is if it really kicks off, which I hope it does, and so more people want to have electric bikes and we have all the cycle routes and everywhere is more environmentally friendly and people feel that they can get out of their cars, why would we want all our new bike shops, because there will be more demand as, more likely, people will want to have a bike shop, all in Town?

It makes no sense whatsoever. Surely a bike shop you would want located across the Island so they can support people in the west, in the north, in the south. I just think it is short-sighted and really does not show how this was put together There is no business savvy going on in how it was created.

That bit, I really think, needs looking at. What I hope is that, just like tourism, we will get a retail strategy to this States, so that it is endorsed by the States, because the current Retail Strategy is not, which will actually set out what we want, which is debated by the people in this room and then end up having both Strategic Land Use Plan and an IDP that links back to the States' policy.

Otherwise, I think it is an advance of what we have got now and I would be very interested to see how things progress over the coming years.

The Deputy Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

I rise to focus on three points. Firstly, I would like to place on record my appreciation for all the efforts made by my fellow Committee members on the DPA, Deputies Oliver, Tindall, Smithies and Deputy Gollop, who have all lived and breathed the IDP for several months now. As a Committee, we have had our disagreements at meetings, some of them have been quite heated at times, but they have always been conducted in a dignified and professional manner, which I think is crucial in all things political.

Once things get personal and snide remarks are traded across the table then, it is inevitable that the issue itself then takes second place. So, I want to thank my fellow Committee members, through the chair, for being respectful and dignified and professional at all times.

In particular, I think I would like to express my appreciation for the supreme efforts made by Deputy Tindall who, as a new Member of the Assembly, was pitchforked into a situation where she had to write and deliver 32 speeches on 32 amendments over a period of three days in this Chamber. **(Several Members:** Hear, hear.)

There is no doubt, sir, that she mixed up a couple of her speeches on a couple of occasions, but I believe I am right in saying that 32 amendments is a record amount of amendments placed on any issue. I might be wrong on that. Historians like Deputy Gollop and Deputy Fallaize might correct me on that one, but I think I am right in saying that.

Surely, then, sir, that is a record for a new Member of this Assembly to make 30 speeches in three days. A superb effort, I think, on behalf of Deputy Tindall. I think the efforts of Deputy Tindall in this Chamber, in those three days and no doubt at her home at night burning the midnight oil, really need to be recognised and appreciated by us all.

I would also like to put on record my appreciation for all the efforts made by the staff of the DPA, who never once failed to provide us with answers via email, at any hour of the night, or any day on the weekend. To me, that should be recognised and very much appreciated.

On this particular point, I would also like to express my gratitude to the rest of my colleagues in the Assembly who, in general, were dignified and professional at all times during the debate on the amendments.

Now, having said that, I need to refute and correct the wild and completely inaccurate statement made by my dear friend Deputy Mooney when he spoke on one of the amendments. He accused two members of the DPA of not knowing the difference between the need for traffic lights or filters at junctions. He said in his speech on an amendment that that was obvious and due to the DPA focusing on that issue at a recent open plan meeting.

I did try to explain to him what was actually said during that open plan meeting, but he was having none of it, so he gives me no choice but to correct him now in this speech.

I would ask Deputy Mooney, sir, with the utmost respect, to listen to what is actually said at meetings and hearings and not make such wild and inaccurate statements. Some Members are laughing but he seriously misled the Assembly by saying what he said and I do not think that is funny.

2005 So, I want to take a moment to explain to colleagues what was actually said at that hearing, in
order to correct the wild and inaccurate accusation. What actually happened at that meeting, two
of us on the DPA were extremely concerned that our planning officers had not even considered
placing filters on the Bridge, in relation to the development at Leale's Yard. Two of us on the DPA
asked them to carry out research into the whole issue and come back to us with a report. That is
2010 actually what happened.

I take issue with Deputy Mooney misleading the Assembly and bringing the DPA into
disrepute. I would ask that Deputy Mooney considers apologising to the DPA in this Chamber in
this debate. I can only hope he has the courtesy and good grace to apologise.

2015 Moving on to my final point, sir. Even though I am a member of the DPA, I am not totally
wedded to the IDP. The way I see it, politicians do not get elected onto committees merely to nod
everything through, the way I see it, if you are elected onto a committee to question and
challenge, should you feel the need to do so.

2020 There are policies in the IDP that I think need to be addressed and amended. What I am going
to do over the next few months is undertake research and look into how I can influence changing
those policies through the correct channels leading up to the annual review.

I think it is important to remind my colleagues that they can do the same if they are not happy
or satisfied with any of the policies. If you will pardon the pun, even when the Island Development
Plan is in place, it will not be set in stone.

2025 It is going to be reviewed on an annual basis, so we will all have plenty of opportunity to try to
influence change in policies and even introduce new ones should we feel the need to do so. The
review, of course, will look at whether or not the plan is achieving its aims and objectives.

To finish by capturing that last point in a poetic form, my message to my colleagues, through
the chair is this: support the IDP today, get it in play and if you want to change policies then do
that on another day.

2030 Thank you, sir.

The Deputy Bailiff: Deputy De Lisle, to be followed by Deputy Lowe.

Deputy De Lisle: Thank you, sir.

2035 The flexibility fought for in the new Plan and the attempt by planners to move away from the
rural urban split to one plan has led to concern about dispersal of development outside the main
centres, which is of particular concern to me. Not only to me, but to the planning inspectors as
well, because the planning inspectors commented on this. They said the Plan had shifted the
urban/rural balance too far. The old Rural and Urban Plans had a 90-10 split under the Urban Area
2040 Plan, Rural Area Plan.

The new Plan, they said, had an 80-20 split and the planning inspectors recommended no
change, despite recognising the strong potential for growth in the rural areas, which they said had
been, in recent years, a 65-35 split between the urban and the rural area.

2045 That view was shared by the Environment Department at the time, in stating that the actual
split under the IDP would probably differ from the indicative 80-20 and more likely tilt towards a
higher proportion of development in the rural area than the converse.

This had been encouraged by extension of the rural centres beyond what we knew in the
former Rural Plan.

2050 At a practical level, as we have seen, there was realisation of this which led to a plethora of
amendments in attempt to protect the open land, the old horticultural sites and agricultural land
from development. Just to mention a few, if you recall the Delancey Park and surrounding area
conservation issue and the amendment with respect to that, which was an ongoing battle which
has been a battle for a long while, the Cobo Alice small field, the seven areas of agricultural land
added as agricultural priority areas and then of course the local centre in Forest West, which was
2055 another area of controversy and remains as such.

So, the bottom line has been essentially a disconnect with the public. Unwise decision-making, early, and policy decisions made without informed public consultation earlier and agreement. Some would see the Plan as a travesty as a result.

Deputy Gollop, too, has referred to the disconnect, because he said that it was written by the former Environment Department against a Strategic Plan that was published in 2011 which really does not reflect some of the ideas and ideals that were put forward in terms of current policy.

It is more than that, because the Plan is riddled with too many inconsistencies like to conserve and develop, to counter dispersal yet develop centres. Imprecision also affrays us, such as limited development and whatever that means. Within and around centres, in other words development beyond the rural centres themselves. To what degree and what does that mean, to counter dispersal also, yet develop centres?

Reinforcement of sustainable communities. What is that supposed to mean? The attempt to forge one plan from the Rural Area and Urban Area Plans and to lose the rural urban thrust at the same time. The tendency towards dispersal of development and population growth was seen to have major implications for planning and public policy, by all. Not only Members here, with all their amendments and in answer to the earlier speaker, this is, certainly [*Inaudible*] to have so many amendments to a new plan.

To counter that tendency for dispersal, it is necessary for the limited growth policy in local centres to be very rigorously applied and we will have to look for that in the years to come, because as I see it, Guernsey appears to be using economic theory to develop its countryside at the expense of Town. Quite unlike Jersey, incidentally. This will have an impact on economic growth and will continue to provide advantage for development in Jersey, because in regional economics we have the growth pole theory, whereby you stimulate growth and you stimulate development by collective activity within centres.

We seem to be going in the other direction, to our detriment and to our future economic decline.

From my point of view, the need is for a vibrant centre in Town and a countryside of some worth with a conservation emphasis, which I believe is important to many Islanders. It will be for the future to tell whether recent policy initiatives taken in the light of strong representations by Islanders can reverse the trend of dispersal, regenerate the Town, reduce development pressure on the rural countryside and repair the damage done to both urban and regional environments in the past.

I would prefer, sir, a delay to implementation by a year to fully examine the changes and give the people of this Island a chance to really take a look at what has gone on because, to be quite honest, things have been quite rushed since August when the plans came out of the inspectors and those recommendations were looked at by the planners and were then fed, very late, to the public and the public have had very little time to consolidate them and to examine them, other than to speak to their Deputies and for their Deputies to come forward in this Assembly with some of the suggestions that they have had.

But, we hear that there will be, perhaps, changes to the policies, leading up to an annual review. That has been a suggestion made, so I look forward to seeing whatever might come through that particular process, but I would prefer, personally, to have that delay and to allow the public to have the advantage of the authority and planners in their regions to discuss the Plan more fully, to enable public comment to come through, which was not allowed after the inspectors had made their review and the department had signed off on the Plan.

Thank you, sir.

The Deputy Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

That was music to my ears, Deputy De Lisle, that you are concerned about the development being dispersed into the higher parishes. But I am the other way around. I would actually like the

west and the higher parishes to have some, because certainly the north of the Island is far too over-developed and the sooner the west take a bit of a share of that, the better, for me.

2110

Deputy De Lisle: On a point of correction, if I may, sir.

The Deputy Bailiff: Point of correction, Deputy De Lisle.

2115

Deputy De Lisle: My point is just not about the west, but about the north and the south as well, because there are concerns in all those areas and, in fact, the amendments came up throughout the Island and not just from the west.

The Deputy Bailiff: Deputy Lowe to continue.

2120

Deputy Lowe: Thank you.

That only leaves Lihou to develop on! I first of all want to start by congratulating the Development ... and your new title of your Department, because I know Deputy Brehaut does not like the two being mixed up and I can understand that. For many years, there have been huge problems, as we know, in my early days, which was the IDC at that time, and certainly it has changed considerably and I congratulate the staff on doing that. It took a long time to get there, but we have actually got there and far more open, far more helpful to people. They are happy to meet anybody who is even considering an application now and that has got to be good news.

2125

It has certainly saved a lot of my workload. I had over 300 over the early years of my time in which I had a big Perry's Guide map with all the pins in right across the Island, that I had out. In the end, I had to take it down because I had too many pins and not enough space on the map.

2130

So, those days have gone, thankfully, so I am delighted with that. I want to thank all the planners for taking it forward and changing the attitude there.

The difficulty that I perhaps see with the Plan, and I am going to support it, it has almost gone full circle. When I did have a lot of work trying to help people, it was because the Plan was flexible and it was because it was inconsistent and it was because some people had managed to get a plan through and others didn't, so there was that inconsistency there and people used to feel quite frustrated.

2135

So and so could have a permission but somebody else could not, so hence we then had the Rural and Urban Plans, which tightened it up quite a bit regarding development and made it a little bit more black and white, which obviously people did not like, so we are almost going full circle but, bearing in mind my opening remark here about I support the staff where they have changed to help people there, I am hopeful we are not going to go backwards and that they are going to be able to help people and continue to do that for development without being inconsistent.

2140

There are just a couple of other things. I know some has been in the media at the moment with the Vale Avenue because, as the Vale Deputies will know, we have had a lot of dealings with Guernsey Electric over that and that, again, is another one where common sense could not really prevail there, so the flexibility there and I am sure that is going to go forward and, even if we just get rid of those buildings, it would be great. I know the term 2008-20012, most of the Vale Deputies wanted to see development there of housing. I could not go along that route, bearing in mind that I have been involved with properties down there that Guernsey Electric have had to purchase because of the noise and vibration and the last thing you want to do is put more houses there. They just do not build houses, any more, by power stations, what with noise and vibration. That is just not an acceptable way to live any more, with the new rulings and all that that actually go with development of power stations.

2150

2155

One of the answers that I got, not from the Vale Deputies, but from certain developers was 'well, we will put in triple glazing and we will build the houses on buffers'. That is really great. Do you want to be in a glass box that you cannot open your window in the summer? We should

2160 always look at a development, I think, would you be prepared in that particular place in that sort of environment and I do not think they would have done, but they were happy to look at that for a development for on that site.

I am hopeful it will be some form of light industry or something, there will be under this new flexible law, I have been speaking to them again over the last few months and they are waiting for this to go through. They would hopefully be able to get rid of those eyesores before the scaffolding is actually listed, because that has been up for quite a while, now. The sooner we can actually get this sorted out and have a nice hedge there and have light industry behind there. I mentioned it, I think, under one of the amendments as well. A perfect opportunity for some of those that are operating at Fontaine Vinery to go down there, close to the docks, where the goods come in and everything. So, again, I am just really hopeful that that will materialise, that will be one of the first applications that they get in under this new Plan.

The final one that I actually wanted to say was, again, about the Island and the over-development. It is not really any problem with the planners, it is what we have got with all the new empty properties that have been on the market for three years. Many of them are also open market and yet we keep giving permissions to developers and I think it is now going to have a date on it, that they have got to do, and then it will cease because we have been sitting on this, where the data over the years, where we have said there are 800, yes, but there has only been 100 built. All these numbers have contributed falsely to what is available for Guernsey for development.

2180 This review that is going to be taking place, will be perfect as well, because we should get some accurate data of exactly of where we are and that is going to be of great benefit, I think, certainly to the States. I know they cannot refuse permissions for development just because there are lots of empty houses newly built as well, so it is not like people have houses for sale, but all of that will make a difference for policies that will be produced for in the future.

2185 Thank you, sir.

The Deputy Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Deputy Bailiff.

2190 I would like to talk about three points: fairness, glasshouses and urbanisation.

I, unlike one of the earlier speakers, am pleased with the Island Development Plan. I think one of the principles within the Strategic Land Use Plan was that it was to stop the continuing spread of sub-urbanisation, or stop the urbanisation of countryside. I think this Plan will help to do that.

2195 I think the importance of local and urban centres will mean that development is concentrated in those areas and, with the agricultural protection areas, that will help to protect our countryside and begin to start seeing, perhaps, a difference between the villages and the non-villages.

2200 Deputy Gollop, in one of his excellent summing up speeches, referred to the north of Jersey and about the village structure and the countryside they have. We will never have that because of the amount of ribbon development we have had over the years, but we can at least try and produce some contrast between the villages and non-villages. Ultimately, that is beneficial environmentally, it is beneficial to putting in the services to those areas, having public transport, if people do live in villages, and providing work and entertainment facilities for those people.

I am pleased with the Plan and look forward to it being adopted by this Assembly.

2205 My second point is in relation to glasshouses and they were also referred to in the Strategic Land Use Plan and the planning inspector. I will read from the planning inspector's report. It says:

'While we accept that the incentives provided by the policies in the draft IDP are very unlikely to provide a sufficient incentive to resolve the problem of redundant glasshouses, we accept that the options available through the planning system are very limited by the legislation and, as the SLUP notes, "it may be necessary for a number of States' Departments to work together to fully resolve this issue".

'We conclude that the draft IDP goes as far as reasonable in a planning context to resolve the problem of redundant glasshouse sites in this Island.'

My and Deputy Queripel's amendment will only affect a few of the glasshouse sites. There still is a problem, which I think it is not beneficial to this Island to have all these redundant glasshouse sites which are an eyesore to the Island. I think we have to go forward and make a difference and I encourage the Development & Planning Authority to take up what the Strategic Land Use Plan said and work with a number of States' Departments to resolve this issue, because I think we have to resolve this issue. It is not beneficial to this Island to leave those eyesores.

My third point is on fairness. Recently, there have been two planning applications in the C  tel and neighbours have contacted the C  tel Deputies, because of the effects of the proposed developments on them, being neighbours to those sites. One application has been approved and one has been rejected. Obviously, the neighbours are happy with the one that has been rejected, but the neighbours are not happy with the one that is approved.

In relation to the one that was approved, the neighbours can do nothing about it. It has been approved and, presumably, it will go ahead, although there might be opportunities to try and stop it, but they are few and far between.

What is interesting in both these sites, the developer does not live in the vicinity of the developments, so the developments have little or no effect on the personal lives of those developers, but of course they affect the neighbours greatly.

In relation to the one that has been rejected, the developer can appeal. In relation to the one that is approved, the neighbours cannot appeal. They have got no right of appeal. A number of places have what is called third party appeals, which allow the neighbours to appeal. I think, if you are going to do that, as a number of other countries do, it has to be limited. The time period needs to be tight, otherwise no development goes ahead and it is normally limited to those who have made a representation.

But, in relation that was approved, there were 20 letters of representation made by people who lived in the vicinity for that application. So, I ask the DPA to work with other Committees to bring forward a system of third-party appeals and I think that will mean that the public have greater confidence in the planning system and it is also fairer in a democracy that both sides can appeal against an application where it has been approved or rejected and I think that is the fairest way forward.

Currently, one can appeal but the other cannot. We now have an appeal system that has been up and running. I think it is working well, it does not involve going to court, it is a less expensive option than we had before. I think we should have a fairer system. Obviously, I think they would have to work with the Committee that I am a member of E&I, who have got the administrative responsibility for the appeal system, but I would encourage them to work with us to come up with a third-party appeal system and also to solve the problem of the redundant, derelict glasshouse sites, which are an eyesore this Island.

Thank you.

The Deputy Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I start by saying this is not an Oscar reception speech, as I believe it is a far more important subject that we are dealing with. The draft Island Development Plan sets out the land planning policies for the whole of Guernsey in a single document with a 10-year lifespan. If adopted today, it will replace both of the current Development Plans, the Urban Area Plan and the Rural Area Plan, which were prepared under strategic policies that are over 10 years old and are now out of date.

We have finally come to the last and most important decision out of so many over the four days of debate and we are now talking about whether or not to accept the Island Development Plan, with its amendments so far passed.

It has been a long, arduous and wide-ranging debate, covering specific, diverse and complex policy areas as housing, car parking, retailing, greenhouses, conservation areas and the visitor economy.

The length and depth of the discussion reflects the importance of the IDP. Many, if not all of the issues debated relate to issues arising from strategic policies developed already by this Government. The IDP has been written, as it must be, to take these higher-level policies into account and to be consistent with them. For this, the IDP and the DPA and its predecessor the Environment Department should not be criticised. This was our duty and I think, undeniably, it has been done very well. The series of debates which we have had are, I believe, clear evidence of that.

I would like to highlight, at this point, the scale and scope of the IDP process and pay special tribute to the dedicated hard work of the small team of professional officers who have been most closely involved with this process over the last five years. **(Several Members: Hear, hear.)**

They have been a pleasure to work with and have provided great support that I, personally, could not have done without. I hope you also agree that the President of the Development & Planning Authority, Deputy Gollop, has also enhanced the debate with his summing up, which he has done in his usual, able and at times witty style. **(Several Members: Hear, hear.)**

I wish to thank my colleagues for the discussions on the original amendments, some of which became enthusiastic debates, but I believe they resulted in a fair outcome. My thanks also go to the DPA, as a Committee, the Assembly, and you, sir, for dealing with a record number of amendments in October and also the support shown to me.

I would also like to highlight and express our appreciation for the work of the independent planning inspectors in providing their report on the IDP and also that of the former Policy Council staff, who administered the planning inquiry. This inquiry was a vital part of the extensive and unprecedented public consultation which took place in the preparation of this Plan.

Some Members have suggested that some of the 1,800 representors who took part in this process were ignored. This is not the case. Even if the inspectors, on hearing some representations, came to a different conclusion, this does not mean that the representors were ignored. Far from it.

I should also add that, during the lifetime of the IDP, the performance of the policies will indeed be monitored and may be amended, through the States, if required.

The debate on the IDP has been extremely important and highlighted a number of issues. One of these recurring issues was the relationship between the IDP and the Strategic Land Use Plan. This relationship is enshrined in Law and the SLUP has set the strategic direction which the IDP has been obliged to follow.

Indeed, the IDP has to receive, as it has, a certificate of consistency with the SLUP before it can be considered by this Assembly. The SLUP, as Members will know, refers to other Government strategies, such as transport, retailing and the visitor economy.

At the outset of this debate, the DPA was concerned that a number of amendments that had been laid to the IDP would, if approved, have the effect of rendering the resulting IDP inconsistent with the SLUP and with various existing Government strategies, to the extent that adoption of the IDP may need to be deferred and the planning inquiry, potentially, re-opened.

Due to the hard work of all concerned, including this Assembly, I am pleased to confirm there is no requirement for deferral of the Plan.

I therefore ask that Members support the introduction of the new Island Development Plan. This Plan is positive, proactive, permissive and flexible. It is based on substantial, robust and credible evidence. It will provide the up-to-date tools that we in this Island need in order to deal with the most pressing land use planning issues over the coming decade and to ensure that the planning system can fully play its important part in facilitating the achievement of States' objectives on the ground.

These objectives are all the more critical at this time, when achieving the correct balance between economic, environment and social considerations in terms of land use decisions for the Island has never been more important for the Government.

I therefore ask my colleagues to support the IDP.

2310 **The Deputy Bailiff:** Before I turn to Deputy Brehaut, Members of the States, now that there has been an indication from the Development & Planning Authority, from the vice-president, that, in accordance with Rule 24(10), there might be put to the States a Proposition that there is not going to be deferral of adoption of the Plan, I am aware that there is a composite set of Resolutions potentially available to you, so that you could be looking at those whilst we continue
2315 general debate because, on my reckoning, there have been 18 amendments carried.

Now, if you can all manage to work out where those amendments go and how you are going to order all those amendments that insert Proposition 3, then you are doing a better job than me, so I wonder if this would be the best opportunity now to provide you, whilst Deputy Brehaut is speaking, but not to detract from what he is going to say, with a document that you might then
2320 be able to use to see what Propositions there are in play after all of the amendments.

They do involve some re-ordering from the order in which the amendments were carried, to try and put them in a logical form, but they also incorporate Amendment 33.

So, can they be distributed and, Deputy Brehaut, if you wanted to wait until they have been distributed, do. If this can be done at the same time, then by all means do start.

2325 **Deputy Brehaut:** It is okay, sir, I have grown a beard to break up the monotony of my face, so if handing out amendments breaks up the monotony of my speech, then fair enough.

Deputy Lowe specifically referred to the Vale Avenue. In 2013 at an open planning meeting, the then Guernsey Electricity wanted to demolish the properties and the reluctance of the
2330 Environment Department at that time, for Members who were there, was that it was felt that we would be doing what had happened for some period of time before, which is rewarding somebody for neglect, which we were reluctant to do. Those properties were habitable at one stage. They were boarded up and, I think, months into that, a couple of slates fell off, so the owners, Guernsey Electricity, decided to strip the slate off the roof.

2335 The moment that happened and the elements got in then, clearly, that neglect was used as leverage to say, 'They are in a state of disrepair, please assist us by tidying this area up.' Of course, we were saying, 'Actually, you have neglected them. That should not really put unfair pressure on us. They are your responsibility. They were habitable at one time.'

Anyway, we now know that the IDP is flexible enough so that we will see, at some point in the
2340 future, a beneficial development there.

I also do not subscribe to the idea, if we are embracing the very nature of the IDP, we then go on to say that: 'We have had enough development down here, you have it up there. We have had enough.'

2345 That is not really what the IDP is about. It is much more sophisticated than that and, actually, if you look at the stats, it is St Peter Port and the urban areas that will take a great deal of the development, as we well know.

I am going to make a speech that I hope members of SACC will listen to. It is brief. My father used to have this expression when he used to say, 'I do not want to speak out of turn, but ...'

2350 I was concerned that, during this IDP process, we were not able to separate out lobbying from representation. So, the representations that were given to the Plan and the lobbying that we had from interested parties.

If I was sitting in a meeting tomorrow, on any States' Committee, and I knew the developer well and I knew the family well and that they had employed me and they were known to me and there had been a financial transaction between us, possibly something of that nature, I would step
2355 away. I would be obliged to. I could not participate in the decision-making process under the Rules that govern such Committee meetings, because that would be seen, quite rightly, as having an interest and arrived at a view, or because the person is an associate of yours, or had been, that you were sympathetic.

I think, if we wind right back to when the IDP was being released and discussed in the media, we almost got to a point where the IDP was being deferred, that the document in front of us today, that it looks like we are going to approve by some margin, was almost *sursised*, pulled, removed, because a couple of representatives from the building industry said that covenants cannot work, there is nothing you can do to make covenants work on Guernsey, it does not matter how you divvy up the amendments on this, it is a flawed document, there has not been a consultation, pull it.

Actually, at one stage, P&R, as we know, were considering the deferral of the IDP, even a *sursis*, as I understand it, at one stage, so this document was not debated. That is a relatively small volume of representation from an acknowledged interest group.

Now, if you juxtapose that with the 1,800-plus people who made representations to the Plan, they kept the bargain here. A lot of them met with the inspectors, they took the time to meet the inspectors so inspectors could take a view on what was appropriate or not with regard to development and, actually, they said, 'We have played the game. We know what this process is. We have engaged in the process. We did not get what we wanted out of this process, but that is okay, we are moving on.'

Other people actually were not so happy and they went, probably, to as much legal representation as they could afford, just to get another view or another interpretation on the Plan. This is something we must square, as a Government, between whatever it is this thing we call engagement, in trying to consult and engage and get feedback from the public and why we are so receptive to changing policy when we feel that the industry does not like it and we are less receptive to movement on policy when, actually, it feels like, I might just say for example, 270-plus teachers do not like a decision we make. How do we factor that in? If there were 270 business representatives, that would feel very different, I am sure.

I am exaggerating to make the point, I am sorry, but I cannot imagine Tony Blair giving a speech in the House of Commons saying in that speech, 'As we go to sign off this document, this policy, I want to commend my friend in the public gallery who is a hard-working member of our community who I went to school with, he was 11, I was 12, they are absolutely fantastic people. Give them what they want.'

That would be entirely inappropriate and I was quite taken aback, shocked, in fact, to have a call from an agent to tell me that as many as 25 Members of this Assembly had already agreed, presumably on a phone poll, to support an amendment. Twenty-five people had been canvassed and had agreed to support an amendment. That quite surprised me, the intensity of the lobbying on that one decision and I was very taken aback that one of the gentlemen who was lobbying the States to get a decision that was beneficial to his business even attempted to come to speak to me on this top bench, through the door, to try get to persuade me to vote in that way.

We must sort this out. If we are saying that we cannot exchange notes with people in the gallery. If we are saying that there is a protocol, then we must really find somewhere where the rules that apply to Committee meetings, I appreciate we have got privilege in this Assembly and it is different, we must square this, the Rules that deal with interest in Committee meetings and we can make a declaration of interest, we know, and then go on to vote. But, sometimes, you just might be a little too close to make an impartial decision. I think that is something that we really do need to seriously look at.

I am supportive of the IDP, obviously. It has been a very long time in coming, in getting here. I just want us to proceed with this in a confident manner, bearing in mind the level of engagement that there has been and the number of people who actively participated in the consultation.

Thank you.

The Deputy Bailiff: Deputy Trott.

Deputy Trott: Sir.

2410 I understand what Deputy Brehaut is saying, but let me make a point. I think we all know to whom he is referring. I, for instance, was not at school with the gentleman he was referring to. He is certainly not a man that I would regard a friend and, neither, he I. I have no business relationship with him now, or for that matter in the past.

2415 He came to me, because there are other Members of this Assembly for whom the aforementioned three categories could be ticked. So, it was an example of good governance and, I think, the high levels that we operate within this Assembly, rather than an example of bad practice.

Thank you, sir.

2420 **The Deputy Bailiff:** Members of the States, I do not see anyone else rising. Can I just explain to you a little bit more about the document that you have got in front of you, now, before I turn either to anyone else who wishes to speak in relation to general debate or to the President?

You started off with two Propositions. There have been a number of amendments to what was Proposition 1 and number of amendments to add new Propositions.

2425 What I am going to suggest is that the resulting document should be put before you as the set of amended Propositions on which you now vote, without formally asking anyone to move amendments, unless somebody is terribly upset that that happens, in which case, no doubt the President and the vice-president can do that, and/or involving HM Comptroller.

2430 Proposition 1 is effectively the Rule 24.10 Proposition, because if that does not carry, Proposition 2, as amended, cannot be voted upon at this sitting. The adoption of the Island Development Plan would have to be deferred. But Proposition 2 is original Proposition 1, as amended several times, including the rather lengthy description of Delancey Conservation Area that has just been inserted. Why that briefer one was no good, I have no idea, Deputy Trott.

2435 Then you get to Proposition 3, which is original Proposition 2 and then you get a series of re-numbered Propositions. Proposition 4, when it was approved by you, which was Amendment 15 from Deputy Brouard, was to modify Proposition 1 originally, but it has been thought more appropriate to extract that, because it is a direction to the Authority, into a distinct Proposition, rather than it be an amendment to original Proposition 1.

2440 Eventually, you get to Propositions 10 and 11, relating to the legislative change that was in Amendment 18.

So, there are now 11 Propositions, which you will be invited to vote upon in a moment, unless there is any further comment from anyone.

Deputy Ferbrache.

2445 **Deputy Ferbrache:** Sir, it is just in relation to a comment that Deputy Brehaut made that is clearly directed against me.

2450 I am grateful for Deputy Trott for his interposition. I have never acted in bad faith in my life, never acted in bad faith in connection with the man that was mentioned. If you will recall, I declared what the position was and I did not propose or remark myself in any particular matter at all.

2455 It follows up, really, from Deputy De Lisle's point, and others' points, about a 1,200-page document – Deputy Kuttelwascher – very complicated. Guernsey is a particular society, we do have, here, absolute principles of integrity inside this Assembly. That has been the position in the last six months that I have been a Member. It was the position from 1994-2000 when I was a Member of the States then and that continues.

I take some exception to the allegation, because it was clearly pointed at me, because I have known Mr Brouard since I was 11 and since he was 12. It was a particularly unnecessary, unpleasant comment from an acerbic person and, in relation to that, I make the point now –

2460 **Deputy Brehaut:** None taken.

Deputy Ferbrache: I do not care whether it was taken or not.

I make the point now that we live in a society whereby we know people. They speak to us, they are entitled to address us, they are entitled to seek our opinion. That is the society we are in. We are a society of 63,000 people. We are not Tony Blair. We do not go out to the Middle East, earn millions of pounds once we have been the prime minister, we leave our very well remunerated profession and we come and seek to serve the Island that served us so well over a number of years.

We will continue to deal with people who want to make representations to us, because their businesses are affected by any plan that might be brought, this particular Island Development Plan, and any other document that may be instituted that has relevance to them.

They are not pressure groups, they are individuals. They are people who are seeking to develop their lives in their own particular way. If that causes offence and if we cannot refer to the fact that we know people, but we declare our interest and we act professionally and honourably, and good faith is presumed, if you have got something to say to somebody, you can say it privately to attract their comment rather than in a way when you think they cannot make a comment.

I make the comment again, that acerbic comments of a backhanded nature should not be made.

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Sir, just on Proposition 4.

I take actually it is down to tracking changes. On the table, less three habitable rooms, that changes to two spaces. That is not 12 spaces, is it?

The Deputy Bailiff: Yes, that is right. It is a deletion.

Deputy Inder: And is that fairly common?

The Deputy Bailiff: It is the way the amendment was put at the last Meeting and that has just been reproduced in exactly the same way. It is a direction to the Authority.

Deputy Inder: Thank you, sir.

The Deputy Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

It is not really to do with the Island Development Plan, but it is in response to what Deputy Brehaut said before, just on one small point. I do not make any comment about what he said, which was just referred to by Deputy Ferbrache.

In respect of lobbying, I have to say I do not have much sympathy for what he said, because lobbying goes on, on every major issue. I take the view that States' Members should be strong enough to treat lobbying in the way that it is intended, to take account of it, but not to be unduly influenced by it if Members have reached other judgements than those proposed or suggested by lobbyists.

But he does make one point, which Deputy Ferbrache did not address, and which I think was a fair point, which was about the geography in here and Members being able to do their jobs without members of the public interfering physically.

If Deputy Brehaut is saying he was approached on the top bench by a member of the public then, clearly, just from a physical and security perspective, that is far from ideal. He did ask the States' Assembly and Constitution Committee to look into this and I can confirm that the Committee is happy to do so on that one narrow point.

2515 A very small point, on new Proposition 10, there is a typo. In the last line, it reads 'was not carried was not carried'. So, I am sure it does not need another amendment, but even highly paid civil servants sometimes can make errors. (*Laughter*) I do not know whether we can just omit those words, please, so they do not appear in the Resolutions, ultimately?

2520 **The Deputy Bailiff:** Thank you, Deputy Fallaize. I think, Members, it is just simply enough to cross out three words in what is now draft Proposition 10 and we will take that as read in that way and it has not been formally moved.

Anyone else who wishes to speak in general debate before I turn to the President?

Deputy Gollop, the President of the Development & Planning Authority, to reply to the debate on this article.

2525

Deputy Gollop: Thanking you very much, sir, Mr Deputy Presiding Officer.

On the curious was not was not issue that Deputy Fallaize has successfully proof-read, it may have been done by us, it may have been done by St James' Chambers, we are not sure. I put it down to the Deputy De Lisle effect of the double negatives and the contradictory points! 2530 (*Laughter*) Two negatives make a positive, which I think is the nature of this Report.

I think quite a few of the comments we have heard have not strictly been related to this Plan, they have been related to other, wider topics. Deputy Fallaize is right, the security of the Chamber and lobbying is more of a SACC States' Review issue than it is a DPA issue. The remark that Deputy Brehaut made that created some issues, I must admit, I thought it referred to a different 2535 politician than Deputy Ferbrache but, in any case, it was not material. If it is the gentleman I am thinking of, who I know, I have got a material interest to declare, I think he treated me to a coffee, in Christies in Christmas 2001, or something! (*Laughter*)

So, you know, these things happen in Guernsey, in fact I do remember perhaps his father was a States' Member, that is going back. We have to focus on the bigger questions.

2540 We started off with Deputy Soulsby, who generally, despite as she said a maverick amendment, which won, and we were downcast that night because, had it continued along that trend, we would have had to consider making more fundamental revisions to the Plan but, nevertheless, I think we found a way of working through the process.

2545 She is, as she said, very supportive of the Plan as whole. She was the first, but not the only speaker, to mention the paradox of the word flexibility. Deputy Ferbrache, earlier this year, point out some observations based on his lengthy and very successful legal practice, that flexibility was not necessarily a key attribute of every one of the previous planning decisions made by the past Environment and Island Development Committees.

2550 Of course, as was later pointed out, you cannot have the penny and the bun, inasmuch as if you have a personality based system run by nine politicians in a bus who go around making views depending on what their parish Douzaines and, maybe, their friends and people they went to school with thought, it is bound to be flexible, but inconsistent.

2555 As soon as you move beyond that to a more judicially robust process to procedures and policy, to a culture where you have professionally trained and efficient planning staff who work with politicians to create policies and engage with the community to get thoughts about land use, then you have to become more inflexible because, if Joe, who lives in the C  tel, gets permission, and John, who lives in Torteval does not, this is where the problems arise unless there is a material policy profile for that.

2560 As regards Deputy Soulsby's points about comparison shopping centres, that is interesting. When I first got to know the concept of comparison retail a few years ago when I joined the Environment Board, I kind of thought it was just comparing fridges with televisions or something like that. Now we know that it does cover among the 1,200 pages a description of clothing stores. I do not go into women's clothing stores very often, so I do not quite know about the comparisons and I do not quite know, therefore, what Deputy Soulsby is referring to, but certainly 2565 there are a lot of top quality clothing stores in St Peter Port. We know Deputy De Lisle runs a retail

outlet that certainly sells a lot of interesting clocks and different recyclable products and so on. That is a form of comparison. How far you go with convenience or comparison, I do not know.

I think we have heard enough to know that Economic Development would like to see a more progressive and useful politically approved retail strategy and I think that we will have to look at that and monitor that when the time comes. Our work is currently, of course, based on the existing SLUP.

Deputy Soulsby also referred to active travel, which was a theme that came out of a lot of the debate and I might refer to some general observations on the debate later. We certainly hope, particularly, with HSC, the hospital complex, we will use travel as a concept to help the wider issues but, also, of course, it was a key part of the open planning meeting that the five of us took part in relation to the Admiral Park Development.

As for bikes, I am not particularly expert on choosing bikes, either. She mentioned about provision for cyclists.

We then had a good long speech from Deputy Lester Queripel, who has been extremely constructive and helpful on the Authority and certainly got us to change our views and work through issues ever since May and June of this year. We have, occasionally, had disagreements. I think he said we had never had heated disagreements. I think we did once or twice because Deputy Queripel told me to chair the meeting more effectively and stop all of us interrupting him, including myself. *(Laughter)*

But, moving on from that, we have avoided personality politics, it is true. He rightly praised all of us, but especially Deputy Tindall, because for some reason, back in the day when we had a review of Government, this was considered not a Principal Committee, but in some ways, a more minor Committee. In practice, it has had a workload equal to some of the Principal Committees and, for a new member to take on a role, and Deputy Tindall volunteered, she had fought a close election with a rival. They both were willing to go for this role and, to be honest, Deputy Tindall has volunteered for lots of work, lots of research and what amounts to a leadership role in this Assembly and she has acquitted herself extremely ably on all of those counts. **(Several Members: Hear, hear.)**

Now, he did get into an issue with Deputy Mooney, who made, I think, a maiden speech questioning a perspective we had in relation to filters or roundabouts. I am not going into that for two reasons. Firstly, it is not material to this particular debate, because it related to the old –

Deputy Lester Queripel: Point of correction, if I may?

The Deputy Bailiff: Point of correction, Deputy Lester Queripel.

Deputy Lester Queripel: Sir, Deputy Mooney accused two members of the DPA of not knowing the difference between traffic lights and filters.

He misled and brought the DPA into disrepute, which is why I mentioned it in my speech.

I gave him the opportunity to apologise. He has not had the good grace and the courtesy to do so. We are where we are.

The Deputy Bailiff: Deputy Gollop to continue.

Deputy Gollop: Deputy Mooney should not have said that, in my view, because I think it is obvious that all five of the members are fully conversant with the differences and have a serious interest in traffic management issues.

My point, here, is that the application that led to this public meeting, was contained in the existing Urban Area Plan and, more relevantly, it is a live planning application that, in fact, will maybe come back to an open planning meeting and certainly to the DPA for further consideration, so I do not want to continue that dialogue.

I also took Deputy Mooney's remark in the context of a maiden speech, as being an ironic political rhetorical point, rather than an insulting one.

2620 Moving on. Deputy De Lisle made a strong general speech, really, but there was a focus too on Forest West. He did not like all of the wording. He questioned the paradoxes within development, conserve and development, limited development and so on, within and around. The reality is, his arguments were almost directly countered, in a way, by Deputy Dorey, because Deputy Dorey offered a degree of praise for the success of the Urban Villages Scheme in Jersey and I have been to some of those places: St John's village, St Mary's village, St Ouen's village, Maufant village and
2625 so on. They are not the prettiest architecture in some cases, but it has been a successful way of both creating parochial and sustaining communities whilst, at the same time, conserving the countryside and surviving the population increase.

Now, of course, Deputy De Lisle implies that we need to really focus on urbanisation within the urban area, but the problem is that is not what everybody in the public wants. We went out to
2630 extensive consultation and there were those who wanted more flexibility towards the rural area and there were those who felt overcrowded in the urban area. That has always been feedback I have got from St Peter Port, Vale and St Sampson's Deputies, amongst, others.

So, it is a paradox and Deputy De Lisle referred to a disconnect with the public. There has been, to a degree, not as much engagement with the Douzaines as there could have ideally been,
2635 but I would counter that by saying that the Douzaines themselves, and remember today is Douzaine day where I believe in every parish there will be meetings tonight, it is interesting in most of those parishes they are not being contested. Douzainiers will be elected unopposed and it is very important that Douzaines understand the modern processes and go beyond the formal monthly meetings to read electronically the documents and meet us.

2640 I, personally, would appreciate meeting more people from the Douzaines, either as an individual Deputy or as a politician or a committee and I think there is scope for that. I said in a TV interview that one of the areas, if, and I am sure it will be passed, I would welcome meeting the Forest Douzaine in some capacity and it will be an issue that we will monitor and it could be relevant if a planning application is made. We could have an open planning meeting, perhaps, on
2645 the site.

Also, it came to my attention recently that one or two people were annoyed that we did not decide to hold an open planning meeting. Well, that is to some extent, dependent on the materiality and the complexity of the application and how far it comes from an existing policy and how far there is room for discretion.

2650 But it is also up to every member of the public, especially every member of this Chamber, to write a formal request, perhaps, laying out the reasons why you consider it useful that we could consider an open planning meeting on the site, rather than relying on just ourselves. It is in the community's hands, I would say.

Deputy Lowe, very welcome praise that we have made progress, that we are getting there.
2655 Again, I do not think this is the time to go into the issues at the Vale Avenue site and I might upset Deputy Smithies, my loyal Committee member who sits on another relevant Committee. I will take this up after this Meeting. Within a few days, I will hope to clarify where we are with all the different stakeholders on that issue.

Deputy Dorey, we did support the glasshouses argument. There is a delicate balance between
2660 obliging landowners with limited resources, huge costs and the need, as Deputy Laurie Queripel and others have said, to get on with the job of encouraging limited economic and industrial development. I would very much support that.

Fairness. Well, fairness is in the eye of the beholder. The very nature of this Plan is to create a robust base.

2665 To go onto some of the more technical points, the issue of third-party appeals that Deputy Dorey referred to, has already exercised the officers and the board with a certain amount of dialogue. We will go into it more. In theory, I am not unsupportive of the idea. I believe Ireland

has it. But the third-party appeals goes beyond the Propositions today we are here to consider, but the DPA would be most willing to engage with Environment & Infrastructure on this matter.

2670 I think, personally, it is a medium to low priority for the next year or two, because we actually only have about nine or 10 planning staff. I believe, for example, the Department of Welfare, Employment & Social Security have double that number. Although we are part of the economic generator of the Island, we are not over-staffed. Moreover, it is likely that a third-party appeal culture could stifle development even more. It would lead to judicial review, it would lead to costs, 2675 it would create more of a NIMBY culture. It has advantages, too. It would certainly level the playing field, but it is not part of English planning law, generally speaking, and I think it is an area we would have to move extremely cautiously with, so I would hope all Members would dismiss it from their minds today as being something for the future, not for today's Plan.

We did have an unprecedented amount of public consultation, as Deputy Tindall reminded us. 2680 More than any development plan ever; 1,800 representatives. The inspectors, in their report, did not say that the urban/rural split had gone too far. In fact, we have actually pulled back a bit on that.

The only change in spatial approach has been to allow united development in local centres for the benefit of those communities. So, rather than a general rural sprawl, the development in rural 2685 areas is concentrated, where appropriate, in these specific social centres.

It has been a long process, because the report was the last stage in a public consultation that began in 2012. There has been extensive and varied opportunity for public involvement over the years, which has influenced the planning process. There certainly are some areas that one might do differently, the transition and the change of Government was difficult. The opportunity for the 2690 new Committee to find its policies and consult with all the stakeholders was not taken because we were already well behind schedule. We were in extra time, to use the football analogy.

We did have many debates in the first half of this debate on areas like motorists as the cash cow, which the late Member Deputy Jones would say and Deputy Inder and Deputy Ferbrache reminded us of in more recent times. The bigger question that Deputy Tindall and Deputy 2695 Queripel have also referred to about whether they are entirely happy with the Strategic Land Use Plan and other strategies is for this Assembly, in the next year or so, through the policy planning process, to work on.

We have taken our task of adapting this Plan within the current structure of strategies and so, without further ado, unless anybody wants to ask any more questions, I lay the Plan and wish it to 2700 be adopted.

I am pleased to say, as Deputy Tindall has said, we can implement it today. The Deputy Bailiff does not like us to consider adjournments and I hope that is not necessary, but if Members are generally content that they understand and appreciate the new set of 11 Propositions, I hope we can go to the vote now. 2705

The Deputy Bailiff: Members of the States, looking at the document that has been prepared to assist you, the first Proposition needs to be put to you distinctly and that is whether you will agree that:

'Pursuant to Rule 24(10) of the Rules of Procedure, and with the agreement of the Development & Planning Authority, each of the amendments approved in respect of original Proposition 1 of this Article shall not be treated as an amendment to defer adoption (but not debate), of the Island Development Plan.'

2710 Those in favour; those against.

Members voted Pour.

The Deputy Bailiff: I declare Proposition 1 duly carried.

2715 Proposition 2 can now be put. That is effectively to adopt the Island Development Plan, but subject to the various amendments.

If you want, I can explain where the amendments come from, but if you are happy, I can skip over that and simply put to you Proposition 2.

Deputy Lester Queripel.

2720

Deputy Lester Queripel: Sir, I would like to ask for a recorded vote. Not on individual Propositions, but just *en masse* please.

The Deputy Bailiff: On the whole of Proposition 2? That is understood.

2725

Proposition 2 is to adopt the Island Development Plan subject to the various amendments that were made to what was originally Proposition 1 and we will have a recorded vote, please, Deputy Greffier.

There was a recorded vote.

Carried – Pour 38, Contre 0, Ne vote pas 0, Absent 2

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

2730

The Deputy Bailiff: Well, I did not hear anyone voting Contre or abstaining, so I think I can declare Proposition 2 carried. In favour, 38, there were two Members absent, and that is why it was carried unanimously.

Can we turn over a few pages, now, Members of the States? Is there any request to take any of Propositions 3 to 11 distinctly?

2735 In that case, I will put to you the remaining Propositions, most of which arise from amendments, *aux voix*.

Those in favour; those against.

Members voted Pour.

The Deputy Bailiff: I declare all Propositions duly carried. Thank you all very much. (*Applause*)

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

III. Amendments to Statutory Minimum Wage Arrangements to come into force 1st January, 2017 – Proposition carried

Article III.

The States are asked to decide:

Whether, after consideration of 'Amendments to statutory minimum wage arrangements to come into force on 1st January 2017', dated 5th September 2016, they are of the opinion:

To approve, pursuant to section 31(3) of the Minimum Wage (Guernsey) Law, 2009 ('the Law'), the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations, 2016 (as set out in Appendix 2 to this Report), which, pursuant to sections 1(3) and 3(1) of the Law prescribe the hourly minimum wage rates set out below with effect from 1 January 2017:

adult minimum wage rate: £7.20 per hour (for workers aged 18 and over), and

young person's minimum wage rate: £6.50 per hour (for workers aged 16 and 17).

2740 **The Senior Deputy Greffier:** Article III – Committee for Employment & Social Security. Amendments to Statutory Minimum Wage arrangements to come into force on 1st January, 2017.

The Deputy Bailiff: I invite the President of the Committee, Deputy Le Clerc, to open debate on this article. Deputy Le Clerc.

2745

Deputy Le Clerc: Thank you, sir.

The minimum wage was first campaigned for in the 1890s by a group of sweat shop workers who protested bitterly the conditions in their Australian workplace. Setting the lowest legal hour wage payable to any worker served two purposes. It reduced the chances of civil unrest and it also worked against poverty and created tolerable living conditions.

2750

Opinion, even back then, polarised people. Those that advocate fair wages and minimum standard and seek intervention, such as we are proposing today, and those that see it as interfering and meddling in a free market.

Fortunately, today in Guernsey, we are not fear of civil unrest. However, we still see poverty in our Islands, as a result of low pay. The minimum wage increase that the Committee for Employment & Social Security brings before you today, is the result of a long process of discussion and consideration.

2755

The current rate for over-25s is £6.85 and we are proposing a rate of £7.20 per hour for people over 18 and £6.50 for the young persons' rate. We consider that £7.20 per hour balances the need employers and employees. The increase reflects the changes that have already occurred in the UK to the national minimum wage and those that are proposed in Jersey. Jersey are proposing £7.18.

2760

If these changes are not implemented, Guernsey not only risks losing existing workers, but will also fail to attract new workers as they see our neighbours offering a better package and we know that parts of our economy rely on our guest workers. The difference between our minimum wage and the UK is not just measured in the pounds and pence of the rate, as I have already explained, rejecting this rate will put us substantially behind other jurisdictions when it comes to the quality of life for our lowest paid workers.

It is likely that, today, we will hear the argument that our hospitality sector cannot afford the increases in wages, due to the difficult period it is experiencing. The Committee does sympathise with the struggles faced by the industry and the combination of several negative factors. Those are travel issues to the Island over the past year and pending changes to the population legislation having an effect at the same time, but we should not look to solve those problems without expecting our lowest paid workers to bear the brunt on the industry's behalf.

The trading difficulties being faced by the hospitality sector do not justify delaying this important increase in the minimum wage. There will probably always be a key industry in Guernsey that is not currently as successful as it has been in the past, or will be in the future. If we wait for a completely stable market and the right economic conditions, we will wait forever.

I want to stress that, beyond the obvious social benefits, this proposal is a financially responsible one. It will reduce the reliance on the supplementary benefit top ups and therefore reduce the cost to General Revenue. Supplementary benefit should be a supplement to employees' earnings, not a subsidy to employers' wage costs. There is a difference.

There has also been some noise around lack of consultation with businesses. The consultation takes place prior to the setting of the rates and that is in accordance with Section 5 of the Law and is based on feedback.

I draw your attention to the appendices and you will see that, from over 250 letters despatched to employers, employees and trade associations, we received only 38 responses. Of those, only 16 employers responded.

Having looked back over the previous five years, there has been a gradual drop-off in engagement of the process with employers. Thirty-three in 2012, 27 in 2013 and 21 in 2014 and 2015 and 16 this year. Can that consultation be improved? Yes, and my Committee will look at how it can be improved and how we can engage better with our business community for future years.

The Committee has proposed an increase in the minimum wage to £7.20 because we feel that it better reflects the needs of workers and is a figure which is reasonable to expect employers to pay as a minimum.

This proposal would put £14.60 extra per week in the pocket of someone working a 36-hour week; £14.60 a week has the potential to make a significant improvement to someone's quality of life.

It is a step forward towards making Guernsey a fairer and more equal society.

I ask Members to note our intention, not on this occasion, but in the near future, to propose an amendment to the legislation to allow the States to set the minimum wage, instead of being limited simply to approving or rejecting the rate proposed by the Committee. This reflects the Committee's view that the minimum wage is a serious issue, an issue which the whole States should have ownership of.

I ask Members to support a minimum wage of £7.20 per hour and to approve the Propositions. Thank you, sir.

Several Members: Hear, hear.

The Deputy Bailiff: Deputy Roffey, to be followed by Deputy Lester Queripel.

Deputy Roffey: Thank you, Mr Deputy Bailiff.

I have absolutely no hesitation whatsoever in supporting this Policy Letter and, in many ways, I would have liked to have seen the minimum wage set far, far higher. Not to avoid civil unrest, but certainly to tackle poverty and, as alluded to in the President's speech, because I do rather resent the amount of public money that goes into subsidising the wages in low-paid industries. (**Several Members:** Hear, hear.)

I would never use the term living wage, because I think that is a nonsensical term, to be honest. How on earth do you define a living wage? I live in a house that I own, with no mortgage on it any more and have no dependent children. A living wage for me is going to be an awful lot lower than for somebody in a house with a mortgage or private rented accommodation with two or three children to maintain, so I think that terminology should be avoided.

But, I think we should move towards a situation where it is the exception that people need assistance from the Social Security Scheme in order to supplement their life if they are working full-time.

That said, I accept there is a dichotomy. I do not want to devastate the lower-paid industries in Guernsey and, I think, tourism does have particular challenges.

I agree, the tail cannot wag the dog, but also it would be regrettable if we were to go at this like a bull in a china shop and do collateral damage to some of the industries that still have an important role to play in this Island.

With this in mind, I am pleased to be able to announce that the Scrutiny Management Committee will be launching an in-depth review in the first half of next year into workplace poverty and the impact of States' policies on workplace poverty. Or, I should say, in-work poverty, not workplace poverty.

That, obviously, does not just involve the minimum wage, but it will be front and centre of those considerations.

Other areas, like income tax allowances, maybe even access to childcare might come into it. How broad we end up drawing it is problematic. There are lots of elements that could, technically, be within it, but once it spreads too wide, it loses focus.

Certainly, this dichotomy about the minimum wage and the fact that people should be paying a decent wage and, yet, trying to balance that without actually taking away jobs that people do value by pricing Guernsey outside the market will be at the heart of that and we will be looking for representations and, indeed, for participation from those industries that have concerns, from those who wish to see a higher minimum wage and, no doubt, from Employment & Social Security as well.

I look forward to that but, in the meantime, I certainly support the reasonable proposals before us today.

The Deputy Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

I have with me today an article which appeared in the *Guernsey Press* on the 13th September, headed 'Chamber not consulted on proposal for minimum wage increase'. In the article, the chairman of the Chamber of Commerce tourism and hospitality sub-group is reported to have said:

'The chamber very much expected to be included in the consultation and it is hard to see how the Employment & Social Security Committee can take the view that industry has been thoroughly consulted.'

He went on to say that the prospect of unintended consequences that could be caused had not been given the robust examination considered appropriate by any inclusive government. He felt that there were decisions made by the Committee that required explanation.

That is a fairly damning claim from the chamber, which, in effect, is accusing the Department of incompetence. That sets alarm bells ringing in my head and causes me great concern. I would like

to hear the President's views on why she thinks the chairman of the sub-group at the chamber actually said that.

In relation to that, I have three questions. Did the Committee and/or the Department consult with the Chamber of Commerce regarding the minimum wage issue?

2865 Was the Committee and/or the Department supposed to consult with the chamber, or was that a complete misunderstanding on behalf of the chamber, who perhaps should have simply responded to the consultation like everybody else did?

Question three, has the Committee and/or the Department been in contact with the chamber since the press article was published?

2870 I ask those questions because the minimum wage issue is a major issue that affects us all and I think we all need to be clear about events that either happened or did not happen, whatever the case may be.

2875 I would be surprised and extremely disappointed if the Committee and the Department have failed in their duty in any way, sir, because I have lost count of the times I have worked with the staff at the Department in an attempt to resolve the problems of Islanders and have always been impressed with the professionalism and the approach and the dedication of the staff, so I sincerely hope that the President is going to allay my concerns about that issue.

2880 In her opening speech, the President did refer to my next point. Paragraph 1.7 and 4.3, we are told that the Committee considers that instead of minimum wage rates being given effect by regulations made by the Committee, it would be preferable for the States to be able to set the rates by Resolution.

The Committee has noted an amendment of Law would be required and the paragraph goes on to say, as the President has already referred to:

'The Committee is not, at present, submitting a Proposition to amend the Law on this matter, but the Committee intends proposing an amendment when one or more other amendments to the Law is required.'

2885 It also says in that paragraph that the appropriate amendment will be laid at the earliest opportunity. I am just wanting some clarification on that, please, sir. I presume the earliest opportunity will be when the Committee bring their proposals for the minimum wage next time around.

2890 I would need some clarification regarding whether I am right or wrong in thinking that and I ask that question because I am aware that there several Members of this Assembly that would like an input in that. If the Committee are not going to lay an amendment for the proposals next time around, should Members of this Assembly be working on that amendment with a view to lay it when the time comes?

2895 I am just aware that there could be duplication of effort in that respect, so I would like some clarification on that. Thank you.

The Deputy Bailiff: Deputy Laurie Queripel, to be followed by Deputy Inder.

Deputy Laurie Queripel: Thank you, sir.

2900 I am going to, without hesitation, support the recommendation, but there is something in particular in the Report that caught my eye and there are no page numbers, so I will have to give the paragraph. It is Paragraph 3.2 (d) if Members would like to turn to it. There is a table at the top of the page and it tells us that there are, if my maths is correct, 219 people registered as being unemployed between the ages of 16 and 39.

2905 That causes me quite a bit of concern, because that is a group of people who should have a long working life ahead of them and I know that the Committee had a lot of back-to-work initiatives, Stepping In and things like that, but I am just wondering how effective are those initiatives if that many people in that age group are out of work?

Bearing in mind, sir, that we are facing a demographic issue in the future, having another 219 people in work, paying tax, paying contributions, hopefully spending the money they earn within

2910 the economy, that will not solve our demographic issue, but it will certainly go some way to helping improve the situation.

I just wonder if Deputy Le Clerc could just comment briefly on that age group of people out of work and why the initiatives, apparently, are not helping that group of people, that demographic, into jobs and helping them to be economically active.

2915 We do need to maximise the economic contribution from the Island's workforce, or potential workforce, for a lot of reasons, but one of the reasons is the demographic issue we are facing.

I am going to support these recommendations, of course, but I just wonder if Deputy Le Clerc could give some comments on that particular issue.

Thank you, sir.

2920

The Deputy Bailiff: Deputy Inder.

Deputy Inder: Thank you, sir.

2925 I endorse everything that Deputy Roffey says. The killer line to me, I have come a bit late to this, is that in the proposal is the fact that some workers in our Island are going to Edward T Wheadon House for a top-up. There is something not quite right about that. If this goes, in some way, to reduce that burden on the state, I am happy to support that.

I am afraid it is not the job of Government to subsidise businesses and I am likely to support this proposal.

2930 Thank you.

The Deputy Bailiff: Deputy Ferbrache, to be followed by Deputy Soulsby.

Deputy Ferbrache: Thank you, sir.

2935 Let me commend the excellent speech made by the very able President of the proposing Committee. She expressed it very well. And let me also commend, and I am not criticising any of the other speakers, the very perceptive and balanced speech of Deputy Roffey, saying what they are going to do in the first half of next year. So, let me say that, for the avoidance of doubt.

2940 Let me declare that clearly, my family has significant interests in the hospitality sector. But they would not be affected by these proposals, other than incidentally so. Let me make that declaration, but let me also say this in connection with it: I do not want to speak out of turn but, in relation to that I have got to say there are concerns.

2945 Deputy Lester Queripel raised the issue about consultation and, frankly, I do not think any criticism can be made either of the Commerce & Employment Department or its successor Department, Deputy Le Clerc's Department in that regard. Because it is detailed in a Policy Letter that they went out, the two Committees, to extensive consultation and they only had 38 replies and they were split roughly 50-50, just a few more employees than employers, but there were only 38 people or groups that responded to that.

2950 So, that really is not their fault. I know, and Deputy Le Clerc made a concession that I do not think she was obliged to make, that you could always do consultation better, but you can only consult who you consult, but the other people who are subject to the dictats that you come up with, they must also respond. If they leave it too late, they cannot really complain. No doubt, she will answer Deputy Lester Queripel's point herself, but it seems to me the consultation issue has been well dealt with.

2955 Because of the legislation, this Assembly can either approve or reject the proposals. There is no interim. In any event, how would you do it? Even if you had the power to amend, would you come and say it should be £7.10 or £6.98, that would be, frankly, a little unseemly. It is a point that has been raised, we do have to have regard to two key industries that operate in this Island, that is the hostelry, or hospitality, business and it is also the retail sector.

2960 In relation to both of those, I think some of the figures are already referred to in a Policy Letter, but if I can just quote from page 13 of *Guernsey Facts and Figures* in connection with certain

industries and this deals with the contribution to output by sector. Now, I believe this is up to March of this year. Whether it is March this year, or the end of last year, I do not think that particularly matters, but if you look at the hostelry sector, that has fallen over the last five years from 2.6% to 2.3%. That is a fall, therefore, of about 11% or so over that period.

When you look at retail, the fall is even more significant, from 6.6% to 5.2%, so that is 1.4 as a multiple, a division of 6.6, that is a significant element. That is probably 18, 19, perhaps even 20%. I know with retail there are other factors, the factor of the internet, people buying a lot more things over the last few years than they ever did.

Page 29 of the same booklet refers to certain statistics in relation to four-quarter average earnings as at March of this year. We can see these are two already poorly paid sectors. Because, if we look at hostelry, if we look at the median, which for me means average earnings, in that sector, it is just under £18,000 per annum. When you look at retail on the same page or thereabouts, it is about £21,000 per annum. The precise figures are specified. They are not a particular materiality.

What we have got here, in connection with this matter, is we have got the hospitality sector saying 'we are particularly struggling'. Now, they should have said it before, in a consultation process. They had the opportunity so to do and I hope, next time around, they will respond more fully and more substantively, rather than a letter in the *Press* that Deputy Lester Queripel read out from 13th September.

But we are not here to criticise people. We are not here to say you should have done it quicker. We are here to do something practical. I believe, and I will be corrected if I am wrong, we all received a letter from the operations director of a large employer in Guernsey. We received it about a month ago, on 3rd October, and he says this. He asks us to reject the various proposals which are detailed in the Policy Letter and he says:

'At the end of August last, the year-to-date tourism figures measured by ports movements are down by 11.2% in respect of the harbour. That is minus 42,475 sea passenger movements and down 0.9% in respect of airport, that is minus 5,303 air passenger movements, following on from a very poor second half of 2015, which saw port movements reduce by over 40,000 passengers.

'Therefore, to put it into context, in the last 14 months, Guernsey has witnessed a decline of over 88,000 port passenger movements.'

That is significantly more than the Island population and, in his words, 'it is the lifeblood of the Island ebbing away'. He said:

'Within tourism and hospitality, trading is very poor. Our business has been negatively impacted this year and our transport links are clearly not working. I would go as far as to say the industry is, in my view, in crisis and a 5% increase affecting the sector's biggest overhead is most unwelcome at this time.'

He talks about the inflation and pension increases. I do not regard it as a criticism of anybody, but the fact is we have had 0.6% inflation over a particular period of time. We will increase old age pensions by 0.8%, or £1.64 a week. Sadly, that is prudent, because that is all that can be afforded.

But here and if I have really done my arithmetic, it is a bit less than the President's figures, but if we talk about a £14 per week increase, or thereabouts, that is, if you have got perhaps 10 employees, that is £140 a week. It will be a bit more if there are 16 or 17-year-olds. Or, if you have got 100 employees, as some of the bigger organisations do, that is, let us say £1,400 per week. Multiply that by 50/52, that is about £75,000-£80,000 per year.

That is a heck of a lot on top of your wage bill and you will have Social Insurance contributions, etc. on top of that.

So, let us say £80,000, just for a round figure. When your business is already struggling and, even if you only employ half that number, it is £40,000, if you only employ a quarter it is £20,000. Whatever arithmetic you do, that is a lot and these are sectors that we cannot simply say to the hotels and restaurants, we simply cannot say to the shops, close your doors, because we need

shops, we need hotels, we need restaurants, because we need to be able to service our community and visitors to our community.

3005 We have got to have regard to the unintended consequences of what, clearly, is a... *[Inaudible]*

We have only had minimum wage legislation in Guernsey for a number of years. It took a long time to come. It followed on from the UK and we have had a very helpful, historical exposition by the President as to Australian sweat shops back in the late 19th Century.

3010 That is true, because if it was not for Government and pressures from Government, whether it is this Government or the UK government or anywhere else, people might still be working down mines for threepence a week, they might still be climbing chimneys, their children might still be working at 12 years of age, so it is the pressure of governments over the years that has manifested changes that we would all accept are necessary, desirable and have been achievable in society.

3015 But, sometimes, there is a balance. Sometimes you have got to put your foot on the brake, rather than on the gentle accelerator. This gentleman's letter, which we have all had, I believe, continues. I am not going to name his group, within his hospitality business ...

'... we do not employ anyone on a minimum wage. Market factors, coupled with a great degree of difficulty in attracting people to work in our sector in Guernsey dictate we pay higher wages.'

He goes on:

3020

'You therefore ask what is the problem with the proposal? Well, it is twofold. Firstly, the proposed increase will mean that we will have to increase our wages in order to maintain our competitive advantage and pay above the new proposed minimum wage. Therefore, we will face a 5% increase in wage costs.

'Second, the people above our first pay band enjoying higher pay bands will not accept that the pay differential is eroded between bands and we will undoubtedly have to increase other wage bands as a direct result of this proposal.'

He says the extra cost to his business will be another £100,000 a year. His words:

'Frankly, it is just not sustainable within declining sales in a shrinking market.'

He says his company directly employs 205 people in the Island and he concludes his letter to us by saying:

3025

'Mark my words, if this proposed increase is ratified, Guernsey is one very large step closer to becoming a backwater.'

Frankly, I do not find, on view soliciting, I do not find that as pressure from a pressure group. I find that as a reasonable response, stating what that person, a director of a well-known local company, or a well-known company that operates locally, I should say, as being anything other than his realistic concern.

3030

When the matter was explained, they came to see us a few days before the proposals were put forward and I do not mean any criticism, but it was too late for us to have any input, Deputy Langlois as vice-president and Deputy Le Clerc as President, came along with the civil servants and I think I used the phrase, but I will be corrected by the two of them in this Assembly if I got it wrong, '35 pence an hour is peanuts'. I think I used that word. It is peanuts to me, to you, but when it has the cumulative effect that Mr X who wrote the letter said, it is much more than cumulative, it could be the tipping point.

3035

I just say that to you, to factor that into the equation, because I fully expect, here, overwhelmingly, these Propositions to be passed. I could have made other points about we are out of tune with Jersey etc. except I do not think that is particularly material. Nobody would say a wage of £14,000, £15,000 per annum, whatever the particular figure is, is a good wage. It is a very, very basic wage. It is barely – and I accept Deputy Roffey's point what is a living wage, he explained his circumstances, if you are a 35-year-old with a mortgage and three kids you need a different living wage – but here I would just ask us to caution in relation to it.

3040

3045 At one time, I was minded to vote against these proposals, simply for the points I have made. I do not feel, as a citizen of Guernsey, I can vote against them, but I do not feel, representing, as President of the Economic Development Committee and representing these two sectors, in particular, that I can vote for them, so I am going to abstain.

3050 I would just ask that, going forward, and again it is not meant as a criticism of anyone, it is not criticising any civil servant, it is not criticising any politician, past or present, that we have regard to the realities of business when we make decisions.

The Deputy Bailiff: Deputy Soulsby, to be followed by Deputy Fallaize, to be followed by Deputy Brouard.

3055 **Deputy Soulsby:** Sir, I will be very brief.

I am very happy to support these proposals but I do wonder whether we are making a mountain out of a molehill here, because I do not think we actually know how many employers pay people the minimum wage and how many people are actually dependent, their only income is on minimum wage income.

3060 It would be useful to know that and, if Deputy Le Clerc has not got those figures, I suggest that it is probably something that the Scrutiny Management Committee tries to establish and I think it will need to as part of its review that Deputy Roffey referred to earlier.

The Deputy Bailiff: Deputy Fallaize.

3065

Deputy Fallaize: Thank you, sir.

In response to Deputy Lester Queripel's point about consultation, the Committee carried out consultation in accordance with what is set out in the Law. I think Deputy Le Clerc said when she opened debate that 250 consultation papers were sent out. There is a summary of responses at appendix one, but this consultation has, in effect, been carried out the same way every year, because the process is set out in Law.

3070 It cannot be the responsibility of the Committee to do anything other than publicise that the consultation process is underway, obviously, it has to be publicised well, and to invite responses. Now, some of the organisations which have been critical of apparently not being consulted were consulted. They specifically received letters advising them that a consultation process was under way.

The Committee cannot be held responsible for dubious communication within other organisations, which has left some people in those organisations feelings that they were not adequately consulted.

3080 On his point about providing the States with the opportunity to amend the rate, it was me who originally proposed some years ago that, rather than this matter being dealt with by regulation, the States should be free to determine whichever rate they preferred in the same way that the States do with pension rates or other social welfare rates. But it does require a change to the legislation.

3085 What the Committee means is that it will not propose changing the legislation for that reason alone, but it is likely that there will have to be other changes to the legislation in the foreseeable future and, at that time, the Committee will propose changing the power of the States to amend the rate.

3090 Now, an interesting point was made by Deputy Laurie Queripel. I am not sure if he was saying that unemployment among younger people may be related to the minimum wage. He was making that point in a debate on the minimum wage, but he may not have been linking the two. But the critics of the minimum wage and, by and large, the people who criticise increases in the minimum wage are the same people who criticised the concept of the minimum wage originally. I am not saying that is necessarily true in Deputy Ferbrache's case, but it is true in the case of many of the critics.

3095

Generally speaking the experience in the UK and in Guernsey is that, after the introduction of the minimum wage, the numbers of employed people have gone up. Although, when the minimum wage was introduced in the UK, it was opposed by the Tories at the time, they said it would cost half a million jobs, actually now, employment in the UK in terms of the percentage of 16-64-year-olds is higher than it has ever been.

In Guernsey, when the minimum wage was introduced in 2010, there were 31,500 people in work. Now, there are more than 32,000 people in work.

So, the evidence is very thin on the ground that a minimum wage and even a reasonable minimum wage creates unemployment.

Deputy Ferbrache noted that the proposed increase is above the rate of inflation and, of course, he is right. The answer as to why the Committee is proposing a rate above the rate of inflation, he may not agree with my answer, but it is a very simple answer, it is because the rate at the moment is too low.

The only way of increasing the rate in real terms, if one considers it too low, is to increase it above the rate of inflation.

Since the minimum wage was introduced, Guernsey's economy has grown by about 25%. If the Committee's proposals are rejected today, the minimum wage will have grown only by 12% in the same period. In fact, if the proposals are accepted, the rate will have gone up by only 20%.

Labour productivity is up. These are not my figures. The figures produced by the States demonstrate that unit labour costs have fallen in four of the past five years, so the productivity of employees is improving. If people on the lowest rung of the economic ladder, as it were, on the minimum wage rate, are not seeing an increase above the rate of inflation, they are not gaining anything from the increases in productivity for which they are responsible.

I do not see why the lowest paid people should not make some gain, in real terms, from increases in productivity.

I do not want Guernsey to have the lowest minimum wage rates in the British Isles and, on that point, the UK – interestingly the Conservatives, having originally opposed the minimum wage when it was first introduced have now taken it as a flagship policy, a bit like the NHS, really – they are saying that they will get to £9 an hour by 2020. We do not know whether they will, but certainly the increases which they are making in the minimum wage and the portion that they now call the national living wage, indicate that they will get to £9 an hour by 2020.

Now that is going to present us with a challenge, in Guernsey. I do not think it is tenable for Guernsey to have a minimum wage, let us say, of £1 an hour less than the UK. I do not say it is going to be easy, if there is going to have to be a step change increasing the minimum wage. Our cost of living is higher in Guernsey and our economy, per capita, is more successful in Guernsey. I do not see how we can maintain a minimum wage below that of the UK. I do not think, as a policy, we should have the lowest minimum wage in the British Isles.

If the proposals are increased, the minimum wage will still be less than 50% of median earnings. In international terms, that is quite low and, as other speakers have said, people even on this minimum wage, with the increase, if there is a couple both earning minimum wage rates, working full time, they are likely to be in receipt of social welfare benefits, paid for by the taxpayer. They will have to have their wages topped up, as it were, because they are in in-work poverty.

Now the last point I want to make is that Deputy Ferbrache makes a good point about timing and the difficulty that various sectors of the economy face at the moment, but the greatest challenge facing retail is the internet and he acknowledged the role that the internet plays.

The greatest challenge facing hospitality is transport links. Now, I do not want to sound like Deputy Trott and say it is the responsibility for the Committee for Economic Development to improve transport links, although I just did, but voting down reasonable increases in the minimum wage, or even abstaining and not allowing them to go through, is not going to help Deputy Ferbrache and his colleagues on the Committee for Economic Development do anything to sort

out the transport links, which are having a very serious impact on the hospitality industry. (**A Member:** Hear, hear.)

3150 They are also, in that industry, concerned about the new population management regime. Voting down increases in the minimum wage is not going to help Deputy Lowe and her colleagues on the Committee for Home Affairs make the case to industry that the population management regime is actually going to assist them.

3155 So, I really do not think that we can use people who are on the lowest rung of the economic ladder in that sort of way, because we cannot come up with adequate solutions to solve problems with transport links, to say, 'Well, because those problems exist, we are going to keep the minimum wage at the lowest in the British Isles.' I really do not think that is an acceptable response.

3160 The number of people, particularly in hospitality, because I had the same email, we all had these emails that Deputy Ferbrache has referred to. I responded to one or two of these people in hospitality, perhaps rather bullishly, and I was surprised by the numbers who came back to me, privately, and said, 'Look, we are very supportive of these increases in the minimum wage, because we consider ourselves responsible employers.'

3165 Deputy Ferbrache made this point. He said, clearly intimating that he is too and none of his workers are earning these sorts of rates. Many of them were saying exactly the same thing and they are fed up being executors of the economy, where potentially they can be undercut by less responsible employers who are not paying the sort of responsible wages that they are paying.

3170 So, for all of these reasons, sir, I hope the States will support the proposals before them today. If we are a responsible Government, which is interested in social justice and fairness in the workplace, I do not think we are going to be able to restrict increases in the minimum wage to inflation during this term of Government.

Thank you, sir.

The Deputy Bailiff: Deputy Brouard.

3175 **Deputy Brouard:** Thank you, sir.

I rise to my feet, really, because of Deputy Queripel's accusations about lack of consultation, but I think I may have part of the –

3180 **Deputy Lester Queripel:** Sir, point of correction.

The Deputy Bailiff: Point of correction, Deputy Lester Queripel.

3185 **Deputy Lester Queripel:** Sir, they were not my accusations. I was relaying what was said in a press cutting by a member of the Chamber of Commerce.

The Deputy Bailiff: Deputy Brouard to continue.

3190 **Deputy Brouard:** Thank you, sir.

Exactly. The point I want to make is that my fingerprints are slightly over some of this, being on the previous Commerce & Employment Board for five years and having dealt with the minimum wage during that time.

3195 This is the first time I am using the electronic device thing; I have managed to get hold of the senior employment relations officer. I will just read back what it says and then I will give you the explanation as to why I think we have got this misunderstanding at the moment.

'Chamber were circulated with the usual survey. I can confirm that also most hotels and restaurants were contacted individually, so many chamber members would have had a copy of the survey.'

3200 The survey was done. The chamber was advised that the survey was happening. The difference and the nuance on this particular occasion is probably this, is that we do not go back to industry and say: 'This is what we are going to propose.' We do the survey before we announce the amount of the actual increase and with this increase, this time, which is more than inflation, that has caused a concern.

3205 The consultation is done prior, to see how the economy is going, to see what range of increases people would be looking for or expecting. Then the Committee sits down, decides what the rate is and then you will see it first when it is published in the Billet. I think where the disconnect is, as this time it is slightly more, or some people would call it considerably more, they were expecting to have a second bite off the cherry, almost, by saying, 'Actually, we want now public consultation on the rate that is going to be proposed.'

I think ... I will give way to Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy Brouard.

3210 I think his analysis of the disconnect, as he calls it, is absolutely correct. But would he not agree with me that it is actually more sensible for Government to consult in this way, rather than after putting its proposals?

3215 It must be more sensible, effectively, to have a call for evidence, so that all stakeholders can submit their evidence and then Government, which is elected, bizarrely enough, to make policy decisions, proposes the rate which it considers appropriate, having taken into account all of the evidence.

Deputy Brouard: Thank you Deputy Fallaize for your support. Having done that for the last five years, I would agree with you. (*Laughter*)

3220 That is where I think the disconnect and the lost in translation comes this time around.

3225 I am going to just touch on one area where I think Deputy Roffey mentioned. I will try not to get myself tied up into knots into it, but there are almost two different types of workers that we have in Guernsey. It is similar to some places in the south coast of England and other places where they have guest workers coming in. We have got local workers, as in they live here, they have a mortgage here, they have a family here. They are here 365 days of the year. They are probably going to be here permanently, because they cannot get off the Island for transport reasons. (*Laughter*) But they are here.

3230 We also then have guest workers, who come from very varied backgrounds. I think, mainly, eastern European. Where the wages here, even at our minimum wage level, are completely different to the wages that they would have back home and, even at our minimum wage levels, to them and in the circumstances that they are living in the Island and then returning to their homeland, makes it something that they wished to do and something that hoteliers enjoy and some of the restaurants enjoy. Also, I hate to say, well I do not hate to say it, we enjoy it, because we go and fraternise these particular hotels and restaurants and so on.

3235 With Deputy Roffey looking at this area and I know Scrutiny have done some cracking reports. Deputy Brehaut was there. I remember the ones on vandalism and on exclusion, where they came up with some real nuggets of information that we could actually use and take forward.

3240 If Scrutiny can look at this issue and see how that circle can be made, because we almost have two different uses of the minimum wage being applied across two different workforces and how we can best do that morally and sustainably, if that can come out of Scrutiny, I would be very pleased, because I have been struggling with that particular thing.

I will be supporting these increases, but I can well understand why industry has got the concerns it has.

3245 Thank you, sir.

The Deputy Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

3250 Fellow States' Members, minimum wage benefits some of the most vulnerable members of our community. Do we want to deny some of our lowest paid and hard-working Islanders just 35p extra an hour? What is that equivalent to? An extra £14 a week on a 40-hour week. So less than £60 a month. Less than a week's shopping; a school uniform.

What is the alternative? Food banks? More supplementary benefit top-ups? Should the taxpayer close the gap or the employer?

3255 This increase is only in relation to the employees who are currently the minimum wage. Nobody is being asked, or indeed expected, to give all of their employees the equivalent percentage pay rate. It is just an acceptable minimum hourly rate. Acceptable as a fair amount of money to pay for an hour's work.

3260 Every time the Guernsey Government tries to increase minimum wage, we are told that businesses cannot afford it. We have some of the lowest business failure rates, some of the lowest levels of unemployment. My very real concern, sir, is that we do not know how many people and businesses this will affect. We do not capture the data that would inform us as to how many or what percentage of our community are earning the minimum wage, how many are having a top-up in the guise of supplementary benefit. We do not know how many businesses are economically
3265 vulnerable.

We have to ask ourselves when, or if, we should be supporting these businesses. The fundamental law of capitalism is that if workers have no money, businesses have no customers. That is why a widening wealth gap in our economy presents not just a moral challenge but an economic one, too.

3270 In the capitalist system, rising equality creates a death spiral of falling demand and ultimately does everyone down. We must be mindful of the challenges faced by employers and, particularly, small businesses.

The high earners can afford our air fares and will simply fly to London to do a day's or weekend's shopping, which does not support our local economy and, ultimately, leave less choice
3275 of retail opportunities for the poorer in our society.

Lower paid workers have to shop locally or on the internet. But on limited disposable incomes, this income stream into our local economy is low.

We should be supporting our Islanders by ensuring that they have a minimum wage. They are not being exploited. Should the Government, with taxpayers' money, be picking up the rest of
3280 these employers' wage bills, in the form of supplementary benefit? Is that equivalent to helping these businesses fund the labour?

Trust for London research has shown that working poverty in London has risen by 60% over the last decade. There are now more than a million low income families where at least one adult is working with wages failing to keep pace with rising costs. In-work poverty is now one of London's
3285 most significant challenges.

Loughborough University, in a report released last month, found that parents on the minimum wage cannot meet basic family costs. Produced by Professor Donald Hirsch, for the Child Poverty Action Group, The Cost of a Child in 2016 report draws on what the public says every family requires to meet its basic needs and to participate in society. The report concludes that the
3290 pressure of family budgets looks set to intensify for low-income families, with childcare and housing costs, increasingly, the deciding factor on whether parents can achieve what the public regards as a minimum standard of living.

Families of two parents working full-time on the national living wage are 12% short of the basic amount needed for a minimum standard of living as defined by the public. That is a gap of
3295 £50 per week.

For lone parents working full-time on the national living wage, the shortfall is worse. They are 16% short of what is needed for a minimum living standard. Up from 13% in 2014-15, a gap of £55 a week. So, that's the week's food shopping gone.

For these families, disposable incomes, as a percentage of minimum family costs, have fallen by 6% since 2012. The Institute for Economic Policy bust the myth surrounding who is actually benefiting by raising the minimum wage. It is not the teenager working part-time after school, who live with their parents earning a bit of extra spending money. No, sir. Reality is that on average a 35-year-old woman, in fact, 88% are not teens, they are 20 years or older; almost 60% are women and almost 30% of these women have children. It affects 55% of women who work full-time; on average, they earn half of the family's total income.

Whereas, I appreciate the statistics these statistics do not relate directly to Guernsey, they are evidence it is families with children that benefit the most from having a living wage.

So, other countries have this hard and real evidence. We do know that we have poverty in Guernsey. We know that children, our children, local families, are struggling.

Is it our job to support businesses or to support people, Islanders? Are we People's Deputies or are we business Deputies?

I would argue that our people are our business. I believe our job as Government is to represent the majority, but we must protect the minority. We must protect the vulnerable in society. We must ensure there is a decent minimum wage and today, as States' Members, we have the opportunity to do just that.

I urge you all to support the 35p extra an hour and vote for the increase in the minimum wage. **(Several Members: Hear, hear.)**

Thank you.

The Deputy Bailiff: Deputy Gollop, to be followed by Deputy Langlois.

Deputy Gollop: Well, that was a very refreshing speech from Deputy Merrett that is interesting, because of course she has a great interest in retail tourism and economic development.

Actually, Deputy Fallaize made I thought a very strong, moderate speech, in many ways, about the evolution of this process and the way in which we have to take matters into account.

If I could add a slight perspective. I feel almost like I'm sitting on a bar stool or at a café table, not on a bench, seeing the evolution of how we got to this position. Back in the day when the minimum wage initially made it, rather late in the day, really, in Guernsey, as a policy, I remember it was allocated to the Commerce & Employment Department. I think Deputy Falla had retired and Deputy McNulty Bauer was the Minister at the time.

Commerce & Employment Department perhaps were not fascinated by every aspect of the process; it is fair to say. *(Laughter)*

We, ourselves, later, we were working together, of course with our previous Minister at Social Security, Deputy Langlois, who had a certain scepticism towards the living wage, although he did do a lot of work in that area.

The reason I mention this is because, when we had a Commerce & Employment Department, it was responsible for running employment tribunals, very well, and other aspects of employment and similar legislation, but also of course the commercial side of the Island, from transport and tourism, across the board.

It is fair to say that Commerce & Employment sounds like an equal marriage of both, but somehow the commerce side of it seemed to take strength over the employment side, because maybe we should not be like this, perhaps they are less so in modern Germany or somewhere else we could think of, but we sometimes in British culture, not necessarily in Guernsey, have a management versus labour mentality, historically.

I sometimes used to think Commerce & Employment took more of a managerial perspective, than an employee perspective, because, with the best will in the world, if Commerce & Employment write out to every leading employer on the Island, especially those who are paying less than high wages, 'do you want to pay more wages for your staff?' most of them will say, 'No.'

3350 If you ask them will it lead to potential erosion of profits or even viability difficulties, a lot are going to say, 'Yes.'

Therefore, you have an in-built problem with that approach and as, I think Deputies have already commented, the amount of consultation withered a little bit over the years.

3355 I always wanted it to be Jersey style, transferred to Social Security. In Jersey, it is part of that structure and it meant that, instead of politicians who are particularly interested in promoting business having a say over it, it went to politicians who are more likely to be involved in managing social welfare and perhaps more socially conscious, but focused on that side of politics more. I know, indeed, one of our number, who has not spoken yet, Deputy Yerby, I think, met one of the leading employers in this field to address the concerns that may have been raised.

3360 We have to be aware that there is a dilemma here and it is a dilemma that is based upon concerning business, versus respect for people. Clearly, we have just heard one or two speeches that are very much focused on the need for individuals and, as Deputy Merrett pointed out, Deputy Inder earlier, it is not good that Government should be subsidising low-earners' wages, because it ends up a drain on us all, collectively. It also weakens our noble and very successful efforts at encouraging people who can work into work, because of course it can lead to a benefits trap.

3370 I think we have heard that most good employers, able employers, employers at the cutting edge of their industry, are paying above the minimum wage, but I do accept Deputy Ferbrache's argument and another person who argued the point, that there is an issue with differentials and marginal rates of pay within hierarchies. I have been surprised, anecdotally, to hear that one or two top of the range establishments that are not necessarily paying as high rates of pay as some of the less premier establishments, but that is not for us to interfere in.

3375 Nevertheless, I think, politically, what we want to achieve is encouragement from all sectors of the Island to raise their game in terms of bringing in money to the Island, of quality standards and quality employment. It is a virtuous circle that maybe Deputy Merrett has a point that we want to encourage visitors and residents who can have the power to spend rather than watch every penny.

3380 I am interested that we have seen a slide of the pound against the dollar and, to a certain extent, the euro. Now that could have a material effect on migrant workers' earnings. I realise that, in supporting, and I do support the strengthening of the minimum wage, in fact I would go further over time, a lot further, I think we do have to match European levels, especially British levels. It was surprising that the Conservative government decided to go down this path of a national living wage, which is effectively a minimum wage, but I do not see where we can attract the top quality, skilled employees we need, without matching them, with a higher cost of living here. Moreover, if we want to encourage local people into less paying industries, especially hospitality, catering and tourism, we need to compete on the wages front.

3390 How do I mitigate this? Firstly, I think we are strengthening what we as a state offer the hospitality sector. Secondly by realising that they do, and Deputy Langlois may go into this in greater detail, have a trade-off, whereby there is a room and board provision, whereby responsible employers can offer a competitive package, which might not apply to local people who worked in other areas. Thirdly, we have already delayed the implementation of this by several months, so that has to be taken into consideration as well.

3395 I want to see and support a sustainable and growing future for tourism and hospitality. I think it is a different case in horticulture. If you look at some other sectors where they have struggled, it was inevitable they would, given the fact that our economy has changed and we reached a point whereby, realistically, we could not support industries that could not afford to pay a living wage, as Deputy Merrett has pointed out.

3400 Hospitality is different from that, because as has been mentioned, we need world class hotels. We need world class restaurants, as Deputy Brouard said, that we can all fraternise and patronise. Maybe the Tennerfest, outstanding concept though it is, and I would go for a Fiverfest if I could, is behind the times because, although some of these areas are obviously more than £10, I think we

have to get out of a culture of expecting something for nothing. We will, probably, have to pay a realistic amount for what we have to ensure that people make adequate profits and returns.

3405 So, I think we must support this. Deputy Ferbrache pointed the arguments out very well, that there is, on the one hand, a responsibility for Government to create a minimum base for legislation and labour and politics and society, but on the other hand, not to micro-manage and undermine business.

3410 Looking at a more radical perspective, one wonders when you hear wild statements from leading politicians in the United Kingdom, that we can question sometimes on their accuracy, whether they have actually gone out and consulted with the target areas beforehand. I think, to a degree, politicians are not in the business of running businesses, rightly or wrongly. Therefore, we sometimes have to take into consideration non-commercial issues.

3415 Deputy Fallaize, I entirely agree with everything he said, that the industry reacted negatively initially to the work we have done, not because they all pay minimum wages, they certainly do not, nor do they wish to, but because of the wider issues relating to sea and air transport to Brexit to changing dynamics in tourism and other uncertainties, including the implementation of the new population regime.

I think this has suffered a little bit of collateral damage, but I still urge the Assembly to support the proposals.

3420

The Deputy Bailiff: Deputy Langlois, to be followed by Deputy Green.

Deputy Langlois: Yes, sir.

3425 I did not notice a frisson of excitement pass around the Chamber when Deputy Gollop said, 'I might explain in detail the effects of offsets on take-home pay!' (*Laughter*)

I have got some of that information, I was expecting some more antagonistic speeches, but most of the speeches so far have been very supportive of these proposals, so I will ditch that. If you want to find out about it, contact me privately.

3430 The one thing that was quite interesting was, Deputy Soulsby mentioned, how many people on the Island are actually paid the minimum wage? That is a question the Committee asked the officers. It is a fairly obvious one and quite an interesting one. The answer is quite straight forward. It is basically we have not got a clue. The reason is just as obvious. The States, income tax, social security, what it is interested in is how much you get paid. It is not interested in how many hours you work.

3435 There is no record of that, so the only way you are going to find out, Scrutiny is going to find out, is to undertake a survey. I feel slightly nervous saying that to Deputy Soulsby, because I can see another Soulsby amendment heading our way. These surveys do tend to be quite expensive things, but I think we would all be interested in knowing what the answer is.

3440 The other interesting thing I would just like to touch on, briefly, is the whole issue of consultation. As Deputy Fallaize and Deputy Le Clerc have said, we think the existing consultation, that idea of handing people sort of blank questionnaires and expecting them to send them back to you and then produce your proposals from that, there is obviously a very low level of engagement, as there is usually is when you present blank sheets of paper to each other.

3445 So, we have made inquiries as to whether the legislation insists that we do it that way around, or whether we could actually put forward some proposals to industry and to the chamber, as a way of kick-starting engagement. We think people will probably come back to us with their thoughts in greater numbers and at a more appropriate time if we did it that way around, but we will have to check how constraining the legislation is.

3450 There is obviously no point in going out to consultation, coming up with some proposals and going out to consultation yet again. That would be an extraordinarily inefficient way of doing things.

Sir, thank you very much.

The Deputy Bailiff: Deputy Green.

3455

Deputy Green: Sir, yes, very briefly, thank you.

First of all, on behalf of Scrutiny, obviously, I have listened to the views that have been expressed about the concerns about how many people are we actually talking about, how many businesses are we talking about and that is something that we will bear in mind in that review next year.

3460

Clearly, there will be a Hansard transcript of this debate, which we will study with care.

In relation to my own personal views, one thing I do not think anybody has touched upon in the debate so far is the 2010 Resolution, which seeks to bring together the minimum wage rate for the younger persons and the adult minimum wage. The 2010 Resolution sets the policy objective for the States of Guernsey that the young person minimum wage rate and the adult minimum wage rate should be equalised as soon as possible.

3465

The progress that is made this year is, perhaps, again a continuation of the somewhat glacial speed that has been made in the past, because the differential if these Propositions are passed will be, I take it, 70 pence, that is the difference between £7.20 per hour for the adult and £6.50 for the young person's minimum wage, whereas previously it was 75 pence difference. Progress is being made, but at a very, very slow speed.

3470

Secondly, I just wanted to say a few things about consultation and, just looking at the appendix which others have referred to, appendix one, 38 responses. I was struck by the fact that there were zero consultation responses from the trade unions, which you would have thought perhaps might have an interest in this whole area, if there was a substantial problem with poor wage rates in this Island.

3475

Maybe I would say to the President of Employment & Social Security, it might be helpful for Government to have some kind of dialogue with the local representatives of the trade unions to see what, oh, I give way to Deputy Yerby.

3480

Deputy Yerby: Simply because I raised the same question as Deputy Green in our Committee meetings and the answer we were given was that, if you are in a trade union, it is very likely that you are already being paid well above the minimum wage rate, which goes to emphasise the point that people receiving the minimum wage are, if not being exploited, then at risk of exploitation.

3485

Deputy Green: I thank Deputy Yerby for that intervention.

In any event, I think it might be useful for the Committee in question to have more of a regular dialogue with representatives of the trade unions on something like this, because they have all sorts of experience to share.

3490

The third point I wanted to make was, I think it was Deputy Merrett, before, who posed the question do we support people or do we support businesses? I do not think it is ever that binary. We support both. We support people in work, but we support the businesses as well.

I do not think the management versus labour mentality that Deputy Gollop was talking about a moment ago, I do not think that approach to politics gets you very far. I do not think it helps, frankly, because we have to be pro-business and we have to be pro-social justice at the same time. I really do not think that approach gets us very far indeed.

3495

We will certainly take a good look at the *Hansard* transcript of this debate, sir, and, obviously, the Scrutiny review will start in earnest next year.

3500

The Deputy Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

3505 Yesterday, Deputy Roffey referred to me as Red Jan and, I listened to him today, and I kind of agreed with almost everything he said! (*Laughter*) The reason for that is he is demonstrating a bit of the Blue Peter mindset.

I was pleased he did mention the fact that he did not want to upset business to the extent that businesses might be forced to close. I think that was the gist of it, so we are on the same wavelength.

3510 I would now like to refer to transport links, because Deputy Fallaize brought this up and it just shows you what I think is still a bit of a problem with the mandates of Committees. In relation to transport links, we have got the mandate to ensure it, but we have got absolutely no authority to ensure it. Let us mention Condor, first. That is a private company. The best we can do and what we have done so far with their consultation is to tell them what we think they should be doing and what we want.

3515 Now, we will find out on Thursday, when we will get the first draft of their consultation review, their customer service review, as they call it. I have no idea what is in it and our next step will depend on that.

3520 At best, we could make recommendations either to them or to other Committees to get involved in providing sea services. That is all.

Now, if you take Aurigny and the other airlines, again, Aurigny comes under the mandate of the States' Trading Supervisory Board. We can only make suggestions. The previous Commerce & Employment Committee –

3525 **Deputy Fallaize:** Point of correction, sir.

Deputy Kuttelwascher: Not yet.

The Deputy Bailiff: Point of correction, Deputy Fallaize.

3530 **Deputy Fallaize:** What Deputy Kuttelwascher is telling the States is completely incorrect.

The Committee for Economic Development is expressly responsible for policy in relation to external transport. Nobody else is. That Committee is. It could come to the States at any time it wanted, with any proposals it wanted to address problems which it has identified in external transport.

The Deputy Bailiff: Deputy Kuttelwascher to continue.

3540 **Deputy Kuttelwascher:** He did not use the word policy, I do not think, when he mentioned that we were responsible for transport links, but Hansard will tell the tale.

He is quite right, as regards policy. We could come back, but we cannot direct Condor to actually do anything, any more than we could direct Aurigny to do anything.

3545 Now, we recently suggested that Luton would be a good destination. The licensing authority has issued licences to airlines to go to Luton, two airlines, and neither of them are doing it. We cannot force Aurigny, we cannot force Flybe/Blue Islands to do it. That is our policy. This Assembly could force Aurigny to do it, but do we want to go to that stage? It is a question of mandate.

I think the fact that another Committee has got control of Aurigny is significant. It may be better for them to be responsible for the air links, but there we go.

3550 Going back to the subject matter, an economic shock is in progress. The so-called eastern European workers who are working here, no doubt sending money home, that has now been devalued by 16% on average, because of the devaluation of the pound against the euro and other currencies. There is going to be a big problem recruiting people just on that basis.

3555 The rise that is being proposed, 35p, is interesting. The latest estimate I have had for inflation in the UK towards the end of next year is 4%. Let us take that figure; 4% of 35p means 28.8p of that 35p rise is going to be eroded. So, there is going to be a double whammy for anybody

working on that wage who happens to be from Europe, because they have got the deflationary effect for the reduction in the value of their pay when converted to euros or dollars or whatever and inflation is going to take another lump of it. They are going end up with possibly 6p of this rise.

3560 One thing about minimum wage, it was never made to be a living wage. There is some muddling of that still. It was always meant to be maybe part of the income of a family, it could have been for part-time work, someone doing possibly a paper round. It was never meant to be a living wage. I think some people think it should be. A living wage, as has been said, is almost impossible to define because it depends who you are, what the living wage is for yourself. It is
3565 such a variable; it is not even worth trying to determine it.

So, unlike the President of Economic Development, I am going to support these proposals, because I just feel that it is the right thing to do in the current situation and I would hope other Members do the same. Businesses will have to accommodate the new situation we are faced with and Brexit, as I said earlier, is the Brer Fox in our midst, and this is one of the areas it is already
3570 having an effect and will continue to have an effect. We can mitigate it and that is the best we can do for now.

Thank you, sir.

The Deputy Bailiff: Deputy Brehaut.

3575 **Deputy Brehaut:** Thank you very much, sir.

Can I just say, before I say anything else, I made a reference to Deputy Ferbrache in a speech earlier that clearly offended him; that was not my intention. I withdraw it and apologise if it did cause him any offence.

3580 With regard to consultation and it is where Deputy Lester Queripel came in on this and, actually, I think, was building on a point that I had raised earlier before. You go out to consultation. Actually, some people do not respond. But if you go out to consultation and a group of people say, 'this is not what we want, do not do it, we work in this industry', it does not mean that you stop or you do not do it. It means that you have core values and core principles that
3585 ensure you do it, despite the opposition from aspects of the community.

I do not want to become too persistent on that, but we really do have to look about what we mean by consultation when we ask others to engage and what their expectations are and outcomes.

3590 When I had the wretched, awful title, of overseer of the poor, Procureur of the Poor, in St Peter Port, the one shock I had when I went into St Peter Port, I did not realise, was that I was paying people who were in work. I never expected to be paying people who were in employment.

I was bemused by why men in high visibility jackets, with hobnail boots on, were coming, near the end of the week, bearing in mind they had had to take the time off to queue, to get to Edward T Wheadon House. Why was I paying them? It was not that they were doing the 40-hour week or
3595 the 37.5-hour week and wanted a top-up, they were working many more hours than that. They were working very long weeks and were looking for a top-up from social security. I was very, very surprised by the volume of people that came in.

There was another practice, I do not know why it happens – my dim gene may have kicked in, I am not too sure – of paying people a week in hand, or in other words not paying them for the first week they work. Why does that still happen, so if somebody is employed, they get nothing
3600 for the first week and they have to go to social security when they are employed to get their wages, or ask for assistance, rather?

Why do employers still, and I know there are fewer of them than there used to be, lay people off around November/December, then to pick them up in February/March when the work picks
3605 up and they have got this group of people dependent on the state in the, sometimes, vain hope that they will be picked up again later?

Low pay creates many more problems for us in so many areas. If you have a good wage, a living wage, paid weekly or monthly, and you can actually live on it, it makes the difference. What happens, there is a small element of the community marginalised because they are always searching for that elusive, well-paid job, the very low paid.

So, they may open a claim, as it was then, at social security, working for an employer who was not good to them, who did not pay them very well. Not unreasonably, they move employer: that starts a change of circumstances chain for them, which makes it difficult for them to claim ordinarily the next week. It may have repercussions because they have got to pay for accommodation and they may possibly stand being evicted if they do not get the wage they were expecting when they moved employer.

This modest increase is absolutely the right thing to do and it is not just the saving of the top-up, it is ensuring that people have secure jobs in the long-term and can afford the right and appropriate accommodation.

I think Deputy Merrett's speech was fantastic and I do not want to score cheap shots here, but she is a league away, respectfully, from where Commerce & Employment were before. It was quite refreshing, actually, to hear both the speech from the Minister of Economic Development and the member from Economic Development, making fundamentally different noises to what their colleagues did before in Commerce & Employment and I welcome that change in attitude.

Thank you.

Deputy Ferbrache: A completely separate point.

Deputy Brehaut has been very gracious to apologise; I also should apologise for my remarks.

The Deputy Bailiff: Deputy Le Clerc, it looks like it is time to reply to the debate. Are you going to be moderately quick?

Deputy Le Clerc: Yes, sir, I will try.

This is my first summing up, so I do not want to miss anybody out. That is the issue.

I just would like to thank everybody for their support because I think we are going to get this through without too much difficulty.

I will just go quickly through. Deputy Roffey, I think the Scrutiny review would be very, very welcome. There was some work done on the living wage in, I think it was 2015. I think, for me, and it was something Deputy Merrett picked up on, it is a poverty indicator. I was going to use this in my speech tomorrow. I am still waiting for, and I have to tag this because it is a long set of words. We are still waiting for the report that we were promised from the poverty review and that is the relative low-income threshold calculation and the multi-dimensional poverty indicator. I am really disappointed that we have not got this information available. That report was due mid-2016 and would have been really useful to give us some information for this debate and for the debate tomorrow.

I think that that will be an important report.

Deputy Queripel, I think most of your answers have been covered by either Deputy Brouard or other members of my Committee, but I would just like to say that I did make an approach to the gentleman that you referred to and I did have a dialogue with him and I showed him the evidence of how we had contacted him, not only at Chamber of Commerce, but directly in his hotel establishment and he said he had never received that correspondence, which is why I said in my opening debate, it is really important that we look at how we consult, because I think we need to do it better. Maybe sending out a letter in this day and age is not necessarily the best way of doing that.

With regard to employment legislation and your concern that it is going to be a whole year, I think if you think of our new mandate and that mandate now includes employment, I think the Committee, now it has got its feet under the table, is starting to realise that there is some work that has been neglected on employment legislation over the past few years and I think we would

like, perhaps, to pull together some of that other legislation that is required. I do not see it as being a whole year, but we need to understand what other parts of legislation we need to bring back.

I am thinking things like tightening up of zero contract hours and things like that.

Deputy Laurie Queripel, I was expecting that question tomorrow, but I have already got my responses for tomorrow, so I think some of the unemployment numbers that you are talking about in our younger age group, the impact of our policy when a single parent and the youngest child reaches the age of seven, and that has been policy now for the last two years, is starting to have an effect and we are starting to see those numbers come through.

The other thing that we must remember is that those figures include people that are on the work to benefit, the CEP scheme, etc. so it does not necessarily mean that they are sitting at home doing nothing, they are part of those work schemes and getting them back into work and, actually, there is quite a bit of churn in those numbers. I hope that answers your question.

Deputy Inder, thank you for your support. Deputy Ferbrache, I have got lots of notes here and they are all over the place. I think Deputy Kuttelwascher has picked up that we have already seen an increase on inflation, RPIX of 1.1%, we are looking at further increases, possibly 4%, so that kind of narrows the gap of where we are.

When I did consult with the gentleman from the Chamber of Commerce, I did ask him the question whether we are over-supplied in the hostelry sector. I know you like your Guernsey facts and figures, well, I like my Guernsey facts and figures and it was interesting to see on page 46, under registered companies – now, I do not know if these are just purely based in Guernsey – but over the last three years we have seen the number of registered hostelry companies increase: 2014, 154; 2015, 160; 2016, 170. So, I do question whether we are a little bit over-supplied in the hospitality sector. That was just a thought.

Deputy Soulsby, I think Deputy Langlois has answered your question and Deputy Brouard I thank you for your support. Deputy Merrett, again, thank you for your support. Deputy Gollop, as always, very supportive, and I think it is only Deputy Green and he highlighted the fact about the young person rate and I think that is something that we do need to look at and you can rest assured we will be looking at that again. Maybe, again, it is part of the Scrutiny review.

Sir, I hope I have not been too long in summing up and I hope that we can receive your full support.

The Deputy Bailiff: Members of the States, there is a single Proposition which asks whether you will approve, pursuant to Section 31 –

Deputy Ferbrache: Sir, could we have a recorded vote, please?

The Deputy Bailiff: Yes. Pursuant to Section 31.3 of the Minimum Wage Guernsey Law 2009, the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations 2016 and, as has been made clear, it is either approve or not approve those by voting Pour or Contre, in a recorded vote.

There was a recorded vote.

Carried – Pour 37, Contre 0, Ne vote pas 1, Absent 2

POUR

Deputy Brouard
Deputy Dudley Owen
Deputy Yerby
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez

CONTRE

None

NE VOTE PAS

Deputy Ferbrache

ABSENT

Deputy St Pier
Deputy Parkinson

Deputy Roffey
Deputy Prow
Deputy Oliver
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann
Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq

The Deputy Bailiff: Well, Members of the States, that Proposition was clearly carried, but I will just wait for the numbers to be totted up.

3705 Can I just be terribly pedantic and remind people to have a look at their Rules overnight and, in particular, Rule 17(1). There have been a number of instances where Members have been referring directly to other Members during the course of this afternoon and I would encourage people to not do so.

3710 We will be adjourning, in a moment, to 9.30 a.m. but, before we do so I can announce that in respect of the last vote, on item P2016/38, there voted Pour, 37, there was one abstention and the Proposition was duly carried.

We are now adjourning until 9.30 a.m., please, Members of the States.

The Assembly adjourned at 5.36 p.m.