



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Tuesday, 15th November 2016

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Present:

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

Law Officers

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

People's Deputies

St Peter Port South

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

St Peter Port North

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

St Sampson

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

The Vale

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

The Castel

Deputies C. J. Green, B. J. E. Paint,
M. H. Dorey

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

The Clerk to the States of Deliberation

J. Torode, Esq. (H.M. Greffier)

Absent at the Evocation

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

Deputy C. N. K. Parkinson (*absent*); Deputy T. J. Stephens (*indisposé*); Deputy J. C. S. F. Smithies (*relevé à 9h59*); Deputy R. Graham L.V.O, M. B. E, (*relevé à 11h 10*) Deputy J. P. Le Tocq (*relevé à 9h 59*); Alderney Representatives L. E. Jean and S. D. G. McKinley, O. B. E. (*absent de l'île*)

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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 Greffier

EVOCATION

CONVOCATION

The Greffier: Billet d'État XXVIII. 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 Tuesday 15th November 2106 at 9.30 a.m. to consider the items listed in this Billet d'État, which have been submitted for debate.

In memory of Anthony Arthur Joliffe Bran

5 **The Bailiff:** Members of the States, good morning to you all.

You will have been saddened to learn of the death of Anthony Arthur Joliffe Bran, known to us all simply as Tony, whose funeral will take place later this morning.

Tony served as a Member of the States of Deliberation for periods totalling 17½ years, both as a Deputy and later a Conseiller.

10 At the age of 35 he joined the States as a Deputy for the Vale as long ago as April 1970. The Bailiff was then Sir William Arnold, and the President of Advisory & Finance, Conseiller Edward Collas. At the next General Election in March 1973 Tony lost his seat. He was described then as one of the biggest guns of the States. He had been elected as President of the States' Recreation Committee, and it was thought that the public controversy surrounding the spending of
15 £1½ million on Beau Séjour cost him his seat.

However, Tony did not have to wait too long for an opportunity to return to the States. In the wave of Crown appointments that followed the death of Sir William Arnold, Deputy Graham Dorey resigned his seat in the Vale on his appointment as H.M. Comptroller, and in October 1973 Tony won a four cornered fight in the resulting By-Election.

20 Tony was re-elected again in 1976, but took a break from the States in 1979, returning as a Deputy for St Peter Port in 1991.

Three years later he found himself making history, when he became the first man to be Conseiller elect for just one day. Only one vote separated Tony and Jean Pritchard in the Island-wide Conseillers Election so both candidates found themselves waiting whilst a 13-hour long
25 recount took place here in the Royal Court, involving some 75 members of staff. The recount

overtaken the one vote defeat as Tony's votes dropped by 10. Ever the gracious and determined man, Tony wished the new Conseiller every success, and immediately confirmed his intentions to stand in the April 1994 General Election for the Parish of St Peter Port. In that Election he received his best ever showing at the polls. He came second, winning one of the 10 seats. Whilst he was disappointed not to be successful in the 1994 Conseillers Election, he was not daunted by the failure, and stood again in 1997, spending three years as a Conseiller before the office was abolished in 2000, when he finally retired from elected office.

Hard working, energetic and popular, Tony acquired over the years, an impressive portfolio of Committee memberships and presidencies. Many of them focussed on the arts, sport and recreation, the issues about which he was most passionate. In addition to recreation, his presidencies included the Sports Committee, Horticulture, Gambling Control and the Civil Service Board. He also served on Advisory & Finance, on the Tourist Board, the Board of Health, the Arts Committee, the Board of Employment, Industry & Commerce and the Appointments Board. Adding to that list, he was President of the Traffic Committee from 1992 to 1994 and clearly retained an interest in traffic matters, because in 2014 he created an online petition seeking to persuade the States to reverse their decision on paid parking.

Tony Bran will perhaps be best remembered by his fellow Islanders for his stage performances, most notably as GADOC's pantomime dame. An active member of GADOC for many years, Tony also took part in many Gilbert & Sullivan operettas, where he was a past master at patter songs. He also produced the Gondoliers for GADOC in 1985. The less young amongst us will remember him as a founder member of the Black Bottoms, Guernsey's answer to the Black and White Minstrels, who performed at many functions and cabarets in the 1960's, including appearing alongside some acts who went on to become household names across the UK.

Yes, Tony was a big man, a big character, with a generous fun loving temperament, a great entertainer, who did much to make his adopted Island a better place for us all, and for whom I suspect Beau Séjour, the project that was once his downfall, will be his lasting memorial.

Sadly, Tony was predeceased by his wife Janet, to whom he was devoted, and who also worked hard to entertain us all. He is survived by his three children, Tim, Chris and Carrie to whom we extend our sincere condolences.

Will you please join me in rising to honour the memory of Tony Bran?

Members stood in silence.

The Bailiff: Thank you very much.

Billet d'État XXVIII

POLICY & RESOURCES COMMITTEE

I. The Policy & Resource Plan – Phase one – Debate commenced

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter of the Policy & Resources Committee entitled "The Policy & Resource Plan - Phase One", dated 10th October 2016, they are of the opinion:

1. To approve the updated Fiscal Policy Framework, as set out in Appendix 2 to that Policy Letter.

2. To commit to achieving and maintaining a balanced budget in the short-term and surplus in the medium-term.

3. To approve phase one of the Policy & Resource Plan, as set out in Appendix 1 to that Policy Letter.

4. To direct the Principal Committees and the Policy & Resources Committee to prepare policy plans in accordance with guidelines to be issued by the Policy & Resources Committee, to be submitted to the Policy & Resources Committee for consideration no later than 31st March 2017.

The Greffier: Article I, the Policy & Resources Plan – Phase one.

60 **The Bailiff:** The debate will be opened by the President of the Policy & Resources Committee, Deputy St Pier.

Deputy St Pier: Thank you, sir.

65 Sir, it is estimated that one in five – *one in five* – women between the ages of 16 and 59 will be the victim of a sexual offence, and almost one in three – *one in three* – girls have experienced unwanted sexual touching at school. Sexual harassment is reported as being routine in young people's lives. These statistics are truly horrifying; and as the father of three girls, frankly, terrifying too.

70 Of course, the vast majority of these offences go unreported. And the fact that 59 million people last week felt comfortable with an explanation that bragging about sexual assault was merely 'locker room talk' is, I would suggest, very unlikely to change any of these statistics in a positive direction, or encourage an increase in the reporting of sexual offences. (**A Member:** Hear, hear.) Now, this really is a topic for another day, albeit that it is a topic that deserves much greater public debate. However, it is relevant to this debate for a number of reasons.

75 Firstly, as we aspire to be among the happiest and healthiest places in the world, remaining a safe and secure place to live, it is exactly the sort of problem that we will need to think seriously about.

Secondly, as Deputy Le Tocq said last week, 2016 has given us much to think about for 2017. Many things that many people assumed would never happen, have happened: Brexit, President-elect Trump, *The British Bake Off* leaving the BBC! (*Laughter*)

80 2016 has given us food for thought. The current geo-political zeitgeist with its apparent acceptability of nationalism, jingoism, racism, protectionism and sexism has not, I suspect, yet reached its zenith. If we choose to ignore it, we do so at our peril. That does not, of course, mean that we need to embrace these forces in our local community, although there will be some who wish that we did, or shed the values we hold dear, such as tolerance, respect, dignity and equality, but we do need to develop a strategy that enables us to respond effectively.

85 By chance of timing, the first phase of the Policy & Resource Plan, Future Guernsey, is in fact the start of such a strategy. Why? Because at the close of this debate, our community will have a vision, a destination, for the next 20 years.

90 We will be looking to create a place which values and preserves our safety and security; which is fair and inclusive, healthy, successful and innovative. In what appears to be an increasingly unstable and intolerant world, these messages and those qualities are ones which will make us hugely attractive. This is a time of great uncertainty globally, but great opportunity locally. (**A Member:** Hear, hear.)

95 So the Principal Committees, as well as the Policy & Resources Committee, will come back next June with plans which set out how we will work together towards that shared vision, that destination, over the first part of that journey up to 2021. The vision is deliberately long-term and intentionally aspirational. It is unashamedly ambitious. We are asking the States to agree to eight overall outcomes, and to set a direction of travel so that we get there.

100 A safe and secure place to live; a healthy community; a fair and inclusive community; lifelong learning across the community; making Guernsey a centre of excellence and innovation; building a

mature international identity; sustainable public finances, and all underpinned by a strong and growing economy.

105 Why are we doing this? Well first of all, the process was set out by the States' Review Committee during the last term, and was approved by this Assembly. So, to be clear, this is the States' Assembly's process, not the Policy & Resources Committee's. It is your process; our collective process.

110 Second, the eight outcomes were distilled from two workshops attended by the vast majority of States' Members in June and July. You will recall that there was no desire for a third workshop but from the follow-up meetings and conversations with the many of you who wanted to input further, your priorities and aspirations for our community were clearly expressed and are, I believe, clearly articulated in the Plan. So these eight outcomes are effectively your outcomes, our collective outcomes.

115 This is not the Policy & Resources Committee's Plan. This is the States' Assembly's Policy & Resource Plan – a plan which will enable us to develop a rigorous discipline and process to identify our clear priorities for policy, supported by the appropriate allocation of resources to ensure delivery.

120 Last term, Deputy Trott, said that the Disability and Inclusion Strategy would not be delivered in any tangible way, because the policy and the strategy had been agreed by the States' Assembly, without the resources to implement it. Deputy Lester Queripel has made similar points on several occasions in relation to other plans and strategies. They were right. And there are other more recent examples too, such as the Supported Living and Ageing Well Strategy and the Social Welfare Benefit Investigation Committee's work.

125 The Policy & Resource Plan is the opportunity for the States to ensure it puts in place policy that has the resource to deliver it. It is the opportunity for us to provide a clear framework on what is our priority, and what is not.

130 Many have said that it will enable us to make difficult decisions, to not take forward a policy or strategy because it does not support our objectives; or to cease to provide services. That is true. But it will also enable us to make easy decisions. Some policies and strategies will be no-brainers, because they are clearly supportive of our vision and objectives, and we can allocate resources to them that will ensure they are delivered.

135 So I want to make something very clear. This is not about setting a 20-year vision, and then asking our community to wait 20 years in order to feel the benefit. This is about agreeing what we will prioritise next year, and the year after that, and the year after that, in order to meet our long-term objectives.

140 Sir, for those who have criticised Future Guernsey as being too thin on detail, or too high level, they are, of course, right. It is, and it was always intended to be. Because the role of each Principal Committee and the Policy & Resources Committee, after today, will be to put the flesh on the bone; to hang clothes on the hangers, in order to develop a plan of action for the next four years. In June, the States' Assembly will consider that consolidated plan, phase two, and agree the final version. If we have all done our jobs properly, phase two should fill out the detail of exactly how we intend to deliver the high level policy objectives we agree this week.

145 For example, keeping Guernsey a safe, secure and attractive place to live might mean making changes to policing, to criminal justice policy, to our social housing, and making supported accommodation more affordable. Picking the example I started with, it might also mean changes in education. It might mean creating more accessible public spaces, a revitalised harbour, protecting our natural environment and a more attractive built environment. All tangible changes that our community will benefit from.

150 Making Guernsey a healthier community might mean making health and social care services more accessible in the community, implementing the Mental Health and Wellbeing Strategy and supporting carers. It might mean supporting more active lifestyles, through sport and through more active transport.

155 An inclusive and equal community has to mean the effective implementation of the Disability and Inclusion Strategy, of the Children and Young People's Plan, of the Supported Living and Ageing Well Strategy. It means understanding and challenging the causes of poverty. It means family friendly employment policies. It means better access to arts and community schemes.

Lifelong learning across our community means ensuring we have a first class education for all of our children. It also means ensuring that education does not stop there. That adults have the opportunity to continue to learn, to meet the challenges of the digital age, to learn new skills for their work, or for their family life, or to learn for the joy of learning.

160 Making Guernsey a centre of excellence and innovation means helping business to succeed. That will create good jobs and shared wealth. But it will require that our air and sea links are resilient and affordable, and it will mean we need to invest in our digital connectivity.

165 Building a mature international identity means signing up to international standards. Behaving in line with social, environmental, economic and regulatory standards means that we will be better understood. And when we are better understood, we will have greater freedom to run our own affairs.

Sustainable public finances is not about spending less. It is about spending the same but in a smarter way, in line with our priorities. Having a clear plan means that if we want to spend £3 million a year on SWBIC, we can reallocate that from places where we are currently spending money on things that we agree between us are less of a priority.

170 If Government controls its spending, it does not need to raise taxes. That means that hard-working families keep as much money in their pockets as possible, (**A Member:** Hear, hear.) that businesses have more to invest back into their business, that the Government has more to invest in infrastructure; that is why we need a strong and clear fiscal framework within which to work.

175 Focusing on a strong and growing economy underpins all our objectives. It means good jobs, safe jobs, long-term jobs. It means the kind of jobs that our children will want to stay in Guernsey to do, or to return to do, and which will help them to get on the housing ladder.

180 When, in May, we publish the final plan, we could be, among other things, asking the States' Assembly to prioritise providing respite for carers; ending fuel poverty; ensuring same sex couples have the same right as every other couple; protecting our environment, heritage and language; revitalising our air and sea links; ensuring Government is small, and that our digital economy grows. How we reach the objectives set out in Future Guernsey today, is now up to each and every one of us in this Assembly.

185 So while these eight outcomes are aspirational, if we set out detailed effective plans in response to them, then we can make a positive change for the community we serve. Not in 20 years' time, but in each of the next 20 years.

190 Some Members such as Deputy Lester Queripel have said we do not need a plan at all and we should just get on with delivering our mandates. Some such as Deputies De Lisle, Graham and Ferbrache are, at best – and I hope they feel this is a fair reflection of their views – lukewarm; feeling that we should be concentrating on today's problems with practical and pragmatic solutions that our electorate want.

195 To each of them, and to others who feel similarly, I say this. You are absolutely correct. And in fact I have even more sympathy for this line of argument this week than last week. Post-Brexit, post-the US election and before further possible political change in Europe, it would seem to me that for those in our community, as in other communities, who are disengaged, disaffected and disenchanting, we do need to deliver pragmatic solutions against our mandates; but, of course, the way that we will most effectively do so, is if we have a detailed plan against which we deliver, and against which they can hold us to account.

200 At the start of the process of co-ordinating the Policy and Resource Plan, I said that it was essential that our Plan was one for the whole community, including business, and one that everyone could sign up to. That we could all work in partnership to deliver.

We are debating today only the first part of it, but it is a Plan and process that many in our community do support.

205 The Youth Forum, a voice for the young that, of course, sits at the heart of the Children and Young People's Plan, a voice of the future, have said, and I quote:

Planning for the future is essential in order to achieve a happy and healthy Island. We therefore support the idea of a Policy and Resource Plan which provides a 20 year vision for our Island's future. We welcome further discussion about how the States will measure the success of these targets and how they plan to achieve the stated aims.

The Guernsey Community Foundation said, and I quote again, that it:

... welcomes the ambitious aim to identify a vision for the future of Guernsey that focuses on the outcomes that the States of Guernsey would like to achieve over the next 20 years.

The Foundation have also said that it:

... welcomed the recognition that the plan cannot be delivered by the States of Guernsey alone and that the States will need to work in partnership with business and community groups to achieve the objectives of the plan. We have been encouraged by many of their actions to date in this regard.

The Guernsey Disability Alliance said:

We very much welcome the publication of the first stage of Guernsey's Policy and Resource Plan. The Plan makes clear that Guernsey should be a place where no one gets left behind and everyone has equal opportunity to achieve their potential, including disabled Islanders and carers. GDA members have direct and painful experience of exactly what happens when Guernsey doesn't have a plan. It means vital initiatives like the Disability and Inclusion Strategy are agreed unanimously by the States but then don't actually happen, even though an initial budget has been agreed. We hope that all the deputies who met GDA members at our Speed Hustings and heard the many personal stories of battling the system in Guernsey will give the Plan their full support when it is debated in November.

210 All of this talks about Guernsey, but of course it will have an impact on Alderney as well. As we improve and strengthen services in Guernsey, it will likewise improve and strengthen the transferred services that we provide to Alderney. Creating good jobs, keeping taxes low, improving air and sea links, providing excellent education and health and social care – all of this is as important to Alderney as it is to Guernsey.

215 So, in summary, what is before the Assembly today? It is the first phase of your Plan, and of our community's Plan. It is the framework in which we can prioritise policy and resources, which means we can focus on delivery. Not in 20 years' time, but from next year. It will provide a clear plan for Government. And it will make us all more accountable if we do not meet its objectives. And rather than create a gulf between Government and community, as we have seen happen in other jurisdictions, it will help to close that gap. It will make sure we deliver to our community. It will make sure there are actions and change to go with our words.

220 The Policy & Resources Committee is pleased – it is delighted, in fact – that there are a large number of amendments, not something, sir, that you will hear me say very often in this Assembly. A good number of these, we believe, will further strengthen phase one of the Plan. The number of amendments demonstrates the political engagement there has been, and I would like to thank all those who have submitted amendments, for their ready dialogue with the Policy & Resources Committee on the detailed drafting. This has been greatly appreciated by me and my colleagues.

225 But let's not kid ourselves. It's not just about political engagement. Just as communities in the UK, Europe and the US have grown tired with people that they perceive to be out of touch with government, so too have some people in Guernsey.

230 So today is the opportunity to really set in motion the system of Government that the States agreed last term: a Government that has a plan; that prioritises; that allocates its money, its people and its resources in line with those priorities; that focuses on delivery, and that wants to connect its objectives with those of the community, making it more accountable.

235 This is our opportunity to show that a Committee-based consensus Government can meet the needs of our community, and that our Government can be even greater than the sum of its parts.

Guernsey is a great place in so many ways for most people, but we can make it even better for all.

I hope that you all agree that that is a challenge that we must meet.
Thank you, sir.

240

The Bailiff: Members, following a request I have received, those who wish to may remove their jackets.

245

Just in relation to the amendments that Deputy St Pier just referred to, you will be aware there are currently 13 amendments before us. They have been circulated to you, along with a suggested running order. I have not, at this point, been able to speak to some of the proposers of the amendments as to their views on the running order, although I do, for example, know that Deputy Brehaut would like his four amendments to be taken together; although they will be voted on separately, but taken together.

250

So what I propose is that we start with the two amendments proposed on behalf of the Committee – that is those numbered 21 and 22 – take them in that order, 21 then 22, proposed by Deputy St Pier, seconded by Deputy Trott, in each case. Then amendment 4 proposed by Deputy Yerby and Deputy Green, that may or may not occupy the morning. If it does occupy the morning then at lunchtime I may have a discussion if there are any proposers of any other amendments who have any comments on the running order and wish to come and see me, then please do so at lunch time, and we will finalise, hopefully, the running order at lunchtime.

255

So, subject to those preliminary comments, we will start by asking Deputies Le Tocq and Smithies if they wish to be relevé – which they do.

Deputy Le Tocq: Thank you, sir.

260

The Bailiff: So you are both relevé, Deputy Smithies and Deputy Le Tocq.

Then we move to amendment 21, to be proposed by Deputy St Pier, seconded by Deputy Trott. Do you wish it to be read or are you going to deal with it, or have the explanatory note read, perhaps, for the benefit of those ...? You will deal with that.

265

Deputy St Pier.

Amendment.

To insert at the end of the words in Proposition 1:

’, but subject to pages 5 and 9 of Appendix 2 being modified as follows:

(a) by inserting the words “through an appropriate combination of reductions in expenditure and revenue-raising measures” immediately after the italicised words “Identified deficits will be addressed within five years of their appearance” in

(i) the second line of the part entitled ‘4. Clear limitations on acceptable temporary deficits’ on page 5, and

(ii) in the third bullet point of paragraph 8.2 on page 9;

(b) by inserting the words “unless an appropriate combination of measures to remedy the deficit has been agreed and is being implemented” immediately after the italicised words “so as not to grow in real terms at the aggregate level” in

(i) the sixth line of the part entitled ‘4. Clear limitations on acceptable temporary deficits’ on page 5, and

(ii) in the fifth bullet point of paragraph 8.2 on page 9;’

Deputy St Pier: Thank you, sir.

270

I will briefly introduce this amendment, sir, because it replaces amendment 5 – draft amendment 5 – which had been proposed by Deputies Yerby and Langlois. I will leave them to speak to the detail of this. It is simply being presented by the Committee because of the Rules around the restrictions on when non-members of the Committee can submit amendments.

So I will not be speaking to it, other than to briefly draw attention to Members of the explanatory note at the back, which summarises the effect of the changes, in bold, which I think

Members can read for themselves, sir. Other than that I will leave Deputies Yerby and Langlois to explain the amendment and the reasons for it, sir.

275

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

Deputy Trott: I do, sir, and I will reserve my right to speak.

280

The Bailiff: Thank you.

Now I do not know which one of you wishes to go next. Of course, you only have one right to speak, so if one of you wishes to sum up towards the end of the debate you will need to hold your fire.

Deputy Yerby is on her feet.

285

Deputy Yerby.

Deputy Yerby: Sir, thank you.

As Deputy St Pier has said, this amendment replaces amendment 5, which I was due to propose and Deputy Langlois second, and we have agreed the revised wording in the amendment with the Policy & Resources Committee. I would just like to record my thanks to them for working

290

openly with us to find an alternative that we are both comfortable with.

I pulled the original amendment together quickly, following the Budget debate a fortnight ago, to try and capture some of the spirit of that debate. Almost every Member spoke in that debate about the need to think differently about how Government raises and spends its finances. But, despite the fiery speeches, only two Members had enough of the courage of their convictions to try and amend the Budget, and only one of those amendments was laid.

295

I felt strongly that we needed to keep the flame of that debate alive. It is not enough just to speak fine words in this Chamber and nod along as others do. If there is a strength of feeling in this Assembly that we must start acting differently, then we have got to let that strength of feeling flow through into everything that we do.

300

We have become realistic about the deficit. We have acknowledged that it is the result of a persistent mismatch between Government income and Government spending over the best part of the last decade. We are not pretending that it is a string of unfortunate events, of one-offs that just happened to knock the mix out of balance each year. So we are admitting the need to do more than just pray for good fortune next year, if we really want the books to balance.

305

But what must we do. The answer is, as it always is, some combination of revenue raising measures and expenditure restraint. This year's Budget was based on one-third income increases and two-thirds spending cuts. That might be the right ratio, or it might be half and half, or none of one and all of the other. Policy & Resources will propose their preferred solution for the next four years in June, when they present the fiscal strategy, which will shape every subsequent Budget, and we will have the opportunity to debate it further then. In the meanwhile the fiscal framework says we must address the deficit.

310

If this amendment is approved, it will say we must address the deficit using some combination of revenue raising measures and reductions in spend. The amendment alone does not attempt to concribe the right combination. If Members approve this they will not be saying we must raise taxes, or we must cut spending, but it is an important change to the framework, nonetheless, because it changes the wording to talk about the tools we have to solve the problem, not just the problem itself. That is far more optimistic and can do, and that is how the States should be thinking.

315

The second part of the amendment tweaks the fiscal rule about public expenditure. Right now, no real terms growth in public spending is permitted if the States is in deficit. Thus, to try and stop the size of the deficit growing, which is a perfectly sensible aim, again, the amendment does not change that fundamental principle, but it rewrites the rule to say that public spending cannot grow unless measures to address the deficit have been agreed and are being implemented. Again,

320

325 the original rule tells us that if we have a problem we must sit tight and wait for the storm to
pass – not bad advice, but the storm is of our own making. The revised rule reminds us that we
can, and must, fix the problem, and when we do we will have the opportunity to make progress in
pursuit of legitimate policy aims, should we wish to do so.

It was P&R that added the words about the implementation of measures to address the deficit,
330 not simply their approval, for the absolute avoidance of doubt. In theory, they said, one could
agree measures to address the deficit 10 years from now; and then, that agreement being in
place, could allow public spending to grow like Topsy in between.

I think, in the last debate, on Deputy Roffey's Motor Tax amendment, the majority of the
Assembly gave such legalistic interpretation short shrift, so I do not think there would really be
335 anything to worry about, but I was happy to accept the revised wording put forward by P&R,
because it does not change the spirit of the original amendment. These are, in effect, technical
changes to the rules in an attempt to capture some of the can-do spirit of last fortnight's Budget
debate, and to keep that flame burning as P&R develop their fiscal strategy for phase two next
June. That will be the time for a real meaty debate about Government spending and prioritisation.

340 In the meanwhile, I am grateful to Policy & Resources for supporting this change, and working
with us to find a form of words which we could all be comfortable with. That being done, I hope
other Members will also feel able to extend their support to this amendment.

The Bailiff: Deputy Lester Queripel.

345

Deputy Lester Queripel: Thank you, sir.

I heard what Deputy Yerby had to say, but I do have concerns about this amendment.
Proposition (a) reads as follows:

... by inserting the words 'through an appropriate combination of reductions in expenditure and revenue-raising
measures'.

350 But, to state the obvious, sir, that sounds to me like we are going to be asked to cut vital public
services, and increase charges to the public. If that is the case, then I cannot support this
amendment. So I would appreciate clarification on that point, when the President responds.

Thank you, sir.

The Bailiff: Is there any further debate? No. Does anybody else wish to ...?

355 In a sense Deputy Langlois is going to be replying to the debate, but of course he is not
replying to the debate because he is not the proposer of this amendment.

Are there any other people who wish to speak before Deputy Langlois speaks as, perhaps, the
penultimate speaker? No. Ah yes, Deputy Gollop.

360 **Deputy Gollop:** Yes, I am minded to support the amendment, but in a way it just codifies, I
think, the spirit of Deputy St Pier's Budget. It puts into the Plan, and in that sense, it is a sensible
and cohesive move.

Earlier, Deputy St Pier made reference to the issues with problems which, perhaps, the
Disability & Inclusion Strategy had, and I would point out that it was not so much the absence of a
365 plan that was the problem – in fact, the whole Strategy was itself a very well written plan; the
problem was a lack of money, and the issue, surely, is to find the money to identify this. Now
clearly, revenue raising measures, Deputy Lester Queripel has interpreted as charges, I do not,
particularly; I think it could be to go back to a horrible topic. There is the motorist as a potential
cash cow; there is, of course, all kinds of other taxes, charges, changes in benefits, taxation and
370 marginal tax rates, personal allowances, and all kinds of other areas where, effectively, you can
either raise revenue or reduce the quantity of money that is given away. I take it to be that and to
plan our fiscal framework so that it actually makes sense.

I suppose one could interpret Deputy Yerby's work, and believing that Deputy Yerby and Deputy Langlois, of course, active members of the Social Security Team, the Employment & Social Security Committee, that we will be minded collectively to spend on projects like SWBIC, for the sake of argument, Disability Inclusion Strategy, for the sake of another, and some of the projects that Deputy St Pier outlined earlier to do with improving society, which I know Home Department and others are working towards.

The point is you can only do that if you have the money to do so, and it has seemed from the beginning that Policy & Resources started off with rather the mentality of reducing expenditure. Well, we clearly are not going to go very far on that level, unless we also balance it with ways in which we can increase revenue, in order to achieve anything progressive on the social or ecological front in this term. Because I think the wastage that we saw in the last term, although a lot of policy work was done, was there really was very little money for the States to move forward on important security, infrastructural, environmental and social agendas.

Now, we have got to be clear that what we actually want is a more balanced ticket, and if that does mean increasing the burden some people, in one way or another, have to pay, in a form of taxation, then I am afraid we have got to grasp that nettle and go along with it.

The Bailiff: No one else is rising.
Deputy Langlois.

Deputy Langlois: Thank you, sir.

I must second more of Deputy Yerby's proposals. I have never had to stand to reply to debate after such a short period of time.

I think Deputy Lester Queripel and Deputy Gollop are both reading slightly too much into this amendment. It is not proscriptive in any way; we are not saying we should cut services and increase revenue. As Deputy Yerby pointed out, a balance was suggested in the Budget; whether that is the right balance or not will be open to debate in the future. We are just attempting to clarify the position regarding the deficit.

Deputy Gollop made rather similar points. Again, we are not saying either increase revenues cut services, or *vice versa*; it is a neutral amendment in that sense.

The sentiments expressed in subsection 4.1 on page 5 of the policy do not go far enough. It is not only undesirable for a micro jurisdiction to run a deficit for an extended period, it is positively dangerous. Dangerous because we cannot run such a deficit without either depleting our reserves, underinvesting in our capital stock, or borrowing to fund operating expenditure. It is only the latter measure that we have managed to resist over the last eight years.

Two terms ago the States, when changes to our corporate tax system were introduced, only partially address the inevitable deficit. The hope was that the increasing revenues associated with strong economic growth would eliminate the remainder of the deficit. As it turned out, that was a false hope and our GDP has only averaged an anaemic 1.25% growth each year since 2008.

After all these years, I believe, we have acknowledged it would be foolhardy to continue believing economic growth will bail us out before our reserves are fully depleted. However, it would be equally foolhardy to believe that cutting revenue expenditure, as an alternative, is a sure fire *panacea*. Since 2008 revenue expenditure, on average, has been growing at less than half of 1% a year, in real terms, despite the pressure from Health & Social Care's growing demands. Whatever one thinks of, or however one analyses that growth rate, it does not appear to indicate an explosion in revenue expenditure.

Continuing to run a deficit is not an option with dwindling reserves. It has to be fully addressed. To do that, we might well need to look at all the tools in the box, and our fiscal framework should include all those tools. The first part of this amendment simply ensures that it does.

The second part of the amendment is a simple recognition of reality. Since our fiscal framework was first agreed, we have seen, we have ignored for the sake of expediency, some of

425 the rules. We have not addressed our deficit within the time allowed; we have not introduced
adequate measures to counter our structural deficit; we have not allocated anything like the 3% of
GDP to capital expenditure. Adding yet another rule which we have little chance of enforcing will
just bring the fiscal framework into further disrepute.

To lock ourselves in by rule could result in serious deterioration in public services, whilst
430 Deputies haggle at remedying the deficit, is one thing; ignoring the new rule as we surely would,
for instance, following a critical report on health care standards is another.

We have to address the deficit in the first instance; not delude ourselves into thinking that
there is a safety net provided by this rule as it stands. The rule, as amended, would mirror reality
more closely, and therefore have a greater chance of being adhered to. We need a fiscal
435 framework not a fiscal straitjacket.

I urge all Deputies to support this amendment.

Thank you.

The Bailiff: Deputy St Pier, will – Deputy Fallaize, sorry.

440

Deputy Fallaize: Thank you, sir.

With the greatest respect, I do not think it is going to be possible to have sort of fake
summing's up. I have given up the right to lay and sum up on five amendments, and I am going
to –

445

The Bailiff: I appreciate that, Deputy Fallaize; that is why I am not stopping you speaking, but I
think within the spirit of it, I think the intention was that Deputy Langlois would perhaps have the
penultimate speech, and no doubt you would wish maybe that comes later, but I cannot stop
other people speaking if they wish to do so.

450

Deputy Fallaize: The alternative, sir, would be to allow the proposers of the original
amendment to speak twice, which you do have the right to do.

Anyhow, I am not, I am just saying in the amendment, the next one, which is basically replacing
five amendments I was going to lay, I am quite happy if people speak before me and after me and
455 I have given up my rights, so I know I cannot sum up or propose it.

Now, in respect of this amendment, the most important change, I think, is at clause (b) which
adds words in relation to the real terms freeze in aggregate revenue expenditure, the following
words:

... unless an appropriate combination of measures to remedy the deficit has been agreed and is being implemented.

Now, I think where Deputy Yerby in her original amendment was trying to get to with that was
460 that the freeze on aggregate revenue expenditure would last only so long as the States had not
yet agreed the measures to eliminate the deficit. Where we are at the moment and where we have
been, somewhat unsuccessfully, is a policy whereby there is a freeze on revenue expenditure while
the deficit exists.

Now, this amendment tries, I think, in clause (b) to bridge the gap, and would leave us, if it is
465 approved, with a policy whereby there is a freeze on aggregate expenditure, until measures to
correct the deficit have been agreed, and are being implemented, but the deficit could still exist,
and the freeze on aggregate revenue expenditure would by implication be lifted, but it could not
be lifted until the States, not had agreed, but were actually implementing the measures to deal
with the deficit.

I think that is a more realistic and pragmatic approach to dealing with the deficit. I do not think
470 it is appropriate for the States to increase revenue expenditure while the deficit exists, and the
States have not agreed how they are going to eliminate the deficit. I think that would be
imprudent. But I think it is somewhat impractical, and probably counterproductive, for the States
to put itself in a straitjacket and have this policy that there will be no increase in revenue

475 expenditure until the deficit has been completely eliminated and we are returning to surplus;
because during that period of transition the no real terms increase in spending is likely to be an
unsatisfactory, and as I say, counterproductive qualification.

So I think this amendment is probably an improvement on the original amendment, it is
certainly an improvement on the policy that we have at the moment, and therefore I welcome this
480 amendment and I will support it enthusiastically.

Thank you, sir.

The Bailiff: Yes, Deputy Laurie Queripel.

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

To some extent I do not think we have been given enough time to really think and consider
these amendments, and what they are putting forward. These are substantial matters that we are
looking at here. So I am sort of thinking on my feet to some extent, and while I think I will
probably vote for the amendment, and I do agree with the thrust of it, it is clearly a good thing to
490 cut expenditure where we can, as long as it is in a way that does not overly harm services, and the
important things that we do for the people of Guernsey. But it is the revenue raising measures
part that concerns me to some extent.

I know we cannot design the exact detail of the policy around this amendment now on the
floor of the Chamber, but we have got no indication of what these revenue raising measures
495 might entail. Now, for me, the only kind of extra revenue raising measures I can agree with are
ones that are of a progressive nature, ones that are based on people's ability to pay.

My concern is that if we agree to this – and Deputy St Pier might address that matter when he
speaks, and I hope he does – but there is no indication of how those revenue raising measures will
be modelled, if we needed to raise extra revenue. I am just a bit concerned about that.

500 I definitely agree with the thrust of the amendment, and clearly we should be prioritising
reducing expenditure where we can before we even consider raising extra revenue, but I wasn't to
understand, or be given an idea of, if we do have to raise extra revenue how that might be
designed – what the nature of it might be – because the Policy & Resources Committee, up until
now, have not shown a great appetite for moving towards more progressive ways of raising
505 revenue. When we think back to the Budget debate there was a slight tweak to personal tax
allowances, but it was not really, it was a very small step in the right direction. It was not really
what I was looking for. So I am really concerned. If we are going to need to raise extra revenue, I
have to be convinced that it will come back in the form of progressive revenue raising measures,
not hitting the same lower to middle income pockets.

510 Thank you.

The Bailiff: I see no one else rising. Deputy St Pier will reply to the debate.

515 **Deputy St Pier:** Sir, I will be brief in response, just again to reaffirm the support of Policy &
Resources Committee for this amendment.

I think as Deputy Gollop said, it really is a reinforcement of the spirit of the last Budget, in
terms of the addition of the words around appropriate combination of reductions in expenditure
and revenue raising measures. That is exactly what we did in the Budget a couple of weeks ago.

In relation to Deputy Fallaize's comments about the addition of the words, 'and is being
520 implemented', that of course is the change which was agreed between Policy & Resources and
those that were proposing the amendment for precisely the reason which she identified. If we
track back to 2008, had we had this amendment in its original form there was the risk that the
States could have said, 'Well, we have agreed a process for eliminating the deficit. It is based on a
strategy of growth, increases in indirect taxes, and therefore we can carry on increasing spending
525 in real terms, and that is what concerned us, that is why we suggested the addition of the words

which Deputy Fallaize referred to, and we do think that is an improvement,' and again, it reflects, I think, our experience in the last few years, and is a reflection of that.

530 In relation to Deputy Laurie Queripel's comments, I would draw, I think, perhaps, his attention to the next amendment, which I am sure Deputy Fallaize will speak to, as much of the content has come from him in relation to that amendment, and that refers specifically in under (c) and (d) of that amendment to any additional revenue being raised, as far as possible, from individuals and entities most able to bear the burden; and again that, I think, seeks to address the point which he was making, sir.

Other than that, I urge Members to support the amendment.

535

The Bailiff: Members, we vote then on the amendment number 21, proposed by Deputy St Pier, seconded by Deputy Trott.
Deputy Lester Queripel.

540

Deputy Lester Queripel: Sir, can we have a recorded voted please.

The Bailiff: We will have a recorded vote on amendment 21.

There was a recorded vote.

The Bailiff: Well, Members, while those votes are counted, I suggest we move on with the next amendment, which is number 22, to be proposed by Deputy St Pier, seconded by Deputy Trott.
545 Deputy St Pier.

Amendment.

To insert at the end of the words in Proposition 3:

’, but subject to pages 7, 8, 11, 12, 13 and 14 in Appendix 1 being modified as follows:

a) on page 7, in the section entitled "OUR ECONOMY" under the sub-heading "Strong, sustainable and growing economy" in between sentences three and four, by the insertion of the following two sentences:

"A strong economy is essential to maintain high rates of employment, low rates of unemployment and a diverse range of well-remunerated jobs. Without a strong economy the States will not have the revenue necessary to pursue social welfare programmes or invest in vital public services and infrastructure."

b) on page 8, in the section entitled "OUR ECONOMY" under the sub-heading "Sustainable public finances" and in between sentences two and three of the first paragraph, by the insertion of the following two sentences:

"Indeed in recent years States' expenditure has fallen significantly in relation to the size of the Island's economy. There is some scope for further efficiency savings, but it must be recognised that Guernsey already spends less per capita on public services and infrastructure than many comparable jurisdictions."

c) also on page 8, under the sub-heading "Sustainable public finances" by the deletion of the second paragraph and substitution therefor of the following paragraph:

"As a matter of priority the budget of the States must be balanced and surpluses generated. The deficit cannot reasonably be eliminated nor reserves rebuilt by spending cuts alone or tax increases alone. The former would imperil vital public services and investment in essential infrastructure; the latter would be unfair and imprudent and may depress economic activity. Ideally, in the years ahead, economic growth will make at least some contribution to improving public finances, but it would be unwise to rely on ambitious levels of economic growth. As such the States will pursue a moderate, balanced, responsible approach which recognises the need to restrain public expenditure and raise additional revenue. Additional revenue will be raised as far as possible from individuals and entities most able to bear the burden. Restraining public

expenditure will require the prudent management of financial resources, people and physical infrastructure. The States also need to rethink the delivery of some public services to ensure that they are financially sustainable and provided efficiently whilst meeting public need."

d) further on page 8 under the sub-heading "Sustainable public finances" -

(i) at the end of the second bullet point, by the addition of the following wording:

"which will reflect the commitment of the States to encourage economic growth; restrain public expenditure by requiring further efficiency savings and the prudent management of financial resources, people and physical infrastructure; and raise additional revenue as far as possible from individuals and entities most able to bear the burden", and

(ii) at the end of the third bullet point, by the addition of the following wording:

"without contravening any part of the States' Fiscal Policy Framework".

e) on page 11, in the section of Appendix 1 entitled "OUR COMMUNITY" -

(i) by deleting:

(A) the sub-heading "Inclusive and equal community", and

(B) all three paragraphs appearing after the sub-heading, and

(ii) by substituting therefor:

(A) the sub-heading: "One community: inclusive and committed to social justice", and

(B) the following paragraphs:

"The previous States made progress in this area, developing and approving strategies and plans that, when implemented, will see improvements in inclusion and social justice in our island. Whilst most people in Guernsey have a good standard of living and a high quality of life, this is not universal. There are some individuals who, for a variety of reasons, are not able to enjoy a standard of living or level of participation in society that would be deemed acceptable against independent measures of wellbeing.

We want to be an open, forward-looking people; to celebrate difference and diversity and freedom of expression; but to be one community bound by a commitment to inclusion and social justice.

We want our community to come together as a single unit: integrated and supportive of each other. A community where people look out for one another but also understand the importance of personal responsibility. Inclusion and equality of opportunity should exist from birth into adult life in areas such as education, the workplace and the community. Guernsey should be a place where no one gets left behind.

We place equal emphasis on standard of living and quality of life. The previous States have agreed, most recently in 2016, that for a variety of reasons some individuals and families suffer from levels of financial deprivation and social exclusion which are wholly unacceptable in a generally prosperous society. We recognise that the success of a society is affected not just by how wealthy it is but also by the wellbeing of all its people.

We want to understand better the extent of relative poverty and income inequality in Guernsey and their effects on individuals, families and the prosperity and wellbeing of society generally."

f) on page 12, by deletion of the first bullet point (where it appears at the top of that page) and by substitution of the following bullet point:

"Prioritise, resource and implement social policy initiatives which were agreed by the 2012-16 States, including in relation to: disability and inclusion; supported living and ageing well; children and young people; mental health and wellbeing; and a social welfare system which unifies housing and income benefits and directs financial assistance to those in most need, as developed by the former Social Welfare Benefits Investigation Committee".

g) also on page 12, in the last bullet point (above the sub-heading "Lifelong learning"), by the deletion of the words "Promote and support access to sport and the arts" and substitution therefor of the words "Support, nurture and promote access to sports and the arts through the dynamic and efficient use of all resources available",

h) further on page 12, under the sub-heading "Lifelong learning", by the deletion of both paragraphs and substitution therefor of the following paragraph:

"The learning environment provided by the public and private sectors in Guernsey is excellent. However, continuous improvement is essential. Education has a unique power to unlock opportunity for every individual and to secure a future of economic prosperity and social inclusion for our Islands. We want every child to receive a first class education as a right and not a privilege. This should be reflected both in high levels of attainment in every school and in learners' wellbeing and personal development. We want everyone in our community, recognising their diversity, to have the opportunity to develop the knowledge, understanding and skills to be adaptable and resilient and to pursue happy, healthy and fulfilling lives, contributing to the success of our economy. We want people to have a lifelong enjoyment of learning, not just for the benefit of their work lives but also for their health and wellbeing. The quality and depth of education and lifelong learning will in part determine how successfully we are able to meet the complex challenges of the present and the future."

i) on page 13, in the last bullet point under the part of the Plan entitled "Lifelong learning" by the deletion of the words "Improve digital and financial literacy across our community, for young" by substitution therefore of the words "Improve digital and financial literacy across our community, for young and old",

j) also on page 13, in the fifth bullet point under the part of the Plan entitled "Centre of excellence and innovation", by the deletion of the words "Remove barriers to business, keeping regulation appropriate, proportionate and at a minimum" and substitution therefor of the words "Remove barriers to business, keeping regulation appropriate and proportionate",

k) on page 14, in the fifth bullet point under the part of the Plan entitled "Mature international identity" by the deletion of the words "Protect and promote our unique identity and rich heritage, including through our culture and arts" and substitution therefor of the words "Protect and promote our unique identity, language and rich heritage through our culture and arts".'

Deputy St Pier: Sir, again, a brief introduction to this amendment. I do not propose reading it all, it is extensive. In response, perhaps, to Deputy Laurie Queripel's comments in relation to the previous amendment, about the time, or lack of time, in considering these amendments, I would perhaps give him some reassurance that, of course, much of the content was contained in the
550 previous draft amendments. There have been some changes to some of the wording, which I am sure, Deputy Fallaize, in particular, will speak to, as much of this amendment derives from his original amendments.

This amendment replaces 14, 15, 16, 17, 18, 19 and 20. As I say, paragraphs (a) to (h) – I am sure Deputy Fallaize and those that were seconding his amendments will speak to that.

555 I shall briefly just refer to paragraph (i) which, this was originally amendment 18, was a typo in the previous draft, which had left off 'and old', so it was, 'Improve digital and financial literacy across our community, for young,' was as it appeared in the original text, that was simply a typographical error, and so it was nothing more than that.

560 Paragraph (j) came as a result of input from Deputy Hansmann Rouxel, for which I thank her, and that was ... I have got these the wrong way round, haven't I. Sorry, paragraph (j) related to input from Deputy Dawn Tindall, with the suggestion that it was inappropriate merely to keep regulation at a minimum. Of course, it has never been this jurisdiction's intent to keep regulation at a minimum, it has always been to keep it at a level that is appropriate and proportionate, and I think that was, again, a sort of wise intervention from Deputy Tindall, for which we thank her.

565 Then in relation to paragraph (k), this came from Deputy Inder with the suggestion that we insert 'language' again, for the avoidance of doubt really, to ensure that that reference to heritage also, of course, referred to our language as well.

570 I am sorry, I apologise it was (g), sir, which came from Deputy Hansmann Rouxel, which was in relation to further clarification around the support for sports and the arts, so again I draw Members' attention to (g). I am sure the Members who introduced those suggestions to us will speak to that during debate, as well, sir, but just to emphasise that most of this has come from

Deputy Fallaize's original amendments, and the Committee are happy to support this amendment as it is now presented.

575 **The Bailiff:** Deputy Trott, do you formally second the amendment?

Deputy Trott: I do, sir, and I reserve my right to speak.

The Bailiff: Thank you.

Carried – Pour 31, Contre 1, Ne vote pas 0, Absent 8.

POUR

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Yerby
Deputy Langlois

CONTRE

Deputy Lester Queripel

NE VOTE PAS

None

ABSENT

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Parkinson
Deputy Le Pelley
Deputy Stephens
Deputy Graham
Deputy Dudley-Owen
Deputy De Lisle

580 **The Bailiff:** I can just announce the result of the voting on amendment 21. There were 31 in favour with one against. I declare amendment 21 carried.

Just for clarification, I understand that this amendment 22 that we are just discussing has been designed in such a way that the individual paragraphs go from (a) through to (k), so I think that means there are 11 individual paragraphs; they could be voted upon separately, as I understand it, if that is the wish of people. So if anybody wishes to perhaps vote for some but not all when we get to voting, they can request separate votes on some paragraphs if they wish to do so.

585 Does anybody wish to speak in debate on amendment 22? We will go to the vote then. Is there literally ...? Yes, Deputy Queripel.

590 **Deputy Lester Queripel:** Can I have a separate vote, sir, on (d) please?

The Bailiff: I am sorry, I missed that. Separate vote on (d). Thank you. Separate vote, yes. Deputy Fallaize.

595 **Deputy Fallaize:** I thought Deputy Lester Queripel was standing to speak in debate.

The Bailiff: You wish to speak in debate?

Deputy Fallaize: If possible, please.

600 **The Bailiff:** Yes. I mean nobody was standing earlier, but if there are people who wish to speak in debate then please stand and you may speak.
So, Deputy Fallaize.

Deputy Fallaize: Right, thank you, sir.

605 The advantage of this amendment is that it consolidates – it does other things, but it consolidates – five of the amendments I had lodged, which means that instead of speaking 10 times, I only get to speak once, which is no doubt a great relief to everybody! (**Several Members:** Hear, hear.) (*Interjection and laughter*)

I will speak, hopefully, not for too long, but I do want to address the various parts of this amendment, which I would have laid as separate amendments otherwise.

To start with, I know there are mixed views about the Policy & Resource Plan, and Deputy St Pier, I think, perhaps underestimated some of the scepticism there is about this Plan. I think that there are, clearly, some States' Members who think it would be better if we were not here today, and who have no enthusiasm for this sort of debate whatsoever. I think they are wrong, not because I do not have any sympathy with their view, but because it is inevitable that every organisation has to plan its activities, in some form or another, and I am more optimistic about this process than I have been, or was, about its predecessors.

I think that there were such major flaws in the old Government Business Plan, in its various iterations, and in the old States' Strategic Plan, in its various iterations, that they were more or less meaningless; and I said so at the time they were debated and I think four years ago I encouraged States' Members to vote against the old States' Strategic Plan, because it was proving itself such a waste of time. That is, I think, how it turned out.

I think this Plan is better, it is more straight forward, it is shorter, it is much simpler and it is, I think, more consistent with our system of Government, which I think gives it a much better chance of succeeding; and it will allow the six Principal Committees ... when they come to set out what are – in effect, business plans – in phase two, it will give them a framework or a reference point against which to do that.

What we ought to end up with in about seven or eight months' time is, effectively, a Programme for Government – and Government should have programmes, they should be able to say, 'In our term of office this is what we are going to do, in practical terms,' and then they can be held to account against it. Now, that is what phase two should produce. So this is a sort of journey rather than an end point.

Now, I thank the Policy & Resources Committee for incorporating the substantive elements of my amendments into this consolidated amendment. In respect of part (a) which adds words about investing in public services and infrastructure and maintaining high rates of employment ... The reason I think that is important is because the existing word in the Plan, as drafted ... there is a sentence about the need for a strong and sustainable economy, which I am sure everybody agrees with, but it makes it sound as if that is an end point in itself. Now, I do not think that is an end point in itself.

I think other Members may be able to think of other reasons but, in my view, the two most important reasons for maintaining a strong and successful economy are: first of all, to maintain high rates of employment and low rates of unemployment as far as possible in well remunerated jobs; and to generate the revenue necessary for the States to provide good quality public services, and invest in our infrastructure. I would particularly emphasise employment. I think that maintaining high rates of employment should be the number one objective of this Government, for economic and for social reasons. Previous States have had some considerable success in that and, as I say, I think it should be our main objective.

Now, part (b) we spend – these are not my figures, these are figures produced by the Government's statistical unit – we are already spending, *per capita* per annum, about £1,000 less

650 than Jersey, and about £2,000 less than the Isle of Man. We know that general revenue expenditure has fallen quite considerably, as a proportion of the size of our economy. It is now round about 24% of GDP, and even Professor Geoffrey Wood, who is not exactly what one would describe as a Keynesian economist, says repeatedly every year that he produces his report, that Guernsey has had material, notable, perhaps unique, success in restraining revenue expenditure.

655 These are not necessarily popular things to say, because there is a popular view that States' expenditure is not only growing uncontrollably, but that the States cannot do anything about it. But, although Deputy Inder is nodding his head, that is not, I am afraid, borne out by the evidence, and while Members are entitled to their own opinions, they are not entitled to their own facts. (*Laughter*) (**A Member:** Hear, hear.) (*Laughter*) The facts show us – Deputy Trott can tell us if he thinks this fact is wrong, but the facts show us – according to the statistics produced by his own staff, that Government expenditure is falling in relation to the size of our economy, and that the States have had very considerable success in restraining expenditure.

Now there is clearly scope for further efficiency savings – nobody is doubting that – but we have to be realistic about the contribution that further savings can make to eliminating the deficit.

665 Following on from that, in part (c) of this amendment, this is the environment in which we are operating. I do not think we should shy away from saying that our expenditure on a *per capita* basis is lower than the other Crown Dependencies. I do not think we should stop saying and pointing out that the States has restrained expenditure, not just in the last two States' terms, which is what, I think, the original wordings certainly said, but for probably the last 10 to 12 years, 670 the States has restrained general revenue expenditure, quite considerably. It does us no favours, and it does not do the Island any favours, when States' Members try to paint a different picture from what the facts bear out.

Now, (c) I want to read some of the words, or actually all of the words that will be inserted in part (c):

As a matter of priority the budget of the States must be balanced and surpluses generated. The deficit cannot reasonably be eliminated nor reserves rebuilt by spending cuts alone or tax increases alone. The former would imperil vital public services and investment in essential infrastructure; the latter would be unfair and imprudent and may depress economic activity. Ideally, in the years ahead, economic growth will make at least some contribution to improving public finances, but it would be unwise to rely on ambitious levels of economic growth. As such the States will pursue a moderate, balanced, responsible approach which recognises the need to restrain public expenditure and raise additional revenue. Additional revenue will be raised as far as possible from individuals and entities most able to bear the burden. Restraining public expenditure will require the prudent management of financial resources, people and physical infrastructure. The States also need to rethink the delivery of some public services to ensure that they are financially sustainable and provided efficiently whilst meeting public need.

675 I think those words capture the necessary response in this States' term, and most likely in future States' terms, to the existence of the deficit. Clearly, this deficit needs to be eliminated, and we need to get back to generating surpluses, if we have not done that by the end of this term, in terms of fiscal policy, I think the States will have failed. (**A Member:** Hear, hear.) It was to be done, of course, as far as possible by economic growth. But that is not going to do it alone. There is 680 going to have to be expenditure restraint while the deficit exists and until we have agreed measures to correct it there is going to have to be serious expenditure restraint, which does mean reductions in public expenditure in some areas. There is also going to have to be more revenue raised, and as far as possible that should be generated from those with the broadest shoulders. I detect that there is an emerging consensus about that (**A Members:** Hear, hear.) in the States and 685 I think that needs to inform our fiscal policy over the next three and a half years.

Part (d) is, effectively, consequential on part (c) it just ties the 2017 fiscal strategy, which the Policy & Resources Committee say they are going to present, to that overarching approach to removing the deficit and generating surpluses. It also makes it clear that we cannot return to surplus by contravening the fiscal policy framework the States have agreed.

690 Now, personally, I have mixed views about this framework. I am not talking about the content of it, I am talking about the whole purpose of it. My view about fiscal rules is a bit like the view

that used to be expressed by Ken Clarke when he was Chancellor, which is that they are completely pointless, because when you have fiscal rules and you adhere to them nobody gives you any credit; eventually you end up having to break them because economic circumstances demand it, and then everybody says that you are economically incompetent.

695 But we have this fiscal framework; there is no point going into the origins of it. They were a bit odd. Deputy Trott might be able to advise the States more about the origins of the framework, which date back to the time when he was Chief Minister; but we have it, there is an updated framework in appendix two, which the States are being asked to agree. My view is, if we are going to have one, well we might as well make every effort to adhere to it, and if we do not set out a very clear expectation that the proposals of the Policy & Resources Committee to eliminate the deficit will be consistent with all parts of the fiscal policy framework, then it seems to me pointless to have a framework in the first place. That is all the bits about fiscal policy.

700 Part (e) is related to the section of the Plan which concerns social policy. Now, I think that and this picks up on something that Deputy St Pier said in his opening speech: particularly now, we need to make very firm commitments, as a Government, that we want our society to be rooted in tolerance, in compassion, in generosity; we need to be an open minded pluralist, diverse, society.

I have never regarded myself as a liberal, certainly not with a capital L, but if that is liberal, a liberal society, then I think we need to commit to being a liberal society. In terms of policy making, we need to commit to policy making which is rational, which is grounded in logic and in evidence and not – which if I may say so, I think, is happening in some parts of the world, an approach to policy making which largely consists of licking one's finger, sticking it in the air and seeing which way the wind is blowing. In terms of social policy, the two parts of the amendment that I am keenest on are the second paragraph down, on page 3:

We want to be an open, forward-looking people; to celebrate difference and diversity and freedom of expression; but to be one community bound by a commitment to inclusion and social justice.

715 That part deals with people's rights, particularly, it would ultimately be expressed in legislation, it is about us being an open minded, expansive, optimistic community, so that people are free from intolerance, free from discrimination. I think those things are very important. (**A Member:** Hear, hear.) But the second part I am interested in, which I want to emphasise, is that the penultimate paragraph, which would be inserted, which is:

We place equal emphasis on standard of living and quality of life. The previous States have agreed, most recently in 2016, that for a variety of reasons some individuals and families suffer from levels of financial deprivation and social exclusion which are wholly unacceptable in a generally prosperous society. We recognise that the success of a society is affected not just by how wealthy it is but also by the wellbeing of all its people.

720 Now, this is about the freedom to participate, the freedom for people to reach their potential, the freedom for people to support their family. If we genuinely want a society which is fair, which is reasonably equal, and we cannot have a society where everybody is equal, that is entirely understood – which is why I am always slightly dubious about the word 'equality'. But if we want a society which is more equal, it is not just about protecting people's rights before the Law, important though that is, it requires Government to have some interest, at least, in how wealth is distributed across this society.

725 All the evidence suggests that a more equal society, in terms of the Law and economically, is not just a happier society and a healthier society, which is meant to be the aspiration here, but is also a more productive and a more stable society. So I think that our focus on social policy needs to be equally directed at the sort of legal and rights agenda – for example, equal marriage, the Disability and Inclusion Strategy, that we approved in the previous States – but also about the economic aspects of social policy and the aspiration to live in a more equal society.

730 Part (f), apart from putting all of these social policy initiatives in the right part of the Plan, which is just sort of a matter of administration really, it adds the words, this is in terms of commitments:

735

... and a social welfare system which unifies housing and income benefits and directs financial assistance to those in most need, as developed by the ... Social Welfare Benefits Investigation Committee.

If we do not have a very clear commitment to implementing, as quickly as possible, the proposals of the Social Welfare Benefits Investigation Committee, then we are not going to be delivering on any commitment to social justice and a more equal society. Those proposals are not necessarily the end point, but they are absolutely essential as part of our social policy responses to the financial challenges, and deprivation, which is not a word that we should resile from, which some individuals and families in Guernsey face.

Part (h), which is the last bit of the amendment I want to refer to. The reason I felt it was necessary was because there is nothing in the original text of this Plan which expressly relates to statutory education. Under a very liberal interpretation of Lifelong Learning, which is the heading in this section of the Plan, one could say that lifelong learning encompasses whole of life, but conventionally, lifelong learning has referred to post statutory education. I think the commitment needs to be to lifelong learning in that context, but also to statutory education. That is why I am particularly enthusiastic about the insertion of the words:

The learning environment provided by the public and private sectors in Guernsey is excellent. However, continuous improvement is essential. Education has a unique power to unlock opportunity for every individual and to secure a future of economic prosperity and social inclusion for our Islands. We want every child to receive a first class education as a right and not a privilege. This should be reflected both in high levels of attainment in every school and in learners' wellbeing and personal development.

Now, I have to say that there is almost nothing that Government is involved in which I think is more important than education – (**A Member:** Hear, hear.) either economically or socially. The wording in this amendment is not about the 11-Plus, the initial amendment was to be proposed by me and seconded by Deputy Dorey. I am not a supporter of selection at 11; Deputy Dorey is a supporter of selection at 11. The amendment is now proposed by Deputy St Pier and seconded by Deputy Trott: Deputy St Pier is not a supporter of selection at 11; Deputy Trott is a supporter of selection at 11.

So this is about setting our aspirations, our objectives for education. It is accepted that Members will have different ways of reaching those objectives and aspirations. I fully accept that, that is a debate that we are going to have in two weeks' time. I am not going to say in two weeks' time – although I will be arguing passionately against a selective system – 'Look, you signed up to this in the Policy & Resource Plan therefore you have to follow my preferred policy on selection at 11'. That is not the way I see it. I think these are the objectives for education that we should establish, accepting that Members do have different policy paths to reach those objectives.

But there is one thing that I think is clear: we are already a comparatively affluent society, we are a heavily service-based economy and we have no natural resources other than our people. The only way to a successful and prosperous society for us in the future is going to be through education. If we do not place the highest possible emphasis on education, we are not going to have a successful and prosperous and stable society in the future. That means that every child must have access to a first class education and every school in Guernsey, irrespective of its status, irrespective of the decisions that are made in two weeks, must provide a first class education to every child. That is essential if we are committed to equality of opportunity.

So that, sir, is the reason why I submitted the amendments I did. As I say, I am very grateful to Deputy St Pier and the Policy & Resources Committee for incorporating the substantive parts of my amendments in this consolidated amendment, and I hope all Members will support the amendment.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

780 **Deputy Ferbrache:** Sir, I only speak in relation to (j) and the reason I speak in relation to that is Deputy St Pier said in his illuminating opening remarks that this is not a document, this report, which you just look at in 20 years' time, you pass today, tomorrow, or whenever it is passed, and you forget about it. You have got to review it annually, consider it annually, because it is the document for today, tomorrow, next year and the year after.

785 If that is the case, and as he rightly said, and I am lukewarm about the procedure, but it is a procedure we are going through, and it is a procedure that people are contributing to, then we should be careful about what we do, because this is a concession made by Deputy St Pier, which I am surprised that he has made; because the original wording says after the word 'proportionate' 'and at a minimum' and those words will be, if this amendment is passed, deleted. Well, I am going to ask for a separate vote on that, but not a recorded vote; others may ask for a recorded vote, not me because I anticipate how the amendment will be dealt with.

790 I do not see any conflict with the original wording, because most people do not want regulation that is unnecessary. They do not want regulation that is inappropriate, and there is no beauty in regulation. You do not go to bed of a night – at least I do not – clasping a book full of regulations, and holding it to my bosom thinking, 'Aren't these wonderful, I am really grateful that these have been passed by the States of Guernsey, or enacted.' I would rather do something else
(*Laughter and interjection*) Isn't Deputy Trott a jolly chap! (*Laughter*)

795 But in relation to the amendment itself, I do not see why we cannot enact, because we are going to enact regulations, we are going to have to, from time to time, in any modern and democratic society, especially one that is forward looking, enact regulations that are appropriate and proportionate, but they should never be more than the minimum that is required to be proportionate and to be appropriate, otherwise why enact them? In other words why do Deputy Trott and Deputy St Pier accept, as they have done, that these original words should be deleted?

800 I see no purpose in the amendment. It sends out the wrong message, it sends out the message which Guernsey years ago ... There was a period of time about eight or 10 years ago when Guernsey seemed to want to be in the vanguard, to be absolutely the Lewis Hamilton's in the rain at St Paulo, actually going forward as fast as you possibly could with any regulation, 'Let's have a regulation here, let's have a regulation there,' and it stifled enterprise and it turned Guernsey from being a Lewis Hamilton to the Jensen Button. And I would rather that we were the Lewis Hamilton in relation to restraint, and I would rather we be in circumstances whereby we are sending out public messages, because this is a very public document, if passed, which I anticipate today, tomorrow or whenever it will be, that people will be looking at. We shall be saying, 'Yes, we are a well ordered disciplined, good society, but we only pass regulations that are proportionate and when we do so they are the minimum standards in relation to what is necessary. We do not over egg the pudding.'

815 So therefore I will not be supporting that particular paragraph.

The Bailiff: Yes, Deputy Tindall.

820 **Deputy Tindall:** Obviously as it is my suggestion, sir, that this phrase was removed, I feel it only right that I explain the reasons for it.

I have to disagree, unfortunately, with Deputy Ferbrache as to the reasons why I think these words are fundamentally incorrect.

825 First of all, I should point out that the phrase has been repeated in one section and the words 'at a minimum' are not there, and they are in another section. So that would be my first confusion. The phrase under the heading of 'Economy' says:

Ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate.

I believe this is sound and sensible. It applies to many areas of policy making and is realistic. However, under the heading 'Centre of Excellence and Innovation' the words 'at a minimum' have

830 been added. Our regulation of the finance and business services industry is respected all round the world. Not because we have the minimum amount of regulation, because it is appropriate and proportional. Some may not even agree with that, but knowing that regulation fairly well, I believe it promotes Guernsey and ensures we are a leading light in new areas, such as intellectual property, fintech, and regtech. Why would we want to lose that advantage by only applying the minimum of regulation?

Thank you.

835

The Bailiff: Deputy Inder.

Deputy Inder: Sir, I am grateful.

I am going to refer to paragraph (k), which reads:

Protect and promote our unique identity, language and rich heritage through our culture and arts.

840

I am grateful for the inclusion of that word under that heading, sir.

Just briefly, sir, it is 950 years since King William, soon to be King William the Conqueror, left the shores of Normandy on his flagship, the Mora, towards the battle that would change the course of English history.

845 There is evidence that Guernsey folk formed part of that great army, and it is likely, sir, that King William would have understood our ancient Norman language. Nine hundred and fifty years later, our language is on its knees and it is a sad fact that, unless we as an Island do something to halt that decline, some of the youngest Members of this Assembly are likely to read in their lifetime that the last native Guernsey French speaker has passed away. Can you believe one of the oldest living European languages, in one of the richest economies in the world is standing by and watching its language and its identity die? A culture crime in the making, sir.

850

Sir, I am aware there are at least three patois speakers in this House, Deputy Barry Paint who was born into the language, Deputy Jonathon Le Tocq, who was self-taught and I believe Deputy de Lisle speaks patois along with Québécois. Myself, I am learning and can string a few sentences together, fairly weak, sir, and I owe Deputy Paint a debt of gratitude for his assistance in that. What came as a surprise to me last week, actually, was how fluent Deputy Trott was, in fact, he gave an instruction in Guernsey French. I did, however, explain to him in English, that even though I was the new boy in the Assembly, and he was senior to me, the inductions made no reference to me kissing anything, (*Laughter*) neither his nor mine!

855

Sir, quite seriously, it is only a small word but will mean a lot to those of us out in the community who have a passion for our language, our culture and our history, and I thank Policy & Resources for accepting its inclusion. (**A Member:** Hear, hear.)

860

Thank you, sir

The Bailiff: Deputy Green.

865

Deputy Green: Sir, very briefly, just two points.

First of all, I think this amendment is absolutely essential, because the original text that had been drafted in the Plan, in the Our Community section on page 11, I think, was just very weak. I think it was incredibly weak. I think the wording that will now hopefully be incorporated, if this amendment is successful, is much more powerful, will enhance that section no end, for the reasons that other speakers have already mentioned.

870

The other part that I think was, in its original statement, very weak was the section on Education, that Deputy Fallaize referred to a moment ago under the heading Lifelong Learning. I think it was a curious choice of expression to talk, in the round, about the importance of education which to any right thinking person is one of the key aspects of what Government does – particularly statutory education, and again the wording in this amendment will improve this section no end.

875

The Bailiff: Deputy Gollop.

880 **Deputy Gollop:** Sir, this is a little bit of a *potpourri* of ideas. I think there is a danger of
collective amendments, bits and pieces can get thrown up a bit. Certainly on the (j) part, that
Deputy Ferbrache argued one way and Deputy Tindall the other – both of them, in a way, as
professional lawyers. I have got to say that is one of those things when I used to sit on Scrutiny
that annoyed me a lot, because we would be arguing and arguing about sentence construction
885 and points of grammar, because, for example, the original words were:

Remove barriers to business, keeping regulation appropriate, proportionate and at a minimum.

And we then substitute:

Remove barriers to business, keeping regulation appropriate and proportionate.

Well, of course, proportionate and at a minimum could be seen to contradict each other,
because sometimes regulation would be above that of a minimal level. On the other hand one
would assume that the direction of Policy & Resources, especially given the former speeches that
890 we have heard in the past from Deputy Trott and Deputy St Pier, particularly, in the last States,
when they were questioning the then strategies and tactics of the Guernsey Financial Services
Commission, that they would wish to see not a minimal standard of regulation, but not an overly
onerous structure that would contain Guernsey competitiveness.

On balance, I have to say I support Deputy Ferbrache's line because I think that although there
895 may be areas, as Deputy Tindall has outlined, such as intellectual property, that do require
appropriate regulation, I think that, dare I say, if we had adopted the Italian system of regulation it
might have been better for us. We look across the water: some of the States voted for Mr Trump,
others voted for Mrs Clinton; I believe two of the States that voted for Mrs Clinton included
Nevada and Delaware ... that we perhaps would not get away with some of their standards of
900 regulation. So I do think that we have to be careful there.

Deputy Green: the main points he made really were that in some ways the structure of this
policy report was weak, in terms of social policy and education, and I would agree. It does seem to
me – although I do know that many of us participated in two or even three workshops that were
held – there does seem to be a rather right wing flavour to the finished document that needs to
905 be checked and considered.

I mean, for example, when you look at the ... on Economy it is all about: ensure conditions that
encourage and foster enterprise; look to remove barriers; promote Guernsey as an attractive place
to work for those who wish to return, who have chosen to gain life experience in other
jurisdictions. It is almost as if it is written around young professionals, or middle aged
910 professionals, coming back as a locate Guernsey document. Well, that is good for economic
development but we need, frankly, to put forward the point that many people in Guernsey have
no chance of achieving a decent standard of living. They are not being given the social resources,
there has not been inclusion, there is a gap due to the lack of public spending in some areas, and
we very much need to reinforce that.

915 So I support the vast bulk of this amendment. Also Guernsey language as well. *(Laughter)*

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

920 I just want to say a few words about paragraph (c) and there is one sentence there, and it is a
very long section and it says:

Additional revenue will be raised as far as possible from individuals and entities most able to bear the burden.

I read that as meaning that come the next Budget the priority will be not to raise petrol duty, or duty on cigarettes, or duty on alcohol, the primary source of revenue will be increasing income taxes. That is going to spook a lot of people, and it will spook people who are thinking of coming here, who may want to come here, and I think that is unwise for a number reasons.

The first thing about Income Tax is we know the base is shrinking, so you could have increased headline rates of Income Tax, but that would only solve the problem for a year or two because the base will shrink and you will be back to being short of money again. So you will have to raise them again and again, and when do you stop? This sort of prioritising of where you will raise revenue, I think, is unwelcome because that is what it says.

Therefore, I will want to see paragraph (c) taken separately and I will not support it.
Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, two brief comments.

The first is in relation to the speech that was delivered earlier by my friend, Deputy Fallaize. He talked about deficits throughout. Well, it gives me enormous pleasure to tell him of the news that we learnt at Policy & Resources yesterday, and that is that it is now anticipated – I use that word rather than ‘expected’, but anticipated – that we will record a fiscal surplus for 2016. That is absolutely fantastic news, and I thank the President for allowing me to deliver it.

With regard to item (j) and the concerns about regulation, I would say this, and I think Deputy Tindall captured it adequately, or more than adequately: we are a third country as far as the EU is concerned, and as a consequence of that we need to be equivalent to them in the regulatory context in order to gain market access. Equivalence does not mean at the very minimum. Equivalence, regrettably, means in excess of the minimum; not gold plated, but in excess of the minimum. That is what, to all intents and purposes, is expected; that is the regime that currently exists and that is why removal of the word ‘minimum’ is appropriate, because it is not accurate to have those words in there. It is essential – *absolutely essential* – and I certainly agree with Deputy Ferbrache and others that we need to keep regulation appropriate and proportionate, but in this context ‘proportionate’ means at a level that enables us to have continued market access.

So I would ask Members to support paragraph (j) of amendment 22.
Thank you, sir.

The Bailiff: Anyone else? No. In that case Deputy St Pier will reply to the debate.

Deputy St Pier: Sir, I only wish to just pick up on a couple of points, I think, in particular, Deputy Kuttelwascher’s comments on (c), I think perhaps are key. The observations which he has made, in particular, in relation to Income Tax of course are familiar ones, ones which I have made myself many times, including standing here. He is absolutely correct.

However, of course, the critical part of that sentence is in the middle which is, ‘as far as possible’. That is the control, if you like, for the concern which he has in relation to this. I think this sentence also needs to be read in conjunction with the amendment which has just been passed, which of course is recognising that the control of the fiscal position is a marriage between the expenditure side and the revenue side, and this is saying to the extent that we are looking at the revenue side, we need to ensure that the burden is shared fairly. I think that is a sentiment that, actually, most people would acknowledge. But I think in the context of this sentence, ‘as far as possible’ is critical.

Then, finally, sir, in relation to the comments that Deputy Trott has made, and Deputy Tindall, in relation to paragraph (j), I think the point is that actually in some areas of our regulation it will be entirely appropriate that regulation should be at the minimum, and no doubt it will be for the Committee for Economic Development to advise us of that. But in some areas of our business – and Deputy Trott and Deputy Tindall have highlighted them – particularly in relation to financial

975 services, we have accepted, as a jurisdiction, that our regulation needs to be above the minimum level. That is what is appropriate, that is what is proportionate for us. Not necessarily top decile, but probably, somewhere in the top quartile. It is for that reason that we have supported (j).

Sir, I reiterate my comments at the beginning and urge Members to support this amendment in its entirety.

980 **The Bailiff:** Members, before we go to the vote, Deputy Graham, do you wish to be relevé?

Deputy Graham: Yes, please, sir.

The Bailiff: You are relevé.

985 The paragraphs where I have noted people wish to have separate votes are (c), (d) and (j). Is that correct? Are those the only ones – (c), (d) and (j)?

Deputy Lester Queripel, you are on your feet.

Deputy Lester Queripel: Sir, could I ask for a recorded vote on (c) and (d) as one vote, please?

990

The Bailiff: No, they will have to be taken separately because people may wish to vote for (c) and not for (d) and *vice versa*.

Deputy Lester Queripel: Could I ask for a recorded voted on (c) and (d) then, sir, in division, please?

995

The Bailiff: We will have two recorded votes then, on (c) and (d).

Deputy Tindall? You would like a recorded vote on (j). So each of those separate paragraphs will have a recorded vote.

1000

We will take first, paragraphs (a) and (b). We will take those two together. Those in favour: those against.

Members voted Pour.

The Bailiff: I declare them carried.

Now a separate vote on (c).

There was a recorded vote.

Carried – Pour 28, Contre 7, Ne vote pas 0, Absent 5.

POUR

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Le Clerc
Deputy Leadbeater
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Meerveld
Deputy Fallaize
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham

CONTRE

Deputy Oliver
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Lester Queripel
Deputy Mooney
Deputy Lowe
Deputy Paint

NE VOTE PAS

None

ABSENT

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Parkinson
Deputy Inder
Deputy Stephens

Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy Yerby
Deputy De Lisle
Deputy Langlois

1005 **The Bailiff:** Well, Members, the voting on paragraph (c) of amendment 22 was 28 in favour, with 7 against. I declare it carried.

Now we have a recorded vote on paragraph (d).

There was a recorded vote.

Carried – Pour 34, Contre 2, Ne vote pas 0, Absent 4.

POUR

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy Yerby
Deputy De Lisle
Deputy Langlois

CONTRE

Deputy Oliver
Deputy Lester Queripel

NE VOTE PAS

None

ABSENT

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Parkinson
Deputy Stephens

The Bailiff: The voting on paragraph (d) of amendment 22 was 34 in favour and 2 against. I declare paragraph (d) carried.

1010 Now we will vote on paragraphs (e), (f), (g), (h) and (i) – (e) through to (i). Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

Now a separate recorded vote on paragraph (j)

There was a recorded vote.

Carried – Pour 30, Contre 6, Ne vote pas 0, Absent 4.

POUR

Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Le Clerc
Deputy Leadbeater
Deputy Trott
Deputy Le Pelley
Deputy St Pier
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy Yerby
Deputy De Lisle
Deputy Langlois

CONTRE

Deputy Ferbrache
Deputy Gollop
Deputy Lester Queripel
Deputy Mooney
Deputy Merrett
Deputy Paint

NE VOTE PAS

None

ABSENT

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Parkinson
Deputy Stephens

1015 **The Bailiff:** The voting on paragraph (j) of amendment 22 is 30 in favour, with 6 against. I declare (j) carried.

Finally, we vote on paragraph (k). Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

We move on next to amendment 4, proposed by Deputy Yerby.

1020 Deputy Yerby.

Amendment.

To insert at the end of the words in Proposition 1:

", but subject to the deletion of the words:

"in the medium-term"

and the insertion in their place of the words:

"in every States term"

immediately following the words "Actual capital expenditure averaging 3% of GDP per annum" in the first line of the part entitled '6. Sustainable investment in public infrastructure' on page 6 and in the seventh bullet point of paragraph 8.2 on page 9 of Appendix Two."

Deputy Yerby: Thank you, sir.

Deputy Yerby read the amendment.

1025 **Deputy Yerby:** Sir, I have the dubious honour of proposing the only amendment which the Policy & Resources Committee are specifically opposing. Wiser people than I might have advised me to hold on to my reputation a bit longer before coming out as a trouble maker, but I am afraid that cat is out of the bag now, anyway. I promise not to end up in tears if Members do not vote

with me on this one, although of course I hope they will. But I have a bit of fun with it, and I hope we will have a lively and useful debate on the States' approach to capital spending. Certainly, I think we need to.

1030 Right now we have a target of achieving an average capital spend of 3% of GDP per year, over the medium term, which the fiscal framework defines as a 15-year period.

For the past seven years, since the framework was introduced, the average has been much closer to 2%. So if we want to hit our target within this 15-year period, we are going to have to double our spending to an average of around 4% of GDP each year, in order to balance it out. The reality is that is just not going to happen.

1035 But 15 years is such a good long period that we can keep promising success tomorrow, and never really have to face up to the fact that we have not made it. Having targets we never intend to achieve, or rules we never intend to obey, is pointless and dispiriting. (**A Member:** Hear, hear.) We would be better off without this rule than to keep it and keep breaking it. So this amendment is a challenge. Are we serious about capital spending? If so, let's stop putting off our targets until
1040 tomorrow. If not, let's reconsider this rule altogether.

I have not proposed an alternative because I genuinely want the States to hit its 3% target, but if this debate shows that most States' Members believe that is unrealistic or unnecessary, I hope we will give some consideration to modifying the fiscal framework to reflect our ambitions more honestly in future.

1045 It is undeniable that capital has been the poor relation in States' financial planning and policy making. I have been told not to mix up the amount of money that the States allocates to the Capital Reserve each year and the amount it spends on capital projects. That is fair enough; the two are not directly linked, but they share a common problem. They are both unloved by the States. In this year's Budget we were told that if we had followed our own policy, the allocation to
1050 the Capital Reserve should have been nearly £37 million. As we kept shaving bits off it to balance our books, we have ended up putting less than £13 million aside, just a third of the original figure. We have squeezed that capital allocation year after year, effectively trying to mop up some of the deficit by moving money between our bank accounts. Well, Deputy Trott has told us it has worked.

1055 Likewise, our capital spending keeps falling short of the target we have set ourselves. Deputy St Pier has said, on the television last night, that the problem is the lack of suitable capital projects. It is a slightly baffling claim to say that we have been warned the capital portfolio next year will be worth nearly £700 million, and we are going to have to try and prioritise what we can afford to do with less than £300 million at our disposal. We have not historically been good at
1060 managing the capital pipeline either, it is often feast or famine for infrastructure projects. But it is in our power to do better.

Good public infrastructure is integral to the provision of good public services. If we are serious about efficiency or transformation we need to be serious about investment in our infrastructure. But there is more to it than that. Steady capital investment could have a powerful role as a form of
1065 economic stimulus. The people who work in construction, and related industries, make up about a fifth of our work force – or 1 in 10 Islanders. That is a substantial group of people who could benefit from a boost in this area. Incomes in this sector are not enormous, half of all workers earn between £20,000 and £40,000 a year. They are more likely to spend their money in the local economy, rather than off Island, and that has a secondary positive effect on our economy. This
1070 kind of thing is generally a virtuous circle.

But, while our Budget included measures that played to high net worth individuals – and I understand why it did – the opportunity to raise up other sectors of the population through similar policy measures, through dignified measures, that allow people to enrich themselves through work, was completely missed. It does not have to be that way.

1075 This is a fiscal framework in which all rules are equal, but some rules are more equal than others. We have a rule that the level of gross borrowing by the States may not exceed 15% of Guernsey's GDP, we were quick to max that one out with the Bond in the last couple of years. But

in the last seven years we have got nowhere near achieving our target of investing 3% of GDP in capital once.

1080 So what will happen if this amendment is passed?

Version one is the optimist take on it. The States will knuckle down to the challenge of averaging expenditure of 3% of GDP on capital each year. It will not pinch from the capital allocation in order to balance the books. Rather it will recognise that saving the right amount towards capital expenditure each year is as much of a core financial duty as is funding the operational budgets of the Committees. It will carefully plan and prioritise its pipeline of capital projects, which I understand will be debated next June, to make sure that it hits its targets, but also to release projects in a thoughtful and staged way rather than flooding the market all at once. The Island will benefit from economic stimulus and from safe, strong and fit-for-purpose, public infrastructure.

1090 Version two, of course, is a more cynical take. Nothing will change in the way that the States approaches capital. I do hope I am wrong there. I would like to hope this debate might change the way we think about it, however the vote goes. But at least every four years, because the target will be to average this in four years, we will weigh our performance in the balance and will see that we are failing. That will force us to talk about upping our game, or changing the target. Either way it will keep us honest. The current rule just gives us too much wiggle room. One of the members of P&R said to me, forget about the last seven years, what if this were year zero, we might be in a better place to achieve a 3% average over the next 15 years, starting now. See how slippery the medium term target is. It gives us far too much room to break our promises without admitting it, far too little transparency or accountability.

1095 As one States' Member said to me just before the debate, we must be responsible for our performance in our time. Is a 3% target right? Honestly, I do not know, but it is the target which the States has adopted and maintained for the past seven years. All I am asking, in addition, is that we adopt a meaningful time frame for achieving that target, so that we can measure and be held accountable for our performance. If we are not willing to do that we will be better off walking away from this rule altogether.

1100 I believe that if we take this target seriously, we stand to benefit all Islanders, from the provision and maintenance of sound infrastructure, and the positive impact of capital investment on employment and the local economy.

1105 I believe it is a nonsense to have rules we are not sincere about and I would ask any States' Member who wants us to up our game on capital investment to support this amendment.

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

1115 **Deputy Green:** Yes, indeed, sir. I formally second the amendment, and I reserve my right to speak.

The Bailiff: Deputy Trott will speak on behalf of the Committee.

Deputy Trott: Thank you, sir.

1120 Sir, P&R strongly oppose this amendment. It is, as Deputy Yerby said, the only amendment that we oppose, because it is potentially very dangerous.

Sir, economic cycles do not form predictable patterns, and are much more likely to cycle through a five- to 15-year-period, often, but certainly not always, over a seven-year period or, if you prefer, nearly two States' terms in practice.

1125 Now, sir, within the appendix two, the fiscal policy framework update, we are reminded in the glossary of what 'medium term' means. 'Medium term' means between five and 15 years. It does not mean four years or a States' term, it means between five and 15 years. The sustainable investment in public infrastructure, as currently drafted, states:

Actual capital expenditure averaging 3% of GDP per annum in the medium term.

The 3% of GDP level set in the framework was set with reference to... EU averages and is consistent with medium-term projection of levels of investment required to replace, maintain and develop Guernsey's infrastructure to meet the needs of the community.

1130 Medium term – five to 15 years. So capital expenditure is by its nature quite volatile, increasing and decreasing as large scale projects are commenced and completed. It is therefore impractical to expect that actual capital spend will equal 3% of GDP in any given year, or for that matter, for the reasons I have given, any given political term.

1135 So while it may be necessary to spend less than 3% of GDP in any given year, this does not remove the economic and fiscal risk of not making sufficient investment in the medium term in order to better reflect this criterion as applied as a medium-term average.

1140 Now, the reason, sir, I am speaking on this is because Members who have been in this Assembly a while, Members who were in this Assembly in my first term, between 2000 and 2004, will remember what an absolute awful mess the construction industry in this Island was in. It was in such a mess that tender price inflation was running at a staggering 38% per annum, and we as a public sector were stoking that inflation, desperate to bring forward construction programmes at precisely the wrong time.

1145 Now, the cost to the States was absolutely enormous and so they commissioned an economic model of the construction industry, which concluded, quite sensibly, that the States had its part to play in the economic cycle. Bringing forward projects at a time of weak demand, and being very sensible about bringing forward projects at a time of strong demand. Why? Because, not only did that mean the projects were more likely to be delivered on time, but it meant they were much more likely to be delivered on budget.

1150 Now, I would agree with Deputy Yerby if economic cycles ran conveniently over a four-year period. They do not, and history has proven that time and time again. So to have a constraint in place where we were desperate, let's say, in year three of a term, because we had only managed in year three to spend 6%, and we should be at 9%, to rush forward 6% of GDP expenditure to satisfy this rule, could have absolutely calamitous effects, as it did back in 2003-04.

It is not a sensible policy. I understand Deputy Yerby's intent, but it is absolutely wrong in economic terms. That is why all the experts have advised us not to do it.

1155 I ask Members to reject this amendment, sir.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, Mr Bailiff.

1160 I have to say I am torn because I agree with the thrust of what Deputy Yerby says very much, and I disagree with some of what Deputy Trott has just said, and yet I think, probably politically I am much closer to Deputy Yerby than I am to Deputy Trott, to be honest – not always, on every issue, but generally in our philosophy – but I have to, I am afraid, go with Deputy Trott, and that pains me. *(Laughter)*

1165 Possibly because I do not want to challenge Deputy Fallaize's hard earned reputation for pedantry, but I think I am with him on this one. I do not know what his view on this one is, but my view is that the actual wording of the amendment is just too constrained for me to be able to support.

1170 However, in rejecting it I want to support the spirit behind it, to some extent, because I, like Deputy Yerby, do not know if 3% of GDP is the right target or not. What I do know is that any organisation that fails to reinvest properly in their infrastructure is doomed for failure (**A Member:** hear, hear.) That is true in business and it is true as a community. Okay a community may not go bankrupt, but it is heading for difficulties if it does not properly reinvest in its infrastructure. I do not think we have been doing that well enough.

1175 I think we have been underspending on our infrastructure, and I think the reason for that has not been the laudable reasons put forward by Deputy Trott about being contra cyclical and

1180 spending at the most appropriate time. I think it is because we have had problems balancing the books – and we have; we passed an amendment recently, just minutes ago, that said the way to tackle that is by a combination of reducing revenue spending and raising extra revenue. We did not say, ‘... and slash and burn on your capital programme because that will help you balance the books,’ and I think that is what we have been doing. (**A Member:** Hear, hear.)

1185 In fact, actually, over the last two or three years, I think, we should have been stimulating the economy. I think that the proper way to get value for money and to go against the economic cycle over the last two or three years would have been to up our capital spending. We have not been doing that, and we have not been doing that because we have been worried, understandably. I understand the problem that P&R face, of actually not running through our reserves too quickly, and if we are running through them already, as we have been – although, Hallelujah, we might actually be doing the opposite, according to the P&R meeting yesterday: at the end of this year, we have been running through our reserves, and I suppose if we had been
1190 spending more on capital, we would have been having to put more into the Capital Reserve, and we would have gone through them quicker.

1195 But there is no doubt in my mind we have not been spending anything like what we should have been on our infrastructure – not for a dearth of good projects, and we should have been moving the College of FE on to the St Peter Port campus years ago, from its current campus. We should have been re-profiling the old parts of the PEH, the sort of 1940’s block, a long time ago. So there are plenty of things we could have been doing, and should have been doing.

1200 So I hope, perhaps a bit like taxing motorists, while failing – because it probably has to fail – that the amendment put by Deputy Yerby will have brought a sharp focus on the fact that we have not been making proper investment in our infrastructure.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

1205 I will oppose this amendment, because it is completely detached from reality. It really is, because it is a dreamer’s amendment: (*Laughter*) ‘everything works in four year cycles’, ‘you can just get projects to go through just like that’. I have been a member of several project boards; you will not believe what happens during a project board period when spokes get put in the wheel; things get put back. There are always problems, nothing ever gets delivered on time and that is life.

1210 I have one point I would like to make: this business of not including the capital spend of our States’ entities in our spending profile on capital projects. Now, Professor Wood, I went to his presentation, he always says, ‘Oh no you should not include those,’ but I have got a feeling he was comparing us with the UK where Guernsey Water and the Electricity companies are all privatised, and they all have to report to shareholders. In Guernsey they are owned by us, and we pay for them through our charges.
1215

1220 Now, I still do not see why the capital expenditure of entities like Guernsey Electricity, Guernsey Post, Guernsey Water, even States’ Works, cannot be included, because they are Government-owned entities, which do spend money on capital projects, which are funded by the public. Nothing goes to shareholders, it is all still within the same community. Now, if you were to include expenditure by Guernsey Electricity, in particular, we are running, I suspect, well over the 3% – and what is wrong with that? I do not think we are doing quite so badly as is painted. I still view that these different entities should be regarded as part of the capital programme, part of the 3%.

1225 I will give you one anomaly that is now going to arise: Belle Greve Outfall. That was funded to the tune of £19 million from general revenue, and that is considered as part of our 3%. If it is now going to be transferred to Guernsey Water, we are going to get the money back, is that no longer £19 million spent by Government? Well, of course not. It is just that it is going to be paid for in a different way. I think this blurring is unwelcome and I would include, if only as an addendum or

just as information, what money has been spent each year by our trading entities, because it will throw a different light on our actual expenditure on infrastructure.

1230 Thank you, sir.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

1235 Well, quite clearly, there has been underinvestment, and there is underinvestment, in infrastructure. It was not always this way. I think, at something like 2009 prices – I know this because of the work which I, and others, did on capital expenditure when the initial T&R borrowing proposals were put to the States, and defeated: the annual expenditure was running at about £60 million per year, on capital, so this has not been the story of capital expenditure all the time.

1240 I think, though, one ought to be ... the best example, in addition to the list that Deputy Roffey, rightly, referred to of underinvestment in capital, is if you drive three or four miles south-west of here you get to La Mare de Carteret School, and to argue that there has not been underinvestment in capital, when you look at that site and other areas of the Education Estate as well, clearly there has been underinvestment.

1245 I think we should be a bit cautious though about suggesting that it has all been very carefully, meticulously planned. I think, probably, on this I think it has been more a case of cock up than conspiracy, because a lot of the problem has been that the States, and various of its Committees, have not managed capital projects well.

1250 Now, I mean La Mare de Carteret is an example: the States agreed to it, then they do not agree to it. It has been in the so-called pipeline for years, for several States' terms, but for various reasons the list of projects which the States initially commit to is not undertaken always in the way agreed; and that is not a problem of the expenditure profile, it is a problem in the way in which projects are managed.

1255 I am torn by this amendment as well. One potential problem is the opposite problem to the one that Deputy Trott referred to, which probably tells us more about his political philosophy than it does about the amendment, because he said it would tie the States potentially to spending more on capital projects than would be wise in one States' term, in view of the conditions of the economic cycle.

1260 But he did not say that the opposite problem could arise. It is not inconceivable – perhaps not this Assembly, but it is not inconceivable – that a future Assembly, might be as enlightened as the States were in the 1920's and undertake stimulus projects, for example the construction of the Val des Terres. Now, I do not know whether at that point States' expenditure was more than 3% of the size of the economy in any one States' term, but I would not mind betting that it probably was, because it was purposely undertaken as economic stimulus.

1265 It might be that a future States wishes to undertake more capital projects, primarily for economic stimulus, which might require going above the average 3% commitment in relation to GDP. Now, strictly speaking, this amendment would not permit that. So I know that Deputy Yerby has laid it from the perspective of recent underinvestment in capital expenditure, but if we tie ourselves to 3% of GDP in every States' term, we have to realise ... and then we live with that commitment, there is the possibility of spending more on capital projects than the economic cycle might suggest. There is also the possibility of spending less on capital projects than the economic cycle suggests is sensible.

1270 The attraction for me in this amendment, is not so much related to actual capital expenditure, which is what Deputy Yerby is trying to amend, but is in relation to the transfers from general revenue to the Capital Reserve. Now, while I accept that it is too inflexible to commit to spending 3% of GDP on capital projects in every States' term, I do not accept that it is too inflexible to commit to making transfers to the Capital Reserve from general revenue which equate to 3% of GDP in every States' term. Whether the money is spent or not, is not the issue; it is capital

1280 expenditure which has to be managed in relation to the economic cycle, which is what Deputy Trott is referring to.

1285 But the transfers to the Capital Reserve should, in every States' term, equate to 3% of GDP, because if they do not then we are not going to spend 3% in the medium term, whether the medium term is 10, 15 years or 100 years. If we allow ourselves, as we have been, in recent States' terms, to transfer to the Capital Reserve, which is the primary means of funding these projects, sums of money on an annual basis which falls short of 3% of GDP, then we are never going to deliver actual expenditure of 3% of GDP in the medium term.

1290 That is what attracts me to supporting this amendment. I know that the wording says actual capital expenditure, but I suspect that if the amendment is approved (*Laughter*) the Policy & Resources Committee will return to the States. I did actually end up voting for Deputy Roffey's amendment, I need to point out, but I think it would provoke the Policy & Resources Committee into returning to the States and saying, look, we think that this is now too inflexible a policy, but we recognise that the medium term may be too long a period over which to set this policy, but moreover, it might provoke from them a commitment that the transfers to the Capital Reserve every year will be what they should be. I think it is just short of £40 million a year.

1295 Now, what is spent, I am happy that Deputy Trott and his colleagues on the Committee manage in accordance with the economic cycle, but the transfers from general revenue to the Capital Reserve should be 3% of GDP every year, otherwise we are building in systemic underinvestment in capital infrastructure.

1300 Thank you, sir.

The Bailiff: Deputy Ferbrache.

1305 **Deputy Ferbrache:** Sir, when I first received, as we all did, the amendment – amendment 4 – from Deputy Yerby, seconded by Deputy Green, I had a similar view to Deputy Kuttelwascher and to Deputy Trott. I have now got exactly the reverse view and the reason for that is because I have had time to reflect.

1310 Now, when I look at the figures in our facts and figures book, the GDP last year was £2,355,000,000 so 3% is roughly £70 million. So using today's figures in a parliamentary or Assembly term that is about £280 million on capital projects.

1315 Now look at the capital projects that we have to deliver or we should be expected to deliver. The College of Further Education: I agree with Deputy Roffey, that would be a great project, whether it is the medium term, the long term, the short term, the whatever it is term, there are so many terms I have lost thought of what a term should be. (**A Member:** Terminology) Thank you very much, Deputy Brehaut said terminology.

1320 But in relation to that, those are things that should be as soon as is reasonably practical: the PEH that he refers to should be done as soon as it is reasonably practical; the La Mare de Carteret School should be done very soon. All of those things need to be done, and there are many others, but we have not invested enough in capital projects.

1325 I was very pleased to hear – and no doubt accurately said by Deputy Trott today – that it is likely, not certainly – properly caveated it, but it is likely, not certain – that by the end of this year the Budget will be in balance. But I would like to see the detail in due course, because I remember Deputy Dorey previously making a speech saying, 'Well hang on, you have said that Deputy Trott, in a different context, but we are still going to be ... we have still got this structural problem, we have still got this structural problem.' Now, I would be delighted if we all see the information at the end of this year if that structural problem is eliminated, but I would also be very surprised, because it will not be. So we are still going to have a structural problem at the end of the year.

1330 I was, frankly, as I said, underwhelmed by the Budget, though I voted for it and we all voted for it – well, overwhelmingly voted for it – because it was uninspiring. It inspired me to nothing. But it was prudent, and we had to do it, because we had no better option, but I was originally, when I was thinking the other way, going to throw down the challenge to Deputy Yerby, when she

summed up, about saying, 'Well how are we going to get this money? How are we going to do it?' But now I am President of Economic Development and I have heard now five, six, seven times, I think, in the course of this States, Deputy Trott saying, 'Well it is for you, Economic Development, to produce the goods.'

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We will do our best, but we are not going to be able to pull magic rabbits from a hat. We are not going to be able to, in the next three and a half years or so, be able to bring in lots and lots of millions of pounds that we would love to bring in. We will do our best and it is going to be a slow burn, and I believe that we will be successful. But we have structural problems, and again Deputy Fallaize and others have commented, both today and previously, about the burden needs to fall on those with the broadest shoulders. So we have got to do something a bit more revolutionary than evolutionary.

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Policies for 20 years are great and fine and wonderful, but what we know is that they will not be the same in five years' time, or the decisions that we make today. When we do this, when we make these decisions, that we are going to make today, tomorrow etc. ... and I will be supporting most of the amendments, including Deputy Brehaut's, I just mention that now – (*Laughter*)

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Deputy Brehaut: I will do a shorter speech – (*Laughter*)

Deputy Ferbrache: But in relation to those, those are ... when I say both aspirational and achievable, I mean that in a positive way. But we have got to have ... we have got to do something for the economy. Deputy Trott talked about 38% construction inflation in the 2000 [*Inaudible*] I am sure he is actually accurate. I can remember those details; I was not in the States, but I can remember those details.

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Well, that is no answer. Government has got to do its best to control that. Government has got to come up and say we have all got to budget as individuals, we have all got bills to pay, we have all got different people at different cycles of their lives. There will be people here with mortgages; they have got to allow x pounds per month to pay their mortgage; they have got to allow x pounds per month to educate their children; they have got to have x pounds per week to pay for their food and electricity etc. Now, if we as individuals can do it and the 63,000 people that live in this Island are expected to do it, and the 2,000 that live in Alderney and the 500 in Sark and everywhere else – if they are expected to do it, surely Government should be able to do it. Government should be able to budget.

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Government should, over the term of a States' Assembly – four years – at the beginning say this is where we want to get to at the end. I know we have got all these wonderful economists that talk about economic cycles for five to seven years etc. I did economics A-level. I never understood it even though I passed it, and I do not really understand it now, (*Laughter*) but neither do I think lots of these learned economists, because they tell you one thing today and they say something completely different tomorrow, because they got it wrong today and they have not got much idea tomorrow what they are going to say, but they put it forward. I am not saying we should have a foundation that is a formless structure; we have got to have a foundation full – and full, full; those are probably not good words but you all understand what I mean – structure.

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So when I hear, I am a little disappointed – an excellent speech, as nearly always, by Deputy Fallaize, but I am a little disappointed – when he said, 'Perhaps the amendment is too restrictive because you do not throw it out,' I do not think he is saying that, but you do not throw it out because it is too restrictive, because if in due course the policy proves to be too restrictive you change the policy.

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You do not throw out what is a good idea, because legalistically – and I am the most legalistic of lawyers – you think it is too prescribed, you do what you think is right on the day. What is right on the day is encouraging the construction industry, because it is in a poor state, controlling it so that you do not have rapid inflation, but also investing in our schools, investing in our roads, investing in these other projects that others have already referred to. You do that.

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1385 It is different from maintenance, because we all say the telly last night and there were the things with the poles in the floor and all that kind of stuff. That is maintenance, and that is a different thing, there should be a proper maintenance for all the States. I can remember when I was first in the States in 1994-97 as a Deputy for the Parish of the Castel, I went round to Beaucamps School, I went round to Castel School, and it was clear that no maintenance had been spent on those schools for many years, and they were in a deplorable state.

1390 We are better than that now, but we have got to be better than rejecting Deputy Yerby and Deputy Green's amendment, because it is something that we should achieve and something that with good Government we will achieve.

1395 What I would like to hear, possibly from Deputy Trott, but Deputy St Pier can speak and other members of Policy & Resources can speak, is to what they are going to do over the next 12 months, and the next 12 months after that, and the next 12 months after that, to do some structural alteration to our tax system, so that it can produce more revenue, and so that it can deal with the point that Deputy Dorey dealt with in a previous debate, and eradicate, or improve or amend, the structural deficit. That is what I would like to say, and I will be supporting the amendment.

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The Bailiff: Deputy de Lisle.

1405 **Deputy de Lisle:** Sir, I have argued consistently during the Budget debates that cuts in revenue spending should be carried through into our capital appropriations. I think this is very important, particularly at the current time.

I mean the last speaker has spoken about maintaining the 3%, actually, appropriation, but in fact, if you look at what is going on in the private sector, companies are very careful at the moment as to what they are spending on, and where they are spending. I think it is a lesson for Government at the current time.

1410 Over the last couple of years, actually, I have been very pleased to note that Policy & Resources have reduced capital expenditure in order to deal with the Budget deficit, or to make some inroads into that deficit, and I am very pleased to have seen that that has now been something that has been adopted.

1415 I would support a reduction in the 3% target, actually, currently, which I think should be reduced. It might be returned in days when we have a more favourable fiscal output. But the times for spending on infrastructure were when we had surpluses of let's say £50 million, and those were the days when, perhaps, not enough was spent with respect to capital projects.

1420 So I will not be supporting the amendment that has been put forward, because I feel that we have to tighten our belts, not only in terms of revenue spending, but also in terms of capital spending at the current time.

Thank you, sir.

The Bailiff: Deputy Smithies.

1425 **Deputy Smithies:** Thank you, sir.

It is often said in matters of fashion that if you wait long enough the old fashion suddenly comes back into vogue. Maybe now we are just seeing a revival of Keynesian economics 100 years on, would be interesting to know.

1430 Deputy Kuttelwascher has made mention of the SDSB's involvement in capital expenditure, which I think is a very valid point and it is one which I promise him the board will be looking long and hard at, and formulating some answers for him. I cannot give him an answer at the moment.

1435 I do find myself in a very curious position: do I vote for this amendment with my heart or with my head? Deputy Trott has rehearsed the prudent and sensible course, but my day-to-day experience is of many years of underinvestment in the infrastructure, and that is tending to sway my view. I am inclined to follow my heart, in spite of my past experience as to where that can lead.

There is one big, but as far as I am concerned, and that is if money is to be spent on infrastructure projects then it is vital that they be awarded to local firms (**Severall Members:** Hear, hear.) so that any money stays within the Bailiwick.

1440 **The Bailiff:** Deputy Green.

Deputy Green: Sir, thank you very much.

I think I have got four points to make. Firstly, it is probably worth spending a few minutes just talking about the phrase 'medium term', because we self-define the term 'medium term' in these papers before us as being between five and 15 years, but I do not think there is any magic to that. I do not think there is any real particular magic to that at all. I think that is just a definition that has been chosen. Five to 15 years is a long period, a long time frame; it is a fairly nebulous period really. All this amendment is really trying to do is to ask the question, really, what should be the appropriate time frame. I am not sure that really there has been a particular precise answer to why a five- to 15-year-period is the right period. We have heard things about why four years might not be the right period, but I am not sure we have actually heard that five to 15 years is the right period either.

The second point I wanted to make was: we have heard a few arguments today about the importance of the States bringing forward capital projects to stimulate the economy. The whole point is that when the private sector reduces investment the argument is that the public sector can then step up investment in order to fill that gap, in order to stimulate the economy; and the reverse also applies at times when there is a lot of private sector demand, a lot of private sector spending; the States then takes the foot off the metaphorical gas as it were.

What we are doing at the moment is, we have had a lack of private sector investment, a lack of private sector spending, a lack of economic activity, but the States has also been deciding not to invest in capital infrastructure, and that does not work, fundamentally, from any economic perspective. This is exactly the right time when we should be trying to stimulate the economy by bringing forward timely, necessary, affordable capital projects. But we are not doing that and I think that is wrong. I just do not think that is the right thing to be doing. At least this amendment gives us an opportunity to focus again on that critical question of why is it that we are not investing sufficiently in capital projects, at exactly the time when we ought to be doing that.

Deputy Ferbrache asked the perfectly valid question, 'Well, how do you fund this?' and that is a key question. It is not necessarily a question for today, but it is one that we will have to revisit.

I think it was Deputy Fallaize who made the point about the 1930's, about the fact that, obviously, Val des Terres is probably the most famous example of a Government public works, as it were, to stimulate the economy, to reduce unemployment in the Island at that time. I think you can overdo the parallels between now and the 1930's, although recent events perhaps (*Laughter*) might cause some rethinking on that. But, no, I think you can overdo those parallels, but nonetheless the fact remains that in Guernsey in the past we have undertaken very worthy projects to stimulate local demand, and that is still a valid argument now.

The third point I wanted to raise was in relation to something Deputy Kuttelwascher said, because he made the point that we, in the capitalisation of the 3% of GDP target and we do not take into account, at this stage, the capital spending that the incorporated and unincorporated trading entities do spend. I think that is actually dealt with quite well in the fiscal framework itself. The point at 6.7 is made well, which is, and I quote:

It should not encompass capital spending made by the States' incorporated and unincorporated trading entities, given that these should operate like commercial entities.

In other words, they are treated. Whether it is right or wrong or not is a separate question, but they are treated as if they are commercial, *quasi* commercial activities, and of course, Deputy Kuttelwascher, is not bringing an amendment to change that approach, so we have to accept that.

1485 In the absence of an amendment to actually change that we have to accept that that is the reality that is in front of us.

Sir, I think the final point I was going to make is just to re-emphasise the point that Deputy Fallaize made, which is that if we are going to actually achieve the target that we have got, transfers to the Capital Reserve from general revenue, 3% of GDP annually, is actually probably what is required to actually achieve the target that we have got at the moment, in terms of the medium term. I do not think we should be too restrictive in the wording of this amendment. I think to support this amendment is a real opportunity for States' Members to send a very clear signal to Policy & Resources, to the community at large, that actually we need to fundamentally rethink what we are doing in terms of capital expenditure, that the current rules are not working, that we are underinvesting in capital projects, and we need to do much better.

1495 So I would encourage all Members to seriously think about this and to seriously consider supporting it.

The Bailiff: Deputy Le Tocq.

1500 **Deputy Le Tocq:** Thank you, sir.

I have to agree with Deputy Ferbrache in terms of the way in which one takes advice from economists these days, in terms of their advice being one thing one day and one another. It is very much like other areas: who do you believe these days? Economists, pollsters, lawyers? I mean it is ... (*Laughter*) I think it was President Reagan of the USA who said years ago that he wanted his next Chief of Staff to be a one-armed man, because he was fed up with him saying, 'On the one hand this and the one hand that.' (*Laughter*)

1505 But at the same time, I am somewhat concerned. I am glad that Deputy Ferbrache and members of his Committee are going to do their best with the mandate that they have been given by this Assembly. However, I am somewhat uninspired so far by his vision of the future and I do believe that Economic Development should be coming forward with effective ways, given the size of the economy we have got at the moment, the restrictions on population and seeking ways in which we can be swift and nimble and effective; and I do see it down, primarily, to his Committee to paint a picture of the future of how we should be investing and looking at getting the economy to return more to our coffers. So I look forward to their best, in terms of how they are going to move forward with that.

1515 I would not want to disagree with my colleague, Deputy Trott, and I do not do so very often, and I am certainly not going to support this amendment, but I think it has to be said, and he referred to his first term in this Assembly, which was also my first term in this Assembly, and then our second term when we served together on the then Treasury & Resources Department, that the economic model was brought in because of, as he rightly said, the overheating in our construction industry, primarily driven by the States choosing the wrong timing to bring forward some very significant projects, and not looking at the effect that that was having on the overall construction industry, when a number of very large projects were being done in the private sector as well.

1525 In fact, that economic modelling, I think, would be very useful for us again today, (**A Member:** Hear, hear.) for different reasons, because I do think this is the time in which we, as a Government, should be thinking of, and looking at, effective stimulants to our construction industry that might help boost other areas of the economy. But that is for another day.

1530 What I will say, though, to that period 16 years ago or so is that we were in that mess because there had been virtually no investment – and others have hinted at it – in our capital infrastructure for many years. For years, in which, in fact, we were putting money aside and the States had quite significant reserves, but were very cautious about how they spent those reserves and, as the famous comedian Eric Morecambe said, 'Timing is everything'. I think timing is everything for us.

1535 But coming down, specifically, to this particular amendment, I think we are being too restrictive if we say that we need to make this allocation within the States' term. We are asking too much of

ourselves. We are asking for failure almost immediately. We do need flexibility and we need the ability to be able to work together in the spirit of this amendment, and I think I do understand the spirit of this amendment, and irrespective of how this goes – and I would not be encouraging people to vote for it – I do think it is important we have this debate on this amendment, so that we can see and learn from, genuinely, the lessons of the past.

How often do we say lessons need to be learnt, and we have big reviews and all sorts of things, overspends of the past? People still think that our capital projects overspend, well, we are not doing any capital projects at the moment so there is no chance of that, but actually in the recent past they have not overspent, because we learnt from some of those things in the past. But very often we do need to learn and look back and think far more carefully, and we need to work more collegiately in that respect to keep ourselves, I think, to some of the spirit of this amendment, but I do not think we should restrict ourselves to trying to economically steer things to be within that term, even to the degree that Deputy Fallaize said, about allocating money and putting it aside for that, because even with that ... and who knows how the interest rates are going to be affected in the near future. We need to be not restricting ourselves, effectively; we need to certainly be more creative.

So I cannot support this amendment, but I do understand the spirit in which it has been laid, and the speeches that have been made so far in favour of it. I hope that Members understand my particular position on this and vote accordingly.

Thank you.

**Welcome to
His Excellency Ambassador Simon Smits,
Embassy of the Kingdom of the Netherlands, London**

The Bailiff: Members of the States, may I just draw your attention to the presence in the Public Gallery of His Excellency Ambassador Simon Smits, who is on an official visit to the Island from the Embassy of the Kingdom of the Netherlands in London. A very warm welcome to you, your Excellency. *(Applause)*

Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I will support this amendment. I understand Deputy Le Tocq's speech and his arguments about the need for flexibility, but the result of having that flexibility when the economy has been needing capital expenditure in the recent time has been the lack of expenditure. I think that we need to send a message this is a framework, this is not ... it is in ink, but there is flexibility in terms of how it is interpreted, and we have seen many of the different parts of the framework not followed. So I fully understand that there will be situations when you might not want to follow it to the last letter, but I think we need to send a message out that what has happened in the immediate past is not acceptable.

I think, and I have seen some of the projects, and I have seen what I interpret as a complete lack of political support from the previous T&R to make them happen. It is not just that, it is resources to make them progress. We had the Asset Management Plan which came here. We know there are a number of buildings where we have got staff working, which are not fit for purpose and it would be far more efficient to work from better capital assets, but we just do not have the resources to make those projects happen. That is part of the problem that we have had.

I think there has been political will in some places to make it happen. But I think there has been a lack of political support from T&R, and there has been a lack of resources to those different Departments, as in the past, to progress those projects. So I think we need to send a message, so that is why I will support it.

1585 I would just like to pick up one or two points. Deputy Kuttelwascher spoke about including utilities – I think Deputy Green partly covered that but I would say if you are going to include them in the 3% you spend then you are broadening it, so you should be increasing that 3%. That 3% is based on capital expenditure. Fine, if you want to broaden it to include utilities we need to be talking about a higher number than 3%. You cannot just broaden it and keep it at 3%, because that would mean that we would spend, effectively, less on capital assets.

1590 I think Deputy Ferbrache spoke about maintenance, and I think he highlighted a key point, sometimes the way to solve the problem is to maintain. (**A Member:** Hear, hear.) I was on the Castel School Committee 15 years and I was, like him, appalled at the condition of the school, but when they did allocate money to maintain it they turned it round. It was a mixture of old buildings and new buildings, but they were completely turned around and they became fit for purpose, and you can see when you look at La Mare compared to La Houquette, they are two schools which were built at similar time, using similar systems, which are in completely different positions in terms of their being fit for purpose, and that is because proper maintenance was done on one and not on the other.

1595 So the solution is not always to rebuild, but we do need at times to rebuild; and I want to send a message to P&R that we want to progress projects and they need to make sure there are resources to do it, so that they can be achieved.

I will support this amendment.

1600 Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes, thank you, sir.

1605 Deputy Dorey, of course, makes a shrewd point, that if the 3% of capital does not include water and public works, well, depending on how you do it, then if we are spending it, let's say on water works, then we are not spending it on schools, or areas of infrastructure that we would more normally deem to be Government expenditure.

1610 We have had a lot of side debates today. Like Deputy Ferbrache, I did Economics A-level; in fact I did it twice; in fact, I think I did it three times, and I got two Bs and an E, but never mind. I would like to see some of those magic rabbits come out of a hat as well. But, in a way, on this amendment we need to be not too legalistic but focus on the point it is trying to make.

1615 Deputy Trott gave us a nice history lesson on the economic model, that I remember very well, as he spearheaded it in his first major challenge as a States' Member, and at the time he was working closing with Deputy Morgan and Deputy Roper, and he describes in a funny sort of way, really, the building industry as being in a terrible state at the time. Well, I wish we were in that state now. I mean the reason why there was this ridiculous inflation was because the demand for construction projects was completely outperforming the supply of builders, and labour and people in the sector. So it did make sense in that period to have a more rational way of working through the process. At the time, that was the period; for example, when we did the Performing Arts Centre, and we did the Airport and all kinds of other projects.

1620 Today is different, and I think maybe why we have heard slightly differing messages from different members of Economic Development is, while they are, rightly, sceptical of dream economics, there is also a realisation that there are problems with the construction sector, and our infrastructure. I mean Deputy Kuttelwascher accused Deputy Yerby and Deputy Green, perhaps, of dreaming; in a way that is all about this whole green document, isn't it. It is a vision, it is not meant to be a programme and in a way some of these amendments are trying to give flesh to what is otherwise a nebulous waste of time. (*Laughter*) Because unless you actually have something that you are disagreeing on, and that actually means something will happen or something will not happen, then the debate lacks focus.

1630 To come back to the legalistic points, if you follow Deputy Trott's logic about the average investment of 3% of GDP per year in every States' term, it would mean that if we supported

1635 Deputy Yerby's amendment, you would get less value for your money, because 3% of the economy at a time of rapid inflation would, of course, give you far less bricks and mortar and concrete than at a time of deflation. But I do not think that is really the point of the amendment. Because it is about capital allocation, it is about storage of the value of that. Actually, if you went on a complete go slow but you still were required to do something urgently in capital, it would be pointless to say we would not do it.

1640 I mean, for a start, with all of these things, not just questioning economics, one could question statisticians and lexicographers, because what does a term mean? A term used to be three years when Deputy Ferbrache and myself were first Members, and Deputy Lowe; then it became four years. Arguably it should become five years, because we are increasingly thinking in five-year cycles.

1645 The medium term is always 'jam tomorrow', and I think the point of this amendment is to say this term, the three and three quarter years that we have left, is the term that we want to make a more focussed and realistic apportionment of capital, because although we had the really good news from Deputy Trott today that were back in surplus, and the deficit is finally history, maybe that is due, as other Members have pointed out, to perhaps £24 million we did not put into capital, and so it is artificial surplus at that level. It is a bit like myself saying I have got lots of money at the beginning of the month, and not actually having paid my bills. We are going back to Deputy Ferbrache's personal budget. We are in danger of the roof leaking and the rain coming through again.

1650 I believe that the sentiment behind this amendment should be supported because we will, of course, have a second reading of this when it comes back in a more detailed framework. Capital itself can be defined in different ways. I was a bit surprised to see in the policy document that minor capital includes police cars. Well, some police cars can be quite well constructed, and perhaps more like buses, in a way.

1655 So how you define major and minor capital expenditure is another argument for another day, as is the GDP as we will come to later. But I think, as far as it goes, we should give this amendment the benefit of the doubt and support Deputy Yerby and Deputy Green, in order to gain a more cohesive strategy towards investing in capital, rather than shelving it, in order to create perhaps artificial surpluses.

1665 **A Member:** Hear, hear.

The Bailiff: Anyone else?

Deputy St Pier then will speak immediately before Deputy Yerby replies to the debate.

Deputy St Pier: Thank you, sir.

1670 As Deputy Yerby knows, I have the greatest respect for her, but on this one I am with Deputy Kuttelwascher, I am afraid. This amendment is barking, but none the less, like Deputy Le Tocq, I welcome the debate on this important subject, which it has brought.

1675 She referred to a clip of me on television last night, I did not see what was reported, however, I can advise that the context of the comments about lack of projects was not a reference to what is in the current pipeline, it was an explanation as to the experience to date, since the framework was adopted, and why we have failed to achieve the target in the years to date. My explanation was the lack of projects. Certainly, I would agree we have plenty to keep us going over the next few years, which is as we discussed in the Budget last month, and the problem is going to be the funding to deliver those, rather than the projects themselves.

1680 Certainly, I think that addresses Deputy Roffey's point that we have not been stimulating the economy in the last two years, not because we have been cutting spending, or allocations to the Capital Reserve, but simply because the projects have not been ready to go, and of course one of the biggest ones of those was the La Mare School, and we know why that project has not

1685 proceeded to date, because of wider issues around the future of secondary education in the Island.

1690 In relation to spending on those States' trading assets, Deputy Smithies spoke about that. The water and the sewage system, of course, was grossly underinvested in for a number of years, and of course that is part of our infrastructure. So although it is right and should not be part of this target, as we explain in paragraph 6.6 of the appendix, it is important that we keep an eye on the level of infrastructure spending from our trading assets. Of course, at 6.6 we explain that the target will be measured against routine capital expenditure within general revenue expenditure from the Capital Reserve, the Corporate Housing Programme and capital projects from the Guernsey Insurance Funds.

1695 I think I object – no, I do object to Deputy Dorey's comment about a complete lack of political support in the last term. He was making the point, I would suggest with some hyperbole, I cannot agree, that there was complete lack of support. That was not the case at all and I am sure Deputy Kuttelwascher would agree with me, having served with me in the last term.

1700 Of course, Deputy Fallaize's suggestion that this is really all about transfers to the Capital Reserve, and if we ensure that we transfer 3% of GDP to the Capital Reserve, then we will achieve what we need to achieve in the long term. As so often with Deputy Fallaize, a siren voice, which is oh so seductive, oh so a rational explanation, but of course it presumes that the 3% target is right. Of course the point, as we make in 6.2 of the Report, is the 3% of GDP level is by reference to European Union averages, and we have to keep in mind what is relevant for our own jurisdiction; which really takes me to Deputy de Lisle's point –

1705 I will give way to Deputy Fallaize.

Deputy Fallaize: I am grateful to Deputy St Pier, and I am not standing because of his very kind words about my speaking.

1710 I am standing because surely he cannot argue what he has just argued in opposition to this amendment, because the 3% of GDP is being proposed by his Committee, it is in the fiscal framework, asking the States to commit Government to the following fiscal rules, actual capital expenditure averaging 3% of GDP per annum. Now, I do not disagree with him, that I think the 3% could be argued. I do not think there is any great science behind it, maybe it needs to be revisited, but surely Deputy Yerby cannot be criticised for pegging the States to 3% when it is being proposed by Policy & Resources.

Several Members: Hear, hear.

1720 **The Bailiff:** Deputy St Pier.

1725 **Deputy St Pier:** It is, of course, the 3% over the medium term that is the critical point (*Interjection and laughter*) and that is the difference. Whether we have 3% over a States' term is 3% allocation to the Capital Reserve each year, all of these have different implications and outcomes for the management of the States' finances. What is important is we keep an eye on what we actually need to replace in the medium term, and that will be lumpy; our expenditure will be lumps as a result.

1730 Deputy Yerby gave two variants, two versions, of what would happen if this amendment was passed. I give a third version, which she did not refer to. I think what will happen if this is passed is that we will end up chasing projects and chasing the target, (**A Member:** Hear, hear.) and I think we will end up spending unnecessarily in order to achieve that 3% target. I think there are risks of becoming a spender's charter. I think what we have to keep in mind always, and my plea to Deputy Smithies and others, is we have to focus on what is the right level of spending for the right projects, and not seek to shoehorn it into an electoral cycle, irrespective of the economic cycle.

1735 For that reason, I strongly urge Members to reject this amendment.

The Bailiff: I was going to propose we rise for ... how long do you think you might be in your closing speech, Deputy Yerby? I do not want to ...

Deputy Yerby: My response is very short.

The Bailiff: In that case, Deputy Yerby will reply to the debate.

Deputy Yerby: Sir, I would just like to thank all Members for their contributions. We have had a lively debate and that was what I hoped we would achieve, and I am very grateful to Members for that.

If Deputy Ferbrache had posed his question to me, of where the money could come from, then I would have said that we have just approved amendment 22(d)(ii) which directs us not to contravene any part of the fiscal policy framework. So the question already stands; structural deficits will have no place to hide. However, I am very grateful for his support, especially as I have been less than generous in supporting previous amendments, which he has laid.

I feel for Policy & Resources in this, because they clearly do not want this amendment, but neither do they have any affection for the current rule; they cannot mount a strong defence for it. Deputy Le Tocq's discomfort was clear evidence of that.

But, after all that has been said this morning, if Members do not support this amendment it will send a message that we are quite happy with capital investment carrying on as it has in the past. **(Several Members: Hear, hear.)**

Deputy Fallaize and Deputy Dorey said it well: if we approve this it sends a message, it provokes Policy & Resources into action. Can Members believe that if this amendment is lost P&R will really go away and think hard about how to do capital better? Of course they will not. They will breathe a sigh of relief, thank heaven they were not lumped with this nuisance amendment, and get on with other stuff that matters more to them, but if we approve it they are going to have to do something.

Most encouraging in this debate was Deputy Trott's view that we should occasionally listen to the advice of experts. We may have cause to remind him of that soon. *(Laughter)* But he also said, emphatically, that the States has its part to play in the economic cycle, and I agree and that is why I placed this amendment.

If Members want to see the States play its part to take capital investment seriously then I ask them to support this amendment, to make sure that P&R goes away to think about it, act on it, and ensure our approach to capital spending reflects the need for economic stimulus, and proper investment in public infrastructure.

The Bailiff: Deputy Yerby did not give way to Deputy Trott; no, she was not required to.

We vote then on amendment number 4, proposed by Deputy Yerby, seconded by Deputy Green, and there is a request for a recorded vote, if I –

Deputy Lester Queripel: Yes, please, sir.

The Bailiff: If I can read Deputy Queripel's mind. Yes. *(Laughter)* Yes, request for a recorded vote on amendment 4.

There was a recorded vote.

Not carried – Pour 18, Contre 18, Ne vote pas 0, Absent 4.

POUR

Deputy de Sausmarez
Deputy Prow
Deputy Oliver
Deputy Ferbrache

CONTRE

Deputy Soulsby
Deputy Roffey
Deputy Kuttelwascher
Deputy Tindall

NE VOTE PAS

None

ABSENT

Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Parkinson
Deputy Stephens

Deputy Brehaut	Deputy Le Clerc
Deputy Tooley	Deputy Trott
Deputy Gollop	Deputy Le Pelley
Deputy Lester Queripel	Deputy St Pier
Deputy Leadbeater	Deputy Meerveld
Deputy Mooney	Deputy Inder
Deputy Merrett	Deputy Lowe
Deputy Fallaize	Deputy Smithies
Deputy Laurie Queripel	Deputy Graham
Deputy Hansmann Rouxel	Deputy Paint
Deputy Green	Deputy Le Tocq
Deputy Dorey	Deputy Brouard
Deputy Dudley-Owen	Deputy De Lisle
Deputy Yerby	Deputy Langlois

1780 **The Bailiff:** Well, Members, the result of the voting on amendment 4 was 18 votes in favour and 18 against. It is therefore tied, and on that basis the amendment fails.

I did notice quite a lot of people did not turn their microphones on. I must remind you that under the Rules you must turn your microphones on. We could disqualify those who did not put their microphones on, and I have no idea where the vote would then end up. So please do put your microphones on.

1785 Can I just remind Members that we will move on now to the Deputy Brehaut amendments, all of which will be taken together, and unless anybody wishes to suggest otherwise we will then take the other amendments in the order in which they appear on the schedule that was circulated this morning.

1790 If anybody wishes to suggest otherwise can they please ...? Deputy Soulsby, would you like to move yours up the list, would you, because you have other engagements?

Deputy Soulsby: Just in case it gets too late.

1795 **The Bailiff:** Yes, I know Deputy Soulsby has meetings that she needs to attend. Perhaps, if there is no objection, shall we take Deputy Soulsby's amendment next, and then we know that ... We will take the Deputy Soulsby amendment straight after lunch, then the Deputy Brehaut amendments and the others in the order suggested, unless people wish to come and speak to me to suggest otherwise.

1800 Resume at 2.30 p.m.

*The Assembly adjourned at 12.35 p.m.
and resumed it sitting at 2.30 p.m.*

**The Policy & Resource Plan –
Phase one –
Debate continued**

The Bailiff: Well, Members, as we said just before we rose, we resume with the amendment which is to be proposed by Deputy Soulsby and seconded by Deputy Tooley.
Deputy Soulsby.

Amendment 1.

To insert at the end of the words in Proposition 3:

‘, but subject to the deletion of the four bullet points under the part of Appendix 1 entitled ‘Healthy Community’ on page 9, commencing with “Continue to deliver the Public Service Reform agenda...” and concluding with “...for the benefit of the community’s health and wellbeing”, and the substitution therefor of the following six bullet points: “

Focus on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes

Support the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors

Provide health and social care services that respect individual needs and promote independence and personal responsibility

Provide timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need to access it

Treat mental health with equal consideration and priority to physical health

Encourage and facilitate active lifestyles, and access to Guernsey's rich natural and cultural environment, for the benefit of the community's health and mental wellbeing, recognising the many social determinants of health".'

Deputy Soulsby: Sir, could the Greffier read it out please?

1805

The Bailiff: This is amendment number 1.

The Greffier read out the amendment.

Deputy Soulsby: Sir, yes, that is determinants –

The Greffier: Determinants, I beg your pardon.

1810

Deputy Soulsby: Otherwise, I do not know what we are doing! *(Laughter)*

The Bailiff: Deputy Soulsby.

1815

Deputy Soulsby: Sir, I would like to thank Deputy Brehaut for letting me jump the queue, and Deputy Yerby, not for giving me her cold, but for her input into this amendment.

This amendment is designed to enhance that part of the Policy & Resource Plan that relates to healthy community. Whilst the Committee for Health & Social Care could not argue with the action points set out, we think that the proposed amendment improves the current wording, and ties in more closely with the 2020 Vision. The implementation of which is at the core of the transformation of health and social care.

1820

We felt that the first bullet point relating to the public sector reform agenda probably was not where the primary emphasis should be and really missed what is, in reality, the only way of creating a sustainable health and social care system, and that is through prevention and early intervention.

1825

Secondly, we have replaced what was rather a, dare I say, clunky management speak opening bullet point with one that makes it clear transformation is a continual process which we cannot do alone.

The third bullet point adds a requirement to provide services that promote people's independence, as well as personal responsibility. We traditionally have a very paternalistic society, where if something happens we ask what the States is going to do about it. This creates an expectation and a dependency. The States' role should be to help others help themselves.

1830

The fourth bullet point has been brought in to make it clear, which it is not in the original set, that we will treat people who need treating. I think that is a particularly unfortunate omission. We may wish to prevent people needing care, but the reality is that the need will never disappear.

1835

Bullet point five is taken directly from the 2020 Vision, and we believe it is important that we make very clear in that overriding strategic plan, how mental health needs to be given equal priority and consideration as physical health. Mental health can impact on the physical, and vice

1840 *versa*. Now, it is important to treat the whole person and it is something that ties in with the last bullet point, which we have extended to include access to the natural and cultural environment.

1845 Research shows that the natural environment can reduce our stress and change not only our mood, but how our nervous, endocrine and immune systems work. Exposure to nature not only makes you feel better emotionally, it contributes to your physical wellbeing, reducing blood pressure, heart rate, muscle tension and the production of stress hormones. According to scientists, including public health researchers, Stomaticus and Mitchell it may even reduce mortality.

1850 More particularly, the value of gardening as therapy has been evidenced through a joint study by the Loughborough University and horticulture charity, Thrive. It found that gardening can have a positive effect on the physical and mental health, wellbeing and social skills of vulnerable adults. Many of those who took part in a research study were on medication for their health problems and had tried a number of conventional treatments. Being outside in the fresh air, undertaking the physical exercise that gardening demands, working with nature and nurturing plants all helped to improve clients' health and wellbeing, as well as helping build up self-esteem and develop social skills. In other words, the research showed that horticulture and gardening cannot be treated as a trivial activity, but comparable to any other physical therapy.

1855 Most recently, David Buck, in a report for the King's Fund, earlier this year, stated that evidence on the impact of gardens and gardening on health is closely related to the wide array of evidence on green spaces and health more generally. He recommends that directors of public health, health and wellbeing boards, and local government should use the evidence in his report to support and develop their public health plans and actions, and that clinical commissioning groups should include gardening as one of the many opportunities for patients in social prescribing projects, working with the third sector.

1860 We live in a world where the answer is seen to be to pop a pill, when in many cases a cure can be found by giving someone a rake and some seeds. Government should be helping people to access the healing powers of the natural and cultural environment. We need to encourage social prescribing, described as a way of linking patients with non-medical support in the community, including opportunities for physical activity, learning new skills, making friends, as well as support with employment and housing. It helps those with long term conditions, and encourages and improves self-care. It extends a GP's range of tools, provides an alternative to a drug prescription and reduces their workload.

1870 That is what this amendment is about. That is why we think it is important to demonstrate in the Policy & Resource Plan that health and wellbeing is about so much more than drugs and medicine, and how we need to treat the person as a whole. Mental and physical are intimately connected and it is important that we realise that now.

1875 So prevention and early intervention; partnership and engagement; mental health given equal consideration and priority as physical health; encouraging active lifestyles; promoting independence and personal responsibility, all are central to the 2020 Vision, and that is the reason for this amendment.

1880 I believe Policy & Resources will support this amendment and I ask Members to do likewise.

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

Deputy Tooley: I do, sir.

1885 **The Bailiff:** Deputy Trott, do you wish to speak now on behalf of the Committee?

Deputy Trott: Yes, sir.

1890 I rise to agree with Deputy Soulsby that the Policy & Resources Committee does, in fact, support this amendment.

The Bailiff: Thank you.
Deputy Prow.

Deputy Prow: Thank you, sir. I shall be very brief.

1895 As a member of the Committee for Health & Social Care, I can tell you that we need all the help we can get to transform the vital services that we are providing. This Plan is just one of the vehicles to do this. However, the original wording lacked some focus, on patients and service users, and without the important amendments and thrust on prevention, this could not be achieved.

1900 I therefore urge Members to support this and vote for the amendment in order to rectify this.
Thank you, sir.

The Bailiff: Deputy Laurie Queripel.

1905 **Deputy Laurie Queripel:** Thank you, sir.

I am going to support this amendment. It is full of good things. There are some excellent objectives contained within it.

I am particularly drawn to bullet point three, which says:

Provide health and social care services that respect individual needs and promote independence and personal responsibility.

1910 Now, sir, that one in particular is going to present challenges, not just for the individual, because the individual is being asked to take responsibility for themselves and for their health, but also for the States and also for the responsible Committees, particularly Health & Social Care. If the States are serious and the Committee is serious about that, we will have to be in listening mode, and take a more broad-minded, open-minded, perhaps more courageous approach.

1915 Many Islanders are happy to take responsibility for their health and for their wellbeing, but they need to be allowed to do that. I am thinking, sir, back to the debates we had in the last political term, particularly in regard to the EU legislation that we adopted in regard to herbal supplements and vitamin supplements. There is more of that to come.

1920 Now, I know Brexit has created some uncertainty: we do not know how we are going to be positioned when the dust has settled, but I imagine that we are going to be probably pretty much in the same place, perhaps a Protocol 3 kind of agreement. So there is going to be more of that legislation to come. That legislation will be on the restrictive side – it will not be on the liberal side or the pro-active side – and so we are going to have to be very careful. Do we just go along with all this legislation that is going to come our way, do we just go along with everything that the UK Regulator says in regard to health and medicines or do we find a way to plough, to some extent, our own furrow?

1925 So there is going to be an obligation on the States and on States' Committees, as well as an obligation on individuals if they want to take responsibility for their health and their wellbeing. Now, during that last term, when we had that debate on EU legislation, we heard from an awful lot of Islanders who were using supplements and food additives, and really felt they were benefitting from them. They said, 'We are taking responsibility for ourselves,' and they felt that responsibility, that opportunity, was going to be taken away from them if we increasingly went along with the EU in regard to restrictive legislation.

1930 Of course, all this can be traced back to something called CODEX Alimentarius, which is what actually triggers all these pieces of legislation from the EU. So we are going to have to ask people to take responsibility for themselves, but we are also going to have to allow them to take responsibility, and really look at making our own decisions rather than following others, almost slavishly following other jurisdictions.

Also, sir, I know of some Islanders with certain conditions who have applied for medicinal cannabis licences. Now, as far as I understand it, none have been granted, to this date, despite the

1940 fact that there is an increasing body of evidence that says medicinal cannabis can be helpful to
people with certain conditions: MS, depression, pain relief. These people have ... their cases have
not really been considered, they have just been denied the opportunity to have a licence to use
medicinal cannabis, and also of course if you do the research you will find that there are many
jurisdictions across the globe now who are accepting the fact that medicinal cannabis can be of
1945 benefit, and they are making provision for it.

So I think there are lots of things we can ask members of the public, Islanders, individuals, to
do to look after themselves, to take the burden off the States, off the health bill, to be pro-active,
but also I think we have to do our bit as well, we have to be accommodating, we have to really
look at these things very carefully and consider them.

1950 So I would just present that to ... as I say, I am going to support this amendment. I think it is
really good. There are some really good bullet points and really good objectives, but I have to say
the onus is not only on the individual, the onus is on the States and on Health & Social Care to be
open minded and to consider the kind of conditions that people have, consider the kind of things
that they, particularly in regard to supplements, think are helping them and benefitting them, and
1955 when all this next tranche of legislation comes our way we really need to think carefully about
what we approve and what we do not approve.

Thank you, sir.

The Bailiff: Deputy Green, then Deputy Gollop.

1960

Deputy Green: Sir, I will certainly be supporting this amendment.

The best thing about this amendment is the fact that it crystallises the fact that there should be
parity of esteem between the way in which we treat and regard physical health with mental health
considerations. I was quite surprised actually that the original draft of the Policy & Resource Plan,
1965 the section on Health and Community, did not make that express. The reason why I will be
supporting this amendment is because of that: the fifth bullet point to treat mental health with
equal consideration and priority to physical health.

The Bailiff: Deputy Gollop.

1970

Deputy Gollop: Sir, as always, Deputy Laurie Queripel has put, I will not say a spanner in the
works, but a very interesting counterview, really, that actually, quite a lot of us Deputies now are
kept on various social and other networks about people who have legitimate views, I think, that
they would wish in certain circumstances to have drug-based medicinal alternatives to
conventional pharmaceutical medicine. I think there is a debate to be had on that, perhaps not
1975 today but I think many of us know that. Perhaps Deputy Le Tocq and others can look into the
issue. There are some professionals on the network as well, and Deputy St Pier opened and
attended a conference that I think partly, amongst many other ideas, focused on that. So I think
that is a matter for this Assembly to look at in the fullness of time.

1980 I am going to support this amendment for many of the reasons Deputy Green and others have
outlined, even though I do not agree with all of it. Of course, I agree with the equality of mental
health – that is important – and on the pro-activity on focussing on the promotion of health and
wellbeing. I like the continuing transformation; that is a theme of this new Health & Social Care
Committee and indeed it is a kind of re-engineering really that may require challenging decisions
1985 to be made, but nevertheless we do have to be aware that the system needs to improve on a
structural basis and I certainly like the independence, the individual needs, the extra care element,
and, as I have said, the treating the mental health with equal consideration and priority to physical
health.

But there are two bits of this that I think require further comment. The last one is:

Encourage and facilitate active lifestyles, and access to Guernsey's rich natural and cultural environment, for the benefit
of the community's health and mental wellbeing, recognising the many social determinants of health.

1990 Well, hopefully, later we will get on to talk about the environmental amendments, which I generally support, and they fit in well with the culture and leisure element that Deputy Inder and others have supported. I remember we do not want to be too nostalgic, but I know the last two or three States during the ministerial era, if I can call it that, we had a large Health ministry and a very small Culture & Leisure ministry, that suffered significant cut backs in its finance, proportionately, and you know what, there was a feeling amongst many States' Members – *senior* States' Members too – that if you had to make hard choices you cut down on the Culture & Leisure type of budgets in order to support clinical and acute health. You can understand that.

1995 I remember a very interesting debate when some of us were chastised and humiliated, and maybe even lost votes when we supported Museum Heritage Archive Centre over screening. Difficult choices, but this amendment takes you right back in saying that we should actually put in the health and rich natural and cultural environment. Now, Deputy Lester Queripel, amongst others, for a long time, has been shouting and actively working for the integration of arts and therapy. We heard only last week a very useful project where the Arts Commissioner, Lottie Barnes, and Health & Social Care had done very highly creditable work at the Hospital. But I think if we are going to support this, we need to be aware that it will require resourcing. There are opportunities for partnership in the private and voluntary sector, but that is a point.

2000 The other one, which I think is more significant, actually, is the classic wellbeing catch all:

2005 Provide timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need to access it.

Well, that is effectively a bit like the great Aneurin Bevin's National Health System. (**A Member:** Hear, hear.) It is a call to arms. It is saying, open door.

2010 Now, this fiscal framework that we are wading our way through, it not only straps us in, is it 27%, 28%, I cannot remember, but whatever it is for 2.5% where we could be. You look across at other places: France is on 44%, Sweden and Norway even higher. The UK has gone down to 35% or 36%, albeit with a defence hike within that. How are we going to provide universal health coverage for everybody who wishes to need it, on that 2.5%? I do not know the answer to that, but I do not think there is a clear direction of travel there. I do not think there is any point about prioritising. There is no clear view, as Deputy Laurie Queripel has already identified, as to how far you will emulate other places.

2015 If it is true, and I think it should be, that Guernsey people have as much right within the limitations of the size of our community to top quality health care that you could get across the water in either Jersey, France or England, or anywhere else in the western world, then we have to accept that there will be diseconomies of scale, and it will be particularly hard to fund, both within the constraints of our Island income from taxation and Social Security, and also due to the fact that professional salaries on the Island tend to be a bit more expensive, than in many other countries and places.

2020 So when we are voting for the fourth part of this, it makes us feel good that we are doing something great and we are supporting health care for everybody; but what is the reality of resourcing that? I say that to challenge, maybe, the more financially conscious amongst us, to realise that you cannot have the penny and the bun.

2030 **The Bailiff:** Deputy Roffey.

Deputy Roffey: Thank you, sir.

2035 I am sure this amendment will be universally passed, but Deputy Laurie Queripel drew attention to bullet point three in respect of health care. I want to look at it very briefly in relation to social care. It says:

Provide health and social care services that respect individual needs and promote independence ...

I am not sure that we are doing that at the moment, and I think if we pass this, and then take cognisance of it, rather than just passing it and putting it on the shelf, which is what tends to happen with these plans, it has implications, in particular, for the long-term Health Insurance Scheme.

2040 At the moment it does not encourage the promotion of individual needs or independence. There is an absolute perverse incentive to go into residential care or nursing care, if you reach that level of dependence where you need social care provided, because then you will get the return for your premiums, you will get basically the whole of it paid for, unless you want a super duper one and you have to pay the top up. Whereas if you choose to stay at home with exactly the same
2045 needs and to have social care provided there, then it will cost you a great deal more.

So I am consciously voting for this and I am aware of the ramifications of this, and I ask this Assembly, if they vote for this, be aware that logically they should be voting for reform of that scheme, which was a brilliant scheme at its time but, like so many things, is now outdated.

2050 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Sir, I just want to make a general overview point about what is going on with these amendments. Right at the beginning Deputy St Pier said this was the bones of overarching strategy without the meat. In a speech before lunch Deputy Gollop said these
2055 amendments are putting meat on the bone. Now, should we be doing that – and what Deputy Roffey has just said is just that? Because really this should be something that is dealt with in the next stage where departments like Health & Social Care will come forward with all their plans, and everything that is in this amendment could come forward in a plan after this debate, and then it is going to be prioritised and that is where the backing will be.

2060 So I am just a little wary of where we are going with all these amendments, because I think they are most probably all unnecessary. Nonetheless, they will be passed, but what has been said about the funding of it, fine, but that will still have to go through a prioritisation process by next June, and it may not be forthcoming. So as long as people realise that: passing this does not guarantee its success or progress.

2065 Thank you.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: The problem with that is that we have got them in front of us so we have got
2070 to deal with them.

I will be supporting what you have here in terms of this amendment. I am particularly pleased to see the continued focus on preventative health care, to reduce the risks of premature mortality. I think that is a very important area and I am very pleased to note the concentration of the Director of Public Health in that particular area, and the Department's follow up with regard to
2075 this first bullet point here.

On the transformation side of health, I think that it is very important that the Department, or the Committee, comes back to the States and shows exactly where that £8 million that you were given for transformation is going. Because I would like to see a real return on that and I think you have got a duty of showing exactly where the return is coming.

2080 Providing health and social care services – I think that is another important area to respect those individuals that are looking after their independence in their homes for as long as possible, and adopting that personal responsibility. So that needs to be supported.

But, in all – particularly those first three – I feel that we should really be supporting the Committee with regard to this amendment.

2085 Thank you, sir.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

2090 Deputy Kuttelwascher has brought me to my feet, because I just want to offer a different perspective from the one that he gave the States.

2095 I think that what is happening with these amendments, or some of them anyway, is that the objectives are being enhanced, but they are still objectives. The way I have understood it is that what we are debating, and what we are going to determine at this stage, is what the objectives are, and then Committees will come forward with policy plans which outline how those objectives are going to be fulfilled. Now he said some of this stuff could be dealt with in phase two. I speak only personally, if the Committee for Health & Social Care come to the States at the next phase saying that their policy plan includes, for example:

Focus on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes,

2100 – I will be saying, ‘What a complete waste of time,’ because at phase two I think that Committees are meant to be saying, ‘This is what was agreed in phase one. These are the objectives and here are a series of policies which we are going to implement to deliver on phase one. These are the projects. This is how much it will cost. This is when it will be done by. This is how it will be measured. This is how you will know whether it has been successful or not.’ (**A Member:** Hear, hear.)

2105 Well, you will not be able to do any of that if phase two consists of all of these sorts of things that we are debating today, which are the overarching objectives. So perhaps Deputy Kuttelwascher is right and maybe some of this stuff could have been omitted without the Plan being undermined or negatively affected, but I am very pleased that Members are coming forward with this sort of wording in phase one, because if we get this kind of stuff in phase two it will be junk; we do not need this in phase two. In phase two we need much more, not detail, but much more clarity, much more certainty about exactly what Committees will do and what their action plans are to fulfil the objectives being agreed today.

2110 Thank you, sir.

2115 **The Bailiff:** Deputy Inder.

2120 **Deputy Inder:** Sir, I cannot but reiterate the words of Deputy Laurie Queripel: we live in a lot bigger world with a lot more access to information. It is a bigger world out there and in my view, not everything has to come out of a GlaxoSmithKline or Pfizer blister pack. In phase two of the Policy & Resource Plan I am hoping that Health would give consideration to this changed world, and maybe we look at GcMAF.

2125 I would also like to say that the health services in the Island are hugely expensive compared to similar places such as France and Eastern Europe. If I have to have treatment for a certain condition and it is clearly cheaper in other jurisdictions might she consider that I am independent enough to make that decision, along with the health services, and would consider patients being allowed to go to substantially cheaper countries for treatment?

Thank you very much.

The Bailiff: I see no one else.

2130 Deputy St Pier, do you wish to make the penultimate speech?

Deputy St Pier: Very briefly, sir, just to reiterate the support of the Committee for this amendment.

2135 The comments which Deputy Kuttelwascher raised: I think Deputy Fallaize has expressed the response that I was probably going to give to that, sir.

The Bailiff: Then Deputy Soulsby will reply to the debate.

Deputy Soulsby: Sir, thanks.

2140 I did not think this would turn into a debate on cannabis or GcMAF, but perhaps that might come in phase two, we never know. (*Interjections*) The truth is, yes, independence and personal responsibility is important.

Just going back to Deputy Kuttelwascher saying bullet point three was too detailed and that should be for phase two, well, the only thing we have actually added to that bullet point is the term 'independence', so there is not much different there.

2145 In terms of, I was on the same side of the debate with Deputy Queripel back when we were talking about supplements being legislated for, and the EU octopus grabbing everything and legislating for everything. I suppose what we have to think about, and whether people purport to have the next greatest snake oil is that we have a duty to protect people on the Island as well, and we have got to balance what we allow people to do, and what might be in their best interests, particularly when they are in a very vulnerable state.

2150 Deputy Roffey, yes, I absolutely agree, that this is designed ... the whole idea about independence and personal responsibility here was to tie in very much with the need to change the long-term care funding. That is why I mentioned during the debate on the uprating report. It is something Health & Social Care would really appreciate: to be able to work with Employment & Social Security very early on to change that.

2155 I probably should not be surprised Deputy Gollop does not support the last bullet point on encouraging and facilitating active lifestyles, (*Interjections*) but I think he has missed the point, because such social prescribing should be a more effective way of spending money. Just because we provide a different way of encouraging people to get better, it should not make it more expensive; and that is what I was trying to get across in my opening statement.

2160 Regarding the need to access treatment, I do not think we are saying this is the NHS through the backdoor. You have to remember that what we are looking at is the difference between need and want. The truth is health and social care has evolved through a lot of wants; whoever shouted loudest has got what they want, and that is how we are providing the services we are. Very much at the core of our transformation is ensuring that we give the health and social care services based on need and not want.

2165 Deputy de Lisle, thank you very much. We will be, as I mentioned in the last debate, coming back, and it was in the Budget that Health & Social Care will be coming back to the States saying what we were going to do on transformation.

2170 I think, that is – I cannot even read my writing now – yes, the last point links to Deputy Kuttelwascher, and Deputy Fallaize answered very well, in terms of saying, 'Well, these are far too detailed. This is what you should have in phase two,' well I can give you an example why that is not the case, why we should be saying:

Provide health and social care services that respect individual needs and promote independence and personal responsibility.

2175 Because the Health & Social Care is, at this minute, piloting a scheme called Home First, which should actually facilitate that and get people out of hospital into recuperation before they go back into their homes. So we are already trying and piloting that. That is the sort of thing that I would see as being shown in phase two.

I would just ask people to support the amendment, sir.

2180 **The Bailiff:** We vote then on the amendment proposed by Deputy Soulsby, seconded by Deputy Tooley. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

We move now to, I think it is five amendments, proposed by Deputy Brehaut, and in each case, seconded by Deputy Dorey; and you wish to take all five together, is that correct?

2185 **Deputy Brehaut:** Yes, please, sir, if it is ...

The Bailiff: Just to clarify, that is amendments 7, 9, 10, 11 and 12, and I have given leave to Deputy Brehaut to make some consequential amendments to, I think it is two of them, as a result of the amendments made this morning.

2190 **Deputy Brehaut:** That is correct, thank you, sir.

Yes, the words such as 'appropriate' and 'proportionate' have been replaced, and Deputy Inder's amendment referred to 'language' as well as culture, so that will be added to the amendments in the final draft.

2195 **The Bailiff:** Then it does not actually alter your bit of the amendment?

Deputy Brehaut: No, it does not, sir.

2200 **The Bailiff:** It just alters the text that it was quoted from the Proposition.

Deputy Brehaut: Yes, thank you.

Amendment 7.

To insert at the end of the words in Proposition 3:

‘ but subject to the omission from the five bullet points under the part of Appendix 1 entitled “Strong, sustainable and growing economy” on page 7 of that Plan of the following:

“Ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate”, and the addition to those bullet points of the following:

“Ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate, subject to environmental and social safeguards.

Maintain, enhance and promote Guernsey's rich marine and terrestrial environment as a high value resource which underpins our economy”.’

Amendment 9.

To insert at the end of the words in Proposition 3:

‘ but subject to the omission from the ten bullet points under the part of Appendix 1 entitled “Safe and secure place to live” on pages 10 and 11 of that Plan of the following:

“Ensure the built environment is of a high quality, reflecting our local distinctiveness and meeting the needs of businesses based in Guernsey.

Mitigate the adverse effects of climate change on our environment, improve our sustainability in the future and work to reduce the negative impacts of our activity on the local and global environment.

Consider the importance of our marine environment as well as its potential for supporting economic growth”, and the addition to those bullet points of the following:

“Ensure the natural and built environments are of a high quality, reflecting our local distinctiveness and meeting the needs of the entire community in Guernsey

Prevent and mitigate the adverse effects of climate change on our environment and reduce our contribution to global climate change

Understand and promote the importance of our marine and coastal environments and ensure the potential for economic gain does not compromise their health or protection

Prioritise, resource and implement extant environmental strategies and policies

Protect and enhance our natural environment”.’

Amendment 10.

To insert at the end of the words in Proposition 3:

‘, but subject to the addition to the three bullet points under the part of Appendix 1 entitled ‘Lifelong learning’ on pages 12 and 13 of that Plan of the following:

“Foster individual and community participation in local nature conservation and enhancement to create a sense of ownership of and responsibility for our unique island environment amongst all ages”.’

Amendment 11.

To insert at the end of the words in Proposition 3:

‘but subject to the omission from the six bullet points under the part of Appendix 1 entitled “Centre of Excellence and innovation” on page 13 of that Plan of the following:

“Remove barriers to business, keeping regulation appropriate, proportionate and at a minimum”,
And the addition to those bullet points of the following:

“Remove barriers to business, keeping regulation appropriate and proportionate whilst respecting social and environmental safeguards”.’

Amendment 12.

To insert at the end of the words in Proposition 3:

‘but subject to the omission from the six bullet points under the part of Appendix 1 entitled “Mature international identity” on page 14 of that Plan of the following:

“Protect and promote our unique identity and rich heritage, including through our culture and arts,”

And the addition to those bullet points of the following:

“Protect and promote our unique identity, language and rich natural and cultural heritage, including through our culture and arts”.’

2205 **Deputy Brehaut:** Members, first I would like to thank all of the organisations and volunteers that have contacted us all over the past few weeks, in fact, probably over the course of a month. That is the RSPB, Trees for Life, the Société Stand up for Guernsey, and more recently Durrell and other organisations that have felt it necessary to contact their representatives, and ensure that the environment is a theme, is a spine that ruins through this Report. So, to thank those both on Island and off Island for their assistance.

2210 Actually, on Island I would like to thank colleagues who managed to achieve such brevity over such a long period of time, if I can put it that way, because to get amendments in the shape that you would like them does take a considerable amount of work and effort to get them, I suppose, to look so seamlessly simple, we hope.

2215 The amendments have certainly captured the public mood, of that there is no doubt. There was quite understandably, I think, a feeling that environmental issues were left out of the Plan, almost by design, that politicians had conspired in some way to remove references to the natural environment. Of course, that is not the case, the only surprise to me perhaps was that others were surprised that there were not the detailed references to the natural environment that they would have liked, in the first place.

2220 But there is a context to that. If you drove here today, or walked or cycled, or maybe you were one of the many who have gone back to using the buses, you were using the Island’s infrastructure, and we know what that is about, don’t we; we all understand infrastructure, we know what it is, we know what it looks like, and we think we know what it costs, and we certainly know how much it costs to maintain.

2225 But what we do not know; we know the costs, but we do not know the value. Who for one moment today will look up from their desk to reflect on how a strip of tarmac has facilitated their journey into work, their industry for the day, the company’s business for a month and taxes for that year. If each and every road on this Island were out of bounds, and heaven knows on occasions we try, what impact would it have? So I think we all understand the role of
2230 infrastructure, and the role it takes in underpinning the economy, what the economy is worth.

2235 What is much more difficult is quantifying the value of the natural environment that is all around us – our natural capital. Something all Government, not just Jersey – beg your pardon, not just Guernsey – are beginning to do. Sorry, that was Jersey, Société Jersey scribbled in the boundary, I do apologise. Thank you. Something all Governments, not just Guernsey, are beginning to appreciate and exploit in the positive sense. But what value is there to a meadow, as pretty as it might look, or to the marine environment that we play in, sail on or plough through? When we start to appreciate the value in terms we can all comprehend, when bees decline and fish stocks disappear. Their place in the economic cycle is better understood when their demise, and that of the economy is threatened.

2240 The text in our revised Propositions refers to Guernsey's rich marine and terrestrial environment. Of course that is only something a tree hugging, bobble hat wearing, folk singing, Morris dancing retired geography teacher could have written; and of course that is the parody we all like to slip into when we discuss environmental matters generally. They support the environment, but we support the economy.

2245 In my speech a couple of weeks ago I said this: the demands on marine space are growing because of pressures from sea fisheries, bio-diversity, marine conservation, sea routes, hydrocarbon facilities, cable laying, turbines, coastal defences and land reclamation. So pressures on the natural environment are growing and the same natural environment is going to deliver, and is delivering, elements of our economy right now – both seen and unseen. So we must acknowledge that at policy level in this Plan before us today: how important it is to protect and to preserve so that we can continue to produce. In fact, the former facilitates the latter.

2250 Whilst we like to think we punch above our weight in areas of commerce, and of course we have a clearly defined view of ourselves, our outward facing business personality, what we are not quite so good at, in my view, is looking inwardly. What is the cost of a thriving economy? We tend to be comforted by the fact that Guernsey is small and its contribution is low. How can it make any difference at all at a global level? Well, why even start there? Let's embrace each of the environmental improvements we can, for the good of our Island, our community, our wildlife, our children, their children; and, in doing so, hope each and every community are doing the very same thing. Of course, ultimately what do we have to lose? What if climate change is a hoax and will create a better world for nothing?

2260 Other amendments, sir, that we will discuss later, refer to a sense of ownership, and that is crucial. It is essential that colleagues at Education have a role in imparting a sense of ownership, a sense of belonging, an awareness of the unique place our children live and grow up in. We do take so much of that for granted. Is Guernsey's real legacy to the next generation bean jar and gush as good as that all is?

2265 Deputy Inder earlier referred to our language, and it is important that language is an integral part to our culture, but also our land and our seascapes have an equal standing too. When you have a distinct culture, your own language, a well-managed natural environment, then you have a destination, you have an economy, you have a visitor economy.

2270 But actually those who may argue we should place the economy first, understand the benefit of the natural environment now. Why else would *Visit Guernsey* and *Locate* use quaint bikes with baskets and picturesque green lanes and cyclists at sun rise hugging the middle of a clear coastal road as the sea slowly eases its way up the empty stretch of sand? Why? Because the natural environment sells. That is why. The same marketing promotes the produce of the small market gardener. What would hedge veg be, after all, without the hedge?

2275 I said at the beginning of my speech that the absence of environmental issues should not come as a surprise, for this community, this Assembly, have been, quite rightly, obsessed with delivering public services during an economic downturn. Who can blame politicians for being all consumed by Zero-10 and all that came with it and, more to the point, actually, what did not come with it.

2280 Also, before the recent review of Government Departments, former Government Departments were held back, actually, by their own mandates, the former Environment Department became

known as the Committee for Traffic & Planning. It is a minor miracle that Deputies Domaille and then Burford succeeded in delivering a bio-diversity strategy.

2285 However, today we have an opportunity to enshrine the role of the natural environment in strategic policy making, appreciating its crucial role in making what we all see as the real economy around us possible. However, that does not mean that we all have to be amateur botanists or experts in flora or fauna, or entomologists, friends for the Greater Crested Grebe or the Lesser Crested Brehaut. It means that we have an awareness, we signal an intent, a desire, to, as the
2290 amendment says:

Maintain, enhance and promote Guernsey's rich marine and terrestrial environment as a high value resource which underpins our economy.

Thank you, sir. I did do a fairly broad brush speech. I managed to get elements of it relatively accurate, on reflection, but in trying to tie some of the loose ends that have stemmed from the amendment together, I have referred to a number of amendments while I have been on my feet. We are, to remind Members, voting on amendment 7 and I will give each amendment here on in the briefest of introduction.
2295

Thank you, sir.

The Bailiff: Sorry, you were going to speak ... (*Interjection*)

2300 **Deputy Brehaut:** Well, actually, sir, that was the intent of this speech, to speak on all the amendments collectively.

The Bailiff: I thought we were going to have a debate on all five amendments?

2305 **Deputy Brehaut:** Yes, that is the intention, sir.

The Bailiff: You said you were then going to speak about each individual amendment.

2310 **Deputy Brehaut:** I beg your pardon, sir. If necessary.

The Bailiff: What, in your closing?

Deputy Brehaut: Yes, sir.

2315 **The Bailiff:** Right, because you will have a closing speech. I thought you were now looking to have ...

Deputy Brehaut: Sorry, sir.

2320 Can I just say, in mitigation maybe, that in arriving at this Assembly this morning, it became apparent following a conversation with you, the order in which the amendments would be debated – all five of them – there has been a great deal of debate and discussion outside the Assembly as to what form the debate and the amendments would be taking. So I prepared a speech and perhaps the scenery around me changed somewhat by the time I delivered it.

Thank you.

2325 **The Bailiff:** Well, yes, you will have a chance to respond.

Deputy Brehaut: Thank you, sir.

2330 **The Bailiff:** Deputy Dorey, do you formally second each of the five amendments?

Deputy Dorey: I do, sir, and I reserve my right to speak later.

The Bailiff: Thank you.

2335 Deputy St Pier or anybody else on the Committee, do you wish to speak at this point?

Deputy Trott: Yes, sir. I use my right to make it clear that the Policy & Resources Committee is neutral on amendment 7, but supportive of amendments 9, 10, 11 and 12.

2340 Can I also, while I am speaking, commend Deputy Brehaut on managing to mention Zero-10 whilst discussing environmental matters, sir, that really was quite impressive.

The Bailiff: Deputy Tindall.

2345 **Deputy Tindall:** I would also like to congratulate Deputy Brehaut on dealing with the amendments coming out of order. I know the feeling.

I start, sir, by expressing my wholehearted agreement for the need to emphasise the importance of Guernsey's natural environment. However, I do have my doubts about the way in which amendment 7 has been phrased. Why limit being 'subject to environmental and social safeguards' under the heading of Our Economy but only 'respecting these safeguards' in respect of amendment 11? I have a problem with the word 'subject to' – sorry, two words. It is too limiting in my view, ambiguous and potentially meaning other safeguards will be lost. 'Respecting' is – a phrase as used in amendment 11 – a much more appropriate word, as it does not preclude, in my mind, other safeguards.

2355 I am also assuming that the textual change that was mentioned under amendment 11 was to remove the words 'at a minimum'. So therefore I make no further comment in that regard.

Thank you.

The Bailiff: Deputy de Lisle.

2360 **Deputy de Lisle:** I thank you, sir.

I would like to support the thrust of these amendments, sir, and also to bring out that it is very appropriate to refer back to the strategic plan, the States' Strategic Plan, because of the vast amount of work that has been generated since we put together, if you recall, the Government Business Plan. That Government Business Plan was put together in 2004 to 2008; and then from that we had the first States' Strategic Plan adopted in 2009; and subsequently in 2012, the Policy Council revised the form of the plan further into a family of related plans – corporate and resource plans.

2370 Now that thread, I believe, must be maintained and not lost. I would have expected that as an appendix to this strategy that we have got in front of us today, this Plan, that we would have had the States' Strategic Plan, so that we can see how we can integrate and amend various areas that were documented at that time. Because I think a lot of people will remember that the Environment Department, particularly, was very keen on balancing the socio-economic development with environmental integrity, and went to great pains in order to do that. In fact, it was hard won. It was a difficult process, with long fought battles, and I would not want to lose the efforts that have been put in there.

2380 If we go back to the Environmental Policy Plan it commits to key objectives, and of course we must not forget that we are still working within, and until let's say next year, mid-way, in June, when this new thrust is adopted, we are still working with the States' Strategic Plan. The key objective there included as one of the top statements, and there was a 'top three aims' of the Government of Guernsey, and the third was:

'To protect and improve the Island's environment, its unique cultural identity and rich heritage.'

Now, that was fundamental to the Government of Guernsey's plan forward, and I do not think we should lose that to begin with. Nor do I believe that we should lose the aims that we stated within the Environmental Policy Plan itself, which was the stated aim:

'To ensure that consideration of the environment will be core to all policy decisions, that the quality of the environment will be protected and enhanced, and that the Island will respond in an environmentally sustainable way to local issues and global challenges.

2385 That, again, was hard won as a separate amendment and assisted with the endeavours of Deputy Fallaize at the time.

Now, the area covered by the Plan also, I think, was very important, because, and I am talking about the Environmental Policy Plan, which was one of the three plans, there was the Economic, the Social, and the Environmental Plan, and some people might feel, as I do to some degree, that tackling it from the environmental, economic, and social point of view, and then also looking at
2390 the other plans, we had the Population Plan, the Energy Plan and so on, was a very good way of dealing with this, and I am expressing the fact that I would not want to lose that emphasis, because the Environmental Policy Plan covered areas, including the lateral and the built environment, it covered natural resources, environmental houses and pollution, bio diversity was right there, and the bio diversity thrust within the Environment Department, as it was then, goes
2395 back to 2007-08 when it was introduced. Also that waste management was part and parcel of that, as was traffic management and also energy.

So the point I am making is that we have gone a long way with strategic planning within this Government, over the years, that we should not lose that thrust that was already in the documentation behind this work, and that from the environmental stand point, the aims, objectives and all the areas that should be included within the Environment Policy Plan have been
2400 well documented, and they should not be lost and they should be integrated into this process. I look forward to that happening as we go on to second iteration of this whole process.

But I just appeal to the P&R Committee to take cognisance of that work and ensure that a lot of that work is integrated into the Plan. In fact, you could have just had the States' Strategic Plan amended basically, according to your wishes. You could have done it that way, you decided to go
2405 on a different methodology, but please do not falter and not utilise all the benefit of the work that has been done in the past.

Thank you, sir.

2410 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir. Again, I shall be very brief.

The States of Guernsey, or Deputies, cannot claim any credit for inheriting a superb natural environment which supports many species of plants, birds, animals and marine life. This P&R Plan
2415 is apparently a 20-year plan. The importance of protecting and making our natural environment sustainable is an imperative on so many fronts, and integral to this Plan.

I thank Deputies Brehaut and Dorey for this series of amendments asserting these principles, and I urge States' Members to support them.

Thank you, sir.

2420

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I speak in response to what Deputy de lisle has just said. I think he is right and wrong. He is
2425 certainly wrong to want to rehabilitate the States' Strategic Plan, in any way, shape or form. The Policy & Resources Committee could not have done what he suggested, because the last States determined that the whole policy planning framework of the States should be carried out in a Policy & Resource Plan, phase one and two, in exactly the way they have set it out. In the end the

2430 initial stages of the Government Business Plan were quite useful, but the way that the Government Business Plan and the States' Strategic Plan developed, as I said this morning, they did become pretty useless, and any Member who thinks there is scepticism about this Plan should have been around four years ago when we were debating its predecessor and it was effectively chucked out.

Where I think he is right, and I think this is really the point he was getting at, the thrust of his speech, he was saying that originally the Government Business Plan and the States' Strategic Plan had a fiscal and economic pillar, a social pillar and an environmental pillar, and in policy terms those things need to be protected, in whatever strategic plan the States adopt.

2435 Well, I think, he is absolutely right about that and that is the reason, presumably, why Deputies Brehaut and Dorey are laying these amendments – because they feel that although the fiscal and economic and social policies of the States are covered adequately in this Plan, there are omissions in respect of commitments to environmental policy, and I agree with them. If these amendments are approved, those omissions will no longer exist and it will be possible, as it was at the early stages of the earlier plans to see commitments to fiscal, social and environmental policy running right through the core of the Plan.

2440 I am slightly puzzled – and this has only just occurred to me re-reading the amendments – number 11 seeks to add some words about removing barriers to business and keeping regulation appropriate, proportionate and at a minimum –

I will give way.

Deputy Brehaut: Thank you for giving way, Deputy Fallaize. Yes, that would be a consequential amendment following the (j) in one of the earlier amendments.

Deputy Fallaize: Right, okay. Will we have an opportunity to see a consolidated version?

2455 **The Bailiff:** They were being printed. I do not know if they are actually available. Are they available, Madam Procureur?

The Procureur: They are not available right now, sir, no. I do not know whether you wish to see that before these amendments, or simply placed on at the end?

2460 **The Bailiff:** Well, I think it might be helpful if they are circulated before people vote on them, if they are available.

The Procureur: They should be available by then, yes.

2465 **Deputy Fallaize:** Thank you, sir, and I thank HM Procureur for that.

Well, I am pleased about that because after the debate this morning and the vote on this wording 'at a minimum', it ought not to be carried through into the final version.

I am optimistic about these amendments, in the sense that I do not think it is a choice between economic growth and prosperity and environmental protection. I think that they can be delivered simultaneously (**A Member:** Hear, hear.) and I think we should be optimistic about our prospects for protecting the environment.

2470 To put it another way, we say that economic growth ought not to damage the environment; well I think we should be capable of protecting the environment without damaging economic growth, and I see these things as not being in conflict but as being sympathetic to one another. So I do not think that in asking Members to support these amendments, Deputies Brehaut and Dorey are asking Members to place greater priority on environmental protection than on economic growth; I think that would be daft. I think they are putting this view that it is possible to have economic growth in a way which is not degrading of our natural environment.

2480 So I think these amendments are optimistic and forward looking, and will improve rather than detract from the Plan. I am particularly keen, or encouraged, that the amendments talk of

prioritising and resourcing existing environmental policies. I do not think that in the transition from one States to another the environmental commitments which were made by the last States, which were not terribly far reaching or radical – they were proportionate and reasonable, but they were significant nonetheless – should be lost in this term of the States.

2485 So I do not see these amendments as radical, I see them as absolutely necessary, without which this Plan would be lopsided, in that it would not afford due prominence to the need, which is essential, to protect our natural environment.

Thank you, sir.

2490 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: I follow on from Deputy Fallaize's comments. I agree with him absolutely.

There is no conflict in the five amendments brought by Deputies Brehaut and Dorey with the principle of economic development.

2495 Yesterday evening I was sitting with my Bishop, and that is not something I normally do, and he asked me what did I mean by 'economic development', and really what the Brehaut/Dorey amendments tell me, and help me, is what I understand is important in relation to environmental development or protection of the environment, whichever, and the two overlap.

2500 As Deputy Brehaut said in his introductory remarks, we have had probably – except for the debate which will take place later this month – more contact from interested parties – and *properly* interested parties – in connection with this topic than many others that we have had in recent months. What is the point of having a Wall Street scenario, a Hong Kong scenario, with ever-increasing prosperity, if we get that – let's hope we do, but it has got to be measured against the need for this very green and this very pleasant land. I do not just mean Guernsey, I mean the Bailiwick of Guernsey, but we are talking about these particular things at the moment.

2505 So these are all sensible and balanced considerations from these two Deputies, which I think no-one, even the Economic Development President, would have any difficulty in supporting. Indeed, I do so whole heartedly, because there is no point having a pile of money if you do not have a green field to walk in. There is no point having a pile of money if you do not have the cliffs and the sea and the foreshore – all of those that we have got.

2510 So we need to balance economic activity with the environment, as Deputy Fallaize said. The Plan was a little lopsided and it did not really address this third pillar. Deputies Brehaut and Dorey have done that.

2515 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

2520 I think the point I would like to make is really to carry on from Deputy Fallaize and Deputy de Lisle. The Plan is all of us coming together, and we have had a lot of engagement, and there have been opportunities for us to engage all the way through, so I am a little bit disappointed, in some ways, that the environmental piece has come up in this way at the eleventh hour, because it has always been there, right from the very start.

2525 The point that Deputy de Lisle makes is absolutely true: that we did have the economic pillar, the social pillar and the environmental pillar, and it just looks in the new Plan as though somehow the environmental pillar has been washed away. It has not actually, it has been almost incorporated into the next level, and it is in there in our quality of life. It is interwoven, our quality of life is interwoven into the environment. There are a couple of catch-alls, if you like, especially in this particular part of it, where we are asking to:

Mitigate the adverse effects of climate change on our environment, improve our sustainability in the future and work to reduce the negative impacts of our activity on the local and global environment.

2530 Those are some pretty sweeping catch all parts, and also of course the other part of looking at the importance of our marine environment as well.

2535 So I very much welcome the amendments from Deputies Brehaut and Dorey, from the Infrastructure & Environment Department, coming forward with those. I think that adds to it, I think it makes it better, but also please do not dismiss what we do already. I mean the way we treat our environment here, and the awareness that Islanders have of the environment, is probably second to nowhere else in the world. If a bird dropped dead, or a bird was injured at the side of the road someone will take it to Animal Aid or one of the other charities. If some part of the hedge looks like it has been 'weed-killed' it is reported to somebody. We are very good and we are very aware of the Environment, so we are already at a standard well beyond many other places in the world. So please do not always beat ourselves up over how we treat the environment. We have always got more room to go, but we are as an Island very good at what we do already.

2540 Look at the work we did through the new Island Development Plan, and again pitting areas aside where we are going to be looking after the environment even more. How we manage the cliffs, and the valleys, and places like that. The land that was added extra to the agricultural area from Deputy Roffey, and Deputy de Sausmarez's amendment. So there are lots of things in other parts of our Government that all come together in this Plan, and the environment is picked up and is interwoven in it.

2545 So I welcome these amendments, but please also just be, I cannot think of the right word, but be happy for what we do already for the environment, there are other places in the world that would be so pleased to have an environment that was just a fraction of ours.

2550 Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

2555 I would like to follow on from a few people, probably starting with Deputy Brouard. Actually, I agree to an extent with Deputy Brouard: we are very fortunate to live in Guernsey, we do have a wonderful natural environment and I have to commend the absolute groundswell of support that we have seen for these amendments; and I find it really heartening, actually, that it is such a fundamental part of people's identity here in the Island and the Bailiwick.

2560 Where I do disagree to some extent with Deputy Brouard is I do not actually think we do as much as we could. I am going to put this in a little bit of perspective, because I think it is very tempting when we talk about environmental issues, to think about it as the fluffy stuff, to think about it as the birds and hedgehogs and the flowers and the butterflies, and those are all really important things, they are a really important part of our environment.

2565 We did get an email earlier on, a few days ago, from someone who is a keen amateur botanist, and they were talking about a potentially – potentially, here are the words – disastrous drop in the numbers of at least one species of butterfly here, the small tortoiseshell. Butterflies are often bowerless. I think we are not immune here in Guernsey from the climate, the environmental issues that are going on elsewhere in the world.

2570 To deal with the fluffy stuff first, it is not all good news, I am afraid. The WWF – that would be the one with the cute panda bear logo, rather than World Wrestling Federation! – have got a report called the Living Planet Report, and in that report they identify that global populations of birds, fish, reptiles, amphibians, mammals, obviously have declined by 58% between 1970 and 2012, and they are likely to decline to 67% by 2020, under the business-as-usual scenarios. So we are facing ... the WWF puts it fairly bluntly and says we are heading towards our sixth mass extinction event.

2575 So I am afraid it is not all good news. We are very fortunate to live in Guernsey. We have got some wonderful environmental things to sing about, but I do not think we are immune from environmental problems. I do think we also need to look at it in the bigger picture. I do not think we can get too distracted by thinking about it as just sort of small, smaller and more visible things.

Yes, it is important to protect nesting birds' on the foreshore etc., but I think we have to look a little bit bigger than that.

2585 To me, environmental issues go far, far deeper, the environment is the fundamental life support machine for human life, is the way I look at it. I think Deputy Ferbrache referred to this, if you bring it right back to basics, when it comes to the crunch, if we really had to, human beings can survive without an economy, probably would not please them, but we could, if it really, really came to the crunch, in extremis, in extremis we could possibly in the mid-term, whatever Deputy Trott might mean by that, in the medium term, we could survive as individuals without a society, but we cannot survive without an environment.

2590 As we are talking high level strategy here, we may as well make it stratospheric, so if we are going to send someone up to space, for example, we are not going to send them up with a briefcase of cash, or one of those infuriating secure key card things, we could send them up with other people, but we would not necessarily have to. What we absolutely do need to send them up with is something to breathe and something to eat and something to drink, because without
2595 those things they are not going to survive; they are human beings and they are absolutely dependent on their environment.

For me, that is what the environment is all about. It is the thing that supports us and sustains us and nurtures us, and it is a win-win situation if we look after it. If we look after it, it looks after us. Conversely, if we damage it, it damages us, and of course people have already talked today
2600 about how that works on an economic level as well.

This is clearly the zeitgeist because I fell across a quote – either that or everyone uses Twitter; actually, no, Deputy Fallaize was one of the people, so it cannot possibly be that! (*Laughter*) I saw a quote from Barack Obama that said there is:

... no conflict between a healthy economy and a healthy planet.

2605 Deputy Ferbrache is right, Deputy Fallaize is right, this is absolutely correct: it is win-win, they are mutually inclusive, not mutually exclusive, it is not a binary choice.

Which brings me to Deputy Tindall's point. Deputy Tindall did raise a concern about the word 'subject to environmental and social safeguards'. I quickly looked up the word 'safeguards', just to double check that I had not misinterpreted it in my head, and its meaning was 'something that serves as a protection or that ensures safety'. Now, to me, that is not too strong. I do not think we
2610 should be recoiling from –

Yes, I give way.

Deputy Tindall: Thank you.

2615 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, Deputy de Sausmarez.

It was not the word 'safeguard' I was having an issue to, it was the words 'subject to'.

2620 **Deputy de Sausmarez:** Yes, and it was 'subject to safeguards', so thank you to Deputy Tindall for clarifying that. I do not think I had misunderstood her intention. I do understand that she was nervous about the words 'subject to' and I was explaining that I do not think it is too strong to say that we should be subjecting things to safeguards, because ultimately safeguards are the last defence. It is just something that ensures protection, it is preventing degradation. Personally, I do
2625 not think that is too big an ask, given that we are very dependent on our environment, and our environment is one of Guernsey's finest assets. It is something to be cherished, protected and enhanced.

I commend these amendments to this Assembly and hope that they will be very strongly supported, as they have clearly been supported by the public, who I would also like to thank.

2630

The Bailiff: Deputy Paint.

Deputy Paint: Sir, I have to declare an interest here, having been the President of the Fisherman's Association.

2635 In the bio-diversity debate early on this year I pointed out certain errors that were in the marine section of the proposals. There were two elements there in the Billet that concerned me, one was about pair trawling and the other was about scallop fishing.

As I pointed out at the time these items were attended to in 2013 by the previous Commerce & Employment Board, pair trawling was completely stopped within our six-mile limit, and scalloping was severely restricted by the number of scallop dredgers that could be towed by any vessel within our 12-mile limits. The proposals were passed by the Assembly at the time and it appears that no one actually cares about the fishermen who had to earn their living on the seas. It also showed a huge disconnect between the Departments at the time, which was only a few months ago. I sincerely hope that the bureaucrats assisting the Deputies of the Environment & Infrastructure Committee in this term will be better informed.

2640 Wet fish moves by season in and out our limits. If too many local restrictions are placed on our local fishing fleet, when no such restrictions are placed on jurisdictions that fish our waters, or just outside our waters, it will lead to the stopping of fishing in the Islands. Fishing has existed here for hundreds, if not thousands, of years, so really I am very concerned that perhaps because of lack of knowledge, unfairness will lead from this, if it is not properly examined.

2650 Moving on to something else, I was likewise very surprised when Deputy Roffey's amendment regarding the IDP where his amendment only considered the land at the Braye du Valle was bad agricultural or horticultural land, and that there was plenty of land on the other side of the road for migrating birds. To me, this coming from a dedicated self-professed eco-warrior seemed a little strange. This land would be used by migrating birds if it was not developed, so the whole process of putting in an amendment to take this land away, to me, was very wrong.

Thank you, sir.

The Bailiff: Deputy Roffey.

2660

Deputy Roffey: Sir, sorry.

The Bailiff: Yes, I said 'Deputy Roffey'.

2665 **Deputy Roffey:** Thank you, sir.

Sir, your deputy is very strict on making sure we do not speak until we have been called, so ...
(Laughter)

I was not going to speak, to be honest, because I support these amendments (Laughter) and I thought they were going to go through. But I think I ought to clarify a couple of things.

2670 Firstly, I would be grateful to Deputy Paint to know where in and what forum I was a self-professed eco-warrior. I do not think I have ever called myself an eco-warrior. I worry about lots of things, and I say 'I worry about', (Laughter) maybe I am a 'worrier' about the eco issues in that sense.

2675 Secondly, I think he perhaps misunderstands that the amendments that I was talking about were nothing to do with things being developed, but what should be an agricultural priority area, which means the best quality agricultural land in the Island preserved for farming. There is no presumption that if something is not an APA it should be built upon. I was not advocating that any land that he is worried about for migrating birds should be built upon.

I give way to Deputy Paint.

2680

Deputy Paint: Sir, by Deputy Roffey standing – this is a point of order – surely I must have worried him.

Thank you.

2685 **The Bailiff:** That is not a point of order.

Deputy Roffey: I do not think I will pursue this any further. I think there is a general feeling of support within this Assembly, although there may be other people yet to speak.

2690 The point is that the APAs were all about identifying the best agricultural land to preserve for farming. Farming and the environment have huge overlaps, farming done properly can provide environmental benefits. Farming done badly can be detrimental to the environment, but they are not the same thing. There are huge amounts of land in this Island that are utterly unsuitable for farming and do not come into the APA debate, but were absolutely crucial for our bio diversity and our environment. So I think that the Deputy is slightly confused.

2695

The Bailiff: I think we need to come back to the amendments that are under debate, as well. Deputy Green.

Deputy Green: Sir, thank you.

2700

I will try and focus on the amendments – try.

I rise principally to support the comments that my Legislation Select Panel colleague Deputy Tindall made, because I am a little troubled by the discrepancy in the language between amendment 11 and amendment 7. Amendment 7, the second bullet point be reinstated:

Ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate, subject to environmental and social safeguards.

‘Subject to’ must mean conditional upon or something similar. Whereas amendment 11:

Remove barriers to business, keeping regulation appropriate, proportionate and at a minimum ...

2705

Admittedly, that is not the concern.

... whilst respecting social and environmental safeguards.

‘Whilst respecting’ presumably meaning taking into account or with regard to, rather than being conditional upon. I just think that is a bit sloppy. I just think the inconsistency is a bit sloppy and I am a little troubled by it. I think the ‘whilst respecting’ phrase is a better phrase. I think it is about a balanced approach, it is about taking into account social and environmental dimensions in the context of economic matters. That is a better phrase than making it conditional upon or subject to.

2710

So I do not know where that really leaves me in terms of what I will do on amendment 7, but I guess I am minded to vote against amendment 7, but vote for amendment 11.

2715

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes, I do not know if I am an eco-worrier or an eco-warrior! I have certainly been to a green party conference in the UK and support them from a distance.

2720

I would point out that Deputy de Lisle actually gave us a good synopsis of the past. I know Deputy Fallaize was somewhat concerned that he said he was even more cynical of the old States’ Strategic Plan and critical of it. Well, I actually was on the Planning team at the time, so there you go. But it was a little bit like making a stew out of marshmallows, because we had so many bits and pieces and we sort of lost the bigger picture.

2725

But the synopsis Deputy de Lisle went into is an accurate one, and of course he served as a Minister for the Environment a few years ago, and it was true that during that period, in the very first iteration of the Government Business Plan, which I think after the policy planning process was

the first time the States tried to bind itself to a coherent plan, the then Deputy Chief Minister, Stuart Falla, did concede an amendment that Deputy de Lisle raised relating to bio-diversity.

2730 The cynic in me sometimes thinks that how strong or how weak the environment is, is not just due to the work of the ecological groups, who do an outstanding job. It is often due to the personalities who sit on the leading committees of the day and, to a certain extent, their officers and advisors. Because I have known instances in the past of, what you might call, green-minded politicians or officers who heavily influence policy, and then you have gone through a phase where perhaps that has not been so true. I think it is important, as Deputy de Sausmarez said. I
2735 very much endorsed her message that it is important to have the environment at the top table.

Deputy Brouard was almost as cheerful as Deputy Trott today in his 'be happy' message. But actually I am not very happy at all, because I went on to the conference Deputy Brehaut opened on Environment in the Islands, which was successful in its way, held on both Guernsey and Herm, but we heard from a well-known Island ornithologist, and indeed a professional officer who works
2740 with the States and has done a lot of work with bio-diversity, that there are a lot of rare species in Guernsey and they are getting rarer; not just through the hedgerows – the hedges that Deputy Brehaut referred to; not the hedge funds, but the hedges before the veggies. But, for example, to quote: 600 dunlin has been reduced to 100 dunlin in a flock; then skylarks are rare; swifts are rare; puffins are getting rarer really. When did you last hear a cuckoo? Well, I am perhaps a bit of a
2745 political cuckoo, (*Laughter*) but the cuckoos are getting rarer, and creatures too. We are losing habitat, we are losing bio-diversity ...

I know we have just heard another rather technical, legal debate, with Deputy Tindall and Deputy Green and others participating on that level, and of course particularly law and legislation. The slightest word change has a significant alteration in terms of the judicial process and the
2750 nuance of the law.

There might be inconsistencies here, but I think the point is that from a planning perspective some of the applications that planning has are very much conditional on environmental impact assessment or the protection or enhancement of land within the area; others might be subject to. We agreed, after that really long process of even more amendments than today, the Island
2755 Development Plan; and that, by definition, has an element of support for economic growth and small business and office development and others. But it also, as we have heard recently from our senior officer in the media, has a strong strengthening of sites of special interest, of the coastal area being set aside for its marine designation. These sites of special interest and conservation areas are going to become very important in the life of the future.

2760 So I think even if we are consistent with the message of the Island Development Plan and the DPA process, we have to support this package of amendments. My only regret is perhaps the more radical amendment, which encouraged us to look at revenue-raising through an environmental perspective, as well as a purely economic perspective, perhaps has not been placed today. But I think these amendments do fill a void that was surprisingly absent from the Better
2765 Tomorrow, Great Today philosophy. Our place in the world surely has to be part of our natural heritage, as well as our cultural heritage.

Just to complete what Deputy de Sausmarez says, who knows how many of us would be alive in the future if, for example, we lose all our bee population. They are more vital, perhaps, than our
2770 hedge funds.

The Bailiff: Yes, Deputy Oliver.

Deputy Oliver: Sir, as with everything, we need a balance. Within the Plan there was very little about the natural environment which I believe these amendments do rectify. The built
2775 environment and the natural environment can work together, it is just about finding the right balance. However, if the natural environment is not in the Plan then these important parts of our Island might get lost. The majority of us love to enjoy a walk on the cliffs or the beach, which do need to be protected. The importance of our marine and coastal environment needs our say, and I

2780 think the Plan, Great Today, Better Tomorrow is meant to be a 20-year plan. We do not want to lose what makes Guernsey so beautiful – the Island we live in.

Thank you.

The Bailiff: Deputy Hansmann Rouxel, are you standing?

2785 **Deputy Hansmann Rouxel:** Thank you, sir.

I was just struck, in some of the emails that we received there was a phrase that somebody used and I think it is very appropriate for us to remember when we are discussing the environment, that we are the temporary guardians of this Island. We will be passing on this Island and our rich natural environment to our children, and I think having been at a youth conference on Saturday and speaking to the future guardians of our Island, that it is imperative that we take that into account as well. It is not just about what has happened in the past, but how we are planning for the future. This Plan is about the future and protecting our future and our future guardians, and passing on to them an environment and safeguards that allow us to have a beautiful and rich environment.

2795 There is one other thing, in amendment 7, it is under the subheading 'strong, sustainable and growing economy'; now that word 'sustainable' is quite an interesting one, because it does come across a lot in the Plan, and people talk about that a lot, sustainable economy, and I thought just looking up what it actually meant. In ecology sustainability is the property of a biological system to remain diverse and productive indefinitely. Now, that sustainability that we are seeking for our economic environment, how can we possibly have a sustainable economy without a sustainable environment? So those two are not mutually exclusive and I think many people today have said that.

2800 I will be supporting the amendments.

Thank you.

2805

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

2810 I would just add my comments in relation to thanking everybody who has spoken in favour of it, and all the people who have taken the trouble to email us in support of the environment, and how important the environment is to us.

2815 That brings me back to the first phrase in the 20-year vision: we should be among the happiest and healthiest places in the world. Deputy Soulsby, in the previous amendment, mentioned about the importance of the natural environment to health, and how it can help to achieve that. I think the environment is also very important to people's happiness. Without that – I think without our cliff paths, our parks, our green lanes, our beach, our sea – I did not think we could strive to achieve the happiness as set out in that phrase. I think one of the emails we received spoke about the benefits of walking on a south coast cliff, and he also talked about the joy of seeing a puffin off Herm; and I would add to that, I think the joy when our family visited Alderney of seeing the 100-plus puffins off Burhou, which you can see in the summer.

2820 So I think our natural environment is really important to our happiness, and that is so key to our economy. I think Deputy Fallaize and Deputy Ferbrache talked about it contributing to our economy. I think it is part of our economy and it is not just equal, it can actually contribute to our economy. Without our environment I do not think we would have our tourist industry, we would not have the happiness of our local population, we would not be able to attract the people that we need in our economy, that we need to contribute to our economy. So our natural environment is key.

2830 It is interesting to highlight Deputy de Sausmarez mentioned about some of the recent declines in our natural environment and I would just add to that in terms of climate control. The latest information is that 2016 is expected, yet again, to be warmer than the previous year, which

2835 was warmer than the previous year, which was warmer than the previous year; and the graph since industrialisation is worrying in how it just continues. The temperatures increase and the effect it is going to have on us as an Island is a worry for the future – and the cost of that. I think that just highlights why we have to play our part in the world in contributing to climate control and trying to reduce the warming of the earth in our own small way.

The other interesting thing is the States' monitoring report which has some indicators about the environment and it is worrying to see the number of indicators about the environment which are going the wrong way. So it highlights why the natural environment is so important and we have a lot more work to do just to maintain, let alone enhance, our natural environment.

2840 I finish up by just speaking about the 'subject to' which has been mentioned on more than one occasion. I think these amendments were put together late in the timeframe that we had, and probably we should have used the same words for amendment 7 and 11. I actually prefer the 'subject to'. I think it is preceded by keeping regulation appropriate and proportionate, but if it makes it easier for Members, I am happy, with Deputy Brehaut, to change it to the same, whilst
2845 respecting ... So if that is what the Assembly would prefer, I think that might be in the amendment that we have got to put together.

The Bailiff: I am not sure you can at this stage, Deputy Dorey, because then people who have already spoken may wish to speak again to say that they then object to that wording. So we will
2850 have to go to the vote on the wording as it is.

Deputy Dorey: I will sit down.

The Bailiff: Deputy Tindall.
2855

Deputy Tindall: Just to let the Assembly know that Deputy Green and I are trying to put in an amendment with those words replacing it.

The Bailiff: You could only do that if ... We would have to suspend the Rules if you ...
2860

Deputy Tindall: Yes, exactly, unless there is ...

The Bailiff: Let's concentrate on the amendment we have at the moment, rather than whether we are going to suspend the Rules and do something else.
2865 Deputy Dorey.

Deputy Dorey: I have finished my speech, thank you, sir.

The Bailiff: Deputy Fallaize.
2870

Deputy Fallaize: Sir, can't Deputy St Pier just lay one in the way that he has laid others, which change those words, because ...?

The Bailiff: If we get to that point perhaps we need to have an adjournment – let's just see
2875 where we are.

Does anybody else wish to speak? No. Well, Deputy St Pier then will speak.

HM Procureur is not present, as you will have noticed. That is because she is getting the revised amendments printed with the consequential changes that arise from the amendments made this morning. Then those will be circulated before we vote. Indeed before Deputy Brehaut
2880 replies.

Deputy St Pier.

Deputy St Pier: Thank you, sir.

2885 I think, just to pick up on a few points during the debate, I sense there is significant support for these amendments.

I think to reiterate the point which was made by Deputy Brouard, there was no intention to downplay the environment in the production of *Future Guernsey* and phase one of the Plan. It was simply the product of the process, if you like, that perhaps the phraseology that was used, and the significance of it, was not perhaps picked up in the way that it might otherwise have been through the workshop process.

2890 However, what I would say is, of course, the mere publication of the report, and the opportunity to lay amendments and have this debate, is of course entirely an appropriate part of the process. As I said in my speech introducing the debate, sir, we welcome that; and I think in particular if, as a result of that, we achieve a greater sense of ownership – which I think was a phrase Deputy Brehaut used – and in particular the engagement which we have received from some of the environmental and community groups, then that is all absolutely to be welcomed as support for the Plan and the process which has been wrapped around it. Indeed, we would welcome, I would suggest, and I am sure Deputy Brehaut and Deputy Dorey would welcome the ongoing engagement of those groups, with their Committee, over the next few months, as we move to the development of phase two.

2900 With regard to Deputy de Lisle's comment about the different methodology, I think Deputy Fallaize did address this when he spoke, but I think it is worth repeating, and I did make the point in my opening speech. Policy & Resources have not adopted a different methodology; we have applied the different methodology which the last States' Assembly directed, and it is nothing more than that.

2905 With regard to the prior work that was undertaken – and Deputy de Lisle was concerned that that should not be discarded – I am sure Deputy Brehaut will address this when he sums up, but I am sure there is absolutely no intention to discard that prior work, and I am sure they will take that through to the phase two of the Plan.

2910 I think it is also worth just emphasising, as Deputy Trott said when he opened or, sorry, when he responded to this particular amendment, that the Policy & Resources Committee do support all the amendments, other than that we were neutral on 7; and the only reason we were neutral on 7 was simply that the reference to those words which have been subject to some debate, (*Laughter*) the insertion of 'subject to' and I think we recognise, as Deputy Fallaize has said, as Deputy Ferbrache has said, Deputy de Sausmarez, there is not any necessarily conflict between economic growth and the environment, and it was for that reason that we felt actually that particular bullet point could have been expressed more positively without the use of 'subject to'.

2915 So, for example, it could have said, 'ensure environmental social and other conditions that encourage and foster enterprise' etc. So it was simply, that was the only reason for our reticence in relation to amendment 7, which led to our neutrality rather than our support, but I think others have expressed perhaps similar concerns and no doubt we can engage with Deputy Tindall and Deputy Green, if appropriate, in due course.

Thank you, sir.

2925 **The Bailiff:** Very conveniently, HM Procureur has now returned and you have those revised amendments. Is the easiest thing for them to be circulated and then for you to just explain what has changed between the amendment that was previously circulated and this one.

2930 **The Procureur:** Yes, sir, that may be correct. There was one other issue which occurred to me as I was printing them out. I do not know whether it is worth me just having a very quick word with Deputy Brehaut or explain it to the Assembly now.

The Bailiff: Would it help then if we just had a five-minute adjournment.

2935 **The Procureur:** Yes, it would, sir.
Thank you.

The Bailiff: Okay, we will come back at quarter past four.

*The Assembly adjourned at 4.10 p.m.
and resumed its sitting at 4.45 p.m.*

**The Policy & Resource Plan –
Phase one –
Debate continued**

2940 **The Bailiff:** Well, Members, thank you for waiting. I think the fact that it took a while to sort out, shows that we were right to adjourn, just so that everybody is absolutely clear what they are voting on. I am going to invite HM Procureur to explain what is the difference between, or what the differences are between, what has been circulated and what was before us previously.

2945 You should have 'amendment 11 revised' and 'amendment 12 revised', and that is top right hand corner, one says '11 revised', I have got '11 revised 1' and 12 just 'revised' or 'rev'. Is that correct?

The Procureur: Sir, that is correct. That is because there were a couple of changes of opinion.

2950 **The Bailiff:** So is it 'rev' or 'rev 1', because actually I have got three here, I have got '11 rev 1' ...?

Amendment 11 revised 1.

To insert at the end of the words in Proposition 3:

'but subject to the omission from the six bullet points under the part of Appendix 1 entitled "Centre of Excellence and innovation" on page 13 of that Plan of the following:

"Remove barriers to business, keeping regulation appropriate, proportionate and at a minimum",

And the addition to those bullet points of the following:

"Remove barriers to business, keeping regulation appropriate and proportionate whilst respecting social and environmental safeguards".'

Amendment 12 revised.

To insert at the end of the words in Proposition 3:

'but subject to the omission from the six bullet points under the part of Appendix 1 entitled "Mature international identity" on page 14 of that Plan of the following:

"Protect and promote our unique identity and rich heritage, including through our culture and arts",

And the addition to those bullet points of the following:

"Protect and promote our unique identity, language and rich natural and cultural heritage, including through our culture and arts".'

2955 **The Procureur:** What you should have, sir, before you is the correct one, the amendment to amendment 11, should say 'amendment 11 revised 1'. That is the one that you need to be looking at. The difference on that revised 1 is that in the bullet point, which is shown at the end of that amendment, it refers to:

... keeping regulation appropriate and proportionate whilst respecting social and environmental safeguards.

2960 The words 'at a minimum' have been deleted. Originally, it said 'appropriate and proportionate and at a minimum', but Members will recall that the P&R consolidated amendment this morning in (j) particularly removed the words 'at a minimum', so this is consequential upon what was agreed from the P&R consolidated amendment. (**The Bailiff:** Thank you.) That is in relation to amendment 11, sir.

2965 Then in relation to amendment 12, again this revises amendment 12, but the correct copy for Members to look at should be headed 'amendment 12 (revised) rev'. So no 'revised 1', just '12 revised'.

2965 The distinction between this one and what was debated this morning, again, is purely consequential to P&R's consolidated amendment this morning. The only addition here in the last bullet point is the addition of the word 'language' and that word 'language' was not previously in amendment 12.

2970 So both of these amendments are purely consequential upon P&R's consolidated amendment this morning.

The Bailiff: Thank you. That has certainly cleared it for me.

Thank you very much.

So I now invite Deputy Brehaut to sum up on the debate on the five amendments.

2975 Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

2980 Later that same day, and sorry to make the colour run from your face when I suggested I present all the amendments together and then make a case to place them separately ... So I apologise for that.

2985 In debate, Deputy Trott referred to Zero-10, as I did. What I actually said to my bearded companion was this: (*Laughter*) who can blame politicians for being all consumed by Zero-10? I was not trying to apportion blame at all. I was saying who could blame politicians for being all consumed, and of course it is no surprise in a community like ours that we do get distracted by the bigger picture, economic stuff; and that is why this Plan needs to get in its spine, in its core, running through its veins, these key themes that the amendments address.

Now, Deputy Tindall earlier, and Deputy Green, made it clear that they wanted to amend the wording 'subject to' to 'whilst respecting' and I think we have eventually got there, so I think that has been dealt with.

2990 Interestingly, as you can imagine, with these amendments, there is always a considerable shake down behind the scenes to refine an amendment to get it to say exactly what you want it to say, and I think 'subject to' has been in more than once, and whilst 'respecting' has been in more than once, we got there eventually.

Deputy de Lisle –

2995

Deputy Fallaize: Sorry, but on a point of correction.

I do not think we have because 'subject to' was not in amendment 11, it was in amendment 7, and it is revised amendments 11 and 12 that have been circulated, but amendment 7 appears still to be standing in its original form which has the words 'subject to' in it.

3000

3005 **The Procureur:** Without wishing to confuse Members further, Deputy Fallaize is absolutely right, but what he is not aware of is there was a separate amendment that has not been circulated now, which should have the words 'subject to' which we have taken out for exactly those reasons. So the only amendments that you have now, the only additions, are exactly consequent to P&R's amendment this morning. I believe there is an amendment to number 7 which has not yet been tabled, which will be considered later, which deals with that other point; but it has not been put before you now so that you can solely consider the amendments to 11 and 12.

3010 **The Bailiff:** If I can explain that, that is on my ruling, because I have said people have debated amendment 7 on the basis of the wording they had in front of them. We cannot now change anything substantive. Consequential amendments are different.

We will go to the vote on the amendment as it is, i.e. with the words 'subject to' in it. It is open to the Committee, if they wish to do so, to lay a further amendment later, but at the moment we are going to the vote on the amendment as circulated originally by Deputies Brehaut and Dorey – I hope that is clear – which has the words 'subject to' in it.

Deputy Tindall.

3020 **Deputy Tindall:** Sorry. For clarification, sir, if the amendment 7 as is laid now is passed, we will still debate another amendment if appropriate?

The Bailiff: It is up to the Policy & Resources Committee whether they wish to lay another amendment. They are the only people at this point who can lay a further amendment.

3025 **Deputy Tindall:** Yes, the only reason, sir, if I may –

The Bailiff: – without changing the Rules, or suspending the Rules rather.

3030 **Deputy Tindall:** If I may clarify, a similar scenario occurred in the Island Development Plan debate and I just wanted to be reassured that that ...

The Bailiff: I was not presiding over that debate, so I do not know what happened there.

As far as today is concerned, (*Interjections*) we are going to go to the vote on the amendment as you have it in front of you and, as I say, if the Committee wish to lay a further amendment that will be a matter for them.

3035 **Deputy Brehaut:** Thank you, sir.

In addressing the points made by Deputy de Lisle, and he referred to the former Strategic Plan and the Environmental Policy Plan ... now that was a voluminous document and actually in reference to the environment very well, both of those documents, but the point is it existed, but was it really ... The strength of this debate with regard to this P&R Plan is it has been debated and amended arguably this afternoon, exhaustively, which was not the case with plans that have come before the States previously. So I was actually quite encouraged. Okay, it has been a bit rough around the edges for some of these amendments, but I was actually quite encouraged by the level of engagement and the number of amendments placed ... to get back to my theme earlier of making these environmental themes indelible to the Plan.

As Deputy St Pier said, also that they have to, those documents that are already out there ... that back catalogue of environmental policy needs to inform future policy development too. So I agree with that.

I thank Deputy Prow for his support.

3050 Deputy Fallaize was right: with fiscal, economic and social. Now, when we used to do workshops or debated these themes outside of this Assembly, environment was always an add-on, it was always an afterthought, but people would talk about these three pillars and entirely overlook the considerations regarding the environment. So, again, it is useful that this Plan has the themes within it.

3055 Now, listening to Deputy Ferbrache's speech, I have to say I wanted to get at amendment 8; we are on a bit of a roll here, people are so encouraged by the way the debate was going we might be able to slip in amendment 8, don't look too worried Mr Bailiff, sir.

3060 We did withdraw amendment 8 because the feedback I got from Members of the Assembly was that there clearly was not the support from Policy Council, there was not broad support within the Assembly and we could have found ourselves with a situation whereby we had what might be

described as a healthy debate, perhaps, that would not be reflected in the voting pattern, and of course people were saying that conversations regarding positive and neutral taxes were for another day.

3065 Deputy Brouard, without sounding too flippant, did remark on startled pigeons and hedge cuttings. The environment is bigger than that and I really do have to refer to the speech made by Deputy de Sausmarez. I think sometimes we do – in fact, it was the case earlier on with the development of this Plan – we all understood what was clean, pretty, tidy, well presented, but that is fundamentally different, actually, to looking after the real environment, the big picture. Again, I thank Deputy de Sausmarez for her comments.

3070 Now, Deputy Paint said several things, but he did touch on something which I think, actually, was accurate, in some regard. That is to say that we had a former Environment Department – and a certain number of staff worked for environmental services within the Environment Department – and then there were, and there are, the staff based at Raymond Falla House that worked for Commerce & Employment, and there really never was the cross fertilisation that we would have liked between those staff, and that actually exists now. That probably takes me to, perhaps, the stop, look and listen on the bio diversity strategy: which is, we have a strategy, it is funded, how do we best deliver the bio-diversity strategy? Well that can sit with the staff and the land management team that have the knowledge in that area.

I thank Deputy Gollop for his support. I thank Deputy Hansmann Rouxel for her support.

3080 Just in summing up, sir, I did make a bit of a clumsy start to this in trying to sell this to the Assembly today, and probably my nervousness stemmed from the fact that this is crucially important, and we have to get it right. Now, I never imagined several weeks ago coming here that there would be such support for the amendments that would be placed and the support for the amendments that we have discussed, and we will go on to vote in favour for.

3085 The support and the groundswell came from outside of this Assembly. The message we must take away from today is we have a great resource out there, we have a great knowledge base, we refer to it blandly, sometimes, as the third sector, but we have a fantastic group of willing volunteers with an excellent knowledge base and we will be foolish not to acknowledge that in the future. (**A Member:** Hear, hear.)

3090 So I hope, sir, Members are supportive of the amendments, albeit that I understand that the road is not entirely clear on some of them at the moment.

Thank you.

3095 **The Bailiff:** We vote on the amendments, each in turn, and we take first amendment 7, the wording of which has not been altered, and amendment 7 is as was circulated before today, and put on your desks at the start of the morning. So amendment 7, proposed by Deputy Brehaut, seconded by Deputy Dorey. Those in favour; those against.

Members voted Pour.

The Bailiff: I am going to declare that carried.

Next we have amendment 9. Those in favour; those against.

Members voted Pour.

3100 **The Bailiff:** I declare that carried.

Amendment 10, which again has not been changed. Amendment 10. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

3105 Amendment 11 – and you are voting on amendment 11 revision 1. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Amendment 12 – you are voting on amendment 12 revised. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

3110 I understand that the Committee would now wish to lay what is, in effect, a revised amendment 11 – (*Interjection*) Sorry 7, a revised amendment 7, which has not been circulated.

The Procureur: The copies are in the Chamber, sir.

3115 **The Bailiff:** The copies are in the Chamber. You have copies. Can they please be circulated then?

The Procureur: They are with the Greffier, they have been printed out. He may have just put them on the wrong desk, but they have been printed.

Sir, they are here, they are on my desk.

3120

The Bailiff: Well, when it has been circulated, Madam Procureur, perhaps again, you can just explain how this varies, but wait until everybody has it in front of them.

We will need to give it a number, won't we? I do not think this now makes sense as drafted.

3125 Madam Procureur, in the light of the fact that we have just approved amendment 7, does this now do what it was intended to do? Does the wording not need to say that in place of the wording that has just been approved, we need to substitute this revised wording? Otherwise we are just adding yet further bullet points to the bullet points that are already there.

3130 **The Procureur:** Sir, there is a danger with a lot of these amendments that, actually, a consolidated sweep up is going to be required, because there are a lot of unintended additions that are being made. The only intended changes were simply sought to ... as Members have already debated, the words 'subject to' replace those with 'whilst respecting' and I think that was the subject of debate whilst I was out of the Chamber, but potentially, yes, if you read it strictly as it is, it could be intended to include those bullet points or, sir, it is really a matter for you, as to whether you decide actually as a common sense interpretation as to what is said in the Chamber.

3135 It is quite clear that the only addition is changing from 'subject to' to 'whilst respecting'.

3140 **The Bailiff:** The problem is we have approved 7, (**The Procureur:** You have, sir.) which has already added two bullet points, this then says 'add two more bullet points', so I think it is confusing enough. (**The Procureur:** Yes, sir.) I think we need to have absolutely the right wording in front of everybody when they go to the vote.

The Procureur: Yes, sir, I am happy to –

3145 **The Bailiff:** I suggest that we defer this until tomorrow morning, perhaps.

The Procureur: Yes, sir, I am happy to do that, and just to explain to Members –

The Bailiff: – and circulate something overnight.

3150 **The Procureur:** Yes, sir, and it is not called 'revised amendment 7', sir, because in this instance we have a Committee that is circulating it, so it is not simply revised number 7, it has got to have a different number.

The Bailiff: It will be amendment 23 when it comes through. (**The Procureur:** Yes, sir.) But it does need to take account of what we have just approved.

3155 So we will defer that to tomorrow morning.

I suggest we move on with what is the next one on the list, which will be amendment 3, to be proposed by Deputy Dorey and seconded by Deputy Fallaize.

Deputy Dorey.

Amendment 3.

To insert at the end of the words in Proposition 3:

‘, but subject to the omission from the seven bullet points under the part of Appendix 1 entitled “Sustainable public finances” on page 8 of that Plan of the following:

“Ensure that the States’ commercial and semi-commercial entities and other States’ assets are maximised, making an appropriate return to the States”,

and the addition to those bullet points of the following:

“Ensure that the States’ commercial and semi-commercial entities and other States’ assets are maximised, making an appropriate return to the States but without placing a disproportionate burden on customers, many of whom are inevitably on low incomes”.’

3160 **Deputy Dorey:** Thank you, Mr Bailiff.

This is amendment number 3 and it is seconded by Deputy Fallaize.

As the information we were given is it is supported by P&R, I shall make a fairly brief speech.

The proposal in the Plan is to maximise States’ Commercial and semi-commercial entities, and of assets – which I interpret as including Guernsey Water and Guernsey Electricity – and for them to make appropriate returns to the States, which I take to mean a dividend, but it is without limitation as the assets and entities are maximised.

3165 The purpose of this amendment is to put a limitation on the maximisation of return, and to ensure that the effect on the customer is taken into consideration when charges are determined.

Water and electricity, like many States’ entities, are essential services which people have to use, but they are also monopolies with no price competition, and therefore excessive increases in profits, financed by charges in order to meet a dividend policy, will have a disproportionate effect on families and pensioners on low incomes.

3170 Increases in efficiencies should be reflected in lower prices. Our electricity is already more expensive than in Jersey and the UK. The consumer should also benefit from efficiencies, as well as the owner of the utilities – the States. Without this amendment the objective in the Plan could be interpreted as increasing States’ income by increasing customer charges, and there were worrying signs of this in the Budget.

3175 Deputy Smithies said in the Budget debate, in relation to Guernsey Water, that one of the ways that it could finance the repayment of the new loan for the Long Sea Outfall was by achieving a substantial operating cost saving of 5% in 2018 and 2019, either through reduced operating expenditure or reduced capital expenditure. He said that if, however, the key assumptions prove over optimistic there is a limited range of actions which include increase in pricing. In this case, maximising the returns could involve increasing prices instead of the consumer benefiting from the efficiency savings by the utility lowering its prices.

3180 The history of Guernsey Electricity is that it was a political board, then at the beginning of the century the States decided to have a commercial board, but balance it with a regulator to ensure fair pricing and to improve efficiency. After a number of States’ debates in 2015 the States decided to replace the regulator with a shareholder objective and one of the objectives was:

... to seek value and an appropriate return that provides best value to the Guernsey economy from the businesses for the community, whilst striking a balance with the enabling role it plays in supporting the Island and its social, economic and environmental objectives for long term benefit of the Island and its community.

3190 The key word there is 'balance'. We must ensure, going forward, that the need for the commercial businesses is balanced with fair pricing for consumers. This amendment is consistent with that shareholder objective set in 2015, and it effectively ensures this important objective is carried forward into the Policy & Resource Plan, rather than just, as it is currently worded, focussing on maximum returns.

Please support the amendment.

3195

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

Deputy Fallaize: Yes, I do, sir.

3200

The Bailiff: Does anybody wish to speak on behalf of the Committee at this stage?
Deputy Trott.

Deputy Trott: What I need to say, sir, and I think most Members already know, is that the Policy & Resources Committee supports this amendment.

3205

The Bailiff: Deputy Roffey.

Deputy Roffey: Mr Bailiff, I am going to support this amendment, but I wish it had gone further, I have to say. I did not put one myself because I have done enough amendments recently, frankly, and also I got the zeitgeist during the Budget and knew that I would not be successful; but as it has been highlighted, this issue, by amendment, I think I have to express my really quite strongly held views about this.

3210

Personally, I do not believe that the States' trading entities and, in particular, the incorporated entities, like water or electricity, should be expected to return any dividends to general revenue. I think they are utterly, utterly, different to entities privately funded, where people have invested, put up the capital in a business venture, then they should expect some return on that capital, and the goods and services sold by those undertakings should be at a sufficient cost to both service the ongoing requirements of the business concerned, and make a return to the people who have put up the capital in the first place – I completely agree with that.

3215

3220 So what is different about a States' trading entity? As Deputy Dorey has pointed out, in particular, water and electricity, for very good reasons, are monopolies in this Island. You cannot go anywhere else. Yes, there are a few oddballs who may just rely on well water and not be connected to the mains or the electricity mains, but by and large there is no difference between the taxpayer and the utility customer, they are exactly the same people.

3225

3230 So, while I completely agree that the utilities should be expected to generate enough money for reinvestment in the business, what is the advantage, other than P&R balancing the books? What is the advantage of expecting them to generate sufficient surpluses to pay into general revenue? It means that we can raise a little bit less in taxation. Okay, so to stop having to take money out of Islanders' pockets through taxation, we take more money out of Islanders' pockets through charges for the utilities. Yet we passed an amendment this morning, proposed by P&R, saying that in order to balance the books wherever possible those with the broadest shoulders should actually shoulder that burden. Expecting the utilities to generate profits and pay into general revenue is absolutely the opposite, because it is *quasi* taxation that has no relationship to people's ability to pay, whereas real taxation, genuine taxation, honest taxation, does by and large – not always, but very often – relate to people's ability to pay.

3235

Sir, I just think this is a money-go-round which actually hits poorer people harder than they should need to be hit. In order not to raise so much through ordinary taxation we actually level a

3240 *quasi* taxation through having higher utility charges to pay into general revenue. I know I am in a minority here, I know that it is very convenient to generate those surpluses in order to be saying, 'Hurrah, we are back in surplus! We are no longer in deficit,' but I think that this is the wrong approach.

The Bailiff: Deputy Kuttelwascher.

3245 **Deputy Kuttelwascher:** Thank you, sir.

This is very vague in the sense that when you say assets – return on assets – be maximised, that is almost unlimited. If you want to maximise return on assets from Guernsey Electricity you could double the price tomorrow that would help maximise it wouldn't it? So one needs to define what is a reasonable return on capital employed.

3250 Now, I used to work for a company where the aim was to try and get a 15% return. If one wants to use the operation, like Aurigny maybe has been in the past, as an economic enabler where they are asked to break even, if you like, so the return on capital is zero – which is also possible, so I would like to know what an appropriate return is; that is, what sort of return on capital would you expect from all our trading entities? It could be zero if you want to go down the route using it as an economic enabler. I think with something like Guernsey Electricity you could have different rates for domestic customers as opposed to commercial customers, so there are ways of addressing that.

3255 But I would like to know what these maximisation numbers are, and what is an appropriate return? I have no idea at the present time. Now, we did, in the Budget, approve for next year that a return would be required from the States' Trading Supervisory Board, and I think it was 5% or something – I cannot remember, £5 million; sorry, it was £5 million. I do not know what sort of percentage that would be on the working capital employed of all the States' Trading Board, so we are in a bit of a grey area here and it would be nice to know those numbers, or at least someone to think about them and come up with them. As simple as that!

3265 Thank you, sir.

The Bailiff: Deputy Smithies.

Deputy Smithies: Thank you, sir.

3270 Some interesting philosophical points there, but I think they are probably a debate for another day; I do not think they are germane to this particular amendment.

Deputy Dorey asked me for a copy of my Budget speech. I would like to think he remembered it, but unfortunately he did not have a copy.

3275 Just to restate, on three occasions in that speech I referred to pricing. Firstly, at the outset I stated that there is scope for savings across the trading assets, without the need to introduce direct changes to charges. Secondly, with reference to the financial model for Guernsey Water, I asserted there was no detriment to customer pricing. Finally, and again referring to Guernsey Water, I said we should be able to deliver without detriment to customer pricing. I did raise one storm cone, however, that if our key assumptions were over optimistic we had a limited range of actions, including extra borrowing, reduction in capital investment and, as a last resort, increased pricing.

I support this amendment, as it is wholly compatible with my inclinations with regard to how we manage the trading assets.

3285 I do have one minor quibble though: it is a little hyperbole, surrounding the word 'inevitably' in the penultimate line:

... burden on customers, many of whom are inevitably on low incomes.

Maybe the whole phrase 'many of whom are inevitably' is a little bit over the top. It slightly detracts from the overall value of the amendment, which I think would stand perfectly well

without that overemphasis. Many customers are on low incomes, but I do not think 'many of whom are inevitably on low incomes', actually holds good.

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The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, Deputy Dorey has made a strong and convincing case, but in many ways I am tempted to vote against this amendment, (*Laughter*) because whilst I agree with the logic of Deputy Roffey, this morning we endorsed by, I think, a strong consensus, the mood that we need to look at raising revenue where appropriate, from those with the broadest shoulders. I do not know if I have got broad shoulders, but perhaps not that way. I could take on one of Deputy Soulsby's fitness packages!

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But the problem with this is, in reality, we are deluding ourselves if we think, as an insular society with our history of being a competitive business jurisdiction for the Open Market, for offshore finance, for legal and financial services, and many other areas, as Deputy Tindall raised, including intellectual property ... if we can somehow be a model of egalitarian redistribution, because in reality many small islands and similar types of places across the world are even more rigid than ourselves in raising money from sales taxes and duties.

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We already disproportionately target the smokers. I know we do not approve of smokers, but many smokers are less well off than other people, and the same might go for people who drive or have alcohol. The point I am making is most of future taxation and revenue raising will not be from, well, say, the richest 10% of our society; although they will pay a fair amount, it will be from society as a whole. We cannot pretend that we are not going to raise income from people collectively.

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Now, he is not here today, but Deputy Parkinson, in a speech he gave on *BBC Guernsey*, was unusually supportive of Policy & Resources on this occasion, in a sense, because he said if the States gives a direction based on the P&R report of delivering £5 million a year in budget from the Trading Supervisory Body, he would deliver, and I am sure he will, and Deputy Smithies has already spoken.

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Now, where is that going to come from? Efficiencies, yes; greater commercialisation; franchising. I support most of that, but it could mean increasing boat owners' charges. We have already heard pushback on that. It could mean, in one way or another, increasing other charges within the States. When it comes to issues like electricity, if we want an expanded infrastructure, we may have to pay more. It has been said, only recently, again in the media, that if we wished to have more alternative greener energy as a competitive reality on Guernsey, the only way it will be affordable, under present policies, would be by a significant increase in the price of electricity. In other words, whilst we rely on a cable link and our own generation, we can afford to have cheaper prices than if we were factoring in costly new technology.

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Therefore, I think this is more of a well-meaning amendment than a realistic amendment, because if we are not going to raid the assets for additional funds it presumably, by implication, means that the money will come from other forms of taxation.

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I would also say that Deputy Dorey has in the past questioned the amount of money we give to subsidising air routes and that kind of thing, on the grounds that we should not be subsidising holiday makers, but surely the same arguments apply to water rates: people fill swimming pools, they use them for recreation, all kinds of ... like with electricity, some people choose to live in a sauna, so how far we should go in accepting that all of these charges are just borne by the people who live on austerity incomes, proverbially, relatively badly off. I do not know. I think a more sensible way of utility pricing is actually to charge an economic rate and then use SWBIC or other mechanisms to redistribute accordingly.

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Of course, that also comes down to the fact that we have changed our regulatory model and perhaps still an unclear philosophy of how we are going to run the States-owned business in the future, because we have very much de-politicised them. Now we only have two politicians involved in their day-to-day management and here we are, having what amounts to be a political

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3340 direction from the Assembly. Of course, the question arises: do they pay income tax as well, and in ways how does that work out?

So I am very sceptical about this amendment.

The Bailiff: Deputy Fallaize.

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Deputy Fallaize: Thank you, sir.

I think Deputy Gollop's speech and the thinking behind it demonstrates why this amendment is necessary. Some of the analogies that he has drawn are quite careless. There is a bit of a difference between alcohol and tobacco and boats and holidays and water. I mean, I know tobacco is important to some people, and I do not say that flippantly, and I know that motor boats are too, to others, and even alcohol to some others, but they are not in the same category of essentiality (**A Member:** Hear, hear.) as water and electricity. So that is the difference between some of the products that Deputy Gollop is talking about and the provision of utilities which is addressed in this amendment.

3355 Now, he said a more logical approach would be for utility consumers to pay at an economic rate. Well, that is not necessarily in conflict with the amendment. The amendment is not saying that the taxpayer should subsidise utilities. The amendment is saying that the consumers of utilities should not subsidise general revenue. There is a very important distinction between those two. I think that the utilities should charge consumers prices which are sufficient to fund the business, including capital infrastructure. Now, that may be ... Deputy Roffey says he is in a minority with his views, I think I am probably in a minority now – I would not have been a few years ago, but I probably am now – on this issue. I do not think that utilities should be borrowing. I think they should generate sufficient surpluses so that they can invest in capital infrastructure.

3360 But what I do not think they should be doing is charging consumers so much that they can both fund their businesses and invest in infrastructure, and make a return to general revenue. I fear that, potentially, where we may get to without this sort of amendment, and this amendment is comparatively weak, in a way – Deputy Roffey is right – but I fear that where we might get to is that the element of profit or surplus that was previously generated by the utilities to fund their capital spending, will simply be returned to general revenue, and then the businesses will be expected to borrow the difference.

3365 Now, that in the long run could have a negative effect both on the price that is paid by the consumer and/or general revenue taxpayers. I personally would wish to guard against that. But, at the very least, we should not regard the consumers of utilities, particularly water and electricity, as cash cows, to use the phrase Deputy Gollop is so keen on in respect to motorists. It is reasonable to expect the consumers of utilities to be funding the provision of utilities (**A Member:** Hear, hear.) whether it is revenue spending or capital spending, it is not reasonable, out of some political wish not to raise general taxation, it is not reasonable to expect the consumers of water and electricity to pay for or fund schools and hospitals, and that is the thinking behind the addition of the words in this amendment:

... without placing a disproportionate burden on customers, many of whom are inevitably on low incomes.

3380 I know that Deputy Smithies does not like the word 'inevitably' but I am afraid at the moment it is inevitable that many of the customers are on low incomes. I hope we will get to a stage one day where it is not inevitable, it will mean that the social policies of the States have worked rather better than they have up to this point, but at the moment, and for the foreseeable future, it is inevitable that many utility consumers are people on low incomes and it would be immoral, quite frankly, to expect them to fund general revenue, disproportionately, simply because of our reluctance to raise revenue in fairer ways. (**A Member:** Hear, hear.)

3385 Thank you, sir.

The Bailiff: I see no one else rising. Oh, Deputy Queripel.

3390 **Deputy Laurie Queripel:** Thank you, sir.

I agree with so much of what Deputy Fallaize has just said, and the more I think about these issues the more I am coming to the conclusion that what looks good on the balance sheet of a trading body is not necessarily what is best for the Island and for Islanders overall.

3395 Now, I do not know if Members listened to *BBC Guernsey* this morning, I think it was the managing director of Guernsey Electricity who was speaking, and he was saying that the restructuring and rationalisation process that has taken place at Guernsey Electricity has yielded some benefits and helped to create a profit margin, but in the process about 40 jobs have been lost and a number of functions have been outsourced.

3400 Now if every trading body took that approach we could perhaps end up with hundreds of people being added to the unemployment figures, and this goes back to something that Deputy Gollop was talking about. He was talking about this rather clunky process of taking money off people and then giving it back to people that need it via Supplementary Benefit. I think you have got to really try and get the balance right with these things.

3405 It is one thing to want the trading bodies to generate a profit and generate a return, but it is quite another thing to ask them to restructure and rationalise so much that hundreds of jobs are shredded from these trading bodies. You could end up with Islanders', and if you take the approach that is being put forward by the Policy & Resources Plan, you could end up with Islanders' and consumers, and taxpayers, I agree with Deputy Roffey, invariably – there is that word again, 'invariably' – most of the time consumers and taxpayers are one and the same thing; 3410 you could end up with Islanders, consumers, and taxpayers paying more for goods and services and the bill for unemployment benefits, and perhaps supplementary benefits, being added to. So it really is about trying to square the circle, trying to improve the performance of the trading bodies without creating extra cost for Islanders and for the States.

3415 So I am going to support this amendment. I want the trading bodies to do well, I want them to do as Deputy Fallaize said: to generate sufficient profits so that they can put money aside to invest in capital projects. I think it is far better if they generate those profits for them to put that money aside for capital projects than return them to general revenue, and in the end I think, as I say, the consumer and the taxpayer is the same person; in the end it will be the consumer and the taxpayer paying more – paying *far* more – in order to return a return to general revenue.

3420 So I am going to support this amendment. I want the trading bodies to do well, but I do not want it to be at the cost of the consumer and the taxpayer, and I do not want it to be at the cost of the States having to pay out more in benefits because all this money is being taken in by the trading bodies and returned to general revenue, so I am going to support this amendment.

Thank you.

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The Bailiff: Anyone else? No.

Well, I suggest then that we just carry on and conclude this amendment before we rise. Those in favour; those against.

Members voted Pour.

The Bailiff: Deputy St Pier and then Deputy Dorey.

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Deputy St Pier: Thank you.

3435 Deputies Fallaize and Roffey have described their positions as possibly minority positions; I hope that they are correct with that analysis, that they are minority positions. I think one of the comments that Deputy Laurie Queripel just made is oft repeated that consumers and taxpayers are the same. I am not sure that is entirely the case, because of course electricity revenue, 50% of electricity revenue comes from business, some of which, as we know, will not be taxpayers, given our corporate tax system. So I think when we come to talk about the previous amendment, ensuring that the burden is fairly shared on those with the broadest shoulders, that applies

3440 equally, I think, to this issue, and ensuring that we have the correct tariffs for the correct type of customer, is entirely appropriate.

Deputy Kuttelwascher asked what does 'an appropriate return' mean? He, I am sure, will recall from his time on the Treasury Board that this question of return on capital employed was something that was considered and was part of the sort of genesis of the Supervisory Sub-Committee which has led to the States' Trading Supervisory Board. The sort of working assumption of return on capital for public quoted utilities is around about 6%, and the sort of working models that have been used in some of the work that has led up to the Budget, and some of that which Deputy Smithies commented on in the Budget, was assuming a lower rate of return on capital because the business is States-owned rather than publicly owned, and working on an assumption of around about a 4% return on capital employed.

3450 Really, of course, an appropriate return will differ from business to business, sir, and this is not the appropriate place to determine that level of detail. That clearly is a role for the States' Trading Supervisory Board.

The Policy & Resources Committee are happy to support this amendment, for the simple reason that in presenting it in its original form, it was never our intention that this should provide an opportunity for *quasi* taxation simply by ramping prices. Ramping prices is ramping prices; ramping prices is not sweating the assets. So I think Deputy Smithies' analysis that this is wholly compatible – I think was the phrase he used – with that position, I think, is entirely right.

I think Deputy Laurie Queripel referred to the prospect of hundreds of jobs being lost. I think that is, possibly, hyperbole, sir, the –

3460 I will give way.

Deputy Laurie Queripel: Thank you. I thank Deputy St Pier, sir.

Does he not accept that 40 jobs have been stripped out of Guernsey Electricity and services and jobs have been outsourced, and could that not be replicated across the trading bodies, if they all took that approach?

Deputy St Pier: Absolutely. I was coming on to that, and I do concede that I think that will not necessarily translate into hundreds. I think the business process review which Guernsey Electricity undertook, and indeed which Guernsey Post has undertaken, in response to the changes in commercial pressures at Guernsey Post, is entirely appropriate. That is what we are talking about, that is what the States is looking to do in relation to its own operations. That is what we mean by public service reform. It is entirely appropriate that we should be putting some pressure on these businesses to undertake those sorts of reviews, in order to improve their performance.

Deputy Fallaize finally said that he would not wish to support a political wish to avoid taxation, and I feel we are having, perhaps, a reprise of the debate we had during the Budget debate, sir, because I think where Policy & Resources are coming from on this issue is it is entirely appropriate that the cost of capital employed in those businesses – and this is where we clearly differ from Deputy Roffey – should be properly charged and should be properly recognised.

3480 But it is not about – I repeat, it is not about – ramping prices, and therefore it is for that reason that we think the recognition of that is entirely appropriate in this amendment, which is why we are content to support it, sir.

The Bailiff: Deputy Dorey.

3485 **Deputy Dorey:** I will be very brief. I think most of the questions were to Deputy St Pier rather than to me. I thank P&R for supporting the amendment.

Deputy Roffey says why it should have gone further, and I can assure you I am with you and I would like to have gone a lot further, but I listened to the Budget debate, and the voting in the Budget debate was such that I had to go for something which was achievable. Politics is the art of

3490 the achievable, and in this case this is why we worded – and I thank Deputy Fallaize for his help in wording – it as it is.

Deputy Kuttelwascher talked about ‘maximise was unlimited’, and I totally agree with you and that is why this amendment is needed to put some balance on it.

I thank Deputy Smithies for allowing me to see his speech, as the *Hansard* is not available yet.

3495 I think Deputy Fallaize, who I thank for seconding it, dealt with the points from Deputy Gollop. One other point that I would say: he talked about it being de-politicised, but effectively, politics has always been involved, because we have given instruction to the regulator when it was the OUR or the SICRA, and then from 2015 we set a shareholder objective and, in fact, Guernsey Electricity, you have set a percentage difference from the Jersey price as a limit on it, but there is nothing for Guernsey Water, so perhaps that is where the Trading Supervisory Board should look at setting something similar, so that we do have a greater limitation on prices, and I hope this amendment enables you to do that.

3500 I think Deputy Queripel’s points have been answered, but I thank him for his support and I ask the Assembly to support the amendment.

3505 Thank you.

The Bailiff: We vote then on amendment 3, proposed by Deputy Dorey, seconded by Deputy Fallaize. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

3510 We will rise and resume at 9.30 a.m. tomorrow.

The Assembly adjourned at 5.37 p.m.