



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 17th May 2017

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Present:

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

Law Officers

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, C. N. K. Parkinson, 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,
T. J. Stephens, C. P. Meerveld

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

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

The Clerk to the States of Deliberation

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

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur); R. M. Titterington, Q.C. (H.M. Comptroller);
Deputy M. J. Fallaize (*indisposé*)

Business transacted

Evocation	693
Convocation	693
Response from the Speaker of House of Commons.....	693
Statements.....	693
Policy & Resources Committee – 2017 First Quarter Financial Position and Update on Public Service Reform – Statement by the President	693
Questions for Oral Answer.....	704
Overseas Territories and Crown Dependencies meeting held in Alderney	704
Billet d'État X	706
I. Election of a Member of the Ladies' College Board of Governors – Deputy H. J. R. Soulsby elected	706
II. Administrative Decisions (Review) (Guernsey) Law, 1986 – New Chairman and Deputy Chairman of Panel of Members – Deputy C. J. Green and Douzenier R. L. Heaume MBE re-elected	707
Statutory Instruments Laid Before The States	708
The Boarding Permit Fees Order, 2017; The Trade Marks (Register of Trade Mark Agents) Regulations, 2017; The Registered Designs (Register of Design Right Agents) Regulations, 2017; The Boarding Permit Fees (No.2) Order, 2017; Open Market Housing Register (Fees) Regulations, 2017	708
III. The Income Tax (Guernsey) (Amendment) Ordinance, 2017 – Approved	708
IV. Document Duty and Anti Avoidance Duty – Propositions carried	709
V. Legislation to facilitate Electronic Cheque Imaging in the presentment of cheques and other bills of exchange – Propositions carried.....	713
VI. Schedule for future States' Business approved	714
<i>The Assembly adjourned at 12.27 p.m.</i>	714

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States of Deliberation

The States met at 11.17 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

CONVOCATION

The Greffier: Billet d'État X. To the Members of the States of the Island of Guernsey, I hereby give notice a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 17th May 2017, immediately after the meeting of the States of Election convened for that day, to consider the Items listed in this Billet d'État which have been submitted for debate.

Response from the Speaker of House of Commons

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The Bailiff: Members of the States, you may recall that following the tragic events in and around the Palace of Westminster on 22nd March, the Deputy Bailiff wrote expressing the sympathy and support of us all to the Speakers of both Houses of Parliament. I have previously informed you of a reply from the Lord Speaker, and I now wish to place on record that since our last meeting a reply has been received from the Speaker of the House of Commons, in similar vein to the reply from the Lord Speaker, thanking us for our condolences and reaffirming that such atrocious attacks shall never be allowed to prevent a democratic parliament from discharging its duties.

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I wish to just place that on record.

STATEMENTS

Policy & Resources Committee – 2017 First Quarter Financial Position and Update on Public Service Reform – Statement by the President

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The Bailiff: I have had requests from some Members to remove their jackets, those who wish may do so, and we will move on with the business, which starts with a statement from the President of the Policy & Resources Committee, Deputy St Pier, on 2017 the first quarter financial position and an update on public service reform.

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Deputy St Pier.

Deputy St. Pier: Mr Bailiff, thank you for giving me the opportunity to update the Assembly on the States' financial position, and on progress with public service reform.

In March I reported good news that the States had returned to overall surplus in 2016, for the first time since 2008. Now, a quarter of the way through the 2017 financial year, I am once again able to report further good news. In the first quarter's financial results there is a positive variance to the budgeted position of some £4 million.

The key indicator for revenue and economic performance at this point in the year is ETI receipts, and the position is encouraging. Excluding the impact of budget measures, and therefore on a 'like-for-like' basis, ETI receipts in the first quarter show a 4.4% year-on-year increase, a real terms' increase of 1.5% against the latest inflation figures. This may be indicative of improved corporate profits feeding through to a higher bonus round in the first quarter. *If* this trend were to continue throughout the year it would lead to a positive variance against the approved budget of over £5 million.

There is very little to go on so early in the year in terms of *other* income tax receipts as instalments are not due until July. However, should the trends seen at the end of 2016 continue then, even allowing for some downside risk, we could see improvements against our budgeted position in the order of £2 million.

Not all of the news is positive, however, and the receipts from Document Duty are down versus expectations at this point in the year. Forecasting Document Duty is inherently difficult due to the small number of transactions and the disproportionate effect that a few, larger transactions can have. However, the trend is that conveyancing activity remains positive but that average transaction values are down some 3%, which is denting our income. Should this trend continue throughout 2017, then a budget shortfall of some £2 million is possible.

Turning to expenditure, I am extremely encouraged that, despite applying a 3% savings target to all expenditure – other, of course, than Health & Social Care and formula-led – the first quarter results show an underspend in the order of £2.5 million. A particular area of note is the year to date underspend of £1.6 million by the Committee *for* Health & Social Care. Although the current forecast for the end of year position is for their expenditure run rate to increase, such that the Committee's expected underspend is much lower, at £800,000, I am hopeful that it will in fact be significantly higher. I say this because further analysis shows that the monthly rate of spend in the first three months of 2017 is similar to that for the last six months of 2016.

This of course indicates a stable position, which is the result of the considerable effort invested by the management team and the Committee from May last year, to get a grip and arrest previously spiralling costs. Now, I appreciate that Deputy Soulsby and the Committee will wish to use some of the savings being made in other areas with pressing need, and of course it will be important to do so first preferably where that supports further improvements and savings. We must remember that not all of the significant additional funding given to the Committee *for* Health & Social Care was intended to be a permanent increase in the base. Work is ongoing by officers to determine the right balance between re-investment and savings, and I hope to be able to update further in my next statement.

Returning to the overall financial position I am pleased to be able to report that sound progress is being made to deliver against the agreed savings targets. The majority of the overall target – £4.6 million – has now been agreed and signed off, and a further £1.4 million has been identified and is in the process of being delivered. However, there remains a gap of £700,000 in 2017, and £1.5 million on an ongoing basis, and the entirety of this balance sits with the Committee *for* Education, Sport & Culture. I know that the Committee are eager to close that gap if possible, as quickly as they can. They know too that they have any support they need from the Policy & Resources Committee to do so.

We will of course continue with the strengthened challenge around recruitment introduced last year; we are also engaged in a procurement-led exercise to work closely with our largest suppliers to secure lower prices for a whole range of goods and services.

To summarise the financial position, the positive revenues at the end of 2016 and the first quarter of 2017 are driving an overall forecast surplus for the year of some £5 million, against a break-even budget. If this continues it would allow the appropriation to the Capital Reserve that was reduced in order to balance the budget, to be partially reinstated. Of course we will be in a position to bring forward any such proposals as part of the 2018 Budget Report, to be published in October, and I intend to keep the Assembly informed of progress on a quarterly basis.

Sir, I am of course delighted to have been able to deliver two upbeat statements in consecutive quarters; but sadly, two swallows alone do not make a summer.

As Members will see when we publish the Medium Term Financial Plan next week, the pressures on both spending and our tax base are undiminished. In other words it should come as no surprise that in planning ahead we have *not* been able to magic away the systemic health and social care pressures from an ageing demographic, or the need to deal with SWBIC's welfare reform. We still have the same capital and infrastructure requirements, we have not found a way to avoid the costs associated with external pressures such as Brexit or GDPR, or our commitment to support Alderney's lifeline air routes. On the revenue side, we have not been able to reverse the trend in falling fuel consumption or ignore the international constraints on our corporate tax regime; and we have not been able to reduce our reliance on the taxation of personal incomes from an aging workforce.

In short we can neither cut our way, nor tax our way, to fiscal sustainability. There is no simple, single solution; we have not found a silver bullet. So the brakes are not off. We must continue to exercise good discipline in all our spending decisions, whether capital or revenue spending; we must continue to ensure that our largest single expenditure, pay, is moderated; we must continue to reform our tax system, particularly to help those on low or modest incomes, whilst recognising the constraints of our tax base; and most importantly we must continue, and where possible accelerate, our reform programme. And I will return to reform later, sir.

In terms of the wider economy, the recent published statistics such as real growth in median earnings, increases in population numbers and those economically active, or the number of Local Market property transactions, are all indicative of a stronger economy. However, the downside risks remain real and largely unchanged. In particular of course the continuing uncertainty surrounding Brexit, whilst less significant in Guernsey than in the UK, could suppress business appetite to invest. On the other hand, the fall in the value of sterling and the rebound in oil prices has, as expected, increased inflation from its historic lows and this will put pressure on spending. So we must continue to be prudent in the economic assumptions we use for planning purposes.

The States' overall financial health continues to be well supported by its investment performance. In the first quarter, financial markets saw the strongest start to a year since 2012, despite a backdrop of political turbulence and uncertainty. The long term investment reserve received returns in the first quarter of 3.35%, meaning the performance over the last five years has now averaged 8.3% in each and every year. Likewise, the medium term investment reserves' quarter returns were 2.54%, taking the five year average to 3.9% per annum.

The Policy & Resources Committee continues to ensure that investment strategy is kept under constant evaluation and has recently been undertaking a strategic review of asset allocation, with a view to protecting strong recent performance against markets moving down. As a result, managers' mandates are being reviewed and updated. Consideration is also being given to merging the two reserves in order to improve returns, whilst still enabling us to manage our cash flow requirements, and we are also considering the increased use of local investment managers and products where this is merited. We are planning to host a presentation for States' Members in due course, to set out in more detail the investment strategies of all our funds, and I hope that Members will take the opportunity to attend.

Sir, in November 2015, the States authorised the provision of short-term borrowing facilities to the Aurigny Group, if required. Last month, the Policy & Resources Committee received an update from the States' Trading Supervisory Board on the position of the Aurigny Group. This projected a 2017 loss of £6.3 million. The 2017 Budget Report included an anticipated 2017 loss of

125 £3.9 million. This is in addition to the £2.3 million accumulated loss position, before any adjustments for FRS102, at the end of 2016.

The key reasons for the deterioration in forecast results are: firstly, a decrease in passenger revenues as a result of both flat market conditions and the adverse weather conditions experienced at the beginning of the year; secondly, additional maintenance costs on both the ATR and Dornier fleets; thirdly, higher than anticipated crew costs in the transition from the Trislander fleet; fourthly, additional compliance and handling costs; and finally, exchange rate movements and increased fuel costs. The Policy & Resources Committee has supported the States' Trading Supervisory Board's intention not to make any substantial changes to the airline or its operations ahead of the outcome of the strategic review – the report of the working party of which the Policy & Resources Committee considered for the first time yesterday, following which we will be writing to the States' Trading Supervisory Board next week. Therefore, the Policy & Resources Committee has agreed that it will make available to the Aurigny Group a temporary overdraft facility of £6 million in order to meet its cash flow requirements.

140 Sir, I want to return to reform. Public service reform is no longer something that is in the future. It is happening in the present. There are now numerous examples across the States of thinking differently about how services should, and do, meet the needs of our communities. Reform is about improving outcomes, making it easier for Islanders to access and deal with public services.

145 There are also exciting pieces of work underway to plan for the future through redesign of the whole system. The Committee for Health & Social Care is leading the redesign of health and social care services for the future: officers from Social Security Contributions and Income Tax Services have been working closely together to design a new, integrated collection service, something that has been talked about conceptually for years and now we are finally making it happen; and work continues to explore the opportunities of greater interoperability between the blue light services through the HOST, or Home Operational Service Transformation, programme.

150 The first phase – and I emphasise it is just the *first* phase – of our office rationalisation is now well underway, with dozens of people already having moved out of Sir Charles Frossard House to enable the building works to start. The social housing team moved to Edward T Wheadon House last week, and by the end of September we will have vacated the education offices in Grange Road and the income tax office in Cornet Street, releasing immediate savings on running costs. Further property rationalisation can and *will* follow.

160 This is happening with a huge amount of effort and commitment from staff, who have worked hard over the last few months to make these moves possible. I would like to thank those teams that have, or will be, moved, for their positive approach to the changes and for their patience and tolerance during the disruption and inconvenience that inevitably occurs during such moves. (A **Member:** Hear, hear.)

We have also started to work differently through changing the way services are delivered. The Policy & Resources Committee has approved funding for a small number of pilot projects which have been designed to rapidly review and redesign services from a user's perspective.

165 The first two of these pilot projects, in the income tax office and the Hub, have now been completed. Both took under eight weeks from start to finish and have demonstrated significant opportunities to improve the customers' experience, whilst also reducing the cost of operating services. This is demonstrating that it *is* possible to maintain or improve service standards while reducing operating costs, by automating more of our internal processes. These are *not* notional savings based on percentages achieved in similar services in the UK or elsewhere and guesstimated for Guernsey. These are *real*, quantified improvements and savings that are within our gift to deliver without the need for significant investment.

170 Following these initial pilots I am pleased to report that a number of service areas have expressed an interest in this approach and further opportunities for this type of redesign are now being explored.

It's important to recognise the implications for staff of the changes I am talking about. When cost savings are made through changing our services a significant proportion are likely to come from reducing our pay costs. In some cases, particularly where services have been digitised, these savings will come from the need for fewer staff in those areas which have been the subject of change and improvement. Fortunately the public service is well placed to deal with this given the age profile of staff and the number of retirements likely in the next five years, as well as natural turnover. However, it would be naïve to think that *all* of this change can be simply managed through natural wastage. The public service is going to need to be ready to deal with the displacement of staff.

To facilitate this we are looking at HR policies and procedures as well as HR capacity and skills to manage this, for example there is a need for an organisational approach to re-deployment, rather than just looking within a particular area. There is a need to work closely with the private sector to understand where skills can be transferred, and a need for a programme of reskilling.

Managing vacancies and optimising redeployment must always be the top priority, as it must be understood redundancy comes at a significant cost, both financial to the taxpayer and personal to the individual concerned. Therefore it is only once all other options have been exhausted, that consideration will be given to a programme of redundancies, as a last resort.

The public service, both its Civil Service and political leadership, are serious about thinking differently, working differently and improving our public services resulting in saving money and improving value for taxpayers. I urge Members of the States to continue their own strong leadership and support for this work.

Sir, as we race towards the end of the school year, and as a summary to mark this Government's first year in office, I asked the Committee for Education, Sport & Culture to write an end of year school report and this is what they wrote. It is a little bit old school so I detect the hand of, perhaps, Deputy Le Pelley, possibly even Deputy Smithies, but you will see what I mean:

'Guernsey arrived for her first term from her last school with a reputation for being difficult and stubborn. She got off to a bad start when it looked as if she was going to undershoot her 2016 Budget by some way. But she worked hard and got back on track, surprising us all with her diligence in producing an end of year surplus.

Guernsey's economy is stronger than she has shown in the recent past, which bodes well for this year, but she cannot afford to be complacent. We are aware that Guernsey has many distractions away from school including of course her ageing relatives. But she does seem to have finally grasped, that to be able to care for them when they get older she cannot avoid the hard decisions now. We also expect her to become distracted in the next year or two with her unreliable boyfriend, Brexit. *(Laughter)*

Guernsey occasionally seems frustrated that she cannot have all the shiny toys her friends have, even though we remind Guernsey that her friends' parents often buy those on credit – which can of course be both painful and expensive, as her distant second cousins Greece and Portugal found out recently – there still seem to be times that she does just seem to want it all. But now is not the time for Guernsey to lose her self-confidence.

She has demonstrated that she really can transform herself. If Guernsey stays focussed we have confidence that she really can produce some excellent results over the next few years. We look forward to seeing her next report in September.'

The Bailiff: We can now have a period of questions within the context of the Statement.
Deputy Soulsby.

Deputy Soulsby: Sir, I would just like to thank Deputy St Pier for recognising the hard work of the Committee and officers at Health & Social Care in getting a grip of finances, which demonstrates our commitment to strong fiscal management. I am also glad to hear him speak about thinking differently, working differently, which is our mantra.

However, does he acknowledge that whilst we have got a grip on finances and part of sustaining that grip and thinking differently, working differently, is making decisions that reduce or mitigate future pressures? And such decisions are best determined by the Committee that is mandated to protect, promote and improve the health and wellbeing of individuals and the community with our colleagues on relevant other Committees.

The Bailiff: Deputy St Pier.

Deputy St Pier: Yes.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, I thank Deputy St Pier for his update, and commendable efforts by Health in finding their efficiencies. So well done, people.

I am hoping as a member of ESC we will be able to get a mention shortly in the next statement about our efficiencies and savings, but there is some work to be done on that, I suspect.

I am reminded about the collection of tax from the good news which is a 4.4% rise in the ETI receipts over the quarter. Sir, the tax department itself, part of its role is the provision of systems for efficient assessment and collection of tax. Can I ask, sir, is it possible for an update as to where we are progressing that very important IT project?

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, I alluded to it briefly in reference to the so-called CATS – the contribution and tax system programme – and the work that is going on between Policy & Resources, Income Tax and Employment & Social Security and Social Security Contributions Team. That work is advanced in terms of seeking to design the new system that we want to cover both. It is a huge project and both collection areas are operating with IT which is quite long standing in its heritage. There is a considerable amount of work to do, but we do anticipate that to be part of the capital programme and therefore there will be further opportunities for this Assembly to scrutinise it I would hope, sooner rather than later.

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir.

Sir, given that the Policy & Resource Plan commits us to improve quality of life and build a healthy community, I wonder if Deputy St Pier would agree with me that investment in services provided in the community will be among the most pressing needs facing us in the coming year?

The Bailiff: Deputy St Pier.

Deputy St Pier: And also, investment in preventative as well is going to be critical and of course one of the major challenges for us is how we invest in preventative measures across a whole range – not just in Health and Social Care, it affects Home Affairs as well of course – in order to save future spending in the future whilst continuing with business as usual. I know that is a challenge which Health & Social Care have been considering very much as part of their submission to the Policy & Resource Plan process.

The Bailiff: Deputy Oliver then Deputy Lester Queripel.

Deputy Oliver: Sir, I just wanted to know *if* and what amount of money P&R say 'enough is enough' with Aurigny, and that they seriously need to change *what* and how they are run?

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

Deputy St Pier: That is the purpose of the strategic review which is being led of course by the Vice-President for Policy & Resources. The Review Panel, as I said, reported to Policy & Resources yesterday and had the first opportunity for the entire Committee to consider the
285 recommendations from that panel, and we will be writing to the States' Trading Supervisory Board next week, in light of those recommendations. There will be further information in the public domain sooner rather than later, but again we should at least give the STSB the opportunity to have sight of that first before wider dissemination.

290 **The Bailiff:** Deputy Lester Queripel and then Deputy Graham.

Deputy Lester Queripel: Sir, the President referred to improving customer service standards in his speech and my question to the President is: how will the States establish whether or not the public sector reform 'Tell us once' initiative is actually working to benefit the public? And if a
295 member of the public finds the initiative is not working for their benefit and they are having to give their details to departments over and over again, who do they report to in Government to make or register their concern, and perhaps register a complaint about that initiative?

The Bailiff: Deputy St Pier.

300 **Deputy St Pier:** Sir, the 'Tell us once' project, of course, is merely one part of the transformation of the delivery of public services in a different way, but specifically in relation to that to the extent that members of the public do have issues, I would suggest that in the first instance they should contact the Chief Information Officer.

305 **The Bailiff:** Deputy Graham then Deputy Roffey.

Deputy Graham: Sir, thank you.

We are now well into the third year since the issue of the States' Bond and I did not hear
310 Deputy St Pier mention it. If he did and I missed, it I apologise, but if he did not, could he please give us a brief update?

The Bailiff: Deputy St Pier.

315 **Deputy St Pier:** Sir, I do not have the most accurate figures directly to hand; however, there has been little significant movement in terms of lending in the period since the beginning of the year, since I last addressed the States on the matter of the Bond. However, there are projects which are in the pipeline as part of the capital programme, indeed particularly around social housing, which are being factored into the cash flow for the Bond. In the meantime the proceeds
320 remain invested as part of reserves and of course given the investment performance which I referred to are continuing to receive a return which exceeds the cost of the Bond.

The Bailiff: Deputy Roffey.

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

I warmly welcome the commitment that when we are looking at containing staff costs we will look first at redeployment and reskilling before redundancy. Would the President therefore agree with me that the previous policy under the FTR of ploughing millions of pounds into inviting voluntary redundancy, which was largely taken up by people who would have shortly have left the
330 service anyway, was a huge and costly mistake?

The Bailiff: Deputy St Pier.

335 **Deputy St Pier:** I am not entirely sure that the FTP is an issue, a question which arises from the statement sir, but that certainly had its role at the time, I am not sure ... It is easy to characterise it in the way that Deputy Roffey has done so I am not sure that that entirely reflects the case in respect of all those who participated in it.

340 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, I am pleased and encouraged by the second upbeat statement in two quarters from Deputy St Pier. But does he accept that we are still dancing around the problem which has been highlighted by Professor Wood and Dr McLaughlin over a considerable period of time now, that we have a structural fault with our system? So can he confirm – and if not, say why not – that Policy & Resources will be bringing back to the States for early consideration, significant proposals to address that structural fault? And can he say, if that is not the case, why it is not the case?

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

Deputy St Pier: Sir, Deputy Ferbrache is quite correct that we are operating currently with a surplus for 2016, and hopefully for 2017 if the trends as outlined in my statement continue. However, as I said in my statement, the Medium Term Financial Plan, which will be published next week, does identify there is indeed a structural deficit in the public finances in the medium term. That is what the Medium Term Financial Plan is designed to address.

That will be published next week and it will form part of the Policy & Resources debate in June, which is the commitment that Policy & Resources has always given.

360 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir.

I welcome the fact that P&R have now seen the Aurigny Review and it will be going to the STSB shortly. However, can we have some reassurance when the States as a whole will have access to the review? I believe we have been very patient, but I would like some reassurance of *when* the wider States can see the review please, sir?

The Bailiff: Deputy St Pier.

370 **Deputy St Pier:** Sir, I am not going to put an exact date or time on it, because that would create a hostage to fortune, other than to say it will be sooner rather than later – a repetition of the response I gave to an earlier question. It will be published in full, really, as soon as courtesy permits the STSB to have time to look at it and after that it will be published.

375 **The Bailiff:** Deputy Green, then Deputy Yerby.

Deputy Green: Sir, thank you.

I thank the President for his update statement. He described the progress on the savings targets for this year as sound, but he did flag up the outstanding £700,000 for 2017 in relation to the Committee for Education, Sport & Culture. Can the President tell the Assembly whether his Committee is working closely with Education, Sport & Culture in order to not only identify the opportunities for savings within that Committee, but actually making them real?

The Bailiff: Deputy St Pier.

385 **Deputy St Pier:** Yes, sir, I can give Deputy Green that reassurance.

I, of course, meet with the President of Committee *for* Education, Sport & Culture monthly and I am due to meet with him again on Monday. It is also a matter which I know, as I said in my statement, is of considerable interest and concern to other members of the Committee *for* Education, Sport & Culture, with whom I have spoken directly on the issue as well.

390 So I know it is well up their agenda and as I said Policy & Resources are committed to doing what we can to support the Committee *for* Education, Sport & Culture in achieving the objectives which they have themselves.

The Bailiff: Deputy Yerby.

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Deputy Yerby: Sir, to sound a note of reasonable caution, knowing that the Committee *for* Health & Social Care have interrogated apparent underspends within key services and that there are well-known pressures in those areas and that we recognise there will be changes needed which will lead to increases in costs, and knowing too that the second half of 2016 run rate was a result of strict, but perhaps not wholly sustainable management of spending decisions, is he minded to moderate his optimism that HSC's outturn to perhaps a more realistic position?

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The Bailiff: Deputy St Pier.

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Deputy St Pier: Sir, I do think that actually the statement did fairly reflect all of those issues and acknowledged that the current run rate, which has produced the underspend in the year to date is unlikely to continue. The assumptions again based on information and dialogue with the Committee and the office for Health & Social Care is that their expectation at the moment would be an underspend of £800,000, taking all of those issues into account.

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But I expressed the hope that actually notwithstanding some of the reasons why the run rate in the last six months of 2016 was lower than previously, some of the factors that contributed to that will continue and therefore we could improve. Together, we can work between Committees to help improve the outcome beyond £800,000 if at all possible.

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The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

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I was heartened to hear talk of thinking differently, working differently. This feeds off in a way some sentiments that Deputy Soulsby and Deputy Tooley also spoke about. I do welcome that and I do believe there is a genuine commitment to thinking differently, working differently, but I worry that I have seen very little evidence of this in terms of the office rationalisation process, particularly in terms of how staff and visitors get to and from the new-look premises.

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Can Deputy St Pier please give us a reassurance that travel plans are being properly worked through and will be implemented and taken seriously? I do have serious concerns about the expense involved with the outdated approach that I fear we are currently taking. So some reassurance on thinking differently, working differently in terms of travel planning would be very much appreciated.

The Bailiff: Deputy St Pier.

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Deputy St Pier: Sir, I know this is an issue of considerable interest to Deputy de Saumarez, and indeed others, and I know that she has taken an active interest in talking to officers within the States to help promote some of the ideas that are available to address the issue that she is talking about, but I think I can respond in the affirmative to her question. It is an issue which Policy &

435 Resources had to consider when looking at the programme, because it is quite obvious that the current methodologies for travel to Sir Charles Frossard House are simply not sustainable for increasing those numbers, unless some things are done differently and we are seeing some examples of that. There obviously is a trial, which I think is being led by the Committee *for* Health & Social Care, using electric bikes to get between meetings and so on.

440 Again, it may not be moving quite as fast as Deputy de Sausmarez would like but there is an acknowledgement that we cannot continue to do things in exactly the same way if we are to rationalise properties.

The Bailiff: Deputy Lowe.

445 **Deputy Lowe:** Thank you, sir.

I thank Deputy St Pier for his update. It is a good update. I do though have concerns and I would like some reassurance and as much as the Health & Social Care, great news that there will be currently an underspend, and that is great from working differently, and we all welcome that, but by working differently we should not actually forget that the States were given assurances of when the King Edward, as an example, was closed down, that more money would be put into the community to ensure that people were looked after in their homes. That has yet to come to fruition.

450 So while there are savings at the moment, I would not like to see those savings taken back by P&R when there is still an outstanding issue of making sure we look after those in our community.

The Bailiff: Deputy St Pier.

Deputy St Pier: I think that was more statement than question, sir.

460 **The Bailiff:** Well, there was a question at the end.

Deputy Lowe: There was a question. I asked for reassurance of that, please. I will rephrase it if you like. I asked for an assurance that the savings that HSC have made, currently under £800,000 sitting there in the pot, was through efficiencies and the money from the efficiencies is not going to be taken back by P&R when there is still an outstanding issue – an assurance given to the States previously that money would be spent on those in our community when the King Edward was closed down.

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

Deputy St Pier: Sir, my statement did refer to the need to get the balance between efficiencies and savings and the ongoing dialogue that there would be of course with the Committee *for* Health & Social Care recognising, as my statement also did, the ongoing pressures and increased demands within those services for which they are responsible.

The Bailiff: Well, Members, the 15 minutes are up. At my discretion I will extend it by five minutes.

Deputy Brehaut.

480 **Deputy Brehaut:** Thank you. I appreciate that Mr Bailiff. Thank you very much.

Transformation generally speaks to tomorrow and it was today that interested me in particular, or living in the moment. The statement with regard to moderating pay, the staff lead yesterday in what I call the Pop and Mig office was saying that they had a budget – they have a budget, I will acknowledge that, of £470,000 – yet they have to take on, they think, between another two and five staff on a temporary basis. We were hearing that the unforeseen expenditure on JESCC of

£318,000 on top of that. We know that the hospital services and social services are provided by agency staff that comes at a cost. We know that young police officers are very reliant on overtime. My Committee has delivered its 3% saving of around £360,000, all of that is wiped out at the stroke of a pen.

The Bailiff: You have 10 seconds.

Deputy Brehaut: Thank you.

So in real terms what can we practically do to moderate staff pay?

The Bailiff: Deputy St Pier.

Deputy St Pier: Deputy Brehaut has identified a number of particular examples and I think really that is perhaps a little unfair. It is very easy to identify areas where there are particular pressures at particular times.

The statement I was making was much more about the longer term journey we are on. We have seen exactly the kind of challenges which Health have faced and being able to drive down the use of agency staff, which they have been successful in doing. So it is possible. Education, Sport & Culture have been using some of their staff differently in schools, in terms of covering at lunch times and so on. That has helped to moderate the pay bill.

So there are plenty of examples where it can be done, but my statement was also referring to again the pilots that we have used and the ability to digitise more of what we do and therefore utilise fewer staff over all.

The Bailiff: Deputy Dorey. This may be the last question.

Deputy Dorey: Thank you.

Does the President agree rather than increasing Aurigny's overdraft when they have no ability to repay it just results in a large capital injection every few years, and a more transparent and open way to show our financial position is to give a direct subsidy each year to cover the losses?

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, I agree and I am sure that Deputy Dorey will recall that has been the position for some time of the former Treasury & Resources Department and indeed of Policy & Resources in the many – or the various three or four – policy letters and States' reports that have come to the Assembly over the last few years. I think it is in everyone's interests that we have a much more transparent form of support for the airline. We are very clear about what we are doing and why we are doing it and that I think has been recognised by the Review Panel, and I am sure IT is an issue that we have to see some change on.

The Bailiff: That was quicker than I expected; there is one more minute.
Deputy Le Tocq.

Deputy le Tocq: Thank you, Mr Bailiff.

Sir, would the Premier agree with me that even if positive revenue trends continue in the future, there is no guarantee at all that this will be the case year-on-year, and in any case we as an Assembly need to do quite a lot of work to replenish the reserves that we have eaten into for the past seven or eight years?

The Bailiff: Deputy St Pier.

540 **Deputy St Pier:** Sir, I absolutely agree with that, and again that was very much recognised I think in the Personal Tax Pensions and Benefits Review. It was recognised in the first phase of the Policy & Resource Plan and it is something that is recognised in the Medium Term Financial Plan that Policy & Resources will be publishing next week. We cannot ignore that issue, and it needs to be addressed with the structural issues which Deputy Ferbrache identified in his question, sir.

545 **The Bailiff:** The extended period of 20 minutes in total has now expired.

Questions for Oral Answer

COMMITTEE FOR ENVIRONMENT & INFRASTRUCTURE

Overseas Territories and Crown Dependencies meeting held in Alderney

The Bailiff: We will move on to Question time and there is one question to be asked by Deputy Gollop of the President of the Committee *for the* Environment & Infrastructure.

Deputy Gollop. Can you switch your microphone on, when you are ready?

550 **Deputy Gollop:** Yes, here it is – it suddenly disappeared, that is the trouble with these electronic things! (*Interjections*)

Deputy Brehaut: I could hand mine to Deputy Gollop, if it helps?

555 **Deputy Gollop:** Well, I was recently envious of Deputy Brehaut because recently the Bailiwick, especially Alderney, was honoured with a wide-ranging United Kingdom Inter-Parliamentary Overseas Territories and Crown Dependencies meeting, to plan for the future of their wildlife especially post Brexit. This meeting was jointly chaired by the outgoing Chief Executive Officer of the States of Alderney, Victor Brownlees.

560 As Deputy Brehaut was rightly an attendee on behalf of us, can he inform us of useful insights and learning experiences relating to the ecological issues, climate change and habitat concerns, we can collectively benefit from?

565 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: I have to say, sir, if Deputy Gollop is envying me he must be at a particularly low ebb. (*Laughter*)

570 Sir, I am grateful to Deputy Gollop for highlighting the recent UK Overseas Territory and Crown Dependencies meeting held in Alderney recently. It was a wide-ranging discussion and I would refer Deputy Gollop and Members to the official communiqué following that meeting, which sets out the key issues that were discussed in more detail than I have time available this morning. I will forward Members that communiqué in an email. I have taken the decision not to have my laptop on unless I am presenting items, so I will do that when I get home later.

575 However, from my perspective the single greatest insight I obtained, which I think this Assembly could collectively benefit from, is the fundamental imperative of safeguarding environmental protection. It is a fallacy to think environmental protection is a luxury. We have a moral imperative to safeguard our environment for future generations. We reiterated the fact that the economies of many of the UK overseas territories depend on our special environments for

580 fishing, tourism, storm protection, power generation, etc. If the UK supports sustainable developments and conservation this assists the UK overseas territories in making their economies stronger, for example through the establishment and enhancement of sustainable fisheries, increased sustainable eco-tourism and more resilience to severe weather damage and more sustainable energy.

585 There is I believe a growing recognition of the interdependencies between our economies and our environment. I would go so far as to say that enlightened economists are environmentalists too. With one exception, every overseas territory and crown dependency represented at that meeting is an island. There is a great strength in working in partnership with other jurisdictions and on matters where we can speak with a common voice; and on areas that we can speak with a
590 common voice, we are much more likely to be heard.

Thank you, sir.

The Bailiff: Any supplementaries? Deputy Gollop?

595 **Deputy Gollop:** Deputy Brehaut mentions increased sustainable eco-tourism, and he mentions too economies of many territories depend on their special environments for fishing and tourism.

Does the Environment & Infrastructure Committee have an ongoing dialogue particularly with Economic Development, Deputy Merrett and the team, on how we can best utilise what we offer for tourism in both Guernsey and Alderney in a way that also meets environmental strength and
600 enhancements?

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

605 Interestingly a number of small islands all over the world have faced the very same issue, which is that they try to diversify their economy, and in diversifying their economy they actually forget the asset that is around them, which is the island they live on. So a number of small island communities are moving back to tourism to underpin aspects of the economy that have proved to be less viable. Clearly, I think with my Committee and with the Committee *for* Economic
610 Development there is overlap, and I do on a one-to-one basis meet Deputy Jenny Merrett on a regular basis to talk about the synergies between both Committees, yes.

The Bailiff: Any more supplementaries? No.

In that case we will move on, Greffier, to elections and appointments.

Billet d'État X

ELECTIONS AND APPOINTMENTS

I. Election of a Member of the Ladies' College Board of Governors – Deputy H. J. R. Soulsby elected

Article I

The States are asked:

To elect Deputy H. J. R. Soulsby as a member of the Ladies' College Board of Governors who has been nominated in that behalf by the Chairman, the two States-appointed Governors and the two Governors appointed by the States on the nomination of the Committee for Education, Sport & Culture, and whose term of office will expire on the 31st May 2017.

615 **The Greffier:** Article I – Election of a Member of the Ladies' College Board of Governors.

620 **The Bailiff:** Well, Members, I know that you have a letter attached to the Proposition that states that the proposal is to elect Deputy Soulsby, or re-elect Deputy Soulsby, and that her proposer in the States will be Deputy St Pier, but in fact as I understand the mandate of the Ladies' College Board of Governors, Deputy Soulsby has been nominated by the Chairman, the two States' appointed Governors and the two Governors appointed by the States on the nomination of the Committee for Education, Sport & Culture. Therefore I do not see any need for anybody in the States to be nominating her. There are some members of the Ladies' College Board who are elected by the States, on nomination from the States; there is no provision for any
625 nominations from the floor of the Assembly.

Unless Deputy St Pier particular wishes to speak on behalf of Deputy Soulsby's nomination, we can go straight to the vote.

Deputy St Pier do you wish to – ?

630 **Deputy Soulsby:** Sir, I just recall from last time you sought somebody to propose me, and then somebody from here was proposed.

635 **The Bailiff:** Well the Proposition that has come says that you have already been nominated by the Chairman, two States' appointed Governors and the two Governors. *(Interjections)* So there is no provision for anyone else to nominate. Maybe I did it wrong last time, in which case I apologise. The Ladies' College Board is complicated because different members are elected in different ways, but this seems that you are now being nominated by the Board rather than by anybody within the States.

640 Unless you wish particularly to speak, Deputy St Pier, I suggest we go straight to the vote. Yes? Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Deputy Soulsby elected.

**II. Administrative Decisions (Review) (Guernsey) Law, 1986 –
New Chairman and Deputy Chairman of Panel of Members –
Deputy C. J. Green and Douzenier R. L. Heaume MBE re-elected**

Article II

The States are asked:

To elect, in accordance with the provisions of section 4 (2) of the Administrative Decisions (Review) (Guernsey) Law, 1986:

1. A Chairman of the Panel of Members, who shall be a sitting member of the States of Deliberation and who has held a seat in the States for a period of three years or more, to fill the vacancy which will arise on 1st June, 2017, by reason of the expiry of the term of office of Deputy C. J. Green, who is eligible for re-election.

2. A Deputy Chairman of that Panel, who shall be one of the Deans of the Douzaines but who shall not have a seat in the States, to fill the vacancy which will arise on 1st June, 2017, by reason of the expiry of the term of office of Douzenier R. L. Heaume MBE, who is eligible for re-election. (N.B. The Deans of the Douzaines are Douzeniers R. L. Heaume, MBE, J. E. Foster, M. A. Ozanne, P. I. Le Tocq, G. Guilbert, Mrs. C. E. Goodlass, B. E. Gregg, R. A. V. de Garis, M. A. Fooks, Miss R. A. Henry.)

645

The Greffier: Article II – Administrative Decisions (Review) (Guernsey) Law, 1986 – New Chairman and Deputy Chairman of Panel of Members.

650

The Bailiff: For this there is provision for nominations from the floor so does anybody wish to propose and second any candidates?

Dealing first with the position of Chairman of the Panel of Members. Deputy St Pier.

Deputy St Pier: Sir, yes, I wish to nominate Deputy Chris Green.

655

The Bailiff: Chris Green. Do we have a seconder?

Deputy Trott: We do, sir, thank you.

660

The Bailiff: Deputy Trott, thank you.

Do we have any other nominations for the position of Chairman of the Panel of Members? No. We go to the vote then on the Proposition to elect Deputy Chris Green as Chairman of the Panel of Members. Those in favour; those against.

Members voted Pour.

665

The Bailiff: I declare Deputy Green elected.

Secondly, we need to elect a Deputy Chairman, do we have any nominations?

Deputy St Pier.

Deputy St Pier: Sir, I wish to nominate Mr Richard Heaume.

670

The Bailiff: Douzenier Heaume. Thank you. And again Deputy Trott seconding, is that right?

Deputy Trott: Yes, I do, sir.

The Bailiff: Are there any other nominations? No. We go to the vote then on the proposal to elect Douzenier Richard Heaume as Deputy Chairman of the Panel. Those in favour; those against.

Members voted Pour.

675 **The Bailiff:** I declare him elected.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

**The Boarding Permit Fees Order, 2017;
The Trade Marks (Register of Trade Mark Agents) Regulations, 2017;
The Registered Designs (Register of Design Right Agents) Regulations, 2017;
The Boarding Permit Fees (No.2) Order, 2017;
Open Market Housing Register (Fees) Regulations, 2017**

680 **The Greffier:** Statutory Instruments laid – The Boarding Permit Fees Order, 2017; The Trade Marks (Register of Trade Mark Agents) Regulations, 2017; The Registered Designs (Register of Design Right Agents) Regulations, 2017; The Boarding Permit Fees (No.2) Order, 2017; and the Open Market Housing Register (Fees) Regulations, 2017.

The Bailiff: I have not received notice of any motion to annul any of those Statutory Instruments.

POLICY & RESOURCES COMMITTEE

III. The Income Tax (Guernsey) (Amendment) Ordinance, 2017 – Approved

Article III

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Income Tax (Guernsey) (Amendment) Ordinance, 2017', and to direct that the same shall have effect as an Ordinance of the States.

685 **The Greffier:** Article III – Policy & Resources Committee – The Income Tax (Guernsey) (Amendment) Ordinance, 2017.

The Bailiff: Is there any request for debate or clarification?
We go straight to the vote. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

**IV. Document Duty and Anti Avoidance Duty –
Propositions carried**

Article IV.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Document Duty and Anti-Avoidance Duty' of the Policy & Resources Committee, they are of the opinion:

- 1. To approve the proposals to introduce a document duty (anti-avoidance) duty regime in accordance with Section 3 of the Policy Letter;*
- 2. To approve the Projet de Loi entitled 'The Document Duty (Anti-Avoidance) (Guernsey) Law, 2017', and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Royal Sanction thereto;*
- 3. To approve the proposals to repeal the Document Duty (Guernsey) Law, 1973 and the Document Duty (Guernsey) Ordinance, 2003 and to substitute a revised document duty regime in accordance with Section 4 of the Policy Letter;*
- 4. To approve the Projet de Loi entitled 'The Document Duty (Guernsey) Law, 2017', and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Royal Sanction thereto; and*
- 5. To direct the preparation of such other legislation as may be necessary to give effect to the above decisions.*

690 **The Greffier:** Article IV – Policy & Resources Committee – Document Duty and Anti Avoidance Duty.

The Bailiff: Is there any request for any ...? Well, yes, sorry, yes, this is a debate. *(Laughter)*
Deputy St Pier, the President of Policy & Resources Committee will open the debate.

695

Deputy St Pier: Sir, I think I can be relatively brief on this matter. The policy letter I think, whilst fairly technical, does in a sense speak for itself. This is seeking to finally bring a close to a matter that has been outstanding for some time. As the opening of the policy letter notes in the Budget for 2012, presented in 2011, Deputy Charles Parkinson and his board at that time,
700 proposed that this issue be addressed. In other words where companies own properties and therefore when they transfer the ownership of that property by transferring ownership of the shares Document Duty has been avoided, or is avoidable, and this is seeking to close that particular loophole.

Deputy Dorey, sir, has been like a dog with a bone with this issue and has returned at regular intervals, including when he was on the board of Treasury & Resources with me at the beginning of the last term, and subsequently through subsequent Budgets and really any other opportunity to ask where this matter was. It has been a matter of some concern to Treasury & Resources and Policy & Resources that it has taken some time to bring the matter back. That really is explained by the complexity of the legislation and seeking to ensure that unintended consequences are
710 avoided.

Sir, the principle is sound and fairly simple, but when you then try to apply that in practice that is sort of where the rubber hit the road in terms of the technicalities which made it a little more challenging. In particular what other entities needed to be considered other than just companies, for example. It would, as I was saying to Deputy Dorey earlier, sir, have been much easier and quicker to have brought this back if we were merely dealing with residential. As soon as we drag in commercial properties the question then becomes, which commercial properties? What is the
715 sin that we are trying to deal with here? If it is actually a property that is being used properly in a trade, then the transfer of that trade from one owner to another would not in many, or any, jurisdictions that we could find trigger a liability at that point. So that is what has led to the delay,
720 that is what has led to the complexity of legislation.

I am delighted, sir, to finally be able to bring this back and close this loophole. We will send it to the Privy Council as quickly as we can and hopefully get it commenced as quickly as we can as well, sir.

725 **The Bailiff:** Is there any debate?
Deputy Gollop.

730 **Deputy Gollop:** Sir, I will support this, but it is interesting the last item we all approved unanimously without dissent or debate was the classic of the kind that goes before the Legislation Select Committee, and as always I remonstrated about it, because in a way it was a classic bundle of exemptions for taxation from a variety of entities that were part of our economy but were not directly linked to Guernsey. So effectively, as often is the case, we have a taxation regime that is more favourable to non-residents than residents, which can be galling from a political point of view.

735 Yes, perhaps this is not a million miles away from that, because of course it is not four years in coming, it is like 24 or 34. It has been a bone of contention with local people who buy and sell properties for many a long year.

740 Alderney has had, I believe, legislation anti avoidance. How it works, I do not believe we know, and the UK I think has, but here clearly it is a potential drain of money. The policy letter rightly acknowledges that if you eliminated these companies there would also be a financial loss to the Registry, but not necessarily an equivalent loss.

745 The problem is that I can understand why the legislation is complicated, because the only way that I could think it would be easy is if you created an anti-avoidance type of legislation that was entirely discretionary. In other words you gave the powers to the Administrator of Income Tax, or better still the Chief Minister or President of Policy & Resources, preferably without appeal, but I do not think you would get away with that nowadays, who would make a subjective decision as to whether an activity was anti-avoidance or not. That is what it comes down to, because as soon as you start to exempt people who are, say, public limited companies, or listed on what used to be the Channel Islands Stock Exchange, the International Stock Exchange, you have issues.

750 I turn Members' attention to page 22 of the Billet, or page 9 of the report, which has a whole list of exemptions including: settling property on trust; transferring property by will, by *partage*; creating or affecting servitudes; (d) which are acts of Court evidencing the transfer of property, such as a vesting order, including inheritance legislation or vesting order in *saisie* proceedings. Now, we are getting into Norman Law here a bit like the Bailiff's excellent and expert 90-minute lecture to us at the WEA yesterday, that some of us attended. It gets into complicated areas.

755 But the most pertinent part of this that worries me is 4.2(b) 'to be or not to be', it says:

conveying property from a company to its beneficial owner or to another member of the same group of companies

760 Well how do you define those entities, because companies that are linked together in the same group or family group often have subtly different proportions of shareholding, and I know families are exempted too? How far do you extend that family, we are including grandchildren and children? But you could have all sorts of cousins and all kinds of colleagues in a partnership or limited company that would be transferring from company *a*, to company *b*, to company *c*, and in reality somebody is getting an interest in company *d* or being allowed to reside in the property who used to be in company *a*. I mean under this kind of proceedings I wonder if even the Church of England would be covered because, of course, it could include people we are benefiting from rectories, although we do not actually have the Church selling rectories to another church on the Island. But you could see how it goes beyond simplicity.

770 So, I wish good luck to this legislation, but I think unless it is done in the spirit of a relatively simple anti-avoidance piece it could give rise to great delay, great expense for St James' Chambers and great complexity. So, as we are trying to solve the problem I would urge simplicity rather than a law that would only perhaps encourage professional advisers to get busy.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

775 I am pleased that these proposals have finally been brought to the States. The States, as Deputy St Pier said, approved in principle, changed in December 2011, and it has taken far too long to bring these proposals and the Projet. But I am pleased that the Projet is concluded so we do not have to wait for that. Obviously it has got to get Royal Assent.

780 I think it is a particularly bad example of government that it has taken so long, when we have been running a deficit for all those years, to bring proposals which are an income earner. It is also that it is improving a very unfair situation, when high value residential properties in the commercial sector have avoided paying Document Duty by setting up companies to own residential properties; and that is illustrated by about a third of the Open Market is owned by companies.

785 I am disappointed that there are so many exemptions and particularly that collective investment schemes, some of which have been very active in the local commercial market in recent years, will not pay Document Duty, while transactions involving, for example, very similar commercial buildings which are owned by private individuals through companies will pay Document Duty – and I do not think that is entirely fair.

790 Looking forward, I hope that loopholes are not found in this Law, as has been found in the current Law, because it is so unfair the way the current Law has been operating. If loopholes are found, I would say that we just have to give up on Document Duty and move to a situation where we tax the ownership of property and not property transactions, which I think will ultimately benefit Guernsey as we want to encourage property transactions, and we should be taxing on fixed assets.

795 Thank you.

The Bailiff: Deputy Roffey.

800 **Deputy Roffey:** I have a question or clarification to ask in relation to which I have a clear and obvious vested interest but I am not advocating a particular course of action, just trying to understand the Law. Reading this policy letter I am clear on the position of property used in trade by companies listed on stock exchanges and friendly societies. I am not clear on the position of properties used in trade by co-operative societies, registered under the Industrial and Provident Act, and I would just like to understand exactly the position of any co-operative so listed.

The Bailiff: Anyone else? No.
Deputy St Pier will reply.

810 **Deputy St Pier:** Sir, I think all the questions that have been raised in debate are entirely valid.

The discretionary system which Deputy Gollop would prefer, I would suggest, probably would not be human rights compliant, to provide that level of discretion to any individual, elected or otherwise, and indeed I think the uncertainty that it would create would clearly be unacceptable to anybody seeking to use the system.

815 He also quite rightly notes that creating any system of exemptions adds complexity. That absolutely is right, and of course one of the hallmarks of our tax system in its entirety has been that we have kept it relatively simple wherever possible, and this is a conscious reversal of that policy. We are undoubtedly making the system more complex, and that then plays to Deputy Dorey's point about the fairness of this and whether some transactions for identical properties sitting next door to each other with slightly different ownership structures could have a different outcome. That is entirely correct and whether that is fair or not is a judgement call. But it does reflect, as I said, the complexity of this particular issue.

In relation to the financial impact of that, this is largely unknown for the reasons that Deputy Gollop identified, in terms of the change of behaviours to the extent to which properties will no longer be retained in corporate structures and therefore moved into personal ownership, and therefore we lose the benefit of revenue through the Guernsey Registry. The long-run impact of that is simply unknown and we are not going to know that until a few years down the track, I would suggest.

Then finally in relation to Deputy Roffey's point, I did have only a little bit of advance notice of this question and I am very grateful to HM Procureur for seeking to give some consideration to it. Suffice to say that if I showed to Members HM Procureur's brief summary, based on the time she had available whilst I was speaking to her, that in itself indicates the complexity that does arise with some of these questions. I am not able to provide a definite answer to Deputy Roffey's question. It will in all likelihood depend on the nature of the transaction of the property and its use, but that is a question which again, perhaps, we could hopefully follow up between the approval of this legislation today and commencement, in order that if there are any issues which have been overlooked they could be addressed in an appropriate way.

The Bailiff: Well, Members, we come then to the Propositions. There are five Propositions and because they involve the approval of legislation I think we had better take them separately. I hope you have them in front of you; the first one is: 'To approve the proposals to introduce a document duty (anti-avoidance) duty regime in accordance with Section 3 of the Policy Letter'.

Those in favour, those against.

Members voted Pour.

The Bailiff: I declare it carried.

The second is: 'To approve the Projet de Loi entitled "The Document Duty (Anti-Avoidance) (Guernsey) Law, 2017"'.

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

The third is: 'To approve the proposals to repeal the Document Duty (Guernsey) Law, 1973 and the Document Duty (Guernsey) Ordinance, 2003 and to substitute a revised document duty regime in accordance with Section 4 of the Policy Letter'

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Then: 'To approve the Projet de Loi entitled "The Document Duty (Guernsey) Law, 2017"'

Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

And finally: 'To direct the preparation of such other legislation as may be necessary to give effect to the above'.

Those in favour; those against.

Members voted Pour.

860 **The Bailiff:** I declare it carried.

COMMITTEE FOR ECONOMIC DEVELOPMENT

V. Legislation to facilitate Electronic Cheque Imaging in the presentment of cheques and other bills of exchange – Propositions carried

Article V

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Legislation to facilitate electronic cheque imaging in the presentment of cheques and other bills of exchange' dated 6th April, 2017, they are of the opinion:

1. To agree that legislation should be enacted in Guernsey replicating the effect of the provisions of the new Part 4A of the Bills of Exchange Act 1882.

2. To direct the preparation of such legislation as may be necessary to give effect to the above decision.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

The Greffier: Article V – Committee for Economic Development – Legislation to facilitate electronic cheque imaging in the presentment of cheques and other bills of exchange.

865 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, well the title almost says it all; this is to accord with an amendment to the UK legislation. We have to follow that principle and I am sure we will.

870 Deputy Le Clerc raised with me the question of security and of course that must be paramount in relation to all banking and financial institutions. I am sure they have regard to it.

Other than that I ask the States to approve the Propositions.

The Bailiff: Is there any debate?

Deputy Gollop.

875

Deputy Gollop: It did not quite say it all, because I wondered if we are now moving away from paper cheque books to electronic cheques that will be presented electronically using electronic photographs and illustrations, like my signature? Can an electronic cheque bounce? Is it rubbery or not?

880

The Bailiff: I see no-one else.

Deputy Ferbrache will reply.

Deputy Ferbrache: Yes, it can. *(Laughter)*

885

The Bailiff: Well, Members, there are two Propositions. I put them both to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

890 Finally, Greffier.

POLICY & RESOURCES COMMITTEE

VI. Schedule for future States' Business approved

Article VI

The States are asked to decide:

Whether, after consideration of the attached Schedule for future States' business, which sets out items for consideration at the Meeting of the 7th June 2017 and subsequent States' Meetings, they are of opinion to approve the Schedule.

The Greffier: Article VI – The Schedule for Future States' Business.

The Bailiff: Deputy St Pier.

895 **Deputy St Pier:** Sir, I wish to table the Schedule and have nothing further to add.

The Bailiff: Does anybody wish to propose any amendments to the Schedule?
We will go to the vote. Those in favour; those against.

Members voted Pour

900 I declare it carried.
That concludes the business for this meeting and we will now rise.

The Assembly adjourned at 12.27 p.m.