



**OFFICIAL REPORT**

**OF THE**

**STATES OF DELIBERATION**

**OF THE**

**ISLAND OF GUERNSEY**

**HANSARD**

**Royal Court House, Guernsey, Friday, 20th July 2018**

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

**The Castel**

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

**The West**

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

**The South-East**

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

**Representatives of the Island of Alderney**

Alderney Representative S. D. G. McKinley, O. B. E.

**The Clerk to the States of Deliberation**

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

**Absent at the Evocation**

R. M. Titterington, Q.C. (H.M. Comptroller)  
Deputy V. S. Oliver (*indisposée*); Alderney Representative S. Roberts (*absent de l'île*)

## Business transacted

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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 States met at 9.30 a.m.*

[THE BAILIFF *in the Chair*]

## **PRAYERS**

*The Greffier*

## **EVOCATION**

# Billet d'État XIX

## **POLICY & RESOURCES COMMITTEE**

### **IX. Superannuation Fund – Actuarial Valuation – Propositions carried**

*Article IX.*

*The States are asked to decide:*

*Whether, after consideration of the Policy Letter entitled 'Superannuation Fund - Actuarial Valuation', dated 6 June 2018, they are of the opinion:-*

- 1. To note the Actuarial Valuation of the States of Guernsey Superannuation Fund as at 31 December 2016.*
- 2. To agree that, except for Guernsey Electricity Limited, the employer future service contribution rate in respect of the States of Guernsey Superannuation Fund shall remain at 14.1% and that the employer additional future service contribution rates shall remain as set out in Appendix II*
- 3. To agree that the employer future service contribution rate for Guernsey Electricity Limited shall remain at 11.5%.*

**The Senior Deputy Greffier:** Billet d'État XIX of 2018 – Article IX – Policy & Resources Committee – Superannuation Fund – Actuarial Valuation.

- 5 **The Bailiff:** I have no objection to people taking jackets off and if you have already taken your jacket off fine, it is going to be warm today. I wish I could join you but I cannot.  
Debate will be opened by the President of the Policy & Resources Committee.

**Deputy St Pier:** Thank you, sir.

This policy letter deals with the Actuarial Valuation of the Superannuation Fund as at 31st December 2016, which was prepared by BWCI Consulting. The Superannuation Fund is of course the long-term investment pool for paying occupational pensions to public sector employees and an actuarial valuation is carried out to assess the value of the Fund compared to its liabilities. In other words, the expected value of the pension benefits that are likely to be paid in the future using information about the scheme and its members at the valuation date.

I am pleased to report that overall there was funding level of 93.5%; this relates solely to benefits already accrued by members. This level of funding which has increased over the last decade from 85.9% reported in the 2004 actuarial valuation is very pleasing. In the UK whilst local government pension schemes are funded, public sector pension schemes, for example, for nurses, teachers, civil servants, armed forces, police and firefighters are unfunded, with benefits from members who leave and retire being directly paid out of contributions made in respect of current employees.

In addition, the actuarial valuation also includes an estimate of the employer contribution rate needed to fund future service of existing employees. There are no recommended changes to the employer's contribution rate, as it has been calculated that continuation of the existing rates will be sufficient to fund future service and contribute towards the elimination of the past service deficit.

I would like to remind Members the actuarial valuation is based on long-term assumptions for funding the long-term liabilities of the Public Sector Employees Pension Scheme. The value of the assets in the Fund will fluctuate, often by several million pounds in a single day, week, month or year, as has happened on many occasions. However, these are short-term movements and my Committee has put in place an investment strategy that aims to achieve real growth over the long term, whilst reducing the risk as far as is feasible of adverse short-term volatility. Therefore we must focus our attention on the long-term investment returns achieved when assessing the position of the Superannuation Fund.

This is illustrated as follows: as reported in the 2017 Accounts, 2017 was – as of course was 2016 – a very good year of investment performance with the rate of return assumed in the actuarial valuation being exceeded. This has meant that the funding position of the Superannuation Fund as at the end of 2017 improved to approximately 98%. However, the investment performance for the first half of 2018 has been below the assumption, meaning that unless returns for the second half of this year are commensurately above the target then the funding position will reduce below 98%.

The funding position of the Superannuation Fund is calculated in the actuarial valuation prepared on assumptions which reflect the reality of our active investment with a diversified portfolio, and it is significantly above that calculated in accordance with the very prescriptive and conservative provisions of Financial Reporting Standard 102, an accounting standard not primarily designed for public sector use.

The actuarial valuation is based on relevant projections linked to our Scheme so it looks at our investment strategy and it also looks at the Scheme's real-life experiences of members' actual age at retirement and death and so on. As such it is the most accurate information available to the States of Guernsey to determine the funding position and future funding needs to ensure we can meet the liabilities of our Scheme.

In summary, the results of this valuation are good news. The overall funding position has continued to improve and no changes need to be made to the employer's contribution rates. The positive funding position in respect of past services, together with changes made to the Public Sector Scheme in 2016, have placed the Scheme on a more sustainable footing long term.

Sir, I would like to ask Members to support my Committee's policy letter and its recommendations.

**The Bailiff:** Deputy Green.

**Deputy Green:** Sir, thank you.

60 Before I speak on this I declare an interest in that my wife is a teacher within the Scheme.

Sir, it is difficult to argue against any of the three Propositions in this policy letter for the reasons that Deputy St Pier has given.

The actuarial valuation is, on the face of it, reassuring and the progress that has been made on the funding position since 2010 is similarly positive. But I do think, sir, that the message I would like to give is that we do need ongoing vigilance about this and indeed there are a number of underlying policy issues that do bear some attention.

65 First of all the key issue that drives the actuarial valuation that we have here is the assumptions used which are set out in Appendix D, especially the so-called discount rate. That rate is as I understand it set by P&R. Now I am unsure, sir, on when the appropriateness or otherwise of that particular discount rate was last debated by this Assembly, but the discount rate used in the actuarial valuation is the key to the difference in the valuations between that of the actual and that dictated by the accountants, as per FRS102.

75 Certainly the discount rate used by the actuaries is in my view more realistic than FRS102, as the latter assumes that the States would have to replace the whole of the existing Pension Fund by purchasing retirement annuities in the current market to cover the full entitlements of all members. So whilst I think there is some justification for FRS102 method for proper commercial operations, which of course can go bust, I think applying that logic to the public sector and to the States of Guernsey in itself is not necessarily the best application of that principle. But, sir, however, the larger point that I would like to make is that the discount rate is determined by P&R and it is wholly subjective and it does assume a consistent level of future investment performance that has not always been borne out in practice.

80 In the last couple of years the Stock Market clearly has been on something of a bull run for the last few years, but whether that will continue and whether it is continuing even now is not certain, and the picture may be somewhat more of a sorry state if that does turn to a more bearish performance.

85 But, sir, in relation to the final paragraphs in Appendix E to the Actuaries Report which draw further attention to the so-called sensitivities of the assumptions that have been used, the figures shown – I think it is at page 36 of the report – shows that the greatest sensitivity and therefore the greatest threat arises from not achieving the assumed discount rate, and indeed the penultimate paragraph of page 33 says, and I quote:

90

The return achieved on the Fund's assets may be lower than allowed for in the valuation. It is for the Policy & Resources Committee to decide upon the level of the investment outperformance to assume for the valuation calculations.'

So in my view, sir, P&R do have to justify the discount rate as it has been used and as it will be used in the future.

95 Generally, sir, the policy letter paragraph 5.2 does illustrate the fact that before taking account of the net investment returns the Pension Scheme is paying out more in pensions and in lump sum payments than it is receiving by way of contributions from employers and employees. So whilst I agree with Deputy St Pier in that the position is certainly an improved position, I do think the overriding message should be one of caution and the need to remain vigilant. Generally speaking we do have a well-funded Superannuation Scheme and there are some fairly cautious assumptions that are underpinning it but nevertheless, sir, I think going forward we do need to remain vigilant on this.

100

Thank you.

**The Bailiff:** Deputy Roffey.

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

105 I suppose I ought to preface my remarks by saying that I am a member of the closed States' Members Pension Scheme and what is more, beginning to feel I might live long enough to take advantage of it.

I am going to be a bit of a Jonah here, for the sake of it, maybe a devil's advocate to the upbeat message put forward by Deputy St Pier. If you look at the table on the last page of the policy letter which sets out the funding as under FRS102 and under the actuarial valuation, first of all I do take Deputy St Pier's point that compared with the public sector in the UK we are incredibly prudent and conservative in aiming for a fully funded scheme, where their scheme is not funded at all. But we are aiming for a fully funded scheme and therefore we are in deficit at the moment.

115 While I have a lot of sympathy with the argument that the actuarial valuation uses more realistic assumptions than FRS102 there are companies all around Guernsey, and right up and down the UK, who will feel exactly the same way about their final salary pension scheme; and that actually what they are forced to declare in their accounts, which is their deficit under FRS102, which is a snapshot in time of what their expected investment returns might be, are a particularly harsh portrayal of their financial situation – and they would prefer to use an actuarial valuation. But they cannot: they are told what they have to put on the record, and what they have to deal with is the actual deficit. And, under FRS102 we do have a deficit in excess of a billion pounds, which is very significant indeed.

120 Actually I do not agree with Deputy Green, I do not think that is the same as the buy-out rate. I think the buy-out rate would show an even bigger deficit. But certainly FRS102 is a very cautious estimate and I think it probably is over-cautious, but it is a luxury that Government is able to afford itself of saying, 'We are going to disregard that and take our actuarial view', which no commercial organisation could take.

130 If you turn back a few pages to section 3 about the actuarial valuation results – first of all, can I say I am delighted at the prudent approach of now aiming for 100% of all the benefits that have to be paid out. But what were the States thinking of in 2007 – and I was a Member of the States – when we aimed for a 90% funding? We were planning for a deficit, that was absolutely silly. So I am really delighted that they have decided to go back to 100% funding. (**A Member:** Hear, hear.) But when you look at 3.3 and the combined pool, which is now 93% funded under the actuarial valuation, if we carry on doing what we are doing which is what is proposed, the estimate is it will take 34 years to fill the deficit.

135 Now, UK Pension Law does not apply in Guernsey, but any company would be advised by their actuaries that it is best practice to follow UK Pension Law which says that any organisation should plan to fill the deficit over no more than a 10-year horizon. So on that basis if we were a company, our actuaries would be telling us to put aside something like £10 million a year as additional payments into the Fund to clear that deficit. Actually they would not, because they would be telling us to use FRS102 which would mean we would have put about £100 million a year to fill the deficit. I am not suggesting we do that by the way, I do not want to destroy our Health Service and our Education Service.

145 But I just think – I am being a bit of a Jonah – I wanted to portray the other side of the picture so that we get a balance, because if we were a company we would not be able to do what we are doing. Of course we are not a company, we have an advantage that no company has if we find that we have a shortfall in years to come we can actually take that money from future taxpayers, from our children and grandchildren, to make sure that we can cover our liabilities. That is why we are able to do it, but I am still not sure that we should be. I think we should be trying to get to 100%. I will go with the actuarial valuation but I do think we should be trying to fill that gap inside the next decade and not plan on a 34- or 35-year payback period.

**The Bailiff:** Deputy Ferbrache.

155 **Deputy Ferbrache:** Sir, the true picture of this, is that this is remarkable, this is fantastic. I have seen in my professional life many pension scheme reports at this stage and I have rarely seen one as good as this. To have 93.5% funding is the Tottenham Hotspur of the Premier League (*Interjection*) and they will be the champions next season.

160 So I have got to make the same declaration – and I would not have done, because I would not have thought of it – that Deputy Roffey has made, because from 1994-2000 I was a member of the States' Pension Scheme and I am sure there will be great riches when I cease to be a States' Member, but in connection with this we have got *£1.3 billion*. Let me just repeat that, *£1.3 billion* of assets for the various pension schemes. Now, it would be very easy in a year or two, or three years to get up to 100% but the pension contributions would have to be vast, you would have to increase them significantly. So that neither the States nor the employee could afford them and there would be lots of screaming from taxpayers, 'Oh, the civil servants are being looked after!' And there would be lots of screaming from the civil servants, 'Look what we have got to pay!' So it is a good news story.

170 The only caveat I would put, but not to the report itself, is when we talk about we have got this amount of assets for the States of Guernsey we include the *£1.3 billion*, which is right, it is correct, but that is not anybody's money other than the civil servants pension people who are beneficiaries, like Deputy Roffey and myself, and we are so fortunate. That is the truth of it, but really when you look at it, it is not doom and gloom it is a very positive report and I commend it to the States.

175

**The Bailiff:** Deputy de Lisle.

**Deputy de Lisle:** Sir, thank you.

180 I am a member of the scheme and a pension recipient. Just what I would like to question is the investment of the funds in terms of the overseeing also of the investment, and my question really is with respect to page 5. I had made some observations some years ago that I felt that we were too heavily invested in terms of equities and perhaps not enough in terms of other areas, and I see there perhaps three-quarters in equities; I am not sure whether that is the situation today. I thought that we had brought that down to in the region of 50% and I know that we were looking at diversifying more, not only in those terms but also in terms of having more firms, if you like, actually overseeing the assets in the Fund.

185 I am just a little concerned what with Brexit and all, we are going into a bumpy period in the future and I think we have to be aware and secure that we are not going to see a wholesome drop in the Fund in the next year or so. So I am concerned as to whether we have a fully diversified portfolio in terms of our assets and they are not too heavily invested along the lines of equities in terms of the way forward. I know that we have done well recently but I am still concerned about what might happen in the near future if we are too locked-in to equities with our assets.

Thank you, sir.

195

**The Bailiff:** Deputy Gollop.

**Deputy Gollop:** Sir, on a hot morning many Members are imploring me to keep things short, snappy and relevant and to the point. (**Several Members:** Hear, hear.) But nevertheless I think there are some aspects of this report that need to be brought out beyond those that we have heard.

200

Deputy St Pier has reminded us of course that funds go up and down and I would point out that we have had, whether we like it or not, a kind of a 'Trump bump' in equities prices but we might see a 'Trump slump'. Who knows?

205

What is interesting in more micro-detail is that we are being recommended to continue the same percentage rate of employer's contributions to the Fund, despite the great work done by Deputy Le Tocq and Deputy Allister Langlois and others in the previous States, in coming up with

a sustainable or partly sustainable new deal. So in reality the taxpayer is not going to save very much in the short term.

210 And it is interesting that we in the States have been recommended to pay – what is it, 14.2%? – for core public service staff in order to overcome the slight deficit, whereas in the case of Electricity they are actually going to put in a little bit less to use up a reserve.

Deputy Roffey queried the wisdom of the States that he was in in going for 90% valuation. Now, I think it was a wise move. I remember Deputy Trott at the time was Treasury & Resources Minister and it was as always a prudent and balanced approach, because the reason it was done  
215 at the time, despite the obvious possibilities for worry later on, was we were entering the competitive minefield of Zero-10, and Guernsey needed to have the smallest deficit as sustainable without vast cuts to public expenditure. It had to be a soft landing during what was a time of ... And I think we would all agree that at the time, followed quickly by global credit crunch, Guernsey weathered the storm better than many of its competitors. **(Two Members: Hear, hear.)**

220 Moving on, I am intrigued to see the States' Members' pot of honey – of which I am a beneficiary, having done 15 years under that scheme – is a pot of money, pot of honey around £4 million, because that works out for the 40 of us, not that many of us are members of the scheme, the newer Members, of £100,000 each. I suspect that is a generous valuation but we will see. And it has been pointed out that maybe the States' Members were unwise to abandon their  
225 pension scheme when the rest of the scheme continued because maybe we do need to incentivise and support the younger Members in their old age. That is a question for another day.

What I would also point out is what is particularly interesting about this, especially from possibly Deputy Soulsby's and Health & Social Care's point of view, is when you look at it you see there are some assumptions made – as Deputy Green has referred to – and I will welcome a more  
230 detailed scrutiny public accounts analysis of this that can go much deeper than the extremely complicated nature of this.

There were assumptions made in 2013 by BWCI and they have been reaffirmed in 2016. But the gist of it is that we, or some of us, are going to live longer and some of us perhaps less so. There appears to have been a beneficial increase in the possible lifespan of older men but a  
235 decrease in the lifespan of younger women, for example. Now why that is has to be a question that we need to look at in broader terms. But the good news is we are still expected to live to be at least 87 if we are 65 now, and maybe 92 if we are 45. But there are still some trends that need to be looked at.

There is also some discussion about given occupations and historically one heard that if one  
240 was on certain public sector shift patterns or in hard manual work one's life expectancy was less than in some other areas of the public service, and there is a distinction made in the report which is not fully developed between the teaching profession and the non-teaching profession, and between female and male teachers, and whether teachers are married or not – and it appears more male teachers are married than female teachers. So there are a lot of questions here, and we  
245 need to look obviously at the stressful environment in work and whether some occupations have a greater record, not just in Guernsey but in other jurisdictions, and adjust our health at work patterns accordingly.

So I think there are questions to be asked about the report and it shows too the extent in a sense of our liability, because although that £1.3 billion – I would agree with Deputy Ferbrache is  
250 in the premier league of financing of pensions – the problem is in a way it is dead money. It is a huge asset we as a States own on behalf of people, but we have not really found a way, not without very careful consideration, of leveraging us to our best advantage. It is still good work, but I think we need greater clarification on many of these issues ahead.

255 **The Bailiff:** Right, Deputy St Pier will reply.

**Deputy St Pier:** Thank you, sir.

I am pleased that Deputy Green agrees that it is difficult to argue against the Propositions. A very good starting point, and I also would agree with him that clearly long-term vigilance is required, which of course is precisely the purpose of having triennial actuarial valuations for precisely that reason.

I think the issue he raises about the discount rate is an important one and does need to be understood. The discount rate is a phrase which perhaps belies what it is intending to do. It is effectively the assumed investment return rate, annual investment return rate, for the purposes of the valuation. It has not been debated in this Assembly, sir, and I think it is an issue which it would be appropriate for it to be debated in this Assembly. It really is a level of detail which I do not think would be an appropriate subject for a debate amongst 40 of us, but I can assure Deputy Green that it is something which is considered in some depth by the Policy & Resources Committee and indeed its predecessors before every actuarial valuation, to test whether it is appropriate and whether it needs to be changed in any way.

What I would emphasise is that the discount rate of RPI plus 3.25% was used because it is a conservative rate compared to the target investment return which has been given to our investment managers, and that is a target rate of return of RPI plus 4%. So we discounted the target rate in order to get to the discount rate to build some conservative assumptions into the process.

In terms of the actual performance: the actual performance has exceeded the target rate of return and therefore by definition has also substantially exceeded the discount rate. So the most recent numbers I have, which are up to the end of May, actual performance on a trailing three-year basis was an annualised return of 8.4%, against the target return of RPI plus 4% which equated to 6.92%. Looking at five-years trailing, five-year return the actual return was 7.97% a year against the target return of 6.51% – again, substantially exceeding the discount rate. So that is why the deficit has been gradually closing over a period of time. And it is a gentle process precisely for the reasons, as Deputy Ferbrache said, any attempt to do so quickly would be crippling on the States if it sought to do that.

Deputy Roffey's point about FRS102: FRS102 is there for an entirely different purpose in order to prepare the annual accounts of an entity, whilst an actuarial valuation is a forward-looking set of assumptions. So we are not really comparing apples with apples, and I do counsel significant caution in getting too distracted by the FRS102 return because it is, very much as Deputy Green said, a set of assumptions which assumes that if the company closed down tomorrow what would its liabilities be? That is what is of interest to investors. It is not really terribly relevant in the context of the States, which effectively continues in perpetuity and its liabilities continue in perpetuity for future generations of taxpayers, and therefore we need to focus on what those liabilities are actually likely to be and hence the need to use the actuarial valuation.

Deputy Ferbrache described it as 'remarkable' and 'fantastic'. I think he is right in the context of a public sector pensions: this is a very strong Pension Scheme which should be of substantial comfort, not only to the public sector employees who can have some comfort that their future pensions will be paid, but also to taxpayers as well knowing that prudent provision has been made to meet those future liabilities. He also wisely and correctly pointed out that we have these assets sitting on our balance sheet. It is of course worth emphasising we also have the liabilities, the corresponding liability sitting on the other side of the balance sheet, so the net position is correctly reflected in the accounts in terms of what is actually available to the States, given the net position.

Deputy de Lisle expressed some concern at the level of risk carried by the equities. The table he referred to on page 5 of course reflected the state of the investment portfolio at the end of 2016 which was the date of the valuation. The most recent position I can give is at 31st May, when the equity portion of the portfolio was 64.4% that included 52.8% equities, 9.3% alternatives and 2.3% of private equities. So that is roughly a 10% reduction on that pie chart with a corresponding increase in exposure to bonds and short term assets.

310 So the portfolio has shifted somewhat, but we do have to keep in mind that if we are to  
achieve the target return of RPI plus 4% we do need to carry risk and, as he said, we have had a  
long bull run, it may turn into – the Trump bump may become the Trump slump, as Deputy  
Gollop said. And that is quite possible. But we have to remember this is a long-term investment  
fund and we have to trust the process we have, and the investment managers we have, and the  
oversight we have, that we will ride through; and that if the portfolio goes down in any one year,  
315 or even for two years in a row, that is not the end of the world providing its long-term trajectory is  
in the right direction – which again drives us back to why we need to have this actuarial valuation  
to keep testing and retesting that we are on track, and that has shown that we have moved from a  
position of a deficit of 85.9% in 2004 to 93.5% at the end of December 2016. So it is very much a  
move in the right direction.

320 In terms of the number of investment managers, we have we currently have round about 22 in  
the portfolio so the risk is well diversified amongst quite a number of managers. That is actually  
many more than many similar schemes of a similar size would have, and it is something that again  
the Investment and Bond Sub-Committee of Policy & Resources does keep under review  
constantly.

325 So I hope I have addressed Members' questions and concerns; and with that, sir, I do  
encourage Members to support the Propositions.

Thank you, sir.

330 **The Bailiff:** Before you vote I have been asked just to clarify whether Members who have not  
already declared an interest should do so. My advice – and I will just confirm that with  
H.M. Procureur in a moment – is that it is not necessary to do so. The first Proposition is merely to  
note the valuation and the second and third Propositions deal with the employer contribution rate  
not the employee contribution rate. So my advice would be that Members do not have a direct or  
special interest in that and nor would a relevant family member.

335 I just invite H.M. Procureur to disagree with that if she wishes to do so, or otherwise.

**The Procureur:** No, sir, I do not wish to do so; I agree with that.

**The Bailiff:** So there is no need for anyone who has not declared an interest to do so.  
We go to the vote on the three Propositions. Those in favour; those against.

*Members voted Pour.*

340 **The Bailiff:** I declare them carried.

## POLICY & RESOURCES COMMITTEE

### **X. The Guernsey Financial Services Commission: 2017 Annual Report and Accounts – Proposition carried**

*Article X.*

*The States are asked to decide:*

*Whether, after consideration of the Policy Letter dated 29th May, 2018, of the Policy & Resources  
Committee, they are of the opinion:*

*1. To note the annual report and accounts of the Guernsey Financial Services Commission for the  
year ended 31st December, 2017.*

**The Senior Deputy Greffier:** Article X, Policy & Resources Committee – The Guernsey Financial Services Commission 2017 Annual Report and Accounts.

345 **The Bailiff:** The debate will be opened by the Vice-President of the Policy & Resources Committee, Deputy Trott.

**Deputy Trott:** It will, sir, and very swiftly, because I so move.

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

**Deputy Lester Queripel:** Sir, I have expressed my concerns in this Chamber in the past about the way in which the GFSC operates. This year I have a major concern about what we are told on page 33 of this report. If we look at page 33 we see that the GFSC currently have a reserve of just over £13 million, which is a dramatic increase on the previous year. That sounds to me like an incredible amount of money for the organisation to actually have in reserve, when their sole purpose is to regulate an industry.

355 So I am wondering if it is even appropriate for the GFSC to have so much money held in reserve, and instead of the money just sitting there could it not perhaps be better used elsewhere? I very much value Deputy Trott's opinion, he has a wealth of experience in finance, I have very little, so I would like to hear his views on what I have said when he responds, please.

360 Thank you, sir.

**The Bailiff:** Deputy Prow.

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

I rise to speak very briefly to endorse the value and the importance of the finance sector which I sometimes feel is actually taken for granted. It is an absolutely vital and important part of our economy, and the role of the GFSC to regulate it is also extremely important.

370 I just want to highlight four points from the report all of which are actually contained in the Chairman's Statement, which is on page 3. The first is a very simple statement which says:

Guernsey has been a good place to do business with people who know what they are doing ...

I think that that very succinctly sums up the reality of the finance industry and it is something that Deputy Trott, except for this morning's opening, is often very quick to remind us – about the importance, and how good our finance industry is.

375 The second point I would highlight is again contained in the Chairman's Statement where he says:

However, over that period, ...

– i.e. the period of the report:

... the Guernsey business model has increasingly come under threat, with supra-national bodies and sovereign governments challenging the basis on which the economy of *[Guernsey]* operates.'

380 That is undoubtedly true, and Deputy St Pier and Deputy Trott constantly defend their position both locally and internationally, and I commend them both for their efforts. But this is really the *raison d'être* for the GFSC and I would like to thank the regulators for the work they do, and also point out of course that Home Affairs, through the Economic Crime Division and the FIU, also has a very important role in that regard.

I actually attended the presentation given by the GFSC to States' Deputies and I was a little alarmed that only three Deputies attended the briefing, all of whom were from Home Affairs. One of which was Victoria Oliver and through you, sir, could I just explain that she is not in the

385 Assembly for this session of the States because she is in hospital in London, and I am sure everybody in this Assembly wishes her a speedy recovery. (**Several Members:** Hear, hear.)

Returning to the briefing, obviously States' Members are very busy but I was a bit concerned that there was not more interest from States' Members to actually – I give way.

390 **The Bailiff:** Deputy Kuttelwascher.

**Deputy Kuttelwascher:** I thank Deputy Prow for giving way.

I think one of the reasons why some of the longest-serving Members have not gone is that they have gone to presentations at GFSC on quite a number of occasions in the past and I am not  
395 sure that, besides having to read the report, they would have actually added any value to anything. So it is not that they are not interested, it is they have been before, they know the process, we know what they do, and the report is sufficient as regards information.

Thank you, sir.

400 **Deputy Prow:** I thank Deputy Kuttelwascher for his intervention, and I completely accept what he has said. The point I am trying to make is that I hope the non-attendance was because most Deputies do have confidence in the GFSC. But it was a chance to discuss and listen to what the Chairman and Director General had to say about the report. So I did find it of value but I completely accept the point that Deputy Kuttelwascher has made.

405 I think there are things that this Assembly can help with. Again referring to the Chairman's Statement, he makes a point about a subject that we have debated at length yesterday. He says:

We are handicapped by our transport links not being as effective as we need them to be ...

So I think that is an area where we need to be supporting the finance industry and the finance sector and perhaps that sector, as I have said before, is sometimes taken for granted.

The last point to be made at the briefing was – again it is mentioned in the Statement:

Financial services products are increasingly behaving like perishable goods, they need to be harvested over increasingly reduced periods. If we fail to do so, the moment will pass.

410 What he was referring to is how this States must, as it does, keep in step particularly with regulation that allows us to be nimble and allows products to be put on the market quickly, and developed and harvested before our competitors can catch up with us.

So just in summary, what I am trying to encourage is perhaps for us all to remember that we have a very large finance industry which is well-regulated, and how important that is to the  
415 economy of this Island.

Thank you, sir.

**The Bailiff:** Deputy de Lisle.

420 **Deputy de Lisle:** Thank you, sir.

I continue to have concerns over the retrenchment of the size and the health of the banking sector, sir, and that is reported on pages 14 and 15 of the report. Another two licences were surrendered in 2017 bringing the number of banks in Guernsey to 23 at the end of the year.

Sir, we used to have details in the Banking Division Report of licences, assets and deposits and  
425 unfortunately in this report at the year-end we have not got that in detail as we have had in previous years to provide us with trends by year. In fact I note that between 2012 and 2017, that is a five-year period, there has been a drop of nine banks from 32 to 23. I had submitted questions in June 2016 with regard to the shrinkage in the banking sector and that was relayed to the former Economic Development Department, under a good Chairman, with respect to the fact that  
430 I had noted a drop of four up to 2016, I think it was. So this is showing an even greater drop really

between 2012 and 2017, a five-year drop of nine banks 32 to 23. That is an overriding concern of mine.

435 The contracting of deposits and the drop in the number of licensed banks appears to reflect what is happening in the Guernsey economy more generally at the present time. It might provide pointers and guidelines for the future for the economy and I think it needs serious consideration by industry, by the GFSC, Guernsey Finance and Economic Development to review initiatives to be taken to bolster the size and health of the Bailiwick's shrinking banking sector, and economy more generally, which is something we have been discussing very recently in this Assembly. In fact this regression, if you like, is somewhat symptomatic of the economy as a whole.

440 I do not want to draw too heavily on that but it is fact, sir, with respect to the general situation that we find ourselves in currently. I draw attention to Members to the comments of the Director of Banking Supervision and Policy where he states that:

Operational risk continues to be an area of risk for Guernsey banks where continued diligence is especially required. This is in particular around ... controls, cyber crime and outsourcing.

I also draw attention of course to comments of the Chairman's Statement some of which Deputy Prow has mentioned, but he makes the point that there are:

... things we need to do to stay competitive.

445 – and I think that is extremely important – and he says,

It is my impression that we are not as proactive in getting business as we could be.

Those are very important points to maintain our competitive position, particularly when Jersey seems to be a lot more open to business than Guernsey at the current time. We had that debate over the open skies situation yesterday, which reflects of course a more open system in Jersey and a more constrained environment in Guernsey – a more protectionist system in this Island.

450 Members here will of course reflect on these points that I am making and have different conclusions to make from them but the point is, from my point of view, I think that it is very important ... It is one thing to be looking at diversification and opportunities outside of where we are at the moment, but I think it is extremely important that we look after what we have. And there is definitely a 'weep-in' going on with respect to the banking industry, an important employer in our community, and that is having an effect on this economy in general in all aspects. 455 So it is very important that we look after what we have and there are pointers in this report this year that we really need to take cognisance of.

Thank you, sir.

460 **The Bailiff:** Deputy Inder.

**Deputy Inder:** Sir, thank you.

I do like it when Guernsey does better than Jersey and I think we have here. I am looking at the 2015 financial statements from the Jersey Financial Services Commission, their turnover effectively 465 was something like £14 million and they had an operating deficit of £644,000. Now we are turning a £578,000 profit by the looks of it, which I think is actually quite good.

Thank you.

**The Bailiff:** Deputy le Clerc.

470

**Deputy Le Clerc:** Thank you, sir.

I am sure Deputy Trott will answer Deputy de Lisle's question about the reduction in banking licences, but part of that is because many banks on the Island – many of the High Street Banks –

475 have had several licences and some of that has come about as the consolidation of some of those  
licences, so that is probably part of the story.

Just picking up on Deputy Lester Queripel's question about the balance sheet: I know it has  
got something to do with the pension scheme liabilities and there is a note on page 40 and also  
on page 28 and from what I can understand – and I am not very *au fait* with the Pension Schemes  
– is that the liability has been transferred from the GFSC across to the Public Sector Pension  
480 Scheme. I am not sure whether that means the States of Guernsey have taken on that £14 million  
liability and the GFSC has retained those funds. I am not sure that is very fair if that is the case, so  
perhaps Deputy Trott would give us some clear explanation of how that agreement has worked  
and what the discussions were on that agreement?

Thank you.

485

**The Bailiff:** Deputy Dorey.

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

I did not attend the briefing because it clashed with another meeting. I have normally attended  
490 it in previous years.

The comment I wish to make is in relation to page 19 of the report, which is the enforcement  
part of the report. The Castel Deputies have been contacted by a parishioner who has worked in  
the industry for many years, who I will not name, but has been investigated by the enforcement  
section. It has resulted in him spending very significant sums of money to defend himself and has  
495 resulted in him losing his licence to trade. He feels that he has been unfairly pursued because of a  
lack of understanding of the complex business he was involved in. I do not wish to comment on  
the case (**A Member:** Too late.) or if the case is not, or is, one of the cases referred to on page 20.

The point I wish to make based on my parishioner's comments is that for the Enforcement  
Division that there is a review of the skills, experience and knowledge in particular of some of the  
500 complex international business that is carried out within the industry. It is fully accepted that the  
section has general investigation skills but might not have so much knowledge of some of the  
complex business particularly on the international part. I do not wish my remarks to be seen as a  
criticism of the importance of the Enforcement Division I just pass on my parishioner's comments.

Thank you.

505

**The Bailiff:** Deputy Gollop.

**Deputy Gollop:** Thank you, sir.

I will start with saying that I too missed the presentation, but I did not know it was on, and I  
510 need to get better connectivity and technology, (*Laughter*) so I had to rely on the black-and-white  
version in the Billet. When I contacted the GFSC they said, 'You missed it; it was in early May', and  
I thought, 'Here we are in mid-July' – but never mind.

I do indeed endorse what Deputy Prow said, and Deputy de Lisle, about the importance of  
sustaining and developing the financial services sector.

515 In fact Deputy de Lisle heartened me by his commitment to banking and all of the sector,  
because of course he is a past Member of Commerce and Employment and a current Member of  
Economic Development. A criticism that me and Deputy Kuttelwascher heard from, Mr Jon  
Moulton who is a well know figure [*inaudible*] was that maybe the current Economic Development  
Strategy did not put enough weight on maintaining and enhancing what we have, as well as the  
520 obvious benefits of digital diversification into those industries and creating a blue sector and  
everything else. There is an element of truth in that. I think we know as a society, whether we like  
it or not, that our present standards of living and average salaries are largely as a result of the  
success of the corporate and financial sectors, because if we were a society wholly reliant on  
fishing, tourism and perhaps arts we would not have such a high average income.

525 So therefore the GFSC is extremely important to this process. I would point out that perhaps  
Deputy de Lisle was a bit pessimistic about the success of the sector, but we are seeing not so  
much a decline but a plateauing; for example, this year we read that there were £269 billion of  
funds under management, a very great figure, but six years ago it was £276 billion. So although  
we have gone up on the previous year we are a little bit in the middle of the frame and we have to  
530 look at that. We also have to look at the size of regulation and comparisons.

I kind of want to disagree with my friend Deputy Inder because he was comparing us saying  
what a great success we are compared to Jersey. Well, okay, but let's have a look at this. The  
Jersey Financial Services Commission report for 2016 – I know it is a year out of kilter – saw staff  
costs of £11.102 million and the number of staff employed 130. Now, I believe their sector does  
535 some slightly different things from us, they include a corporate register, so you cannot compare  
directly. But we in comparison have 109 members of staff and a total staff salary bill of around £9  
million. Now, guess what? We heard yesterday that in airway terms Jersey are a bigger sister to us  
with double the number of passenger movements roughly, and I work out on their approximate  
100,000 population that is roughly speaking 13 staff for every 10,000 people. We have 18 staff for  
540 10,000 people at a slightly greater cost. So clearly there is a greater financial burden of regulation  
on Guernsey sectors than Jersey sectors.

After a few years when, despite what Deputy Lester Queripel said in this States in a previous  
Assembly, there has been a general favourable feeling that things are moving better in the GFSC.  
That feeling of upbeat positiveness seems to have curtailed a bit this year and I think there is a  
545 need, especially in the Brexit context that Deputy Prow and others reminded us of, for us to be not  
only a Rolls Royce regulator but very much a sleek Mercedes regulator as well, able to compete  
on every single front. We need to be, perhaps if you will forgive me, the Andy Priaulx of  
regulation.

There is also a sense whereby the message of the GFSC is gradually changing. Maybe it is a  
550 good thing, maybe not. For example, at one time in its early days under the late great John Roper  
it was initially both a provider of training in a way, a provider of regulation and standards, and  
also a *promoter* of Guernsey's finance sector. After the Edwards Report and various other reasons  
we have created more promotion elsewhere – Locate Guernsey, Guernsey Finance, of whom  
Deputy Trott is of course an excellent and highly visible Chairman. But we are beginning to see a  
555 conflation of the roles because, although I think we admire as one of the shoots of recovery to  
inspire Deputy de Lisle and others this idea of a world-beating green fund, there is a sense at  
times that the GFSC is not just regulating what will, I hope, be a great seed source of strength to  
us, but it is almost promoting it – and I think we need to be clear whether that is the way we wish  
to go or not.

560 So there are some areas, many areas, to congratulate but also a few areas to be concerned  
about. But I wish to conclude by saying briefly that I entirely endorse the message of Mr Cees  
Schrauwers who says Guernsey is a strong community: we are in the right time zone; we speak the  
preferred global language; there is a human scale of infrastructure; we have a flexible Common  
Law system; there is a skilled workforce and an up-to-date technical infrastructure. We very much  
565 need to reflect that in our political deliberations in terms of upping the scale of legislative quality  
in terms of economic development and many other areas.

The other thing unusually, sir, he praises the Guernsey Lieutenant Governor and draws a  
comparison, because the current Chairman of the GFSC is an ex-Merchant Navy person and he is  
very much saying we should all be struck by the attitude and the pride crews have for the ships  
570 they sailed on; and we need to think very much of Guernsey's finance sector as a ship of state that  
we will keep afloat and going in the right direction with the right compass.

I endorse this report, but nevertheless want to see continual vigilance by the States, especially  
Policy & Resources, on the extent of regulation and the cost of regulation and the cost to the  
sectors.

575

**The Bailiff:** Deputy Graham.

**Deputy Graham:** Thank you, Mr Bailiff.

I just wanted, Members of the States, through you, sir, to add a comment to Deputy Prow's reference to the invitation that we all had to go and listen to the Chairman and the Director General of the GFSC to talk through their annual report. I am pretty certain, knowing Deputy Prow, that he was not in any way issuing a reproof to Members of the States who did not go there at all; nor, I am sure, was he seeking brownie points for those of us who did go.

I think Deputy Kuttelwascher's response to this really has brought me to my feet because I think with respect he misses the point. Okay, we all know what the GFSC does, we can all read the report, but the invitation and the opportunity to go and sit under Chatham House Rules with the Chairman and the GFSC of our regulatory body gives us a terrific opportunity.

We have heard cause for concern raised by Deputy Lester Queripel, Deputy de Lisle and so on: that is exactly the forum where they could have actually registered those concerns and, as those of us who did attend, cross-examined the Chairman and the Director General precisely on those points. I think almost more importantly, under the Chatham House Rules, if we as Members of the States, and I think we should, wish to be given a sort of privilege and discreet insight into the problems ahead and the opportunities ahead, it is a unique opportunity.

So I would urge Members of the States for next year when we, I am sure, get our customary invitation that we do not know it all just from reading the report, we do not know it all because we happen to know what the GFSC does – there are hidden treasures to these discreet Chatham House Rules engagements.

**The Bailiff:** Deputy de Sausmarez.

**Deputy de Sausmarez:** Thank you, sir.

I just want to highlight one particular section of the report which spoke to me most loudly, which again was in the Director General's Statement. It is in the section on Risks and it says:

Before turning away from risks, I will mention two more which I think all financial services firms in the Bailiwick should consider – climate change and ageing.

Both of those are quite close to my heart.

Through various conversations with informed actors from outside the Bailiwick in 2017 I have detected a strong momentum to make green finance mainstream so as to realise the trillions of Green investment required to meet the Paris Climate Agreement's goal of a much less carbon intensive global economy. At the Commission we will continue to work with the States and industry to consider how the Bailiwick can best position itself with this now widespread agenda but firms should consider it both from a defensive and a business opportunity perspective. On ageing, other regulators have pointed out that ageing generally increases customer vulnerability. In the West, we have more and more people who are over 75, an age at which vulnerability appears to markedly increase<sup>1</sup>. All firms interacting with customers and investors should be conscious of increasing vulnerability amongst those with whom they interact commercially and the burden of care which that puts on them. The Commission has not suddenly stopped believing that caveat emptor retains some validity but we wish to ensure that overly simplistic assumptions of capability do not lead to inappropriate product sales or ongoing relationship management.

I welcome both of those wholeheartedly and I think to start with the last first, the issue of the ageing demographic, I am really glad to see an acknowledgement of the real world impacts actually of the finance sector in terms of our social responsibility. I think that is something I am really glad that has been acknowledged here and I hope all firms do take that into serious consideration. I also think it is a timely reminder for us as a States that this is a systemic issue and one that has really far-reaching ramifications. We know we have got some very big and very difficult decisions ahead of us in terms of our ageing demographic as well, so I think that is a timely reminder. And in terms of climate change, I was glad to have played a small but hopefully helpful role in facilitating some of those conversations that were referred to there.

The Director General is quite right to point out the risks to the finance sector which are becoming increasingly obvious and could be very significant, but also the opportunities, and I

615 would like to also take this opportunity – something that has happened since the publication of  
this report – to welcome the launch of the Guernsey Green Fund which I think is a really proactive  
step.

For a very long time people struggled to make any connection between the finance industry –  
actually even people within the industry struggle to make this connection – and environmental  
620 responsibility and indeed opportunities, but actually in its most fundamental terms the finance  
sector has got a really pivotal role to play, particularly when it comes to the transition from the  
brown economy – which is what we are in at the moment – to the green economy which is where  
we all know we need to go. It is a much more sustainable model going forward. So the most  
obvious role to play is in the facilitation of capital and movement of capital and that is where the  
625 opportunities for the finance sector lie.

Ultimately the sustainability of the finance industry and environmental sustainability are  
fundamentally linked because ultimately they both boil down to the sustainable use of resources.  
That predicated so much of what is going on, so I am really glad that this has been recognised.

I applaud the GFSC for some good, proactive work. I particularly applaud the industry as well  
630 because I know there are a lot of independent actors within the finance industry who are taking  
the bull by the horns in this respect as well. So I think this is a good news story too.

**The Bailiff:** Deputy Tindall.

635 **Deputy Tindall:** Thank you, sir.

We are asked today to note the Guernsey Financial Services Commission 2017 Annual Report  
and Accounts, and that I do.

As referred to by Deputy Prow, I note the GFSC's Chairman says, and I quote:

We are handicapped by our transport links not being as effective as we need them to be and the lack of Guernsey-  
owned companies and firms who fight the Guernsey corner. This is where the island is currently falling short and this  
will need to be addressed; there are sacrifices to be made, but without them, we run the risk of the world passing us  
by.

I hope the Chairman in return notes yesterday's decision to move to quasi-open skies.

640 I also note the Director General's comments on the development of the new *Anti-Money  
Laundering and Countering the Financing of Terrorism Handbook*, otherwise known to the industry  
as 'The Handbook'. He says, and I quote:

The development of the new rules and regulations within the handbook has required considerable finessing as we  
have worked to find the best way of implementing new important international Financial Action Task Force standards  
and the Recommendations of the Council of Europe's anti-money laundering inspectorate (MONEYVAL) whilst making  
sure that the Bailiwick's financial services sectors' need for straightforward and workable processes for countering  
financial crime are accommodated.

I also note the comments of the Director of Financial Crime Supervision and Policy in respect  
of the Handbook who says:

Significant efforts to reach out to industry in the consultation process saw us speak to approximately 500 people on  
the proposed changes which resulted in 75 responses giving us valuable industry perspectives on the proposals.

645 That said, I would like the GFSC to note in return those consultees that I have spoken to –  
those members of the Handbook Review Group set up in 2013 of which I was a member until  
February 2016, compliance officers and money laundering reporting officers, and other  
professionals whose job is to prevent and detect financial crime – tell me that they are very  
concerned that their voices have not been noted. Some say they feel ignored, they fear that the  
650 concerns raised in their consultation responses were not noted and the Handbook will be unclear,  
inconsistent and lack certainty.

I wish the GFSC to further note something which they should be fully aware of, that business dislikes uncertainty. This lack of clarity shown by the original draft of the Handbook issued last June, part of which was reissued later, if perpetuated in the final version will create uncertainty. 655  
Uncertainty in the way rules and guidance are written make it incredibly difficult for business to comply, for advisers to advise, and for relationship managers to explain this to their clients. It perpetuates, even increases, the issues currently faced and certainly does not improve them. Such lack of certainty will not just affect the finance industry but also affect the success story of the business services industry.

660 So I repeat, sir, I ask the GFSC to note these concerns and in the words of the GFSC Director General:

It is surely better to look around and work out what is threatening you so that you have some ability to plan and pre-emptively react rather than wait until you have been pushed to the ground before struggling to get back on your feet.

And finally I ask them to note their own Chairman who gives us the solution referring to the Bailiwick as 'Our Ship':

Problems create opportunities; we do have the wherewithal to grasp these opportunities, but only if we work together with sufficient urgency to safeguard the prosperity of Our Ship.

To continue the nautical theme, as a shot across the bows, I ask again for the GFSC and also 665  
the Policy & Resources Committee, who have lodged the policy letter entitled 'Revisions of the Proceeds of Crime Framework' for debate in September, to note these concerns and work together over the summer to alleviate them – and provide the wherewithal to give certainty to the largest contributor to GDP of the Bailiwick in the way it conducts its business.

Thank you, sir.

670

**The Bailiff:** Anyone else? No.  
Deputy Trott, then, will reply.

**Deputy Trott:** Thank you, sir.

675 That was a longer debate than I was anticipating but a very good one as well.

Sir, I should open by complimenting on behalf of all in this Assembly the GFSC Commissioners and their staff on their diligent, prudent, consistent and professional work throughout 2017, the year under review and indeed to date.

680 Now, sir, Deputy Lester Queripel kicked us off with a very perceptive observation. He identified an issue in fact that many in industry have focused on over the course of the last few weeks. It is graphically illustrated on page 33 where the change in Statement of Reserves at the year end 31st December is shown to be just over £13 million, as compared to a deficit of over £2 million the previous year. Now, this is entirely due, and it is explained in some technical detail on page 7, and I shall read explicitly from the report:

The big change in our financial statements [GFSC's financial statements] relates to the elimination of the Commission's liability for employees of the Commission who were historically members of the States of Guernsey Pension Scheme. As I discussed in my 2016 annual report, we had arrived at a position at the end of 2016 where the Commission had negative net assets because of adverse changes in the liabilities as calculated under the widely criticised FRS 102 standard.

685 And in fact earlier when we were talking about the Superannuation Fund Actuarial Valuation much of the discussion was around this particular reporting standard.

During the course of 2017, an agreement was reached which saw the States formally adopting the Commission's liabilities in relation to members of the States Pension Scheme on the basis of a realistic valuation of the liabilities.

An independent actuarial valuation was undertaken in order to ensure that that was realistic:

As accounting standards require the effects of this transaction to go through the Statement of Comprehensive Income, we have to present a rather extraordinary income statement this year showing a technical surplus running into several million (effectively reflecting the difference between the FRS 102 valuation of the pension liabilities and the realistic actuarial valuation of the liabilities) which bears little relation to our operating surplus ...

690 Now, the net result of that though, sir, is for there to be a substantial amount of cash and  
other liquid investments on their balance sheet, and the financial services industry through GIBA –  
the Guernsey International Business Association – believes that a rebate of part of that reserve  
back to the regulated financial services industry that has paid the fees in the first place that has  
generated that surplus, is legally possible. Interestingly advice that we have taken both at  
Economic Development, Guernsey Finance and indeed Policy & Resources would suggest that it is  
695 legally possible for such a rebate to happen.

However, and this links in I think to the observations and comments made by Deputy Gollop:  
the protection and enhancement of the industry is clearly a suitable use for such reserves,  
although marketing or promotion most certainly would not be. There is a clear division between  
the regulatory environment and the promotional environment. Anyway, discussions are ongoing  
700 on that matter, sir, and we shall see where that rests in the coming weeks. But clearly there is a  
real opportunity there for a reassignment of some of those assets in the appropriate way. So I  
thank Deputy Lester Queripel for that very sensible question, sir.

Now, Deputy Prow was understandably complimentary of the work that the GFSC does in a  
complex international environment, both politically and regulatory, and he emphasised quite  
705 rightly the importance of our financial services community to the wellbeing of our overall  
community and he was right to do so.

Deputy de Lisle also made a valid observation about the banking sector and he reminded us  
that the numbers numerically have shrunk to 23 as at the year end. We are told though that two  
of the banking licences that were surrendered were, if you like, in duplicate, those banking entities  
710 remain providing banking services in Guernsey. So the same number of providers remain,  
notwithstanding the fact the number of licences in circulation is less.

We touched upon this yesterday when we were debating the Housing Report, Guernsey  
Finance and Economic Development, and with the assistance of Policy & Resources, are actively  
encouraging new lenders into the mortgage market, and specialist deposit-takers capable of  
715 banking some of our fiduciary and investment sector clients that are of a more esoteric nature,  
and particularly those from the Far East. So it is an issue that is well understood and is being  
actively pursued.

Deputy Inder complimented the GFSC on the strength of their balance sheet, and I think I have  
explained how that has come about and how the regulated industry may be able to benefit from  
720 that prudence. Deputy Le Clerc touched upon the pension changes, and I hope I have elaborated  
on that to her satisfaction.

Deputy Dorey talked about the enforcement issue and he made it clear that it was not  
something we could elaborate on. We are aware of it; we have been contacted as well. The matter  
is complex and it almost falls into the category of who regulates the regulator in the sense that it  
725 is a matter that concern has been expressed over, but whether the facts actually support that  
concern of course is unclear. What we do know is that under the structure of the GFSC, the  
decision as to whether to proceed with an enforcement matter is made by independent QCs of  
some of the highest standard, even by UK standards. It is they that decide whether there is a case  
to answer. So there is a genuine independent filter that did not exist in the past and certainly that  
730 process did find, in the case I think Deputy Dorey is referring to, that there were a number of  
infringements, there was no singularity about it and there were multiple issues that were of  
concern.

Deputy Gollop questioned whether the GFSC understood the division between regulation and  
promotion, and I can confirm that they do. They do not need any reminding about it of course  
735 because it was the IMF all those years ago, as he noted, who made clear that the two processes  
are not compatible and the promotion of the industry falls to Guernsey Finance primarily.

740 Now, you would be surprised if I stood up and said that I thought the funding for Guernsey Finance was sufficient: it is not, although we do live in an environment where there are competing demands for resources and it may well be that it is possible to see the – what is the word, I cannot think of the right word? – it is possible to see money that returns to the regulated industry end up finding its way back through levies that either extend back into promotion in a way that sees a reinvigoration of that process. That is I think a matter for another day.

745 Deputy Graham explained why meeting with the Commissioners is such a valuable exercise. I did on this occasion advise the Commission some time in advance that the date they had chosen was not suitable for me and indeed for Members of the Policy & Resources Committee, which is why we were not there. In my particular case it was not necessary as I meet with the Chairman and Director General on a regular basis. In fact liaison with the GFSC is, as the President and Members of PRC will know, a fairly substantial portion of my undertaking on behalf of the Committee. It is a matter that requires considerable attention.

750 Deputy de Sausmarez talked about green finance, as I suspected she would, and she will I think know that we are at the vanguard of this initiative. Dr Andrew Sloan, who is now an employee of Guernsey Finance, is leading on this in his capacity as Head of Innovation, and we are excited about this in a number of ways. But we are not just innovating around green finance, we are also putting our money where our mouth is because the Investment Bond Sub-Committee which has responsibility for making strategic investment decisions around the strategic allocation decisions – not investment decisions I want to be very clear about that, strategic allocation decisions – has recently decided to invest in a company called Osmosis which specialises in identifying investment opportunities almost exclusively on their environmental criteria – the amount of energy they consume, the amount of water they consume, and so on – where those investment decisions prove to be sensible long-term investments based on these individual environmental credentials. So that is very positive.

760 She also talked about comments by the Director General with regard to risk appetite, and I have mentioned this before. The development of an overall risk appetite for our jurisdiction is important work in progress and we are hoping to get to a stage where we can start informing Members further, sometime toward the end of this year, but it is highly complex particularly with Brexit overarching.

770 Finally, sir, Deputy Tindall: I note her well-made comments around AML-CFT and she will be aware that I am as close to this as anyone else in this Assembly, with the possible exception of her, and her comments are certainly noted and well made. I am sure the GFSC were listening.

So with that, sir, I thank Members for their support of the GFSC. They do do a difficult, and I think usually very good, job and I ask Members to note the Financial Statements.

**The Bailiff:** Well, Members there is a single Proposition to note, the Annual Report and Accounts of the Guernsey Financial Services Commission for the year ended 31st December 2017. Those in favour; those against.

*Members voted Pour.*

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

**XI. Requête –  
Amendment to the Constitution of the States' Trading Supervisory Board –  
Propositions carried as amended**

Article XI.

*YOUR PETITIONERS humbly pray that the States may be pleased to resolve:*

*1. To amend the Mandate of the States' Trading Supervisory Board by substituting the Constitution set out in the Mandate with -*

*Option A:*

*A President and four members who shall be sitting members of the States; and up to two voting members appointed by the Board and who shall not be members of the States; provided that neither the President nor any member of the Board shall be the President or a member of the Transport Licensing Authority.",*

*OR, only if Option A shall have been defeated,*

*Option B:*

*"A President and four members who shall be sitting members of the States; and up to two non-voting members appointed by the Board and who shall not be members of the States; provided that neither the President nor any member of the Board shall be the President or a member of the Transport Licensing Authority."*

*2. To amend the Rules of Procedure -*

*(a) by inserting immediately after the words "propose eligible candidates" in paragraph (a) of Rule 16(4) -*

*"; provided that where the proposition is to elect a President of the States' Trading Supervisory Board, he shall first invite the President of the Policy & Resources Committee to propose an eligible candidate, and thereafter other Members to propose eligible candidates", and*

*(b) by deleting Rule 40(4) and replacing it with the following -*

*"(4) The members forming the quorum of the States' Trading Supervisory Board shall include at least 3 members who are Members of the States."*

*3. To agree, in the event that the above Propositions are approved, that -*

*(a) until such time as elections have been held to fill the offices created under Proposition 1, the States' Trading Supervisory Board shall continue to function as constituted immediately before the approval of that Proposition,*

*(b) when elections are first held to fill the offices created under Proposition 1 -*

*(i) any member of the States' Trading Supervisory Board as constituted immediately before those elections who is a sitting member of the States, may elect to fill one of the vacancies (including that of President) to be filled by a sitting member of the States, in which event the member shall fill the vacancy in question without the need for further election, and*

*(ii) any member of the States' Trading Supervisory Board as constituted immediately before those elections who is not a sitting member of the States and has not resigned from office, shall be deemed to have been appointed to fill one of the vacancies to be filled by a person who is not a sitting member of the States, without the need for further appointment, and*

*(c) the amendments to the Rules of Procedure under Proposition 2 -*

*(i) shall have no effect until such time as elections are first held to fill the offices created for sitting members of the States under Proposition 1, and*

*(ii) shall apply immediately following any election under paragraph (b)(i) above.*

**The Senior Deputy Greffier:** Article XI – Requête – Amendment to the Constitution of the States' Trading Supervisory Board.

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**The Bailiff:** The debate will be opened by the Lead Requéant Deputy Ferbrache.

**Deputy Ferbrache:** Thank you, sir.

It really is very brief and very sensible. The States' Trading Supervisory Board is not a committee but it is an entity of the States, and although it is not policy making its work clearly influences, informs and fashion many other States' bodies and committees in their policies.

785 I was surprised when I became a Member of the States that it only had two political Members, and that surprised me significantly bearing in mind that I am now its recent President and have seen the vast amount of work that it has to do on a daily basis. The workload is considerable; it would accord and meet with any other committee of the States I suggest. Now, what again surprised me was that it had laid passively through the reorganisation process and I could not for  
790 the life of me understand the logic of just having two political Members because there could be a complete impasse between the two political Members and the two non-States' members.

So therefore it seemed to me, and the six colleagues who put their signatures to the Requête, that it was something that needs to be addressed. All of a sudden from nobody having any blinking interest in it at all it is now a hot topic. And of course we know that, sir, on a tied vote  
795 when we tried to advance it, the requérants tried to advance it and that it was going to be put off until September because there had to be consultation, and consultation, and consultation. So I was pleased – I would like to say delighted but it should not have been put off in the first place – that the States moved it back to July to be able to debate it now. But really when you look at it it is very simple, like most things in life.

800 If you look at paragraph 6 of the Requête it says this:

... your Petitioners believe that democratically elected members of the States should be in a position to exercise control as it is the democratically elected members who carry responsibility for the STSB in the final analysis. On the basis of that principle, they propose that the STSB shall be constituted by 5 elected members and 2 members who are not elected member of the States. Your Petitioners believe that the issue of whether or not the 2 members who are not elected should be voting ... or non-voting members should be a matter for the States ...

– and therefore, we refer to the first Proposition.

Let me just say in relation to that, that I unequivocally support Option A which is that the non-States' members should, as they are at present, be voting members. I also have spoken to both  
805 the current non-States' members, Mr Hollis and Mr Falla who say whether there are five members, three members, or two members is entirely a matter for the State, and they are going to stay continuing to be members of the STSB. I am delighted by that because their contribution both intellectually and in the daily grit of hard work is considerable and should be acknowledged – we are lucky to have people of that quality to do the job. (**A Member:** Hear, hear.)

So going back to paragraph 7 or moving on to paragraph 7 of the Requête:

It is also noted that under the current constitution, it is only the Policy & Resources Committee that can determine who is proposed to the States as President of the STSB. Whilst your Petitioners have no objection to the Policy & Resources Committee having that privilege, they do not believe that it should have the exclusive privilege of proposing the President.

810 – and it says there are several Members who could discharge that function.

Now, wasn't it a surprise when we had the tie and then all of a sudden when I, supported by my colleagues, brought a suspension – I do not know if it was 'Rule 63a pi-squared-cubed', or whatever the relevant Rule was to get that suspended – but all of a sudden all these people that  
815 had been opposed to a suspension of the Rules they suddenly changed their view. My goodness me! But anyway, I am pleased they did, I commend the Requête to you and I ask you to vote in favour of it.

**The Bailiff:** There has been an amendment circulated as Members will know, but before that is laid I need to call first the Presidents of those Committees that have been consulted, so that will  
820 be the President of Policy & Resources Committee and President of the States' Trading Supervisory Board, as well as the President of the States' Assembly & Constitution Committee. The Economic Development Committee was consulted by Policy & Resources but as you will have

seen from the Policy & Resources letter they were unable to comment. So if that remains the case I am not able to call them, although obviously they are able to speak in general debate.

825 So I call first the President of Policy & Resources Committee, Deputy St Pier.

**Deputy St Pier:** Sir, I have nothing to add to the already published letter of comment.

**The Bailiff:** The President of the States' Trading Supervisory Board: does he wish to comment or does your Vice-President wish to comment, if you do not? (*Interjection*)

830

**Deputy Smithies:** No, not at this stage, sir.

**The Bailiff:** Not at this stage, thank you.  
835 The President of the States' Assembly & Constitution Committee, Deputy Roffey.

**Deputy Roffey:** Yes, sir.

We did not submit a letter because Policy & Resources chose to consult us by way of a physical meeting, so I will let the Chamber know the consensus views of the States' Assembly & Constitution Committee. I will not speak with a personal hat on at this stage.

840

We came to this fresh when P&R came to see us, we had not discussed it beforehand and there was amongst the five Members a range of views, but I have to say that range was much narrower than I had perhaps expected before the consultation. Every Member of SACC felt that the STSB was a particular type of organisation and the point of it was to try and maximise commercial expertise and experience in order to help with the delivery of its mandate. As a result, not one of us felt that it should be a typical States' Committee with five politicians and two non-States' members. I say five and two but of course if it does become a typical States' Committee it could be five and one, or five and none. We have heard that the two members will remain for this term, but we are not setting the constitution of the STSB for the next two years we are setting it for the foreseeable future. We know that quite a few Principal Committees choose to have no non-States' members on. So none of us felt it should be treated in the same way as our other committees.

845

Inside that there was a range of views, there was one Member who felt it was very much a 'three and twoer', and I think we all felt actually that increasing the number of politicians to three was a good idea. I say that one of our Members felt that the present constitution was perfectly acceptable and okay but even he had no real objection to going to three politicians. We listened to the former President say that he had felt rather lonely in the position when he was there. We did not want Deputy Ferbrache to be in that position, nor his successors, so we were really happy that there should be a third politician on it.

850

However, we did not really take this democratic majority *bit*, we did not think of it that way. As I say, one of us was very much a three-and-twoer who probably did take that view, but the rest of us felt that actually anything really big that came to the States if the elected Members were against it and made it clear in this Chamber they were against it, the idea that they could have been outvoted by the non-States' members was really irrelevant, it would not stand a great deal of chance of getting through. Yes they could I suppose, if there was a States' Member absent on operational matters dealt with in the Committee be outvoted, about the sale of a property or whatever else, but to be honest it is a balance, isn't it? Democratic control is fine but a sort of control culture will destroy what we were trying to do which was to actually bring in expertise and a commerciality, that actually the leader of this Requête keeps telling us that the Members of the States, 'They are all good people but what they lack is commerciality and a real commercial touch'. We find it slightly strange that he wanted more politicians rather than people with a commercial background on this Board.

865

870 So to sum up, I think actually the majority felt that a 'three and three' arrangement would probably be quite good – three politicians and three non-States' members. Now, we have not

875 brought an amendment to that effect. I suppose we hoped that we had made our views most  
strongly to the representatives from P&R that they might have considered bringing an  
amendment along those lines, but seemingly we were not persuasive enough. However, that was  
where we were coming from and we will await the debate with interest and I might expand on my  
personal views if I see fit during the debate.

880

**The Bailiff:** After those formalities we move to the amendment.  
I call Deputy Langlois the proposer of the amendment to speak to it.

**Deputy Langlois:** Thank you, sir.  
885 Does it need to be read out?

**The Bailiff:** It does not need to be. You may ask that it be read out, you may read it out, or  
you may summarise it.

890 **Deputy Langlois:** No, I was only just asking formally whether it needed to be or not. I have no  
intent ... I think everybody has had a good look at it, so I do not think it needs to be.

**The Bailiff:** Well, for the benefit of anyone listening you might like to just summarise during  
the course of your opening what the effect of it is.

895

**Deputy Langlois:** Yes, I will be doing that.

*Amendment*

1. To replace paragraph no. 1 of the prayer of the Requête with the following:

*"To amend the mandate of the States' Trading Supervisory Board by substituting the constitution  
set out in the mandate with:*

*'A President and two members who shall be sitting members of the States; and up to two voting  
members who shall not be sitting members of the States; provided that neither the President nor  
any member of the Board shall be the President or a member of the Transport Licensing  
Authority.' "*

2. To replace paragraph no. 2 of the prayer of the Requête with the following:

*"To amend the Rules of Procedure –*

*(a) By inserting immediately after the words "propose eligible candidates" in paragraph (a) of  
Rule 16(4) –*

*‘; provided that where the proposition is to elect a President of the States' Trading Supervisory  
Board, he shall first invite the President of the Policy & Resources Committee to propose an  
eligible candidate, and thereafter other Members to propose eligible candidates’ "*

*(b) By deleting Rule 40(4) and replacing it with the following –*

*‘(4) The members forming the quorum of the States' Trading Supervisory Board shall include at  
least 2 members who are Members of the States.’ "*

3. To insert paragraph no. 2A in the prayer of the Requête after paragraph no. 2 as follows:

*" 2A. To amend the Rules of Procedure –*

*(a) By inserting immediately after the words "On a proposition to elect members of a Committee"  
in Rule 16(6) –*

*‘, other than members of the States' Trading Supervisory Board who are not sitting members of  
the States,’ and*

*(b) By inserting the following sentence immediately after the first sentence of Rule 16(6) ‘On a  
proposition to elect members of the States' Trading Supervisory Board who are not sitting  
members of the States, the President of the Policy & Resources Committee shall have the  
exclusive right to propose eligible candidates and the Presiding Officer shall invite the President  
of the Policy & Resources Committee and no other Member to propose eligible candidates.’ "*

**Deputy Langlois:** The Prayer of the Requête proposes solutions to the three main concerns expressed in the preceding Petition and individual States' Members may or may not share those concerns. Either way, I do not believe the solutions proposed are conducive to efficient government, hence this amendment. The current four-person Board does appear to have worked efficiently. Why would anybody, in particular those who believe in small government, want to pack it out with up to seven members?

If I can summarise the three concerns scheduled in the Petition: firstly, that there is no majority of States' Members on the States' Trading Supervisory Board; secondly, unlike on Principal Committees, non-States' members have voting rights; thirdly, that only the Policy & Resources Committee can determine who is proposed as a President of the Board. I think that basically summarises what instigated this Requête, those concerns. The Requête is suggesting that now the Board has passed its second birthday the States has enough evidence to formalise the Board's constitution and thereby obviate the need for the Policy & Resources Committee to make recommendations in the future. Now, whilst many are in agreement with that principle, the same cannot be said for the constitution the requérants are proposing.

A common criticism of past States was of the level of Members with direct involvement – even interference – in operational matters. It was argued that politicians should be concentrating on developing policy and only overseeing its implementation. Establishing the Board was a way the States addressed that criticism by taking the operational oversight of our incorporated companies, unincorporated trading concerns, and commercial interests away from the Principal Committees, so both the temptation to indulge in operational matters and perceived conflicts of interest were thereby removed.

Proposing a constitution for the operational oversight board identical to those of the Principal policy-making Committees, as this Requête is doing, risks taking a retrograde step. It would only be too easy for five States' Members sitting around the board table to take their eyes off the ball and slip into policy-making mode. If that happened we would be back to where we started from, albeit arriving from the opposite direction.

A frequently heard call is for the States to have a more commercial attitude: personally, I believe carefully chosen non-States' members with commercial experience sitting on the Board has proven very valuable. (**Several Members:** Hear, hear.) However, they are in a different position to non-States' members sitting on the policy-making committees. Those on the Principal Committees can derive satisfaction from taking part in and contributing to debate on policy matters. Those non-States' members on the Board are denied that incentive. If we are to attract candidates of sufficient calibre then allowing them to participate fully through a right to vote is an important factor, and I was very pleased to hear Deputy Ferbrache say that he agrees with me on that matter.

For these reasons the amendment is proposing a Board comprising three States' Members and two voting non-States' members. Further, the quorum of three would always have to include at least two States' Members.

The last concern expressed in the Petition is nomination rights for the Board's President. Both this amendment and the Requête remove the exclusive rights of the Policy & Resources Committee to propose a States' Member for President of the Board. Where the amendment differs from the Requête is that it makes explicit the Policy & Resources Committee's previously implicit exclusive right to propose the two non-States' members, a matter the Requête is actually silent on. This is a judgement call but I believe it will work better if the Policy & Resources Committee takes responsibility for nominating the non-States' members – centralising accountability for these particular offices rather than diffusing it across the Assembly will concentrate minds.

All in all I believe the Requête will stand a greater chance of succeeding if it is revised in line with this amendment. Therefore I would encourage not only States' Members but also the requérants to support it.

Thank you, sir.

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

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**Deputy Soulsby:** I do, sir.

**The Bailiff:** Deputy Ferbrache, do you wish to speak on it at this stage?

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**Deputy Ferbrache:** No, sir ... [*Inaudible*]

**The Bailiff:** Thank you.

Deputy Parkinson.

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**Deputy Parkinson:** Sir, yes I will speak on the amendment and, with your permission, generally.

Members may have been puzzled that the Committee *for* Economic Development did not have a view on this Requête and the explanation for that is that two Members of the Committee are signatories to the Requête, and at the time I was President of the States' Trading Supervisory Board. We therefore had three Members who were conflicted and the remaining two Members were not quorate to form a Committee decision so the answer was we could not say anything. But I am no longer President of the States' Trading Supervisory Board (*Laughter*) and feel free to express my views.

965

As has already been remarked, I am on the record in this Assembly as saying that I think a third political Member of the Board would be a valuable addition so I am certainly going to support the amendment. I think the other corrections or clarifications that the amendment brings in terms of nomination rights and so on are very helpful as well, particularly making it clear that non-States' members should not be nominated from the floor of the Assembly.

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So I do not think I need to elaborate on the explanation given lucidly by Deputy Langlois, I think his amendment makes perfect sense; and from experience of working on the STSB I believe this will lead to an improvement in the functioning of that Board.

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**The Bailiff:** Deputy Laurie Queripel.

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**Deputy Laurie Queripel:** Thank you, sir. I would like to speak generally and on the amendment if I may just to get it out of the way in one go.

Sir, I have been consistent overall in my views regarding the constitution of the States' Trading Supervisory Board. During debate in July in 2015 and again in September 2016, I raised concerns about it.

985

Sir, in the past and presently there have been members – non-members of the States – who are of the view that the STSB is not like an ordinary committee of the States and should not be regarded as one or constituted as one. Now, sir, I do get where they are coming from but the reasoning to support their argument in my opinion is less than sound, and that argument is that the STSB is not a policy-making committee and has nothing to do with policy, they are purely an oversight committee.

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Sir, for me it is not as black and white as that. That might have been the intention ideally as to the way it would have worked out but the reality is somewhat different. I think the evidence exists to show that the STSB is at *least* a quasi-policy-making body and at *least* has an influence on policy proposals and policy development.

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During the last sitting of the States when we had the election for the position of President of the States' Trading Supervisory Board both candidates, Deputy Ferbrache and Deputy Smithies – who has been a Member of that Board for over two years now, so he has good experience of how it works – concurred with that view, that the STSB is at least a quasi-policy-making body.

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In addition to that, sir, the States' Trading Supervisory Board has been involved in bringing two policy letters to this States in very recent times. The topic of one was the crematorium at the

Foulon Cemetery and that was brought in conjunction with Environment & Infrastructure; and the other was to do with the Estates' management – that in itself was a substantial and far-reaching piece of work putting forward a number of policy proposals.

1005 On top of that if we refer to the States' Accounts of 2017, there are a number of examples that can be taken from the reports attached to the accounts of the various trading bodies that clearly indicate the potential, or the ability, of the STSB to be involved in policy consultation, policy development and the proposing of policy. In fact these reports in the accounts have the same words in common whether they be attached to the accounts of Guernsey Water, the Ports, the Dairy or States' Works. I would like to refer to those sections now of the States' Accounts for 2017.

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**Deputy Brehaut:** As Deputy Queripel searches for that, sir, can I just make a point of correction.

1015 **The Bailiff:** Is this a point of correction? (**Deputy Brehaut:** Yes, sir, yes.) A point of correction, Deputy Brehaut.

**Deputy Brehaut:** E&I and the STSB did not bring a joint policy letter on the crematorium, it was only STSB. We have worked before on the Waste Strategy together and brought a joint report, but not that one specifically.

1020

**Deputy Laurie Queripel:** My error, I apologise. So those are two policy letters being brought exclusively by the STSB.

Sir, on page 90 of the States' Accounts for 2017, and this is under the Ports accounts, it tells us this, just about half way down:

The PB –

1025 – which is the Ports Board –

– will take into account the States' political direction ...

And the last sentence of that paragraph, says this:

The PB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

And, sir, on page 129 of the accounts, and this is in the Guernsey Water Board section, it says this – very similar words but with more added to it, sir:

The GWB will take into account the States' political direction with regard to the operation of Guernsey Water, as directed from time to time by the STSB. It must ensure that Guernsey Water operation and operational policies align with the wider strategy and policy framework of the States of Guernsey and/or the STSB. The GWB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

1030 One page 161 and this is under the Guernsey Dairy accounts page 161 it says ... Oh, no, actually I just want to go back to the Guernsey Water Board just for a second. I read from page 129 and I would just like to turn over the page to 130. On page 130, sir, in the report attached to the Guernsey Water Board accounts it says this, about three-quarters of the way down:

STSB can disband the GWB at any time without notice or recourse to any other body.

So that sounds rather like a policy decision to me and of some magnitude as well.

1035 So on page 161, sir, of the States of Guernsey Accounts for 2017, it says the same thing as in the other ones:

The DMB will take into account the States' political direction – [etc.]

And it ends up by saying:

The DMB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

One page 186, and this is the report attached to the States' Works accounts, it says exactly the same thing:

The SWB will take into account the States' political direction ...

– and then it goes on to say:

The SWB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

1040 Now, sir, all of that demonstrates to me that the STSB is not simply an oversight body. But I also agree that it is not in the purest sense a committee of the States. It is perhaps, one could say, a hybrid. But it cannot be denied that the STSB can and does play some part in the policy-making process, enough to warrant States' Members being in the majority on that Board.

1045 Another thing that the States of Guernsey Accounts for 2017 reveal or perhaps reconfirm, is just how extensive and substantive the responsibilities, duties and obligations of the States' Trading Supervisory Board are, and page 92 of the States' accounts gives us a flavour of that, and this is under the Ports accounts:

The Ports' internal financial controls and monitoring procedures include:

- Annually reported and approved budgets monitored against monthly management accounts with additional operational detail reported in monthly management reports, which monitor actual income and expenditure against that anticipated. All such detail is regularly reviewed at meetings of the STSB and PB, to ensure that all board members are informed of the Ports financial affairs.

And another section on the page, sir, says:

It is the responsibility of the STSB to identify and install a system of internal controls, including financial controls, which is adequate for its own purposes and to safeguard the assets of the States of Guernsey in its care, and hence for taking reasonable steps for the prevention of fraud and other irregularities.

And then it says:

The STSB, is responsible for the economic, efficient and effective operations and management of the Ports and has a duty to ensure that they fulfil their obligations.

1050 Those are the great and heavy responsibilities that the STSB has to undertake.

So the sheer variety and value of the assets, infrastructure, facilities, properties and services that the STSB has responsibility for on behalf of the States and the public is immense. (**A Member:** Yes.) Their importance strategically and otherwise cannot be overstressed. Many of these are fundamental and therefore central to the wellbeing of the Island and Islanders.

1055 Sir, I understand the wariness of some of my colleagues. They do not want to see the STSB overly politicised but there are, and there always will be, Deputies with the extensive commercial experience, with business acumen and this knowledge; these skills will not desert them simply because they are or will become Members of a States' Assembly. (**A Member:** Hear, hear.)

As I said in September 2016 and I just want to turn to that for a second, sir:

States' Members have been democratically chosen by the electorate to take ultimate responsibility; to be decision makers; to show leadership; and to be ultimately accountable. It is fundamental, therefore, in my view, that States' Members are not outnumbered by non-States' members on Committees of the States – especially when those non-States' members have voting powers.

1060 And I go on to say, sir:

... one as important as the States' Trading Supervisory Board.

The States' Trading Supervisory Board will be a pivotal Committee. Its deliberations could, and most likely will, have a profound effect on the Island's strategic and economic present and future, and also in an environmental and social sense to some extent.

Sir, not for one second am I doubting the integrity of non-States' members or the value that they can add, but I think I have made my point in a crystal clear fashion.

1065 So then we come to the amendment that has been placed by Deputy Langlois and Deputy Soulsby, which actually presents me with something of a challenge, in that I am at least tempted to vote for it. There are a couple of reasons for that and I will explain those now.

I said in July 2015 that I could be content with a three-two configuration; the important thing for me was a democratic balance that States' Members were always in the majority. Some of my words at that time to support that principle, were these:

... whatever tag or title we give to these trading bodies ... they are publicly-owned and should be overseen and be accountable to a supervisory board where States' Members who are in turn accountable to the public are in the majority.

So this amendment would tick that box.

1070 Secondly, there is what I am terming the realpolitik to consider. Does this amendment stand a better chance to succeed or be more prevailing than the Requête? (*Interjection*) This is where it gets tricky, because there may be Members who will vote against this amendment and then vote against the Requête because they are satisfied with the status quo. Then again the other trick will be there may be Members who will vote for the amendment hoping it will usurp the Requête, and still vote it out at the end because they are again satisfied with the status quo, which clearly I am not. There is my quandary, sir.

1075 So it would be quite handy, indeed quite refreshing, if Members could make their true voting intentions known now (*Laughter*) during the debate on this amendment. Just for a change let's have some real honesty in this Assembly, and openness. Sir, it might be asking too much to request this and I might be being a touch naïve, (**A Member:** You are) but I am going to ask it anyway: if Members are going to speak during this debate, if they are intending to support the amendment can they please tell me – tell the Assembly, tell the media, tell the public – if they are going to support those Propositions at the end, if the amendment prevails and succeeds.

1080 So, sir, the amendment at least gives me pause and cause for thought. So I will listen and ponder but I do not want the principle of what I am concerned is the right democratic balance, to be lost.

Thank you, sir.

**The Bailiff:** Deputy Smithies.

1090 **Deputy Smithies:** Thank you, sir.

I shall seek to explain why I prefer the amendment over the Requête, although I personally do not see the need for either except for one fairly minor consideration which I will come on to.

1095 Whichever of the two becomes the subject of general debate I hope to speak later on specifics. On 21st September last year at the time of the election of the President of STSB and the non-States' members who joined me on the Board, the President of P&R made it clear that P&R would consult with STSB once the Board was up and running to confirm whether or not the constitution of the Board was correct.

1100 When this Requête was first published the STSB discussed it and, while agreeing with the need for a review in due course, took the view that it felt that after two years since it was constituted, it was too early and unnecessary. This position has been overtaken by events and we are now reviewing and possibly changing the constitution, unless of course this amendment and/or the Requête are defeated.

1105 The STSB preference at the time was that SACC would review the constitution of all States' Committees and report back by the end of this term. Again things have moved on and whilst that

might be a desirable course to follow, it no longer seems appropriate for STSB. This debate will or may shed light on why the requérants feel the need for change. Prior to the issue of the Requête, the requérants had not raised any concerns with STSB, nor did they seek to consult with us on the matter.

1110 As has been stated frequently, the STSB is a policy taker not a policy maker, in spite of what Deputy Queripel has argued passionately. At no point prior to the resignation of Deputy Parkinson had any of the membership of STSB prejudiced the delivery of the policy aspirations of the States – more specifically and most relevantly E&I, Economic Development and P&R. Where STSB feels policy guidance is lacking – for example, energy policy – it works with the relevant  
1115 committee to highlight the need for the committee concerned to develop the necessary guidance; or in some instances – for example, property, - requests the necessary guidance from the States itself.

At no point in the present term have the non-political members of the STSB sought to frustrate the operational delivery of the policy direction provided to it by the States. Whilst there have been  
1120 challenges, as should be expected from time to time, the Board generally reaches a consensus on the matters presented to it, and at no point in the present term has its progress been adversely affected or thwarted by differences of opinion between political and non-political members.

However, and this is the minor point to which I referred in my opening, there have been a handful of occasions where the presence of a fifth Board member, an elected States' Member, would have made it easier to ensure the Board was quorate. For this reason I would support the  
1125 appointment of such a Board Member. This would address any issues around quoracy and would also help to address any concerns the States might have around a political majority.

I would be reluctant to agree to support a more far-reaching change in the make-up of the Board at this stage as it would inevitably delay things as new Board Members were brought up to  
1130 speed and this just at the time when the early work of the STSB is beginning to show results. I am not aware of anything material that has changed since 21st September last year when the constitution was last debated to warrant a change, apart from the matter of quoracy which I have already addressed.

The Board's view is the selection of members needs to be on a skills basis and not simply on a  
1135 political judgement. It could support nominations from the floor for States' Members but not for non-States' members who must go through a rigorous recruitment exercise as we insist is done for incorporated company non-executive directors. This is covered in Proposition 3 of the amendment. I commend the amendment although I had no input into its drafting, and I will vote for it in its entirety.

1140 In closing I would just like to have a quick word on corporate governance, which I think is basically what Deputy Queripel was talking about. I have been questioned on this outside the Chamber and it is also in connection with paragraph 6 of the Requête. Being a supervisory board the key executives of the trading assets refer to the management board; this is the normal two-tier system. P&R act in an equivalent role to that of a shareholder and ultimately to quote from  
1145 the Red Book, the STSB must be seen:

... to exercise powers and perform duties conferred on the Board by extant States' Resolutions ...

And further on:

To deliver or oversee the delivery of, and to be accountable to the States for, any operational functions conferred on the Board by way of extant legislation or resolutions of the States or which may be allocated to the Committee *[the Board]*

In other words, the Deputies and the Alderney Representatives are the bosses.

**The Bailiff:** Deputy Roffey.

1150 **Deputy Roffey:** Thank you, sir.

I am going to support this amendment; and for the sake of Deputy Laurie Queripel can I say that if the amendment is passed I will then proceed to vote for the Requête as amended at the end of the debate – by which I mean I will not vote against it to throw it out. I have been around long enough to know there might be yet another 15 or 16 amendments to come forward during  
1155 the course of the debate, but I would certainly not vote for this amendment and then seek to vote all the Propositions out at the end of the day.

One of the reasons I prefer this amendment to the original is for absolutely the opposite reason that Deputy Ferbrache mentioned in his opening. He said this is a very busy Department with a lot of work to get through. Well, my experience of sitting on numerous boards, both  
1160 Committees of this States and boards outside, is that smaller boards are a heck of a lot better at getting through a busy workload than big boards are. (**Several Members:** Hear, hear.) Therefore I think one of the huge advantages here is five rather than seven, although I would still consider six if somebody would bring that forward.

Where I do agree with Deputy Queripel is that there is not any clear black and white distinction  
1165 between what is policy and what is not. In fact I would say there are probably three segments to this: there is strategic policy, there is operational policy and then there is policy implementation, and even between those three there are real blurred edges to be honest. So I would not say that the States' Trading Supervisory Board was not a policy-making body, but it is not a strategic policy-making body; but it obviously gets involved in operational policy, in fact that is just what  
1170 we want it to do, I think. So I think we do have to watch our terminology.

I agree with this amendment to the extent that it removes the exclusive nomination rights for the political Members for P&R. I also agree with the amendment in the fact that it does not do that for the real commercial brains that we want to bring on, that has to go through a rigorous recruitment policy rather than just us putting forward our mates from the floor of the Assembly.  
1175 However, I would say that if we are going to have that strange arrangement whereby technically a President of STSB can come from the floor of the Assembly who is not P&R's choice, and then have no say whatsoever in who their non-States' members are, that is a pretty odd set-up. I have never known a committee president not having some input into who their non-States' members are. So I think it would have to evolve a *modus operandi* where the President is involved, because  
1180 if they had parachuted in people who he or she would find very difficult to work with, well you can see the possibility for mischief.

I think what this comes down to is a question of trust, isn't it? It really is trust. We are going to choose the best possible people with the best commercial background to implement our strategic policy. Do we then feel the need to have a whole troop of politicians minding them, if you like,  
1185 being there in the room to make ...? I understand what Deputy Queripel is saying, but I think I would say to Deputy Queripel, 'Just let go of the reins a little bit'. I am not sure we actually need to do that. If we choose the right people we should be able to trust them; if we do not, then for goodness' sake let's bring back the Electricity Board – there is nothing more important to the people of this Island than that the power keeps coming at a reasonable price. Yet we have  
1190 delegated that to some commercial people to look after – we should *not* do! The logic of Deputy Queripel's argument is we need political control over that, we need accountability. I do not think we do.

He talked about the Water Board: well, I remember the Water Board in the 1980s and it was headed up by the most popular politician this Island has ever seen, that is not Deputy Gollop, that  
1195 is not Deputy Fallaize, but the most popular politician we have even seen. I had a lot of time for him, (**A Member:** Populist!) but because it was controlled by politicians they never put up the water rates and the infrastructure went south, and a lot of repair had to be done when a new regime took over. That was political accountability making sure that you never put up the water rates because that is not what people wanted, therefore we should be accountable to the people.

1200 So I am a big advocate of democracy, I really am, but sometimes when there are just things to be done, practical things to be done under our policy that we have approved, I think we should just trust a bit. The experience is that it *works* and I do not think we should roll back from that.

1205 So I will support this amendment because I think it is closer to that sensible arrangement; it is a smaller number and it is a bigger percentage of non-States' members. In fact under the original of course there could be no non-States' members whatsoever. In fact you might be able to do that under this amendment as well, which would be a weakness, but nevertheless I still think it is a step in the right direction.

**The Bailiff:** Deputy Inder.

1210

**Deputy Inder:** Thank you, sir.

1215 There is a clear democratic deficit at the core of STSB and we have had two very good speeches – two counter-speeches actually, one from Deputy Queripel and dare I say Deputy Roffey as well. But I think on balance I am more inclined to side with Deputy Queripel, purely because I believe mainly in the scrutiny process that ultimately we have a responsibility for. But I do not disagree at all with Deputy Roffey's sentiment that sometimes we do have to let go a little bit of the reins.

1220 But it is worth reminding when we do let go of the reins and it does go wrong, ultimately it ends up in the lap of this Assembly. So there is a balance between the two and I am not entirely sure between two very good speeches, which way I am going to go at the moment.

1225 When Deputy Roffey rose earlier to go through what we discussed in our SACC meeting – and present there from Policy & Resources were Deputy Jane Stephens, Deputy Al Brouard and Deputy Lyndon Trott – it is true we did agree that it was a particular type of organisation, and that was well explained by Deputy Trott and we did agree that it should not be seen as a typical States' Committee.

1230 As part of its constitution it is not a typical States' Committee, that is well understood, but that does not mean that therefore there should be a democratic deficit, and this is the word I have been using. And it is true in the meeting, I think there were two views actually and Deputy Roffey said the same thing, I think this came mainly from Deputy Trott, but I think he wanted to add one extra commercially minded member to the Board. I think that came from Deputy Trott, he is nodding his head so I am not doing him a disservice. I could not particularly agree with that because we would end up in the same position where we have got three non-elected and three elected Members of the Assembly. At the time in that meeting I was more for the three-two and I think I could understand some of the arguments against the five-two split.

1235 What Deputy Roffey did not say was mentioned at the meeting, he also warned Policy & Resources not to fight the ability to bring a potential candidate from the floor for the presidency. That was a clear warning to Policy & Resources not to fight that element of it.

1240 We also discussed the solid interview process and again it came from Deputy Trott, so it must be true, and he did say I think that it was Mr Hollis had complimented Policy & Resources on the solid interview process; he thought, and I cannot even think of the word, but basically I think – (**A Member:** Robust.) that's the word – one of the most robust interview processes he had been through. So I am comfortable that we have got two very good non-States' members.

1245 Now, I am not convinced it is not a policy-making committee, I am not going to have the argument with you, I am not going to go over or repeat. I could not repeat actually Deputy Laurie Queripel's speech, you can almost go for a 26(1) now and actually go to a decision. I accept Deputy Roffey said it is operational policy maybe, but political responsibility when it goes wrong ends up back in our lap and that is the reality of it.

1250 The amendment asks for a three-two split, the Requête asks for a five-two split. It is not really up to me to design Deputy Ferbrache and Deputy Smithies' Board really, unfortunately what I was going to say is if when they sum up, or Deputy Ferbrache sums up, they could explain why they need a five-two split, then I am happy to have gone with that. But unfortunately Deputy Smithies

1255 seems to have a counter-argument to his own President – which is fine, that is what we do, it is not a criticism – Deputy Smithies seems to prefer the three-two, and I think it is fair to say Deputy Ferbrache prefers the five-two split. So I was hoping to get some clarity when Deputy Ferbrache sums up. Maybe they should go off for a coffee for half an hour and sort out their differences, and we could have an early break, through you, sir.

1260 I can take or leave the three-two and I can take or leave the five-two; but certainly I want to see the ability for this Assembly to put forward a presidency, and I just do not like the democratic deficit of having equal amounts of non-States' members on a Board which has a substantial amount of assets and a substantial amount of responsibility.

So really I am going to listen to – at the moment I am for three-two, but if Deputy Ferbrache can convince me otherwise I will go for five-two.

Thank you.

1265 **The Bailiff:** Deputy Lowe.

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

1270 Deputy Laurie Queripel has asked us to say what we are going to do. I will not be supporting the amendment but I will be supporting the Requête. The reason I will not be supporting the amendment is, it does not actually do what I would like it to do because I would not be against a three-two providing the two non-States' members did not have a vote; but the two non-States' members will have a vote under that scenario, which again I have concerns with.

1275 We have got a five-two option in front of us today under the Requête and I think that is right. I think that is the right way to do it. I am really surprised at the letter that came from Policy & Resources and the section in it, because it will relate to not only the Requête but also to the amendment I suggest, where it actually says:

The Committee is of the view that this would lead to the perception that the States were doing little more than paying lip service to the notion of a commercially-focused Board, by tipping the balance heavily in favour of politically-based decision-making. If this were the case, it is very likely – indeed almost inevitable – that the States would struggle to attract high calibre candidates for the non-States' Member roles.

1280 Well, wow, what a thing to say! (**A Member:** Yes.) I mean I am just staggered at reading that to be honest. It is not only in my view staggering, it is also insulting to those other committees that have non-States' members. Are they saying that they are not high calibre because I am not saying that, and I think P&R should not be saying that? Are they saying that the States' committees elected non-States' members without giving due consideration to the skills that were needed on those committees and they just picked out a couple of names? I can guarantee that probably would not be the case. A lot of thought goes into those that have non-States' members on their committees, they do not just pick a name out of a hat.

1285 What makes STSB different, that we have to have the glorious P&R Committee that have more intelligence, better understanding of what is required on the STSB Board than the STSB Board Members themselves? I do not think that is appropriate. I really do not think it is appropriate. I actually think it is quite insulting really. We have elected Members on to the STSB Board – we, as the States, have elected those people or endorsed P&R – that is the way it has been happening  
1290 now. So are we saying we are electing those people, going back to the lip service idea, we did that, but actually they are not able to make that decision of who they would like as non-States' members on that committee? I do not think that is right at all. So I do not agree with them on that at all.

1295 I also do not agree with the three-two for that very reason, that the two non-States' members will still have a vote, whereas with the Requête you have got that buffer. There is a buffer there so that if States' Members are absent and not able to attend for a clash of meeting, or for various other reasons, personal reasons, at least the majority present would have that vote for the democratically elected States' Members and I think that is fine, I have not got a problem with that.

1300 I would then keep the two non-States' members and they would have that vote. So they can stay  
as voting members on that because you have got the safeguard that you have got more States'  
Members on there against the non-States' members.

1305 People will know because I have always made that view and I have always voted against all  
non-States' members. Not against the individuals, I just do not agree on having non-States'  
members on committees. I know I am in the minority in the States here, but nothing in all my  
years in the States has actually changed my mind on that. I think you bring in expertise as and  
when you need it on that particular subject and that has happened on committees that I have  
1310 been on right through the States, so you are not carrying on paying somebody for four years  
because they have not got expertise on everything that we have got right across the whole  
mandate of every committee, it just does not happen. We have not got that. That is what you  
have got staff for, you have got the staff that have got the expertise, and if you want more  
expertise you bring in people from outside to discuss that particular item and to be able to assist  
you. And out of all those that I have invited to come in, going right back to when I was Minister of  
Social Security, who came in quite regularly, not *one* of them charged us for doing that, they saw  
that as an honour to come and assist the States giving that sort of advice.

1315 So, back to the amendment then. I will be voting against, and I just feel that we should be not  
abdicated our responsibility. At the end of the day if something goes wrong it is States' Members  
that are in the front of the paper, not the non-States' members who have got a vote, they are not  
there on this particular occasion it will be the States' Members that will be on the front of the  
paper for not carrying out their job properly and being questioned in front of scrutiny. Rightly so,  
1320 too!

So I ask States' Members to reject the amendment and then support the Requête, which I  
believe will give the right balance in the STSB. It has got a large mandate, absolutely it has, and  
that gives the opportunity for States' Members to be able to share that workload and to carry on  
in a good democratically elected system as we have for all other committees, and they should not  
1325 be any different.

**The Bailiff:** Deputy Merrett and then Deputy Graham.

**Deputy Merrett:** Thank you, sir. I will try to be brief.

1330 First of all to address Deputy Laurie Queripel: I like to believe I come to most debates with an  
open mind, sir. I like to listen to the debates and I make a decision usually during debate,  
although of course I will have read and researched accordingly. A caveat to that is if I have signed  
a requête or amendments which actually I believe deeply in, and therefore I am hardly unlikely to  
change my mind on that, but again as recently we have seen a Member who signed a requête and  
1335 changed their mind during debate. So even when you have signed that, sir, I would like to believe  
that.

However, I can assure Deputy Laurie Queripel that if I do support the amendment, I have never  
totally understood the reason, and I do in my personal opinion consider it disingenuous, to then  
vote it out at the end. I think that is tactical voting, I do not think it is appropriate and it is not  
1340 something I ever intend to do in this Assembly.

I will next move on to a comment made by Deputy Parkinson as in Economic Development  
were not quorate to make a decision. I have checked, and I appreciate this from HMP, that actually  
under Rule 40(7) – and I found this loophole while I was dealing with the funding for the Sports &  
Arts Commissions and I will read 40(7) for Members so they know:

At all other times, when a Committee is inquorate and an urgent decision is required, the insufficiency of members  
shall be replaced by Member(s) of the States chosen in the following order: members of the Policy & Resources  
Committee according to their length of service in the States, Presidents of Principal Committees according to their  
length of service in the States, Presidents of other Committees according to their length of service in the States, other  
Members according to their length of service in the States.

1345 Now, I will caveat that maybe Economic Development did not feel this was an urgent decision. However, there is a mechanism within our Rule Book to actually enable the comment to have been made if they felt it necessary.

1350 What else I would like to just bring to your attention is – I think Deputy Lowe said this and Deputy Laurie Queripel – that if we have three States' Members and two non-voted States' members, that the democratically elected Members will always have a majority. Well, they will not, because you could have two non-elected States' members and one elected States' Member, making three, making a quorate and you could have a vote. So we have this in SMC. I think Deputy Lowe referred to the fact that every Committee has five members and they have non-voting States' members, that there is always a majority. Well, there is not in Scrutiny Management Committee because in fact we have three elected States' Members and two non-States' members who have voting powers.

I am a bit concerned that if Members really believe that if we have three elected Members or five, if we have voting members that are non-elected, there is always the possibility that those non-elected members can outvote an elected Member. (*Interjection*) That is always a possibility.

1360 Deputy Roffey asked for a committee of six. I would like to believe that this Assembly has learnt that having an even number is not always fantastic when you are going to a vote. I remember many votes at Economic Development when we had four Members and we voted two-two blocking each other all the time. We had this in this very Assembly on the first-ever vote we were blocking each other as an Assembly. So, no, please do not have an even number, please always have an odd number for what I think are quite obvious reasons.

I do like this amendment; I like the fact that we can have nominations from the floor. I like the fact that at the last debate when we elected a President that the Rules were suspended and we were allowed to do that. I was very supportive of that. I do believe that we should be able to make nominations from this floor.

1370 I have a lot of sympathy for this amendment, as I do for the Requête. I am actually very pleased it has come before us today and we are not waiting until September. I do not understand why that was put forward. I will listen to the debate, through you, sir, to Deputy Laurie Queripel, to actually make my decision, if any other Member can persuade me otherwise at this point in debate I will be supporting the amendment, and I will be supporting the amendment if it comes to the main Proposition. I hope that gives clarity to the Assembly.

1375 Thank you.

**The Bailiff:** Deputy Graham.

1380 **Deputy Graham:** Thank you, Mr Bailiff.

I wish, Members of the States, that we were not yet again contemplating our constitutional navels. (**Several Members:** Hear, hear.) It does give me a constitutional headache and I think it probably does to the States as a whole too. But here we are so we had better have a view.

1385 In my view the best way to approach this is really to try and analyse or assess exactly what the role of the States' Trading Supervisory Board is. I went back to the policy letter which led to the States' Resolution that set it up and quite clearly it was as follows, that in as far as the incorporated entities were concerned – the Cabernet, James Co, Guernsey Electricity and Guernsey Post – we wanted representatives of the shareholders on the Board. As far as the unincorporated entities were concerned – the Ports, the Water Board, the Dairy and so on – we were really appointing effectively non-executive directors.

1390 So I say to myself, well, how many Deputies do we need to represent the shareholders? And how many Deputies combined with the non-States' members do we need to act as non-executive directors effectively? Now, okay the answer to that probably is an objective one, but in my view it would be wise to listen to the two political Members who have had nearly two-years' experience of serving on that Board as politicians, and interestingly both of them say actually the amendment is superior to the Requête in that sense.

1400 There is other evidence too, which also illustrates I think or answers the democratic deficit, which so worries Deputy Inder and others. I mean if we are worried about that, we had better look at the Overseas Aid Commission, (**Severall Members:** Hear, hear.) because that has a budget of nearly £3 million a year – £2.8 million, I think it is something like that. It has one politician on it. In my view it is one of the most effective entities Government has got, (*Laughter and interjection*) and I think its strength lies in the fact that it has six Commissioners, non-elected – who can be trusted, Deputy Lowe, and they have judgement too – and it has a political President who is essentially *prima inter pares*, no more. If the States wants to look at an entity that looks after its interests, that really pursues good thorough due diligence on the way its money is spent, then I think the Overseas Aid & Development Commission is a shining example.

1405 So to me, I am listening to the evidence of Deputy Smithies and Deputy Parkinson who have actually got a few hours under their belt as political Members of the entity, and I am looking certainly to the example of the Overseas Aid & Development Commission as answering my own rhetorical question at the beginning really. I do not think we need seven non-executive directors on the States' Trading Supervisory Board.

1410 Now, there is the genuine question of accountability and that we, as elected Deputies, have an additional responsibility in that regard. I personally have always resisted the notion that because two years ago we managed to persuade a few hundred people to vote for us – some more than others, admittedly – that somehow that gave us a superiority of wisdom, or a superiority really of democratic accountability, a sense of responsibility. In a way it is almost – and it is not meant to be – but it is actually ... Deputy Lowe talks about being insulting and I think it is rather insulting for us to register concern that non-States' members might actually be in a position of influence and may occasionally even outvote us on matters of commercial sense or not.

1415 Of course in a way there was a gentle irony in what Deputy Queripel registered, he was saying on the one hand that we need these democratically elected Deputies of integrity and responsibility to be the prime say in the running of the STSB, and yet on the other hand he suspects that some of those same Deputies may be guilty of skulduggery, for example, in voting for the amendment and right at the end changing their mind only to wreck it. (*Interjection and laughter*) Well, he cannot have it both ways.

1420 Just to be clear Deputy Queripel, through you, sir, I intend to vote for the amendment; if the amendment does not survive I will vote against the Requête; if the amendment survives I will stick with it to the end.

1430 **The Bailiff:** Deputy Le Tocq.

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

1435 I will be brief because, like Deputy Graham, I am tired of debating constitutional matters of committees in this Assembly; and partly, sir, because during the last Assembly when I was Chief Minister I was *ex-officio* Chairman of the States' Review Committee which spent an inordinate amount of time dealing with it.

1440 Now some of my colleagues, like Deputy Fallaize and Deputy Dorey, loved that sort of thing (*Laughter*) and seemed to live for our meetings. I was not one of those, but I had to do it because it was *ex-officio*, so there we are. But one of the things that did take up quite a lot of time was how to deal with the issues that are now covered by, and the areas that are overseen by, the States' Trading Supervisory Board. And it is a new body; that is the thing.

1445 Deputy Ferbrache said the previous Assembly was passive about this: not at all! Actually it is because of the problems that we had seen in the last Assembly particularly, in trying to find the right mechanism, the right vehicle to handle the assets of the States, and particularly the trading assets of the States, that the STSB came about. And how to constitute it did take up quite a considerable amount of time to make sure that exactly the things that Deputy Ferbrache normally speaks about, the fact that you cannot guarantee that Members of this Assembly will have the commercial abilities and skills to be involved at that level and that detail. Those sorts of things did

1450 take up a lot of our time, and this Assembly is smaller than in the past, and this Assembly does  
not tend to see so many people like Deputy Ferbrache and others who come in from a business  
background any longer. So we wanted to ensure that there was the opportunity for this Assembly  
and future Assemblies to be able to find the right balance within that Board.

1455 So, sir, I do not think we need to be too fastidious or pernicky about defining whether the  
STSB is a quasi-policy-making body, or a hybrid, or a policy-making body, or a non-policy-making  
body because what we are talking about here is commercial policy making. We are talking  
commercially minded people, people with instinct, with commercial experience, with intuition,  
with nous, commercial nous – that comes from the Greek word, by the way, meaning ‘mind’,  
somebody who has experience and has a capacity and a mindedness to work in that area.

1460 This is why I am grateful particularly for Deputy Graham and his excellent speech before in  
referring to the Overseas Aid Commission. I was going to refer to it anyway because I was a  
previous President of that body when it was made up largely of States’ Members. I was involved in  
the 2004 reforms of it and we sought to remove that because we struggled to find people within  
the Assembly – even though the Assembly was 57 Members at that time – who had the nous, in  
that instance, of working in terms of development overseas, and experience overseas with  
1465 developing countries and those types of projects. It just did not happen so we could not  
guarantee that they would be in this Assembly.

So when we reformed it, we reformed it to largely the constitution that it is today, which still  
has an accountability to the Assembly, because ultimately we are the Government, everything has  
to come here no matter how you do it we will take the responsibility. But there are better ways in  
1470 terms of day-to-day management of particular things and politicians getting involved in them.  
That applies to the Overseas Aid & Development Commission and it applies to the STSB.

So, sir, I am going to support this amendment even though I do not particularly think there is  
any need to amend it at this stage. I do think things periodically need some reviewing, but I take  
on board what others have said, and I will support if that is the case. I am minded in fact, despite  
1475 what Deputy Merrett had said, to lay an amendment to increase the number of non-States’  
members so there is a balance there, because we are not guaranteed in the future that we will find  
the right balance even to find three States’ Members that have that capacity. So I want future  
Assemblies to be able to have the best chance of forming a board that can operate for the best of  
Guernsey. That is something we should think very seriously. This is not a typical States’ Committee  
1480 and it should not be constituted in the same way.

**The Bailiff:** Deputy Trott.

1485 **Deputy Trott:** Sir, I rise to move Rule 26(1) thank you, sir.

**The Bailiff:** Okay. Well, Members in a moment I will put to you the Proposition that debate be  
closed and I remind you that Deputy Ferbrache will still have the opportunity to speak, and  
Deputy Langlois will have the opportunity to reply and, if he needs to, the President of Policy &  
Resources Committee can comment on any financial implications which he has not already done.

1490 So I put to you the Proposition that debate be closed. Those in favour; those against.

*Members voted Pour.*

**The Bailiff:** That is carried in my view.

So Deputy St Pier, do you wish to comment on any financial implications arising from this  
amendment? And it is this amendment we are dealing with.

1495 **Deputy St Pier:** I do not believe there are any financial implications.

**The Bailiff:** Deputy Ferbrache to reply then, or to speak on the amendment.

**Deputy Ferbrache:** Yes, sir.

1500 I really do commend, and I do so because I think I see – well, I am pretty sure I see – which way the wind is blowing, and if it blows that way I am not upset by it. But I commend Deputy Prow, Deputy Mooney, Deputy Leadbeater, Deputy Laurie Queripel, Deputy Dudley-Owen and Deputy Kuttelwascher for bringing this issue to the States, because it would not have altered a bit. We would have had the President nominated by Policy & Resources with no opportunity for the States to intervene. We would have had the members again nominated by the same body.

1505 Now all of a sudden the road to Jerusalem has been found – yippee, dippy. So the Requête, whatever the result, has succeeded and if the amendment is successful I will vote in favour of the amended Propositions unequivocally and with good heart. In fact the only real difference I think now between Deputy Langlois and I, at least on this topic – there may be differences on other topics – he will get the road to Jerusalem in due course I think, over the next two years on other topics, I hope. But it is a three-to-five and I do not disagree, I think he has highlighted something that frankly we had not considered which is the last Proposition of his amendment which is that effectively for non-States' members they should only be nominated by P&R.

1515 But I take the point made by Deputy Roffey that we have got to see how that works, because if I as President and Deputy Smithies as Vice-President, if we ... Let's say we hope nobody resigns, but let's say Mr Hollis falls ill, or Mr Falla falls ill, or whatever, and they leave, and we think it should be Miss X or Mr Y, and Policy & Resources say, 'We're not just going to listen to you; we don't care what you say, we're not going to be influenced by you' – well, then we may have to bring something before the States. I hope that is not necessary, because I do not think that that would be appropriate.

1520 But it is a question of trust: are we saying we do not trust States' Members to make decisions? I think if so we should say so openly rather than *sotto voce*. Do we not trust States' Members to carry out their duties diligently in the sense of bringing forward somebody for, for example, as a non-States' member on the States' Trading Supervisory Board, who is competent and experienced? But anyway, that is for another day and I am not going to stand and fall on that.

1525 This Requête has achieved its purpose because if people are as good as their word, and I believe they will be, we will have a majority of States' Members whether it is the amendment or the Requête that is successful and we will have people who will be able to be nominated from the floor. I think that will meet the democratic deficit that Deputy Inder refers to.

1530 What I am delighted about, and I expect to see it in September or October, and if not I will be very disappointed and it will spoil my Christmas, is that Deputy Roffey and Deputy Graham have both said effectively the fewer number of people on a committee the better. So I expect Deputy Roffey in his amendment to bring his Rules Committee down to three people at the most; I expect Deputy Graham, despite the massive workload of Education, to say, 'We have got enough with three people, we do not need five'. We can reduce the States' Committees to that number. I actually think there are too many States' Members still. I actually think there are too many people on committees still. I think that committees should be no more than three, but that is an issue for another day.

1540 I have nothing further to say. I am not going to go through, as I have seen other speakers do, I am sure very ably and very purposefully and say, 'Deputy So-and-So said this; Deputy So-and-So said that'. We have all said it; let's vote on it.

**The Bailiff:** Deputy Langlois to reply on the debate on the amendment.

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

1545 I do not want to alarm Deputy Graham but I got the impression that Deputy Ferbrache was formulating another navel-gazing requête as he was making his final speech.

I am not going to drag this out too far because I think there were some good speeches and if anything they expanded on the proposals. There were a couple of – and I will come to my apologies to Deputy Queripel at the end.

1550 Deputy Lowe and Deputy Merrett, I think they both mentioned the possibility that non-States' members might outvote States' Members. In the amendment there is a clause which is to delete Rule 40(4) and replace it with the following:

(4) The members forming the quorum of the States' Trading Supervisory Board shall include at least 2 members who are Members of the States.

1555 Obviously if you had a five-person board then three would be the quorum, and of those two would have to be States' Members, so you would not ever be in a situation where the non-States' members were in the majority and could take a decision on that.

I was quite pleased Deputy Parkinson feels free to speak his own mind now. But Deputy Queripel is the one who made me feel guilty because I did have a section in my opening speech about that subtle relationship between operational and policy, but I cut it out because Deputy Ferbrache's speech was so short I did not want to appear to be padding mine out in an attempt to just for once making a longer speech than him.

1560 But it is an interesting, not 'problem', but a situation because it occurs in all sorts of levels in the States at committee level, and I think as I said in my opening speech establishing the Board was a very useful way of acknowledging it in States' affairs. I think the important thing is that by forming the Board one did not eliminate the overlap between policy and operational or, as 1565 Deputy Roffey said, sort of strategic policy making and operational policy making. What it does is it defines them so where there is an overlap you can see where that overlap is and you can deal with it, as Deputy Smithies said, through constructive dialogue between the policy making Principal Committees and the STSB. That is really why it is so useful. But it is never going to work perfectly, you are always going to be able to point out something and say, 'Isn't this a bit of 1570 strategic policy making rather than operational policy making?' Because it is obviously a spectrum and I think we will probably have this debate further.

I think that was about it in terms of, people had some concerns about the proposed amendment. I can only once again thank all those who spoke very well on the implications of the amendment in preference to the Requête, as laid. And I just hope everybody might vote for the 1575 amended Propositions.

Thank you.

**The Bailiff:** Well, we vote then on the amendment proposed by Deputy Langlois and seconded by Deputy Soulsby, and there is a request for a recorded vote.

1580 A recorded vote on the amendment.

*There was a recorded vote.*

Carried – Pour 21, Contre 15, Ne vote pas 0, Absent 4

<b>POUR</b>	<b>CONTRE</b>	<b>NE VOTE PAS</b>	<b>ABSENT</b>
Deputy Soulsby	Deputy Prow	None	Deputy Oliver
Deputy de Sausmarez	Alderney Rep. McKinley		Alderney Rep. Roberts
Deputy Roffey	Deputy Ferbrache		Deputy Fallaize
Deputy Tindall	Deputy Kuttelwascher		Deputy Yerby
Deputy Brehaut	Deputy Gollop		
Deputy Tooley	Deputy Lester Queripel		
Deputy Parkinson	Deputy Leadbeater		
Deputy Le Clerc	Deputy Mooney		
Deputy Trott	Deputy Le Pelley		
Deputy Merrett	Deputy Meerveld		
Deputy St Pier	Deputy Lowe		
Deputy Stephens	Deputy Laurie Queripel		
Deputy Inder	Deputy Paint		
Deputy Smithies	Deputy Dudley-Owen		
Deputy Hansmann Rouxel	Deputy de Lisle		

Deputy Graham  
Deputy Green  
Deputy Dorey  
Deputy Le Tocq  
Deputy Brouard  
Deputy Langlois

**The Bailiff:** Well, Members the voting on the amendment proposed by Deputy Langlois and seconded by Deputy Soulsby was 21 in favour and 15 against. I declare the amendment carried.

1585 **Deputy Le Tocq:** Sir, if I may.

**The Bailiff:** Deputy Le Tocq.

1590 **Deputy Le Tocq:** I would like to lay a further amendment. It will be very brief, I would ask that the Deputy Greffier have it distributed now, if possible. It is very simple and I alluded to it in my previous speech.

**The Bailiff:** Could this be distributed?  
Deputy Le Tocq.

*Amendment*

*To replace paragraph no. 1 of the prayer of the Requête with the following:*

*'To amend the mandate of the States' Trading Supervisory Board by substituting the constitution set out in the mandate with:*

*"A President and two members who shall be sitting members of the States; and up to three voting members who shall not be sitting members of the States; provided that neither the President nor any member of the Board shall be the President or a member of the Transport Licensing Authority."*

1595 **Deputy Le Tocq:** Thank you.

This amendment as you can see, sir, will be seconded (**A Member:** Sir?) by Deputy Stephens. It is very simple, sir, and I will be brief.

1600 I am suggesting that the number of members of the STSB who are non-States' members, not sitting Members of this Assembly, be raised from two to three and that is in order to balance out and to ensure that this Assembly and future Assemblies have the ability to make sure, make certain, that the right members of the STSB with adequate skills and nous, as I was talking about before, can sit on this Board.

1605 Sir, in terms of the issues that Deputy Merrett had raised before with regard to the evenness of numbers, in my mind that it a very *minor* issue because it can occur already with our odd-numbered committees when someone is absent or conflicted. So that is very secondary and that is likely to apply whatever number we come up with, odd or even.

Sir, I move to ask the Assembly to support this amendment.

1610 **The Bailiff:** Deputy Stephens do you formally second the amendment?

**Deputy Stephens:** I do, sir.  
Thank you.

1615 **The Bailiff:** Deputy Ferbrache, do you wish to speak on it at this stage?

**Deputy Ferbrache:** Yes, I think I do, sir.

The Requête has been around for a long time, the Langlois/Soulsby amendment has been well circulated, people have had time to think it through, this is very much on the hoof and the first time I had got any allusion to it was when Deputy Le Tocq spoke 20 minutes or so ago.

1620 It does not cause me any great concern but it takes ... Remember the very first day – *the very first day* – that we sat as a States, there was an election for a President of an office called Policy & Resources, and because we had an even number we went to four ballots, and all these clever, clever, clever people that had devised all these Rules did not think that you could have an even vote. My goodness me! It started this States off on the wrong foot and we have struggled to recover from it since that time.

1625 Deputy Merrett made the point there should be an uneven number whether it is five-two or five-four, or whatever it was, and she is absolutely right: if this is passed this will put that back into a possibility at the very least. It is an ill-thought-out amendment and should be summarily rejected.

1630 **The Bailiff:** Deputy Merrett –

**Deputy Kuttelwascher:** Can I raise a point of order, sir?

1635 **The Bailiff:** You have been waiting to speak for some time. A point of order first, then.

**Deputy Kuttelwascher:** Yes.

**Deputy Merrett:** This is what I want to do, sir.

1640 **The Bailiff:** Well, what is your point of order Deputy Merrett?

**Deputy Merrett:** This, sir, in my opinion has a financial implication because we actually pay non-elected members to attend meetings, so there will be a financial implication to this amendment which I do not think has been taken into account, and therefore we need to suspend the Rules, or we need to have it in this amendment in some way.

1645 I know it is a minor point, sir, but I am actually surprised at the amendment and disappointed that it has not taken into account up to date so far in this debate, and so I actually challenge the amendment, sir.

1650 **Deputy Kuttelwascher:** I have a different point of order. (*Interjections*)

**The Bailiff:** What is your point of order, Deputy Kuttelwascher?

1655 **Deputy Kuttelwascher:** This amendment is contradicting itself because it says –

**The Bailiff:** Is this a speech or a point of order?

1660 **Deputy Kuttelwascher:** No, it says *up to* three voting members, it does not say three voting members and the explanatory note says it is proposing three voting members. It is not. It could be two and remain two, even if this is passed.

**The Bailiff:** Well, I think that is a speech.

1665 **Deputy Gollop:** I have a third point of order – (*Laughter and interjections*) but H.M. Procureur may have to help me out with it because I have forgotten the exact Rule.

**The Bailiff:** Deputy Gollop.

1670 **Deputy Gollop:** But H.M. Procureur may have to help me out with it because I have forgotten the exact Rule.

I think that there is case, that you, sir, can adjudicate on, that this amendment although well-meaning goes beyond the Propositions of the Requête quite significantly so, and therefore falls on that basis because the Requête was not about adding additional non-States' members to the committee concerned.

1675

**The Bailiff:** I will just call on H.M. Procureur.

It seems to me the original Propositions that we had and the original Requête, proposed a President and four Members plus two non-voting members, which would have been a total of seven. But then of course the States' Members would not have been paid any extra for serving on it. So I suppose the effect is to increase it from two non-voting members to three non-voting members, and it is suggested that that would have financial implications, and therefore the suspension of the Rules is needed. Is that your advice, Madam Procureur?

1680

**The Procureur:** Sir, yes, the wording is *up to* three; there is a point that has been made about the explanatory memoranda. I guess as a matter of fact it would simply depend if there were actually three. If there were three then it seems to me there may be financial implications in terms of Rule 24(2) and a holistic look at 24(2) without knowing how many might be appointed there may be financial implications.

1685

Yes, I would agree with that interpretation sir.

1690

**Deputy de Sausmarez:** Another point of order, sir.

**The Bailiff:** Another point! Deputy de Sausmarez.

1695

**Deputy de Sausmarez:** Thank you, sir.

Well, I could be wrong but I have got a feeling that under the current constitution there is nothing preventing more than two non-States' members anyway. So actually that is a challenge to Deputy Merrett's point of order.

1700

**The Bailiff:** Deputy Le Tocq.

**Deputy Le Tocq:** I have made exactly the same point. The amendment we have just passed in some way does not apply to that, but the current constitution it is a moot point as to how much resources are necessary. This is similarly, it just limits it at three. So I do not think there is a particular change in that.

1705

**A Member:** There is.

**The Bailiff:** The current constitution is not actually set out in the Rule Book I do not think, because it said it is by Resolution of the States – which I have not got in front of me – from memory.

1710

**The Procureur:** The constitution is set out at the back, sir.

1715

**The Bailiff:** Is it? I thought maybe you have a different version.

**The Procureur:** Sir, if it assists:

The constitution of the Board shall be determined by the States on a recommendation made by the Policy & Resources Committee: provided that the President of the Board shall be a member of the States, at least one other

member of the Board shall be a member of the States and at least two other members of the Board shall not be members of the States ...

1720 **The Bailiff:** Well, that is at least two, (**The Procureur:** Yes.) and that was in here. Then there was a Resolution of the States following on the Proposition that was laid by Policy & Resources Committee and I do not have that in front of me I cannot remember off the top of my head what that (*Interjection*) – oh, Deputy Smithies has it. Perhaps you could hand it to H.M. Procureur?

**The Procureur:** Sir, yes, thank you to Deputy Smithies for having that to hand:

'That provided that the membership of the States' Trading Supervisory Board should be President and one Member who shall be a Member of the States and two members who shall not be members of the States, provided that neither the President nor any member of the STSB be the President or Member of the Transport Licencing Authority.'

1725 So that was *one* Member who shall be a Member of the States and *two* members, not *up to*, but two members.

**The Bailiff:** Two members. So in that case there are financial implications. Do you therefore move a Proposition that the Rules be suspended to enable this amendment to be laid?

1730 **Deputy Le Tocq:** I do, sir, thank you.

**The Bailiff:** Deputy Stephens, do you second that?

1735 **Deputy Stephens:** I do, sir.

**The Bailiff:** In that case I put to you a Proposition that the Rules be suspended –

1740 **Deputy Inder:** A recorded vote please, sir.

**The Bailiff:** – to enable this amendment to be laid. Just to make it absolutely clear: this is a Proposition to suspend the Rules to enable the amendment proposed by Deputy Le Tocq and seconded by Deputy Stephens to be laid.

*There was a recorded vote.*

Not carried – Pour 17, Contre 19, Ne vote pas 0, Absent 4

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

1745 **The Bailiff:** Well, Members, the voting on the Proposition to suspend the Rules to enable the amendment to be laid was 17 in favour, 19 against. I declare it lost and therefore the amendment cannot be laid.

So we now come to general debate, which will be general debate on the Propositions as amended by the Langlois/Soulsby amendment.

1750 Deputy Meerveld.

**Deputy Meerveld:** Sir I would like to propose Rule 26(1).

**The Bailiff:** Rule 26(1), so guillotine motion on general debate. Those in favour; those against.

*Members voted Pour.*

1755 **The Bailiff:** I declare that carried.

We do though still need to go through the closing motions, which means that any of the Presidents of any of the Committees that were consulted who have not yet spoken may speak, and then Deputy Ferbrache may reply to the debate. So taken in reverse order, the President of the States' Assembly & Constitution Committee chose not to speak at the opening. Do you wish to speak in closing in general debate, Deputy Roffey?

1760

**Deputy Roffey:** I speak now, do I?

1765 **The Bailiff:** You have on behalf of the Committee if there is anything you wish to say, because, I do not think you – oh no, you did speak on behalf of –

**Deputy Roffey:** I have spoken already, yes.

1770 **The Bailiff:** You did speak on behalf – (*Interjections*) I know you spoke in general debate, sorry you cannot have another speech. Sorry, I am not going to encourage this.

The President of the States' Trading Supervisory Board: well, I imagine you will speak in a moment anyway.

So, President of Policy & Resources, you did not speak in opening, do you wish to speak now?

1775 **Deputy St Pier:** Only very briefly, sir, to respond to Deputy Roffey's comment about the need for Policy & Resources to consult with STSB. That has of course been the prior practice in relation to the process for selecting nominees for the non-States' members, and I can see no reason why that would not continue.

1780 **The Bailiff:** Deputy Ferbrache then will reply to the debate.

**Deputy Ferbrache:** Just, sir, to ask for the States to vote for the successful amended, now the actual, Propositions.

1785 **The Bailiff:** Right, Members we vote then on the amended Propositions – Is this a request for a – ?

**Deputy Lester Queripel:** Sir, I rise to ask for a recorded vote, please.

1790 **The Bailiff:** A recorded vote. We will take all of the Propositions together. So a recorded vote on all the Propositions together.

*There was a recorded vote.*

*Carried – Pour 35, Contre 1, Ne vote pas 0, Absent 4*

<b>POUR</b>	<b>CONTRE</b>	<b>NE VOTE PAS</b>	<b>ABSENT</b>
Deputy Soulsby	Deputy Lowe	None	Deputy Oliver
Deputy de Sausmarez			Alderney Rep. Roberts
Deputy Roffey			Deputy Fallaize
Deputy Prow			Deputy Yerby
Alderney Rep. McKinley			
Deputy Ferbrache			
Deputy Kuttelwascher			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			
Deputy Gollop			
Deputy Parkinson			
Deputy Lester Queripel			
Deputy Le Clerc			
Deputy Leadbeater			
Deputy Mooney			
Deputy Trott			
Deputy Le Pelley			
Deputy Merrett			
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Inder			
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 de Lisle			
Deputy Langlois			

**The Bailiff:** Well, Members, the voting on the Propositions as amended was 35 in favour, and 1 against. I declare them carried.

## **POLICY & RESOURCES COMMITTEE**

### **XII. Schedule of Future States' Business – Approved**

*Article XII.*

*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 26th September 2018 and subsequent States' Meetings, they are of opinion to approve the Schedule.*

1795 **The Senior Deputy Greffier:** Article XII – Schedule for Future States' Business.

**The Bailiff:** Deputy St Pier.

**Deputy St Pier:** Sir, I lay the Schedule, it is self-explanatory, and I have nothing to add.

1800 **The Bailiff:** No.  
Deputy Tindall.

**Deputy Tindall:** Just to say, sir, I presume there will be added the election of the third Members to the States' Trading Supervisory Board?

1805 **The Bailiff:** That will be a matter for me, but it may well be something that I will issue a Billet for indeed, yes.

**Deputy Tindall:** Yes, thank you, sir. *(Laughter)*

1810 **The Bailiff:** I believe that comes from me, maybe it comes from Policy & Resources as it is STSB? But I assume that will be so.

1815 Can I just remind Members that there will also be a meeting of the States of Election immediately before the meeting of the States of Deliberation? This will be to replace Jurat John Ferguson who by then will have retired by reason of age. Nominations will open on 17th August and close on 7th September.

We need to vote on the Schedule for Future States' Business, don't we? Those in favour; those against.

*Members voted Pour.*

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

1820 It just remains for me to wish you all and your families a good, and happy, and restful summer. I look forward to seeing you back here and I am sure you join me in sending our very best wishes to Deputy Oliver (**Several Members:** Hear, hear) and to Alderney Representative Jean and hope that they will be back here in full health with us at the end of September. (**Several Members:** Hear, hear.)

1825 Thank you very much. That closes the meeting.

*The Assembly adjourned at 12.33 p.m.*