



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 8th November 2018

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Present:

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

Law Officers

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

People's Deputies

St Peter Port South

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

St Peter Port North

Deputies C. N. K. Parkinson, L. C. Queripel, M. K. Le Clerc, J. I. Mooney

St Sampson

Deputies L. S. Trott, 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, E. A. Yerby,
D. de G. de Lisle, S. L. Langlois

The South-East

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

Representatives of the Island of Alderney

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

The Clerk to the States of Deliberation

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

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur);
Deputy J. A. B. Gollop (*relevé à 9h 33*); Deputy M. P. Leadbeater, (*relevé à 10h 21*);
Deputy P. R. Le Pelley (*indisposé*); Deputy A. C. Dudley-Owen (*absente de l'île*)

Business transacted

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

Billet d'État XXIV

POLICY & RESOURCES COMMITTEE

I. The States of Guernsey Annual Budget for 2019 – Debate continued

Article I.

*[See full text of original Propositions including Schedules at:
<https://www.gov.gg/CHttpHandler.ashx?id=115715&p=0>]*

The Greffier: Billet d'État XXIV, the States of Guernsey Annual Budget – continuation of debate on amendment 24.

Amendment 24

To insert, new proposition 51 as follows:

'51. In respect of the relationship between the civil service and the States of Deliberation:

a) To note that this was most recently set out in Billet d'État XII, 2015, which in paragraph 6.4.22 stated, inter alia, that: "more formal means should be established to provide for the President of a Principal Committee to convey to the Chief Executive that the Committee is losing confidence in a senior officer or in the level of support it receives", although "it would not be appropriate for a Principal Committee or a President thereof to become embroiled in the performance management of individual civil servants". In addition that "the Chief Executive and other senior officers must obtain the views of the President of a Principal Committee, and through them the members thereof, when appointing and appraising senior staff in the service of that Principal Committee";

b) To note that Rule 56(3) of the Rules of Procedure states, by resolution of the States, that "the senior officers of a Committee are accountable to that Committee in respect of policy direction";

c) To note that an inappropriately-structured civil service would be as detrimental to the ability of the States of Deliberation and its Committees to fulfil their mandates and functions as an inappropriately-resourced civil service would be. Therefore, the States have a legitimate political interest in the structure of the civil service.

Having regard to a), b) and c) above and recognising that the organisational design requirements of each Office of the Committee may differ, to direct the Policy & Resources Committee within its mandated role as employer and within its responsibility "to ensure that public funds and other resources are used to best advantage, including through co-operative and flexible working practices", to assure restructuring of any Offices of the Committee and other parts or offices of the civil service is carried out in liaison jointly between the Policy & Resources Committee and the relevant Committees, with due respect given to the principle that the responsibility for organising the public service, ensuring that it is fit for purpose, lies with the Chief Executive, accountable to the Policy & Resources Committee.'

The Bailiff: Deputy Gollop, do you wish to be relevé?

Deputy Gollop: Yes, sir.

The Bailiff: Members, just before we resume, can I just observe we still have a lot of amendments to go through, and there have been some quite wide-ranging debates so far on some of the amendments we have already debated. Can I ask that Members please keep their speeches as focused as they should be on the amendments that are in debate and try not to repeat what has already been said?

Under the Rules after the third day of a meeting is to be adjourned to the end of the month. Now I will be suggesting this evening and I will be moving a Proposition that we continue tomorrow. That is not what the Rules provide but I will be proposing that we continue tomorrow. Whether we will finish tomorrow on the Budget debate will depend upon how focused your speeches are and how repetitive some of them are, or not repetitive.

I have also been asked what will happen about the SACC elections. This is a meeting dedicated to the Budget. The meeting that I had convened for the SACC elections is a separate meeting that would follow this meeting, and I am not proposing that we interject that meeting into this meeting. There is no provision for that under the Rules. If anybody is minded to do so they would have to move a Proposition to suspend the Rules in order to achieve that. As I say, I am not going to be proposing that. So it is very possible that the SACC elections will be at the end of the month, but that is in your hands. It depends how focused, as I say, your speeches are.

So having said that, who wishes to be the first to deliver a focused, non-repetitive speech? *(Laughter)* No pressure on Deputy Yerby.

Sorry, we are debating amendment 24.

Deputy Yerby: Sir, in the spirit of focus there were a couple of great big red herrings splashing about in Deputy Ferbrache's speech last night, and before they go off swimming about this Assembly I want to try and catch them, fish them out and ensure they have a short, sharp and humane death. *(Laughter)*

The first of them is the idea that changes to the senior support structure of committees has somehow anything to do with the potential savings of £10 million and that P&R had pulled a bit of a blinder, because if we were to allow the pound signs dancing in front of eyes we would have ended up sleep walking into some changes that in my view in the form they were originally presented were verging on the unconstitutional.

The second red herring is the idea that somehow the work of the Chief Executive should exist in a bubble that is wholly outside of political scrutiny. It is our one official interface with the Civil Service and we want to put in a lock box out of our own reach. Sir, that would be a dereliction of duty on our own part. **(A Member:** Hear, hear.)

So I wish briefly to try and disentangle the myth that changes to the committees' senior support structures are the key to unlock £10 million of savings. I think I have to start by busting a myth in respect of my own position, which is that as a former civil servant of course I am *bound* to be resistant to any change to the Civil Service. I think anybody who has served with me on a

committee will know that when I am seeing poor standards of performance I am the most exacting in demanding high standards. I know that aspects of the Civil Service are not fit for purpose. I know our customer experience can often be poor. I feel very strongly about having expensive people in high places who cost us not only their own salary but what we have lost in holding back those beneath them.

I completely agree with Deputy Inder that the wage bill needs addressing, that grade inflation is a problem, that we have an inverse pyramid in terms of the grading of Civil Service roles which results in very perverse outcomes. I agree that teams can be restructured to achieve better outcomes without having to recruit new people.

I fully support the leadership of the Committee for Health & Social Care who for two years now have been running a challenge process with all their subordinate staff such that when they need to change the way a team is working when they think they need to recruit additional hours or additional roles the first thing they ask is can you restructure, can you do this differently, can we make it happen within existing resources? More often than not the answer to that is yes.

I have seen that performance management is patchy and that there are terrible consequences of that. I have seen problems left to rumble on, but I have also seen them addressed well, and I think that it is necessary to set the record straight because of the way that we went into this conversation.

Chief Secretaries are not a unique obstacle to change. In fact, all the examples that I have from my experience on the Committee for Employment & Social Security and the Committee for Health & Social Care is that chief secretaries have been deeply receptive to change, have created the atmosphere for the environment where change is possible and have been at the forefront of leading those changes.

In fact, I refer Members back to the Chief Executive's Annual Report, which we saw only this June, where every second example of transformation that has been achieved in the past year came either from ESS or from HSC. So do not let it be said that I or any of my colleagues on committees are resistant to change, we are not.

On Employment & Social Security we have consolidated a new mandate since the start of this term, we have taken on board a single tax and contributions counter, we have worked with P&R to produce a combined revenue service, and I know that my President is tearing her hair out because she said from the start that we risked diminishing our standards of service. We think we have seen that, although I hope we will get some assurance that that has changed, but from the start we have tried to be corporate in putting those things together.

On HSC too we have looked at wholesale transformation of the way that the health and care system works within our own services and outside. As I have said, we have challenged internally to make sure that the management and recruitment of posts is as good as it can be. We have senior leadership who deal well with the kind of big personalities and entrenched interests you are bound to get in health and care, and it has been so refreshing in the last few weeks to hear not only from internally but from external stakeholders' partners in primary care and elsewhere, how much trust and confidence they have built up in that leadership.

We have been a testbed for innovation, the third sector partnership through the community academy and through governance with the works that we are doing with an advisor who is going to potentially look at work across the whole States if she can help us find solutions that work within HSC. We are trusted to do things well and to transform. We have supportive joint approaches such as the multi-agency support hub through the Children & Young Peoples' Plan and other cross cutting policy initiatives.

We are not in silos, sir, and the language that has been used around silos, around committees defending their own interest, is so remote from the realities of our committees, from the realities of the Civil Service as a whole that I think it has to be addressed and that has to be set right on the record. **(Several Members: Hear, hear.)**

Sir, building on my experience from HSC, it is stability not stasis, but not chaos, which is the foundation stone of transformation. I have seen HSC and formerly HSSD go through several

iterations of senior leadership at officer level and at political level, and I have to say, sir, that the speed at which those changes happened and the uncertainty which they created reinforced hierarchies, it reinforced defensive behaviours, it pushed people back into protective and safe spaces because that was all that was left to them.

It is only in an environment where we have stability, where we have long-term and trusted leadership, leadership that is go-getting, sir, but that has demonstrated that it is worthy of the trust and confidence of the people in its organisation, that we are able to build our long-term transformation plans. So it is that certainty which is the basis on which we are building. It is not the only condition of transformation, we do need imagination, we do need courage, but it is the foundation stone.

Sir, unless Deputy Ferbrache really believes that the net cost of three senior officers' salaries is £8 million, which I do not think even the most extraordinary commentator on social media would fall for, he must know that the cost and savings of this change are not bound up in the senior staff structure.

Sir, the big changes are in the services that we provide to the customer, and those I wholly support, but those are not impossible in the structure that we have now. Digital reforms are possible now; consolidation of services is possible now. I have given examples of where that is already working. The reduction in points of contact is possible now, although, sir, I would emphasise that we still need specialised services to meet specific needs in people's lives. We are never going to have one homogenous Health Service that can do everything for every person; we will still need GPs, we will still need consultants, we will still need nurses, we will still need OTs, we will still need every conceivable speciality that you can imagine. What we need behind all that is effective co-ordination so that people ... people may be encountering many points of contact but they are not telling their story again and again, so that people when they encounter our services are immediately receiving what it is that they need, and that is why I support cross-committee working at operational level and at political level to make sure that people feel that they have wrap-around services from the States, that they are not just getting patchy contact or being passed from pillar to post. But I do not think that the simple matter of having multiple points of contact is evidence of silos. It is not.

Sir, I mentioned that from my point of view the changes, as they were originally presented to us, might have been verging on the unconstitutional. That was a bold thing to say, and so I should probably explain myself, and I will again attempt to be brief.

By unconstitutional I mean a little bit more than just Rule 56 of the Rules of Procedure of the States, which, as we know, requires dialogue between committees and officers when there are changes made to the senior support structure. Sir, my concerns are much more that the changes as they were originally presented would have had a major impact on the ability of Principal Committees to deliver the prioritised objectives of this States in the next two years.

There is a real interdependence of the Civil Service and the political States, and we need to recognise that and centre that in the changes that we are making. If we were not careful we would have ended up with changes that consolidated all knowledge and therefore all power with the Policy & Resources Committee, and just to evidence that, I take an example from yesterday's debate. The supervisory group of the Children & Young People's Plan, as we were told in the pooled budgets debate, would report up to P&R who would then report on it to the States. But in my experience, the Principal Committees who are contributing to the success or otherwise of that process get lost in that reporting loop. They do not always get the same information as P&R gets, they certainly do not get it at the same time, they do not have the opportunity necessarily to act quickly on things that are not working, and that is not as it should be, especially as the accountability remains with us.

Sir, I would say if you want to change our system of government change it from the front, let's have an open debate about how it is that we want it to work. (**A Member:** Hear, hear.) We should not sleepwalk into giving P&R unprecedented powers.

That brings me neatly on to the question of accountability, because a few people have said, either in this Chamber or to me privately, 'Why don't we just let them get on with it?' One of those was Deputy Inder who only yesterday was criticising the Civil Service wage bill and our inveterate use of external consultants. Now Deputy Inder was not at the most recent update I attended but if he had been I think he would have been a little bit surprised at the extent to which we are relying on external consultancy to develop these proposals. We cannot have cookie cutter templates just lifted and dropped from elsewhere into Guernsey and we as politicians surely would want to have something to say about that.

I do acknowledge that what people might be trying to say, and quite rightly, is that especially in a public forum we should not be naming or addressing the chief secretary as a civil servant but recognising that anything done by the chief – not chief secretary, I apologise; Chief Executive as a civil servant, that recognises that anything he does – is done in agreement with Policy & Resources who are his line manager; and it is Policy & Resources that if we have concerns we should be addressing them to. Sir, that is absolutely right, but it does not mean that we should have no concerns when Policy & Resources present their plans, or that we should abandon our critical scrutiny of them simply because they relate to the Civil Service, because the Civil Service is the way in which we put into practice the policy promises that we make to the public.

Even our chief secretaries, although there is no formal line of authority between us and them, expect to be held accountable by us as committees, because they know that we as committees are the ones the public will hold accountable, and we as committees are the ones whose heads will roll if our operational services go wrong.

Our one actual formal interface with the Civil Service is through P&R and the Chief Executive. It is our one key to making the very many changes that we all agree are needed within the public sector and the public as a whole expect of us. I do agree with Deputy Ferbrache that we should not do their jobs for them, but my goodness we should hold them to account for doing it well.

On that, sir, it is fitting for me to end with thanks, because I do have to thank the Policy & Resources Committee for listening to our valid concerns, and for having the grace to recognise that they are valid, and that the right solution means working together. I think we got off on the wrong foot, but we have reached a place where we recognise that change needs to come from a partnership of equals. No one in this Assembly wants to block improvements to the way that we do things for the community. (**A Member:** Hear, hear.) Many of us on committees have knowledge and insights that Policy & Resources do not, simply because we are closer to our services. We understand from real life rather than from consultancy how they work, and you need to understand a problem in order to fix it, you cannot change what you do not understand. We need to pool our collective intelligence to get to the right solutions.

In the same way as the Committee for Economic Development's budget of £6 million a year would be entirely unsuitable for running HSC's multi-million pound services, so the staffing structure for Economic Development might be entirely unsuitable for HSC and *vice versa*. Taking on board the individual needs of committees is not about blocking or slowing but about tailoring, it is about making sure that we do not end up with one area under resourced and another one massively wasteful. Think how much better a tailored suit fits, and how much longer it lasts, how much greater ultimately is its value for money despite the initial extra upfront work than anything you have just lifted off the shelf.

So thanks to P&R after a rocky start, thanks for taking us with you. All I would say at this point is do not forget to communicate, carry us along and build up our confidence. It is not time to go out of here and breathe a sigh of relief that it is over, because this is the beginning. What you do next matters. It is the test of what your word means in reality, because, sir, if we can work together constructively – all of us here in our committees and as an Assembly – then I believe that there is hope we can realise most of the benefits of these reforms, just as Deputy Ferbrache desires. But if we cannot then we will indeed let the public down and we will not make the progress that we all agree is needed.

Several Members: Hear, hear. (*Applause*)

The Bailiff: Deputy Roffey.

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

I really rise to make a plea because if we try to design the future Civil Service on the floor of this Chamber today we will still be discussing this amendment at close of play tomorrow.

I do believe that this Assembly is going to look extremely bad if we cannot sign off a Budget in a four-day debate. Not only do we have many amendments to work our way through but actually
210 get through then on to the real debate on the Budget at the end if that, which I look forward to.

So I completely agree with Deputy Yerby that it is absolutely legitimate for politicians to take a view on this for a couple of reasons.

First of all, we are being asked to vote many millions of pounds to make it happen, and secondly, even in the commercial world a board would be asked to sign off a restructuring. They
215 would not expect to get into the minutiae and to design it themselves, but they would be asked to take a view and maybe suggest changes to what would be the Chief Executive's proposals. So I think it is valid but I think we need to show restraint. If we all make 20-minute speeches today on what we see as a vision for the future then I think we will bring ourselves into disrepute.

Now the amendment that has been laid, Deputy Ferbrache is right in a way, it is a load of
220 woolly words to bring us together and to make us feel a bit happier about dropping off a cliff maybe. But it does commit ongoing political engagement, and I intend to make my engagement probably in that ongoing focus rather than today, because otherwise I could speak for an hour and a quarter about what I think is the right structure for the Civil Service. Instead I will keep myself to about 10 seconds of saying that in my long experience all of the really high performing
225 committees that I have been aware of have been built on a foundation of a really strong working relationship between a committee and their chief officer, (**Several Members:** Hear, hear.) and in particular between the President and the Chief Officer. It does not mean they have to like each other that much or be drinking companions, it does not mean that they have to actually agree politically, but when that happens as a team that is when we see a supercharged committee, and I
230 would not want to put that at risk. I could expand on that and talk for hours, I will not and I urge others to show similar restraint.

A Member: Hear, hear.

235 **The Bailiff:** Deputy Gollop.

Deputy Gollop: I must show restraint too. (**The Bailiff:** Yes.) But I would like one of Deputy Yerby's bespoke tailored suits. I think that might suit me. We spend to save.

I am not particularly keen on this amendment, I will reserve judgement whether to vote for it
240 or not. My inclination is not because it is an extraordinary sort of mixture, a composite of different ideas assembled from different parts of the States, and to a degree I fear it could frustrate change. For example, we have the ambiguity in 51(a) in which it acknowledges that there should be a Principal Committee but apparently not a Principal Committee, but I will leave that aside. It goes back to points Deputy Tindall has raised in the past.

We can convey to the Chief Executive, presumably through Policy & Resources, the committee
245 is losing confidence in a senior officer on the level of support it receives, but not to become involved and embroiled in the performance management. Now this gets right to the heart of some of the issues Deputy Ferbrache, Deputy Meerveld and others have raised this term about the relative lack of power of a political committee in appraising and delivering high quality
250 performance. Because although Deputy Roffey and Deputy Yerby are right that the best committees have the best officers in a great relationship, that has not always been the case in every conceivable situation, and this really ties the hand, unlike the board of a commercially run

company, it is too easy for politicians to say we are not doing that well on delivering but we have not really got much to say.

255 Then I am puzzled by 51(b) which says, 'To note,' – because to note is meaningless, because it is stating the obvious because we already have our Rules of Procedure:

... the senior officers of a Committee are accountable to that Committee in respect of policy direction.

260 Well, I am dumbfounded actually. I mean I do not follow every single word of this journey and perhaps delays, and I have been to some of the presentations, not all. I would agree with Deputy Yerby, it was fascinating, the talks from the numerous consultants from Jersey and the UK, but what was intriguing was that they were very much coming across with the view that the taxpayer of this Island is losing money with the current structure, and there is a real efficiency problem with the current *status quo*, however much we might phrase it.

265 But going back to 51(b) of the Le Tocq/Stephens P&R amendment, in what sense are the senior officers accountable to that committee in respect of policy direction? I thought the new structure was about a central policy resource. The committee in question therefore in theory would be Policy & Resources, and this implies that Employment & Social Security, or Health & Social Care or any of the committees would have their own policy officers. I do not see where we are going with this because it goes against elements of the new structure.

To note that an inappropriately-structured civil service ...

270 Well, I think the curiosity of this debate is that I always thought going back 20 years that, although the Civil Service had a right to a degree of autonomy and privacy over the minutiae of recruiting and managing personnel, the main reason us 38 States' Members or 40 States' Members are here is to direct the Civil Service on behalf of the Islanders and the voters. If we are seeing a situation whereby the Civil Service is a completely autonomous being, totally contrary to the era of the Civil Service Board, which I remember Deputy Roffey served on, then I think we are making a new kind of relationship between Government and the public, and that concerns me.

275 Actually I do support the thrust of the changes because, as most Members know, I am a closet – well not even in a closet – supporter of executive governance, and I do see this in a sense, as Deputy Yerby implied, at a backdoor route to it in many respects.

280 I think we need a broader debate on it, but I can understand why there has been a move from Policy & Resources and senior figures to get this in play because of the frustration of a system that is not listening.

285 I think the result of the Referendum, whether we all like it or not, is showing that the public had a different view from the collective mixture of views in this Assembly. I think we have got the same thing with the way committees operate. I think it is States' Members more than anyone else that are in love with the current system and the system does need to evolve.

290 So in many ways I think I would prefer to take a chance on the evolution as outlined rather than go for this amendment, which means different things to different people and could frustrate change by creating a scenario whereby some committees feel they want to hold on to the present structure without a particularly clear reason why.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, this amendment has my full support.

295 Sir, this Assembly is at its best when it deals with facts, and here is a particularly salient one if ever there was one. Around 30%, nearly one in three, of the current Civil Service will have reached retirement age or will have left to pursue other career opportunities by the end of 2020, in other words within the next two years. Within the next two years one in three will have either left or reached retirement age.

Now that, sir, is a staggering figure, and it emphasises the case for wholesale reform of the public service in the most graphic detail imaginable. Now the benefits to the taxpayer of a £2 million payback in year one and £10 million every year thereafter, is absolutely tremendous news for the taxpayer of our Bailiwick, and may I say, sir, without a hint of irony that is far more significant than tinkering around with £400,000 here and £125,000 there.

This is one of the *most* substantive parts of this Budget. Please support it.

A Member: Hear, hear.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, firstly, I should really praise Deputy Yerby for her excellent speech.

I welcome Deputy Le Tocq's speech, and I should like to thank him and Deputy St Pier for their time in listening and understanding the concerns of various committee members, which has led to this amendment.

Is it wishy-washy? Well, possibly yes. But you wait until you see the Brexit deal, if there is one, (*Laughter*) which I wager will take wishy-washy to a whole new art form. Does it say very much? Well, possibly not. But if *it* does not say anything, I hope that the process leading up to it has resulted in a better understanding of the individual challenges and needs across the public sector, whether within committees or, to use a phrase hated by some, 'the centre'. What has become apparent is that what needs to improve – and this is something I think will make Deputy Lester Queripel nod his head – is communication. (**A Member:** Hear, hear.)

Now I think it is important to say what this amendment is not. It builds on what Deputy Yerby has just said. To respond to Deputy Ferbrache's understandable question as to whether it will impact on the Chief Executive's desire, and P&R, and the rest of us, to reduce the size of the Civil Service by, it looks like, up to 350 posts and make consequential savings of from £10 million to £17 million? No, absolutely not, this is not what it is about, it is nothing to do with that. The truth is that restructuring is not needed to make those savings. What is needed is greatly improved IT that will enable greater automation and other improvements that already sit directly with the Chief Executive.

I should point out here that HSC has thinned out its management structure and, by my calculations, far from there being 3.14 reports for a senior officer, which is what we have been advised is the average across the Civil Service, HSC has 10. All that has contributed to the real savings we have made. That is how savings can be made and we have shown how it will work, and that is why we really support what P&R want to do across the whole public sector.

Neither is the amendment about resistance to change. HSC has been involved in considerable change over the last few years, and that will continue as a Partnership of Purpose evolves and that is expected.

The amendment is also not about a desire to retain silos. The new model of health and care is all about breaking down silos, getting various providers in the public and private and third sectors to come together to provide user centre care, make every contact count. If that is not about breaking down silos nothing is, because that is a transformation programme that goes beyond just the public sector.

Finally, neither is this amendment about political interference. It is the Chief Executive who is responsible for the structure of the public sector and he is correspondingly accountable. This is not about telling him what to do. What this amendment is actually about is making sure that change makes a positive difference for each committee and, through that, the wider public sector and ultimately the people of Guernsey and Alderney. It is about the voice of committees being heard. It is about ensuring the change that is needed across a public sector marries with the transformational change programmes of individual committees.

350 Ultimately, this amendment may say little, but it is what is behind it that matters more than words, and that is trust. We may not have reached the 'Promised Land', to use a phrase Deputy Le Tocq can relate to, but I think this amendment may help us to get to a better place.

The Bailiff: Deputy Fallaize.

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

I think Deputy Soulsby has hit the nail on the head when she said that the discussions which led up to this amendment are more important than the amendment itself.

In fact, I am not going to support this amendment because I think there does come a point where amendments are so pointless and meaningless, 'weevil words' I described them as a couple
360 of days ago, that I think you just have to say I am just not going to accept that, and I do think that is the territory we are in with this amendment.

In fact, the amendment has nothing to do with the Proposition which it is trying to amend because – in fact it is inserting a new Proposition, but it has nothing to do with the Proposition which it alludes to, which is the Proposition about the £8 million for Civil Service restructuring,
365 because actually all of that stuff is related to strategic workforce review and regrading and loss in the total number of Civil Service posts, which actually even the Members who have had some concerns about aspects of this Civil Service restructuring, this morning have been at pains to point out that they do not necessarily oppose.

Nobody is going to stand up and say, 'We oppose wholesale regrading,' or 'We oppose loss of
370 posts,' where it is possible to accommodate loss of posts, or the kind of advantages that could be brought about by that, as suggested by Deputy Trott. Nobody is going to stand in opposition to that because, I doubt there is any opposition to it but if there is, it will be concealed because obviously it would be seen as highly undesirable, but I genuinely do not think there is any opposition to that.

Where there has been concern is that in one perhaps quite small but significant element of the
375 Civil Service restructuring the way in which it was beginning to roll out was a bit of a mess-up really, and this was in relation to how committees, primarily Principal Committees, would in the future be served in terms of the structure of their offices and to some extent the personnel who would be in their roles. I do not think the Policy & Resources Committee had proper hold of this, did not have adequate oversight of the way it was being rolled out. I think the Chief Executive
380 could have communicated it better, and I think some of the Principal Committees became quite alarmed and what arose could have perhaps been referred to as a little local difficulty. But I think that probably has now largely been overcome through dialogue partly between Principal Committee presidents and the Chief Executive of the States and partly by primarily Members of
385 the Committee for Health & Social Care and Members of the Policy & Resources Committee.

So I think the two things for me are, first of all, the amendment is meaningless and, secondly, I think that the objectives have probably already been achieved. I do not think the Policy & Resources ... and the Policy & Resources Committee is responsible for this, it is no good saying that the Chief Executive does it as if he is completely autonomous from Government. I mean he
390 only exists because there is a Government. The role of the Civil Service is to provide on a daily basis the services which the Island requires in its public sector and to serve the elected Government; the elected Government does not exist in order to support the Civil Service and so the Policy & Resources Committee has to take responsibility as the employer of staff for the relationship between the elected Government and the appointed Civil Service. I think to some
395 extent it has implied that it is not the role of politicians to have oversight of the Civil Service and to direct it to the needs of Government, and I do not think that is right.

I think now there is an understanding within the Policy & Resources Committee that if the whole thing is to work as efficiently as it needs to, the Principal Committees have got to be reasonably content with the way in which the senior staff who serve them are structured. Even if
400 one thinks that Principal Committees are being too precious about it, actually it just cannot work if

Principal Committees are saying to the Policy & Resources Committee that kind of structure will not work. If there is that kind of lack of confidence within Principal Committees about the officers who are serving them then the whole thing is going to fall over. Whether the Policy & Resources Committee thinks the Principal Committees are right or wrong, the thing just will not work in practice.

So I think the Policy & Resources Committee now understands fully that any process of restructuring Principal Committees' officers has to happen where there is dialogue between the Policy & Resources Committee and the Principal Committees.

I actually think it would have been better if it had just been left at that and assurances could have been given through exchanges of correspondence, and have been given verbally, and ultimately I think if Principal Committees do not trust the kind of assurances which I have heard the Policy & Resources Committee give now then we are simply in the territory where they do not trust the Policy & Resources Committee at all because the assurances have been so blunt and clear that I do not think that we need this amendment.

The other problem with the amendment is I actually think it is a bit confusing because Deputy Gollop took us through parts (a), (b) and (c) of the amendment which are self-evidently meaningless because they are just asking the States to note things which already exist. Even I do not think I could have come up with an amendment which took a whole page (*Interjection*) to tell us things which already exist and if they are approved or rejected it will not make any difference whatsoever.

So we are left with the material part of the amendment being the bit on the second page, which I think is a bit confused because it asks the States to agree that restructuring of any offices of committees should be carried out in liaison between the Policy & Resources Committee and the relevant committee, so that creates the impression that the restructuring will be a joint effort between P&R and the committees, and then goes on to say due respect has to be given to the principle that responsibility for organising the public service sits with the Chief Executive. So I think it is just very confused. I think the various clauses of the material part of the amendment are in conflict with each other, and I do not want to vote for an amendment which is completely meaningless and which is internally in conflict.

But I do appreciate the discussions which have gone on that have led up to this amendment have been purposeful and have achieved the necessary objective which I think is to ensure (a) that there is no implied lack of support for the Civil Service restructuring which needs to happen and which can clearly generate efficiencies and where I think the States need to support their Chief Executive and (b) that the structure of the senior personnel who serve each committee needs to be structured in a way that is appropriate for that committee and in a way that the Principal Committee has confidence in, because otherwise it cannot work.

But I really do not see any need for this amendment and I am slightly concerned that some way down the line the existence of this amendment and the confusion within it may actually prove to do more harm than good.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

Unlike Deputy Fallaize, I do feel I need to support this amendment, not because of what it says or indeed what it does not say, but because it represents the work done, the communication lines that have been established and the need to continue to ensure that the needs of the committees who are undertaking transformation are understood.

Thank you, sir.

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

I would like to place on record my thanks to Deputy St Pier and indeed to Deputy Le Tocq, who have stepped in and helped Principal Committees address the serious concerns that have been expressed by my other colleagues sitting here on the top bench. Without their input I am not quite sure where this would have gone.

That said, the biggest mistake was having this as part of the Budget. I mean why wasn't it a separate report anyway? (**A Member:** Hear, hear.) Normally it would be a separate report. To have it tucked in as part of the Budget was a big mistake, and I question why that happened, and I questioned that a few weeks ago. What on earth is going on, putting something as major as this wrapped up around the Budget?

We know from the presentation that we had on the Budget up at Beau Séjour, where many States' Members attended; the Budget was presented and then there was a presentation about the restructuring. It dominated. It dominated that morning. It completely overshadowed the Budget. I do not know if there were even any questions on the Budget.

That is where we are or where we were, and it concerns me greatly that we had that wrapped up into the Budget. But here we are, we need to move forward with that, and I say with thanks to Deputy St Pier and Deputy Le Tocq I believe we are moving forward in that now. They have taken on board the serious concerns that have been expressed on the restructuring.

I have seen lots of transformation. I am fully engaged with transformation and I can see where there are efficiencies so that is not something that concerns me greatly, providing it fits within our committee system. If you have got something that does not fit in our committee system you are already up against the wall really. So there will be further consultation which we have been given an assurance of. It is now in *Hansard* as well.

There are just a couple of other parts that I would like to raise, because it has been said the right way in here this morning that part of this restructuring was 200 posts. I wish the media and the public accepted and understood it is posts and not people. The amount of times that I have heard, 'Oh, you are getting rid of 200 people,' actually it is not, it is posts, because we asked that very question. It does not necessarily mean there will be 200 people leaving the States of Guernsey. So it is posts.

But then it is this wonderful thing – and Deputy Inder said it yesterday and it is an easy thing to say – we have got too many staff and we have got too many consultants; 'Oh, wonderful!' the public are absolutely delighted to hear that. But actually we can then turn round to them and say, 'Well, how many staff have we got?' 'Well, I don't know, there are too many of them.' 'How many politicians are there in the States?' 'I don't know, there are too many of them, should reduce the numbers.' 'How many consultant reports do we have each year?' 'Well, I don't know but there are too many of them; you should not be doing it.' If we are going to go out saying those sort of things, let's actually put some meat on the bone and say exactly as it is rather than say – which the public really like to hear us say – 'Yes, we have got too many staff'.

Do I think there could be changes in the staff and maybe some of the staff and positions that we have got? Absolutely, I do. Do I think the States could be run more efficiently? Absolutely I do. Let's mention IT. Oh no, we will not go down there for the minute because that is for another day. There are major concerns with the IT and I will leave that until later.

So as far as I am concerned, the succession planning is key. Deputy Trott has actually said about a third of the States will be gone in the next three years, well fine. I posed a question on email and I reposed it again on email and I am still waiting for the answer, because again it is another one of those things. 'Oh, a third will be going.' Well okay, tell me who have gone in the last 10 years, every three year batches. Is it consistent? Have they gone up? Are we going to have more actually going in this three years than in the previous three years, and the previous three years from that? We have not had that. I have not had an answer to that yet. So again, fine, if it is an exceptional amount of people that are going that is different, I can go with that, but let's have numbers please, because all of these sort of let's make headlines by saying a third of them are going and about succession planning whether it should be part of that –

I am happy to give way to Deputy Merrett.

505 **Deputy Merrett:** Thank you, Deputy Lowe.

Talking about figures and numbers, a third going by 2020, I would be interested to know how many of those third are on final salary pensions, which will still obviously be a cost to the people of Guernsey. That is the kind of information that I would like to have more understanding of, because a third may be going but clearly we could still be paying those third of people that have left the Civil Service for quite a long period of time.

510 Thank you, Deputy Lowe.

Deputy Lowe: You are welcome.

I cannot answer that for you, I am sure P&R can.

515 I had actually finished my speech but because I saw you standing I decided to sit down and give way to you.

Yes, so I think I have said all I need to say other than to thank Deputy Yerby for an absolutely superb speech, I think she said exactly what so many have been saying in this Assembly and again I think that is another lesson for P&R and indeed the Chief Executive. I do not think they expected so many Members of our States to be quite so upset as they were, that they had been completely excluded and so had our staff. A lesson to be learnt. You take people with you not against you.

The Bailiff: Deputy Le Clerc.

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

I would just like to reiterate some of the points that Deputy Lowe has made, and Deputy Soulsby, and again to congratulate Deputy Yerby on her speech.

I have just got a couple of points of clarification really. I think the devil is always in the detail and unfortunately we have not had any detail. We had no detail in the rushed presentations that were given to presidents on the Thursday and Friday before the Budget Report was issued, and really, to be quite honest, we have presentation after presentation, but again personally I still do not really understand, other than some of the changes at the top, exactly the cascade down to all the other levels of the Civil Service. So for me the plans are still very unclear.

530 I think one of the things to pick up on is Deputy Lowe said that she talked about 200 posts; well, if you look at page 53 it says:

... this programme of work will see a significant reduction in the Civil Service head count of more than 200 [full time equivalents].

Well, to me that is not posts, that is people. So I think again there is ambiguity in some of the messages that we have been getting.

Deputy Trott has said that we have got one in three that will be leaving over the next few years, well then why is it costing £8 million when we have got one in three people leaving through natural wastage, for want of a better word, but through retirement, etc.? So again £8 million in here without any detail, it is just a line really in paragraph 7.45.

540 So those were some of the concerns that I had as a president of a Principal Committee. I do not think we would be where we are today if the presidents and other Members of this Assembly had not pushed for greater clarification. I think we pushed to get this amendment here today, okay, it is not the most perfect amendment, but we would not be having this debate and we would not be airing these views and these concerns that we have got without it. So we have come on a journey.

545 I would urge you to support the presentation because, as I say, I think it has been late in the day where really Policy & Resources have really sat up and listened to the concerns that we have had. So please support this amendment.

550 **The Bailiff:** Deputy Leadbeater, do you wish to be relevé?

Deputy Leadbeater: Please, sir.

555

The Bailiff: Yes, then Deputy Stephens.

Deputy Stephens: Thank you, sir.

560 Deputy Fallaize has just spoken about maybe there is concealed opposition to this programme. Well, this amendment is designed to give explicit and not concealed assurance and therefore I do not think it is meaningless.

Also, listening to Deputy Fallaize and picking up on some of things he said, one of the questions he raised was did P&R have a grip on the roll-out. Well, I felt that we did, but did we make the plans instantly understandable, maybe not.

565 But I do agree with Deputy Fallaize that it is P&R's responsibility to engage with the CEO, and I agree that it is necessary for all involved to be as content as possible with this journey. And like Deputy Fallaize, I think the destination is not so much an issue for Members, I think it is the process of change and the journey that is what is troubling some Members. I do not want to stray into management of change theory here, so I am going to move very quickly on.

570 One thing I do want to comment on from Deputy Yerby's speech is that she implied that the supervisory group of the CYPP had to report to P&R but somehow bypassed the Principal Committees and as far as I am aware this is incorrect. The only reporting I think that P&R requires that may be slightly different from what the committees require is reporting on the operation of a pooled budget. There are reps from officer level from all the participating committees on the
575 implementation group and information should be being fed back to individual committees via those people. But I am very happy to discuss this further if she feels that this is not working well.

Now of course any Member has the option to reject this amendment if they think that the delivery of change will be impacted by its influence. But of the amendment I would say there is nothing to fear here and I do hope that Members vote for it.

580 Thank you, sir.

Deputy Lester Queripel: Sir, I rise to invoke Rule 26(1) please.

The Bailiff: Will those who have not yet spoken and wish to do please stand in their places.
585 Five Members. Do you still wish to invoke the Rule?

Deputy Lester Queripel: I do, sir.

The Bailiff: I put to you then that debate on amendment 24 be terminated. Those in favour;
590 those against.

Members voted Contre.

The Bailiff: That is defeated.

Deputy Lester Queripel: Can we have a recorded vote on that please, sir.

595 **The Bailiff:** We will have a recorded vote.
So we are having a recorded vote on the guillotine motion to guillotine debate on amendment 24.

There was a recorded vote.

Not carried – Pour 12, Contre 24, Ne vote pas 1, Absent 3

POUR

Deputy Lester Queripel
Deputy Leadbeater
Deputy Mooney
Deputy Meerveld
Deputy Smithies
Deputy Green
Deputy Paint
Deputy de Lisle
Deputy Langlois
Alderney Rep. Jean
Alderney Rep. McKinley
Deputy Kuttelwascher

CONTRE

Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Trott
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Graham
Deputy Dorey
Deputy Brouard
Deputy Yerby
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Tindall
Deputy Brehaut
Deputy Tooley

NE VOTE PAS

Deputy Le Tocq

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen
Deputy Ferbrache

600 **The Bailiff:** Well, Members, the voting on the guillotine motion was 12 in favour and 24 against. I declare it lost.

So we continue with debate. Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

605 I just want to make it clear because there could be an impression here that the Chief Executive of the States uses the 'c' word, the 'change' word and then each and every president of committees squeals, squirms, are uncomfortable, meetings are held behind the scenes to call the Chief Executive to account, amendments are drawn, P&R are quizzed. That simply is not the case.

The amendment, for me, gives me peace of mind and security because it does say:

Having regard ... recognising that the organisational design requirements of each ... of the Committee[s] may differ ...

610 That is the crucial element here. You will notice that Deputy Ferbrache wants to press ahead, time is of the essence, he wants to move this forward. I would say that Deputy Parkinson is in the same mind; I am certainly in that camp. That is because E&I, STSB, possibly Economic Development do not have the same demands that other committees do. They do not need the machine minders, for want of a better description, that need to ensure that the output is there every day. So I can understand why Deputy Soulsby, and Deputy Le Clerc, and Deputy Lowe have been more vocal. I notice Deputy Lowe did say 'colleagues'. I think Deputy Lowe has probably been the most vocal, in my view, in perhaps opposing the manner in which all this has been presented. But the demands on each committee are very different and the amendment gives me comfort because it recognises that.

620 But I just want to make another observation. Just to make one observation. Look what we want the people who work for us to do. If we are going to deliver the Partnership of Purpose people are going to have to change the way they work daily. We talk about transformation within departments: teachers will be working in different ways; firemen will be working in different ways; health professionals will be working in different ways. You use the word 'change' in the political context and look at the pushback you are getting. I appreciate there are genuine concerns in there, but I do not want to give the impression to the community that I am not capable, or my Committee Members, or other Members of this Assembly are not open to evolution, change and delivery on behalf of this community.

I understand what concerns there are by other presidents and this amendment gives me the comfort that they will be addressed. But I want to make it clear that there has not been the pushback I think in totality that has been presented by some people here this morning.

Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, sir.

I have not been deeply involved in any of the major committees for a while now, sir, to a degree. If from what I have seen so far, Deputy Lowe, Deputy Brehaut and Deputy Le Clerc and Deputy Soulsby are fairly happy with this amendment, they have got their hands deep and dirty in their own committee and they are going to understand it far more than I will, and if this gives them some comfort, I do not see any reason why I should not support it.

But when Deputy Le Tocq does sum up I just want to sort of ask about ... and I think there might be a very small element of keeping parts of empires with small 'e's in this. But just looking at page 52, 7.16:

PSR aims to build a single public service entity ...

Then further on we talk about the FDS project which looks like one stonking great piece of software which, if successful, is going to be rolled out at some point. Isn't it natural then that some of the services and powers of various committees will be rolled into this digital space as and when FDS is rolled out.

So there is natural process where things like, for example, and I will give an example on our committee, it does seem a bit strange to me, well it is not strange that the elections are run by SACC yet the Electoral Roll is run by Home. Now, I can see the Electoral roll bit being folded in to some kind of eventual automated process, so I would not have thought in this case that Home would be ... If we are going to make efficiencies in something called channel shift aren't committees going to naturally lose parts of their services and responsibilities?

I think when Deputy Le Tocq does sum up, through you, sir, I am wondering if he could talk a little bit more about the importance of the FDS service and the role in it servicing the PSR aims.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir. I will be very brief.

I think referring to some of what Deputy Fallaize said, he said that many conversations that have gone on. Now of course many Members do not know of the conversations that have gone on. Many Members were not involved, some were and some were not. So I think this clarifies – well actually it does not really clarify it, but it does help us understand more as a collective Assembly of what some of the concerns are, and this amendment.

And of course another Member mentioned about just noting something, noting is just – actually, well, you would like to either assume that Members already knew about it. For example, Rule 56(3) or they actually realise the understanding of an inappropriate structured Civil Service and how that would affect. So as a simple noting process I think there is far more behind it.

But when Deputy Le Tocq opened up he said that there would be a continuous exchange of letters between committees. Whereas Deputy Soulsby said we improve communication. Now can we stop exchanging letters, can we stop using pigeon post, can we start actually meeting in the same room and discussing things face to face, (**Several Members:** Hear, hear.) and leaving that room with a position –

I am having to give way to Deputy Le Tocq.

Deputy Le Tocq: Sir, I thank Deputy Merrett for giving way.

I did not say it was a continuous exchange of letters, I said there would be an exchange of letters just to put in writing, and probably via email, exactly the commitment in terms of what this will look like to each individual committee president. That is all.

Deputy Merrett: Thank you, sir.

But my point is that before we get to the exchange of letters, what I think Deputy Le Tocq said, my words are, 'Can we stop this continuous exchange of letters, can we meet face to face, can we try and have a consensus view?' In fact I have been in committee meetings with Policy & Resources and my committee has instantly convened afterwards and it does become quite apparent – I will give way to Deputy St Pier in a minute – that what we believe has been said and understood potentially when you come out and you come into a separate room and you have had time to breathe and think you may want to realign your position.

Deputy St Pier, I will give way to you.

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

I think it is just probably worth clarifying, for the benefit of Deputy Merrett, that the letters which Deputy Le Tocq referred to are at the request of the presidents following many meetings, so it is as a result of that process.

Deputy Merrett: Thank you very much.

Sir, I think really at the heart of this, to me, is where there is a bit of a separation of powers situation, where we have conflating separation of powers in our jurisdiction, we are unique, I understand that. But it is where the executive legislator and how that separation of powers exists and I think that is partly where we are where P&R have the overarching responsibility but also we have a responsibility and I think that is sort of where we overarch each other. I think that is where a bit of the confusion is.

So I have no problem with 'noting' anything, sir. I have a pleasure in reading things and I have a pleasure in noting things, so I am happy to note this. I understand where a lot of the background work has come from. I do want to put on public record though I thought Deputy Yerby's speech was absolutely spot on and I commend her for it.

I hope we can go to the vote on this soon, sir.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

I want to make it clear that I fully support the reforms being proposed by the States' Chief Executive.

I do have some sympathy with the views expressed by Deputy Fallaize that the amendment is confused and to some extent meaningless. But nevertheless I have to consider whether it remains the right thing to do for symbolic purposes.

Now I accept that there is some consolation value in it for those who are concerned about the process or have more obstructive views perhaps or are less inclined to take the proposals of the States' Chief Executive as I do.

Deputy Brehaut said that Deputy Ferbrache and I may be unconcerned because we, as he put it, do not have what he called the machine minders. Well, that is certainly true, I think, in the Committee for Economic Development, but I do not think that is true of the States' Trading Supervisory Board, which has literally hundreds of machine minders. But what those two committees do have in common is that they are pretty well organised and have effective management structures and actually they work very well. So I doubt Deputy Ferbrache would agree with Deputy Brehaut's comments if he were here.

I also accept Deputy Ferbrache's view that if a change which will be painful to some people is going to happen it probably is better that it happens quickly, and that clearly where 200 posts are,

730 as it were, on notice that frankly this is not a matter that should be drawn out and the guillotine should be suspended over those post holders.

Nevertheless compromise is necessary between those like Deputy Fallaize, Deputy Brehaut and myself who are basically happy with the direction of travel and those like the presidents of the other Principal Committees who are more concerned. On that basis, I am willing to support the
735 amendment, flawed as I think it is. But my plea is that the communicating process which is now ongoing should take place as quickly and expeditiously as possible, because I believe that the need now is for action.

Thank you, sir.

740 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I just wanted to pick up on something that Deputy Lowe said earlier and build on it really. I think it is very easy to make generalisations. One of the main frustrations that I felt over the last
745 two and a bit years is the frustration actually for all the talk that we have got too many civil servants and too many staff and all the rest of it. I have been frustrated on more occasions than I care to remember in not being able to deliver on our mandate through lack of appropriately skilled people in the appropriate place.

So I think restructure is important, I think it is very easy to get behind the general concept of a
750 more efficient service, a more cost efficient service. There would not be a single person in this Chamber, or indeed in the Island, I think, who would argue against that. But I do think Deputy Yerby's point that we need to keep our eye on the services that we are delivering to the community has to be at the absolute core of this.

Again building on something that Deputy Lowe said, we heard a lot of rhetoric yesterday and a
755 lot about rhetoric, and there were some references by Deputy Inder, Deputy Paint and Deputy Prow about the cost of consultants. Again, it is a very easy sound bite to make, but I am just wary of that kind of rhetoric and it really does stick in my craw, because I mean I do not criticise the decisions themselves in any way but I can remember off the top of my head I think probably all three of those Deputies supporting amendments that called for more consultants. For example,
760 the air and sea links review, inert waste, the sea wall, all of those things called for additional use of consultants.

So I would ask Members, please ... as I say, that is not a criticism at all of those particular decisions, it is just a plea to be very mindful of the rhetoric that we are using and please let's just keep our eye on what is at the core of this, which is about making efficiencies in a way, working
765 collaboratively, with committees to ensure that those services are not negatively impacted by any changes.

So personally I welcome this amendment because it does call for that liaison and it does hopefully provide an additional safeguard that those public services will be improved and not negatively impacted.

770 Thank you.

The Bailiff: Deputy St Pier.

Deputy St Pier: Sir, I think it is probably worth putting on record, primarily for those outside
775 this Assembly, Deputy Le Tocq is leading this amendment with Deputy Stephens.

Deputy Le Tocq and I have been working on this very closely together. There is absolute unanimity amongst Policy & Resources Committee on this and the only reason for the different proposers and seconders from P&R on some of these amendments is simply in terms of carving up the responsibility to respond to the number of amendments in this debate. That is the sole
780 reason, but there is absolute unanimity, there is no other reason for that.

Deputy Roffey spoke about the relationship between the Chief Officer and the president in particular of a committee and how important and effective that can be. Equally, I would say within a few months of becoming the Minister of Treasury & Resources Department my Chief Officer resigned and was not replaced and a different set of arrangements were put in place for the Treasury & Resources Department and of course there is no single Chief Officer at Policy & Resources. I think it is worth making the point Deputy Parkinson has a different arrangement for his Committee too, and I think whilst the current methodology has produced that relationship very successfully over a number of years, there are different models which have proved to be effective.

Deputy Le Clerc said that we would not be having this debate without this amendment and I think that is important, because what it has done is fleshed out in a way which the Proposition on its own might not have done, that there is – and it is important that the public hear this – widespread support within this Assembly for reform. I think that message could have been lost. So the amendment, for no other reason, I think, has been important in that sense.

Deputy Ferbrache expressed concern about the impact on wider reform that I think others have picked up, but of course that is conflating the wider reform with this very small sub-set of the senior leadership. But I think it has been important to ensure that the wider reform was not derailed, and I think there was a risk of that because of the lack of understanding that Deputy Le Clerc referred to, of the impact on committees' support.

Finally, sir, in relation to Deputy Fallaize's comment about it being a meaningless amendment, he, and indeed he and I sometimes acting together, have been involved in many meaningless amendments (*Laughter*) and I think it is worth acknowledging that actually what is often important is the politics behind the amendments.

Policy & Resources, as Deputy Stephens said, are responsible, we take responsibility, we are not seeking in any way to shirk it, we accept absolutely our leadership role not only as employer but also very importantly in this area as providing the leadership of public service reform more generally. He is right, if this amendment is voted down as a result of his and Deputy Gollop's support and indeed others, if that is the will of the Assembly it will make no difference. The political assurances have been given, they will be delivered on, and that provides the context in which this amendment has been presented.

The Bailiff: Deputy Tooley.

Deputy Tooley: Thank you, sir. I am going to be very brief.

I sit as part of two committees: as Vice-President of Health & Social Care and as a Member of ESC. They are two of the committees which are, I think it would be fair to say, driving forward the most change and the most transformation in the services that we provide to the public, both in the way secondary and post-16 education is delivered at ESC and in the way health and social care will be delivered across the Bailiwick for the next ... well for the foreseeable future. Change is not something that we are in the least bit frightened of, but the way in which committees are supported is something that is different and that requires different levels of ... it requires an understanding of the different types of support that different committees require.

At ESC, as has been said, we are very happy with the proposals that are put forward, these are proposals we can absolutely work with on a fairly quick and speedy basis; we can run with these, we can move with them. At HSC the situation is different: we need to make absolutely certain that nothing that is delivered as part of this change programme halts or delays the change programmes we have in place, which are already showing enormous and fantastic results. I genuinely believe that we have to be absolutely certain that what happens going forward improves on the systems we have got in place and does not detract from them.

I think that is what this amendment gives us. It gives us that assurance, as Deputy Brehaut said, that committees will be consulted with and will be given the opportunity to input into the changes that take place, so we can be certain that change is not made for changes sake, that

change is made to improve things, and that change made to make things better in one place does not make things worse somewhere else.

835 I think it is critical that we pass this amendment because actually, as has been said, without this we would not have had this discussion, we would not have had the opportunity to really get into this and make certain that we can all push together for the changes that the Chief Executive is calling for. I think it is change that we need to see happen, but it is change that needs to happen at the correct pace, with the correct support around individuals and the roles which they fulfil for the States.

840 It is absolutely of the utmost importance that the public are aware that their elected officials agree with the changes that are made, because actually the public's influence on Government is through their elected officials, not through the Civil Service and it is critical that we have the buy-in, that the public know that we agreed to what is happening.

845 So it is really important that we pass this amendment.
Thank you, sir.

The Bailiff: I see no one else.
Deputy Le Tocq will reply.

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

For the sake of brevity I am not going to respond in the sense of going through everybody's comments and speeches. It was quite ranging in places and I do not intend to encourage that. I will, however, respond to three particular comments – well, two of them are questions, I think – that were raised during the debate.

855 Firstly, Deputy Gollop hinted that he thought this was a sign of a move towards executive government. Actually, sir, I think if we had executive government at the moment and our current committee presidents were Ministers, the Chief Executive would have had very short shrift in trying to get these reforms through the Cabinet. So I do not think this is a sign of executive government at all.

860 Of course change is always difficult and this, as Deputy St Pier has said, is just one small aspect of the transformation of the agendas that the Chief Executive announced in 2015. It is an important part and so it is important that we get it through and I come back to that point that has been alluded to already. This amendment signals, in a sense, the work behind the scenes in trying to find some form of consensus. It is not that this amendment itself is absolutely essential, but it does signal the fact that we are going to do that, and like I said in my opening speech, sir, we will be working with committees and we will signal that through letters sent by P&R to that committee.

870 Now, Deputy Merrett asked a question I think regarding how many of the third of our current Civil Service retiring in the next few years are on a final salary scheme. Now I cannot at this present juncture provide accurate details, but I would be very surprised if it is not the majority of those. But of course those pensions are paid for out of a pension fund, not through current taxation. So I do not think it applies in that way but it will also be signalling a change in terms of the new scheme that has been introduced and any newcomers joining the service during that period.

875 Deputy Inder, sir, referred to and asked some questions regarding Future Digital Services. That is a very big part of the transformation agenda compared to perhaps what the focus has been in particular in this amendment, but I will allude to it because they all do fit together and he asked a question anyway.

880 When the States appointed a Chief Information Officer a couple of years ago he very quickly during the end of 2016-17, having done an assessment of the IT service provision within the States, realised that we could not continue to operate and provide services in that sort of committee-by-committee way. It was effectively putting sticking plasters over things, we needed

885 to look at it in a more holistic way as one organisation, because it was not cost effective and it certainly was not practicable to continue in the modern world in that way.

Future Digital Service as a result is a major project which is underway. I am political lead for that, as I am for the people transformation agenda as well, which involves quite a lot of these things that we have been touching on through this. There will be job savings through that, evidently, because there is going to be a different way of delivery and I believe also in terms of 890 the interface with the community, which of course is really what this is all about. The Civil Service exists not primarily to serve us but to serve our community and anything we provide in terms of services needs to be an improvement on that.

Sir, I ask Members to vote in favour of this amendment.

895 **The Bailiff:** We vote then on amendment 24. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Next amendment 30, again proposed by Deputy Le Tocq, seconded by Deputy Stephens. Amendment 30.

[Amendment 30](#)

To insert after Proposition 36:

'36A. In relation to the Transformation and Transition Fund:

a) To note the opinion of the States that the Transformation and Transition Fund must be used to support the development and implementation of agreed transformation programmes.

b) To note that where internal resources are shared amongst Committees or bodies and their time or use is recharged to projects funded from the Transformation and Transition Fund or any other funding source, such recharges are made at the full cost of employing that person (including any direct on-costs) and recognise that all staff members have annual leave, training and development requirements and some administration time.

c) To direct the Policy & Resources Committee to disclose the costs associated with the administration of the Transformation and Transition Fund and the governance and administration of Public Service Reform in separate lines in the Transformation and Transition Fund annual performance report included within the Policy & Resource Plan update, along with all other expenditure of Committees and Funds.'

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

I will be brief.

Again, this amendment has arisen as a result of concerns that were raised, and the original amendment 23 that has been withdrawn, by Deputies Tindall and Soulsby and a number of others. 905 I thank them for withdrawing that amendment.

It is fairly self-explanatory. Again, it deals with those concerns in a way that is practicable to Policy & Resources in terms of our responsibility for the Transformation and Transition Fund, and Members will note, I will not go into the detail of it, in the explanatory note it gives some indication of how that process actually is taking place.

910 Sir, I ask Members to vote in favour of this amendment.

The Bailiff: Deputy Stephens, do you second the amendment?

Deputy Stephens: I do, sir.

915 **The Bailiff:** Any debate? No.

We go straight to the vote on amendment 30. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

That brings us to amendment 31, again Deputy Le Tocq and seconded by Deputy Stephens.
920 Amendment 31.

[Amendment 31](#)

To insert, after Proposition 36, the following Propositions:

'36A. To agree that, while it is within the mandate of the Policy & Resources Committee to prepare the annual Budget of the States and thus to recommend the creation of any special Funds within the General Reserve (such as the Brexit Transition Fund or the Transformation and Transition Fund) which it considers necessary to support the achievement of States' objectives, it is in the interests of good governance and effective coordination that the decision-making process in respect of the use of such Funds or Reserves should be scrutinised by the Scrutiny Management Committee in accordance with its mandate.

36B. To agree that projects led by the Policy & Resources Committee and funded through a special Fund within the General Reserve should benefit from independent challenge and scrutiny in the same way as those led by other Committees and States' bodies and that this is the role of the Scrutiny Management Committee under the system of Government adopted in 2016 following approval of the States Review Committee's recommendations.'

Deputy Le Tocq: Thank you, sir.

Again, this amendment comes as a response from P&R to an original amendment which would have been number 17, submitted by Deputies Soulsby and Yerby, which has since been withdrawn.

925 Again, this is something which in the previous Assembly, sir, I found myself as Chief Minister *ex officio* chair of something that was called the States' Review Committee. It was actually Deputy Fallaize with a few of us looking in, (*Interjections*) but nevertheless it did produce the current shape of our Assembly.

One of the things that we discussed during that time was the role of scrutiny and particularly
930 financial scrutiny, and to bolster that role which it was felt by some in previous Assemblies that scrutiny had not been given the support that it should do in order to operate effectively. So we are suggesting that the Scrutiny Management Committee should take the role of scrutiny, it is actually within its role already so we are just reminding the States that there is a mechanism there. We do not believe there needs to be another mechanism to scrutinise funds under the control of
935 the Policy & Resources Committee.

So, sir, I ask the States again to support this amendment.

The Bailiff: Deputy Stephens, do you second it?

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

The Bailiff: Thank you.
Deputy Gollop.

945 **Deputy Gollop:** Sir, whilst I welcome the amendment and will listen carefully to what Deputy Green says, he should have had the right to reply first probably.

But I kind of wish the Scrutiny Management Committee had more resources, particularly to do its public accounts functions because I think States' Members and the wider community will benefit from more detailed regular updates, not just in reports but in presentations and public
950 meetings and media releases, about the way these funds are managed on our behalf.

The Bailiff: Deputy Green.

Deputy Green: Thank you, sir.

955 The Scrutiny Management Committee is happy to endorse this amendment. Looking at the wording of it we are not being directed to do anything, but I understand the sentiment behind this amendment and I certainly understood the sentiment behind the original amendment 17 which has been withdrawn or will not be laid.

960 So although it is not directing us to do anything specifically, the intention is that we will be discussing the setting up of a task and finish panel to look at the funds in question, the special funds that are really the subject matter of this amendment, the Transformation Fund, the Transformation & Transition Fund *et al*, at our meeting next week.

965 Clearly, there are all sorts of things within our States which we could be looking at across the policy range, across the financial scrutiny range, but obviously, like any other committee, sir, there is only so much that we can do, we have to prioritise the workstreams that we do in line with the resources that we have.

But I have absolutely no problem in saying to the Assembly we will be looking at this. We will be looking to set up a task and finish panel to specifically look at this, because I understood some of the issues that have driven this. Because clearly there has been some anxiety about certain applications that have been made for funding under the Transformation Fund in particular which have raised questions about the governance of that.

970 It is not only Principal Committees who apply for funding under that mechanism whereby P&R act as a gatekeeper, but there are also applications made by P&R themselves for funding in that area, and we know in this Budget that a substantial application has been made for funding from that fund in order to fulfil the matter we have just been discussing in terms of Civil Service reform. So there are lots of issues here.

I think there are some concerns about at what stage we would be asked to intervene, but I think that is something that we can deal with off-line as it were.

980 As I say, sir, there is a commitment from the Scrutiny Management Committee that this is exactly what we plan to look at, bearing in mind the increased activity that there is likely to be concerning the Transformation Fund in the next 12 months or so. It makes sense for us to prioritise this all the more.

985 But I absolutely hope that we can expect proper co-operation and full information from P&R if we are going to fulfil this appropriately. As I say, if we do need more resources to do this effectively we will absolutely apply for that to be done.

990 I think the final thing I would say, sir, is I hope P&R do not come to regret this amendment because obviously it is entirely within our mandate for us to be doing these areas and it is disappointing that we have not been able to focus on this sufficiently hitherto but we will be doing a substantial amount of work on this over the next 12 months and that will include hearings in public which is absolutely our focus this political term, to do some of the stuff in public.

995 Again, our mandate commands us to do scrutiny in public and the perceptions of scrutiny will always be improved by doing it in public. That will mean that we will hope to see some of these issues not only in the board room, not only looking through figures, but actually in the public domain as well, and that means that Members of P&R, leaders of Principal Committees, will be examined and we will pursue that as relentlessly as we can, sir.

So absolutely, sir, I endorse this and would encourage Members to support this.

The Bailiff: Deputy Yerby.

1000 **Deputy Yerby:** Sir, as one of those involved with the original amendment, I will freely admit, in what I believe were the words of former Deputy Graham Guille, that it was not about what it was about. It was born over a particular moment and the moment involved, amongst other things,

concerns about the Civil Service reforms and that time appeared to be being foisted upon us, but about which we have now had a much more mature discussion, we feel much more engaged with.

1005 It was feeling that there was real inequality of treatment between things that P&R want to do which it might just be able to whistle for and get on with, and things that the rest of the committees want to do for which they have to jump through multiple hoops.

1010 Certainly, my feeling, including with the original amendment, was that P&R in its own work would benefit from the kind of peer challenge and scrutiny which it gives to other committees when other committees come to it with projects. So it is far more about the peer challenge, the mutuality of us seeking to understand each other and the common standards of rigour and depth of analysis that we are expected to provide and that should also reasonably be expected of Policy & Resources, but which are naturally much easier to come up with if you are doing it for an audience than if you were just doing it for yourself.

1015 I will come back to that in general debate, so I do not need to touch on it in detail here. I am doing a bit of a Deputy Fallaize now, I am not actually sure that the new amendment adds very much, but I am happy to say that we have moved on – well I have certainly moved on from where I was when I was involved in drafting the original.

So for that reason I am happy to support it.

1020

The Bailiff: Any further debate? No.

Deputy Le Tocq will reply.

Deputy Le Tocq: Sir, I have nothing to add and I ask Members to support this.

1025

The Bailiff: We vote then on amendment 30. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried. Oh sorry, that was 31 sorry – just to avoid any confusion let's just go back, so I called that amendment 30. We will vote on amendment 31. Those in favour; those against.

Members voted Pour.

1030 **The Bailiff:** I declare it carried.

Now we come to amendments 32 and 13, which I believe Deputy Laurie Queripel and Deputy St Pier both agreed can be taken together. That is the wish.

1035 So what is going to happen is that Deputy Laurie Queripel will open and then Deputy St Pier will open; we will have debate; Deputy St Pier will close, then Deputy Laurie Queripel will close; we will vote first on amendment 13 and then on amendment 32.

Deputy Laurie Queripel.

[Amendment 13](#)

To add additional propositions after Proposition 50 as follows:

'EITHER:

51. To note the opinion of the States that the Policy & Resources Committee should not introduce a scheme to extend the range of organisations to which loans from the States' Bond can be made at this time, and to direct the Policy & Resources Committee not to pursue any further investigations into this possibility.

OR, only if Proposition 51 shall have been defeated:

52. To direct the Policy & Resources Committee to seek the approval of the Assembly before continuing their investigation into the possibility of introducing a scheme for providing loans to organisations which are not part of, or wholly owned by, the States.'

Deputy Laurie Queripel: Thank you, sir.

May I ask that HM Greffier read the amendment now, please?

1040 **The Bailiff:** Which one? Amendment 13, yes.

Deputy Laurie Queripel: Sorry, 13, yes.

The Greffier read out the amendment:

The Bailiff: Deputy Laurie Queripel.

1045 **Deputy Laurie Queripel:** Thank you, sir, and I thank HM Greffier for reading the amendment out.

Sir, just to add some extra context, this amendment relates to or refers to pages 89-91 and sections 9.45-9.51 of the Budget Report and that section is headed States of Guernsey Bond.

1050 Sir, this amendment should not have been necessary, and that also applies to amendment 32 being placed by Deputy St Pier and Deputy Trott. By which I mean there should have been a Proposition within this Budget Report seeking an at least 'in principle' decision from the Assembly as to whether it was minded to allow the rules around the bond – that is the lending rules, who it can be lent to and under what terms and conditions – to be relaxed, and there should have been a much more detailed explanation within the report to accompany that missing Proposition.

1055 In contrast to that, sir, we are told in a sort of an understated matter of fact way really that, and I quote, from part of 9.51:

As it is currently forecast that a portion of the bond proceeds will not be lent on in the medium-term to entities currently authorised by the States, the Policy & Resources Committee is investigating the possibility of introducing a scheme for providing loans to organisations which are not part of, or wholly owned by, the States for projects which support delivery of the priorities set out in the Policy & Resource Plan.

Now, I say 'understated', sir, in regard to that reference, because that is a potential game changer and it is rather a casual way to announce that intention.

1060 Now that, for me, sir, is deeply troubling, and I hope it is of concern of other Members of the Assembly, to my colleagues. Now, it is troubling for the following reasons. The rules around lending on proceeds from the bond are firm and clear, as directed by a States' Assembly, and that is when the debate took place in October 2014. I read, sir, again going back to the Budget Report, from 9.45 or in part from 9.45:

... and to lend on the capital thereby raised to States owned entities, trading accounts and funds, the Guernsey Housing Association, the Alderney Housing Association and/or the Ladies' College ... subject to each recipient repaying such borrowing in full from a secure income stream and without direct recourse to General Revenue ...

1065 Now, sir, that section applies to the £250 million the initial or the first figure and it also applies to the extra £80 million that was tacked on, in my estimation or in my opinion, for good measure, a sort of just-in-case approach, and that happened in November of 2014. That £80 million is referred to further in 9.45, again, of the Budget Report, which goes on to say:

... and to delegate authority to the Policy Council to:

"Approve an increase in the value of the States of Guernsey Bond issue by a maximum of a further £80 million, following consideration of a justification from the Treasury and Resources Department; ...

1070 Now, sir, I turn to the text of the debate from October 2014, because in that paragraph I have just read from the Budget Report about justification or the reasons why you would do that. So from October 2014, to clear up conclusively what the bond was intended to do. Then there are lots of references to the extra £80 million including these quotes and there will be warning from more wary Members at the time in regard to the taking on of the bond and the £80 million.

So I will just start with a few lines from Deputy St Pier when he opened up that debate. Deputy St Pier said:

Sir, the Treasury & Resources Department has included two separate Propositions in relation to the size of the bond issue. As outlined on page 52 of the Report, an additional £80 million could be used to reduce the cost of capital to our trading entities to fund further loans that would otherwise seek States' guarantees ...

1075 Then, sir, we move on to a few lines from former Deputy Bebb. Deputy Bebb said this:

The idea that the States of Guernsey should suddenly act as though it were a corporation or a bank, as opposed to the States of Guernsey acting as a Government, is something that I personally find offensive. It is a Government and to think that we should therefore be propping up what we have said to be commercial entities is anathema to me.

The language that has been described as a bond replacing existing underwriting is also deceptive. I do not agree with that. I doubt that any underwriters would agree with the same statement. Underwriting and actually servicing debt are two very different economic arguments. They have different principles behind them and the confusion in the language is quite simply unacceptable.

Then he went on to say:

Once we start on a bond issue then of course it becomes attractive to use that money ... there will be other schemes that will come along and, before we know it, it will be used as the opportunity, repeatedly, in order to fund gaps in our spending. We know that our current corporate portfolio is actually not fully funded, but would there be an attraction to that?

Then, sir, I move on to some comments made by Deputy Brouard during that debate. Deputy Brouard said:

It is a fundamental change from being a guarantor to being a direct lender. I mean just think of it in your own family. If your son or daughter wants to buy a car and wants you to help, it is one thing to say, 'Well, off you go; go and get the loan from the bank and sort it all out, and if the bank needs it I will stand behind you as guarantor. I am the last resort of the loan, but it is very much my daughter's loan. I have little control; she has the control and the responsibility. But it is a completely different matter when I say, 'I will lend you the money and you pay me back'. I have the control and now my daughter's responsibility is to me and that lessens the control. It is a completely different dynamic.

1080 Then he went on to say:

Deputy Fallaize said yesterday in a speech, we are not a bank. Welcome to being a bank. When you take that debt on and lend it out again with a turn ...

With a turn? Which means you are lending on money which has already been borrowed.

... you are becoming a bank.

Deputy Brouard went on to say:

But you know what, really I am not really interested in the answers that T&R are going to give, because I do not believe we need to start off a national debt.

1085 This is still Deputy Brouard, sir:

Now, my colleagues – and I am sure we are going to disagree between myself and Deputy Perrot next to me – (*Laughter*) will argue that being a guarantor is just the same, really, as a lender. Well, 28 years in banking and I can tell you, fundamentally, it is not. We will end up holding the baby and we will change the whole dynamics ...

Then I move on, sir, to some comments from Deputy Le Tocq, who was Chief Minister at the time. He said:

Is this a slippery slope? Does issuing a Government bond always involve a slippery slope?

And for the sake of balance, he was actually supportive of taking on a bond and he went on to say:

Whilst I believe we need to tread with caution, I do not see such a gloomy forecast. To me it need not be Doomsday for us simply because we make this decision today. It is for this Assembly – and I repeat ‘this Assembly’ – to decide if we borrow and for what.

1090 And those last few words are very important, sir, ‘to decide if we borrow and for what’.

Then, sir, some words from during that debate from former Deputy Luxon, and he was supportive too:

Sir, it is an excellent idea to consolidate our existing – *existing!* – borrowings or debt ... This proposal is not a change; it is not a wedge in the door to a new reckless fiscal policy. It is the consolidation of existing borrowings – *existing* borrowings ...

He went on to say:

Today we talk about the risk of financial Armageddon by moving this Island into national debt. Sir, the borrowings already exist; what we are doing is simply tidying them up.

So it was clear to Deputy Luxon what this bond issue was all about.

1095 Then we can move on to Deputy Kuttelwascher. Deputy Kuttelwascher said:

Deputy St Pier was actually quite right: this is a housekeeping exercise. Primarily to, as it were ...

– which is a phrase I like to use, sir –

... as it were, replace existing debt ... It is like re-mortgaging your house when rates go down. People do it all the time – but anyhow. Some people do not believe it, but that is what it is.

Then he went on to say –

A Member: Sounds like him.

1100

Deputy Laurie Queripel: Exactly! That’s when the shoulders went and ... !

Then Deputy Kuttelwascher went on to say:

The extra up-to-£80 million [which is the sum that is different from the £250 million] is slightly different. However, there will be requirements, especially from Guernsey Electricity and possibly laying cables of further funding. Now, if that is not accepted, well, fine, they would have to go to the market and pay whatever the going rate is on the day – and who knows what that will be.

So those are important words from Deputy Kuttelwascher.

Sorry, I will give way to Deputy Kuttelwascher, sir.

1105

Deputy Kuttelwascher: I stand by those words –

The Bailiff: Your microphone, please.

1110

Deputy Kuttelwascher: Sorry. I still stand by those words, based on the information available at the time.

Thank you, sir.

1115

Deputy Laurie Queripel: I was not meaning to say that Deputy Kuttelwascher did not stand by his words. He was very clear about what those two sums of money were for and what they were about.

Now I move on to former Deputy Perrot, sir. We certainly miss his style in the Assembly. **(Several Members:** Hear, hear.) He went on to say:

Okay, if we want to go along with the bond it will just be a [£250] million.’ But there is also the choice of adding a further £80 million and that then observes all of the conventions in relation to the issue of debt, of sovereign debt.

As to what you do with that £80 million, we can see all of the demands coming up already, but until such time as a demand manifests itself, goes through all of the business analysis, we would actually be making money on that because of the way in which we have made relatively high returns in the past in respect of States' investments.

1120 So Deputy Perrot was quite clear in regard to what the £250 million was for and the £80 million was for as well, sir.

Then we move on to a few words from what was a makeweight in the last Assembly, namely myself. (*Interjections*) I said this:

We can talk about avoiding the slippery slope –

And you will remember, sir, that another Member mentioned slippery slope earlier.

We can talk about avoiding the slippery slope but the truth is, as soon as you make this kind of move you have one foot on that slippery slope. It does not matter how surefooted you think you are, the potential for slippage increases. If we take this step, sir, it is very likely or it is possible that future States ...

And this is now a future States because this was in the last debate, sir –

... will follow in our footsteps, because there will always be more needs, more requirements and, most worryingly, more wants.

1125 Then, sir, I just move on from that debate, the summing up made by Deputy St Pier, just a few lines from him. Excuse me just a second –

I give way to Deputy Trott, sir.

Deputy Trott: Thank you, sir.

1130 I wonder if Deputy Queripel could confirm whether I said at the time that this was the lowest coupon, non-sovereign, long-term sterling issue of all time, and if I did not, was he aware that it remains the lowest (*Laughter*) coupon, non-sovereign, long-term sterling issue of all time?

Thank you, sir.

1135 **Deputy Laurie Queripel:** I am happy to confirm that, sir, but it is not really the point I am making, (*Laughter*) but if Deputy Trott is looking for a bit of extra PR, then he is welcome to it. I am happy to give way to him!

1140 Now, sir, when Deputy St Pier summed up, and of course he was Treasury & Resources Minister at the time and he was responding to actually an excellent speech that I have not referred to, but it was from Deputy Conder, he says:

Deputy Conder, there is absolutely no intention whatsoever to be using these funds for new infrastructure. It could not be more clear.

Then he went on to say, and this is in response to a question that Deputy Paint had raised, in regard to how the proceeds of the bond would be used:

Where will it go if we were to go down this route?

That was a question from Deputy Paint.

Well, there are two directions it would go. First of all, the commercial loans, of course – the funding that came from them would go back to the banks.

Then he said:

The money which we currently lend, the internal loans that we currently make, of course would come back to Treasury and would therefore be available for investment with the rest of our reserves.

1145 So all throughout those quotes from that debate there was no mention at all about any money going beyond what it was intended to do which was to service the current credit arrangements or replace the current credit arrangement of our trading bodies.

Just to finally end with a quote from Deputy St Pier for that debate, he said:

In relation to the term of the loan and again it was a point that a number of people have made – the terms of there perhaps being a mismatch between the borrowings and the requirements of the businesses – sir, I would suggest that is not the challenge which some Members may not have the concerns that perhaps some Members do, because it is very likely that the assets that are being funded by those borrowings within those entities will themselves need replacement – whether that is Aurigny needing new aircraft in 10 years, 15 years, whatever it will be. So there will be a natural replacement requirement within those businesses within the overall term of the bond.

1150 So once again Deputy St Pier is confirming that not only the £250 million but the £80 million he is envisaging that at some stage or other it will all be used in regard to our trading bodies and the requirements of the States.

I think I have finished with the quotes, yes.

1155 Now, sir, that is why I talk about a potential game-changer. That is why this Assembly should get involved, why this Assembly needs to understand what has been going on and why this Assembly needs to debate this issue, and why P&R should just not commence, or more accurately continue, an investigation using staff and resources and time, which I am sure could be used for other things, without this Assembly getting to grips with the history of this bond and understanding the implications of what P&R are considering and having an informed say on the matter.

1160 Now, I appreciate, sir, I get that within – now I need to get my other book – my apologies but I have just got to turn to something in my Rule Book, (**A Member:** Your Black Book.) my Black Book – yes, nobody is in my black book, we are all good people trying to do the right things. I have to just refer to the mandate of the Policy & Resources Committee because, as I was saying, I appreciate and I get that within the mandate of the Policy & Resources Committee and I will just refer to it briefly:

To advise the States and to develop and implement policies and programmes relating to –

And I will turn the page and it says:

(b) fiscal policy, economic affairs and the financial and other resources of the States ...

1170 – and there is a long list of what those things are. So I get what their mandate is and what it entitles them to do. But, sir, in the last term the equivalent committee or as near as possible Treasury & Resources brought proposals in regard to the issuing of the bond to this Chamber. They made the case for it, such as it was, and of course I think with hindsight we now realise it was not quite the case it was made out to be. There were some shortcomings in the way that things were done. They made the case, such as it was, and debate ensued, arguments were made for and against it and I was in the latter camp, sir, and I still think that stance was justified. I was against the idea of taking out a bond but it won the day, so the democratic process was observed and it won the day.

1175 But part of the reason it won the day was the rules formulated around the lending on the bond proceeds were made absolutely clear, and it is absolutely right that we have this debate now, and if I could I would like to refer to the rules around the bond, in fact that is in my other – (*Interjection*) my other folder, but the rules around the bond were very clear. The rationale was very clear. It was to service the existing debts or replace the existing credit arrangements for our trading bodies. So it should not have taken amendments today to be addressing this issue because the rules were very clear and they should not just be casually overlooked or put to one side and ignored.

1185 Now, sir, one of the questions that needs to be asked is, bearing in mind I have made it very clear by referring to the lending rules around the bond and all the comments that were made

during debate in October 2014, one of the questions that has to be asked is what has changed since that time?

Now, sir, Deputy St Pier and the Policy & Resources Committee have said more than once they are still comfortable with the amount that was borrowed, the £330 million. In addition to that, Deputy St Pier has said more than once and he actually said it during the public hearing that the Scrutiny Management Committee embarked upon and that was actually carried out by a task and finish panel but there was a public hearing in regard to the bond facilitated by the Scrutiny Management Committee. He actually said that he wished he could have borrowed even more than the £330 million (*Interjections*) and now they do not know what to do with it, but anyway.

Now, sir, that strongly indicates to me that the proceeds from the bond will be used for their proper and original agreed intention eventually. Yes, there is a time lag and that is recognised in the Budget Report today in 9.51 there is a time lag. So the question could be asked why are we facing that situation where there has been a delay in the proceeds being passed on from the bond to be used for their original and intended purpose.

Time has revealed, sir, that the preparation work in regard to the bond was not all that it should have been. By way of illustration – and I hope I can find this one – I want to refer to the Scrutiny Management Committee Annual Report 2016-17. These are the conclusions made by the Scrutiny Management Committee based on the report provided by KPMG and via the Scrutiny public hearing.

The portrayal of the need for the bond issuance in the States' Assembly given by Deputy St Pier could, and I would say should, sir, have been clearer. The original stated aims of the bond issue was to reduce interest costs and risk to the States' trading bodies.

When questioned by the Scrutiny President in the public hearing, regarding whether the information given to the States in relation to the current blended rate of interest and the cost of exiting current funding arrangements could have been clearer, Deputy St Pier replied:

Yes. With the benefit of hindsight, I think I have highlighted two areas where I think we could have been clearer: one in the Q&A and, clearly, in relation to the comments which I made in debate.

Then the other conclusion from that report says: the due diligence undertaken on the States' trading bodies' requirements for the funds could have been performed more effectively.

Deputy St Pier does not really make a sort of an outright admission, but he does say this: 'The KPMG report highlighted concerns regarding the lack of any firm commitment from the entities intended to receive the funds or a sufficiently robust cash flow preparation exercise.'

Deputy St Pier stated, and he said this during the hearing, sir:

... with the benefit of hindsight, could more have been done? I think that is, in essence, what the KPMG Report is saying: that in their view, probably more could have been done.

That is probably once again an admission on behalf of Deputy St Pier.

Then the other conclusion reached in the wash-up report says, when the funds had been secured a sufficiently detailed plan was not in place to ensure that optimal returns would be secured quickly. In the public hearing:

... the States' Treasurer stated that plans were in place to invest the funds as soon as they were received.

The Investment Sub Committee made preparations to invest the £80 million long term, but as they believed the funds would be lent on quickly, the bulk were invested in a fund yielding significantly less than the coupon.

When questioned by the Scrutiny President in the public hearing regarding whether it would have been better to move the proceeds earlier into better performing accounts, Deputy St Pier replied that it was:

... all of our expectations that a good portion of the proceeds would be lent on faster.

The final paragraph of that section of the Scrutiny Management Committee Report said:

... had sufficient due diligence and discussion taken place with the States' Trading bodies, Guernsey Housing Association.

1230 Scrutiny Management Committee and its predecessor, the Public Accounts Committee considered that:

... investment plans would have been better prepared and executed.

Sir, but the perceived wisdom, let's call it the perceived wisdom, is that the full amount will over time be used for its intended purpose. I have referred to that intended purpose many times, and I have referred to it via speeches made during the debate in 2014 and via comments made since that time by Deputy St Pier and others.

1235 Sir, these are the kinds of things that the Assembly, my colleagues, need to be aware of and be able to consider. That is why it is right for this matter to be debated now.

1240 Sir, one of my main concerns is if the lending rules around the bond are relaxed and perhaps millions of pounds are passed on to entities and bodies that are not connected to the States. Now, when it comes time for the proceeds of the bond to be used for their intended purpose, what about if there is not enough left in the pot? Will there be talk of the need to issue another bond because we have lent millions of pounds onwards to organisations outside of the ambit of the States.

1245 Now, sir, therein, in part, lies the slippery slope, the 'What next?' scenario, because we might agree to lend on proceeds to organisations outside of the States' ambit or the ambit of the States and then we find actually we have not got enough money left in regard to the bond proceeds to use them for their proper and intended purpose.

1250 We have to think about all the projects that have been delayed but will probably come our way in the future, as Deputy Kuttelwascher referred to during his speech in 2014. The requirements of Guernsey Electricity in regard to a cable, we may even yet be extending the runway at the Airport and I do not know what sort of – there might be work to do at the Harbour as well in regard to the Seafront Enhancement and things. I do not know how much it would cost to extend the runway at the Airport but I imagine that you are talking at least £30 million or £40 million for the kind of full-blown project that some Members are talking about. (**A Member:** And the rest.) Well maybe and the rest, I am being conservative for a change, I suppose.

1255 So, sir, that is my point: if we end up lending millions, if we lose our nerve because we are concerned – I am not losing my nerve but it seems to me that some of our colleagues in this Assembly might be losing their nerve – if we lose our nerve and lend on proceeds because we do not think they are being used quickly enough, when the requirements in regard to the genuine and stated intentions for the bond proceeds come our way, will there be enough left in the pot to cover those requirements? I am not sure there will be and I think we need some answers on that.

1260 I appreciate that some of the external project that Policy & Resources Committee, I am sure in great sincerity, have in mind might be very worthy; they might also align very nicely with the priorities set out in the Policy & Resource Plan. Now, one could argue that 23 priorities are too many anyway and that is more of a list than a priority list. That matter should be revisited as far as I am concerned. But that is a side issue. But it is the increase of the risks, the extra exposure that is the problem. I have always maintained that we do not have a mandate to incur debt on behalf of the public, on behalf of current and future Islanders and taxpayers. I certainly do not believe, because bearing in mind the bond is now in place, that is history. I certainly do not believe we have a right to exacerbate that risk.

1270 It might be unkind to say this, sir, but I do not mean it in an offensive way, this idea, the idea being put forward in the Budget Report about perhaps lending some of the proceeds of the bond to outside organisations; this idea should not be used as a 'get out of jail' card and it certainly should not be embarked upon, the investigation even should not be embarked upon, without

proper serious and comprehensive consideration. (*Interjection*) Well, it should not be because the Assembly have not agreed to that yet, so that is certainly premature work if it has gone ahead.

We have already heard, and I have proved it via the things that have been said from debate and by the things that have been revealed by the KPMG report that was commissioned by the Scrutiny Management Committee and via the hearings that the Scrutiny Management Committee conducted, how due diligence was not up to scratch in regard to the initial work to bring the bond proposal about. Let us not compound that shortcoming.

Sir, it is risky enough lending proceeds of the Bond to trading bodies that come within the ambit of the States, let alone organisations that sit outside the States, regardless of what governance or oversight structures might be put in place the risks are increased.

Sir, I have spoken quite a bit about risk and I know there is a risk in placing this amendment but I am seeking the good judgement of the Assembly to back this amendment. This idea being put forward by Policy & Resources Committee in the Budget Report could not go unacknowledged or unchallenged with an investigation going ahead without that matter being debated and considered by the Assembly, especially as it would involve a significant, *significant*, departure from the lending rules around the bond, which are there for a very good reason.

Sir, I ask Members to support this amendment. It offers two options: one is a clear reaffirming of the current lending rules associated with the bond; the other at least gives the Assembly the opportunity to direct P&R on this matter after serious and considered debate.

Sir, I thank Deputy Yerby for not only seconding this amendment but also for her work in helping to compile it and I ask Members to support this amendment, sir.

Thank you.

The Bailiff: Deputy Yerby, do you second the amendment?

Deputy Yerby: Yes, sir.

The Bailiff: Deputy St Pier now will lay amendment 32.

[Amendment 32](#)

To add an additional proposition after Proposition 50 as follows:

"51. To direct the Policy & Resources Committee to investigate the possibility of introducing a scheme for providing loans to organisations which are not part of, or wholly owned by, the States for projects that support the delivery of the priorities set out in the Policy & Resource Plan in the wider community interest and report back to the States with recommendations, if appropriate, to change the policy for on-lending of the bond proceeds.

Deputy St Pier: Thank you.

Sir, Deputy Laurie Queripel is wrong when he said that no Proposition was required in the Budget Report because, frankly, we would have been better just staying silent in the Budget Report and getting on and doing the work anyway, because it is within our mandate to do so, and then report back in due course. It is very clear that we cannot make any further loans outside the scope of the very tight regime which this States has provided. That is absolutely understood.

But when the Committee *for* Employment & Social Security decides that it wants to investigate a Disability & Inclusion Strategy, for example, or the Department for Social Security did in the last term, it did not come to this States and say can we have permission to go away and investigate. It did the work and then brought the policy letter and sought the decisions it was seeking. That applies to –

Deputy Yerby: Point of correction, sir.

The Bailiff: Deputy Yerby.

Deputy Yerby: That is not actually ... the strategy originated in the decision of the States on an earlier States' Strategic Plan, just not that.

1320 **Deputy St Pier:** The point is that any committee within its mandate can get on and investigate before it then brings policy letters back to the States on which decisions are made. The rules in relation to the bond are extremely clear.

The amendment which the Policy & Resources Committee is laying, number 32, is in response to amendment 13. What the alternative Proposition that Deputy Laurie Queripel has set out is to
1325 direct the Policy & Resources to seek the approval, that is what we are doing in amendment 32. I therefore look forward to Deputy Laurie Queripel's support for amendment 32 because it is seeking exactly what it is that he is asking.

Sir, the circumstances around the bond have changed since it was issued. Interest rates have not risen as was expected at that time, but of course they are rising and, as Deputy Trott has
1330 already made clear, had we issued the bond at any time since then we would not have obtained any better rate.

It has also become apparent that there is no longer the same immediate requirement from those entities to whom the States have authorised lending from the bond. It is of course good news that the electricity cable did not need replacing, as looked almost certain at the time of the
1335 issue; if you recall that the cable had failed and it was expected that we were going to have to lay another one alongside to Jersey. However, the requirement to lay a cable to France remains and, given the recent failure, is arguably more necessary than it was, albeit that the timeframe has slipped.

Of course the States have changed their minds about the funding source for the solid waste
1340 infrastructure, which was planned in at £30 million, and of course is running at about £32 million.

So Deputy Laurie Queripel asks why there has been a delay in lending on. He is responsible for that delay. He was one of those who voted, in my view unwisely, to deny the use of the bond in funding that infrastructure but that was a decision of the States. That was the game-changer for Policy & Resources. In light of that, we have had to think what are the consequences of that
1345 States' decision.

Now the amount that has not been lent on is invested within the Consolidated Investment Fund, which of course has done rather well over the period since the bond was issued up to the end of last year the investment return was £15 million more than the coupon rate for the bond. In others we have £15 million more. Taxpayers are £15 million better off than they were without the
1350 bond, and that is before the interest savings on the re-financings that have taken place, the £140 million of re-financings that have taken place. So this has given us obviously a very welcome cushion to mitigate against the possibility of lower investment returns than the coupon rate in future years.

However, the bond was not issued in order for a large amount to be held in financial investments and instruments, but to facilitate capital projects with a secure income stream – (**A**
1355 **Member:** Hear, hear.) infrastructure, housing, vehicles, equipment and so on. So of course it makes sense to investigate whether there is a potential to use some of the bond proceeds to kickstart some of the projects that will benefit our economy.

Deputy Meerveld was saying only yesterday, we need to get on and grow the economy. That is something which has been a frequent refrain in this term of the States. We need to deliver that, we need to deliver on the objectives within the Policy & Resource Plan. A couple of recent examples will help perhaps give some colour as to why we believe it is necessary that we consider
1360 this.

One is to pump prime the redevelopment of Leale's Yard, which is something which Deputy Laurie Queripel has called for himself, the potential to provide a loan to fund the necessary infrastructure which will be repaid from the land parcels when they are sold. Now this is being actively considered by a number of organisations outside of the States and obviously it is a commercial matter.

1370 The issue that really brought this to our attention and why we thought actually we need to
give this consideration is an approach that we received from, and we have had their consent to
refer to them in debate, from the Trustees of the Platon Home, who are embarking on an
extension to specialist long-term care. We know we have a lack of specialist long-term care beds
in the Island. They are a not-for-profit organisation, they approached us to see whether we would
be in a position to provide them with competitive terms, which of course we are unable to do
1375 under the terms of the bond as currently structured. We felt that it was reasonable to give that
further consideration. (**A Member:** Hear, hear.)

All the quotes which Deputy Laurie Queripel gave from the previous debates and evidence and
so on, absolutely I stand by, but to be clear it is not envisaged that the bond would provide a
cheap source of finance for commercial businesses. The Policy & Resources Committee – we have
1380 not undertaken any great work on this issue other than agreeing in principle that it is worthy of
some further thought, and there would of course need to be detailed consideration of the
development of a policy for any such loan to be accessed in that way.

We would need to think about the criteria for eligible entities and projects and the terms which
would apply including of course the interest rate and the terms and the security that would be
1385 required. But we would have to bring that back to the States. We would have to report back to the
States. We would have to seek the consent and approval of the Members of this Assembly at that
time, if we had any proposals.

It is clearly a matter for the States to decide how the bond proceeds are used, that is not in
doubt, and is a matter for us to investigate that within our mandate and bring appropriate
1390 recommendations to you for you to approve, throw out, or amend as you see fit at that time. That
is the correct process, we do not need to interfere with it with amendment 13, we should throw
that out and Members should approve amendment 32 should they see fit.

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

1395 **Deputy Trott:** I do, thank you, sir, and reserve my right to speak.

The Bailiff: Deputy Roffey.

1400 **Deputy Roffey:** Thank you, sir.

I was not in this Assembly in 2014 but if I had been I would have been firmly against the
issuing of the bond. Certainly I would have been against the £250 million that was to replace
existing borrowing, but particularly I would have been very much against the £80 million
additional borrowing for other purposes. I did not want to start a formal national debt.

1405 However, we have neither the time, nor is this the appropriate place, I think, or occasion to
refight old battles. A decision was taken and to use that horrible cliché, 'we are where we are'.

Sir, Deputy Queripel asked what has changed since then that we should even consider the
borrowing criteria against the bond, and the answer is very simple, again another cliché, it is
'events, dear boy, events'. Things have changed and clearly the money has not been lent on in the
1410 way that was expected.

Now I do not know whether or not I will eventually end up voting in favour of changing the
lending criteria, but the democrat in me says I do not want to pass an amendment that says, 'No,
you will not even look at it; no, you will not even investigate it; and no, you will not bring a report
back to the States,' because in the changed circumstances following events it may be the right
1415 thing to do, it may not. Or it may be the right thing to do to change the lending criteria but not in
the way P&R envisage but in some other way. But we have got this bond and we must use it to
the maximum potential, it seems to me.

I was slightly confused by something in Deputy Queripel's speech because he was saying we
should not change the lending criteria, and yet he talked about that Airport extension as a
1420 possible requirement, but the lending criteria say only if there is a secure income stream. There is

no secure income stream from an Airport extension. It might generate more money, it might not generate an extra penny. Sir, we do not know that that will be a secure –

Deputy Laurie Queripel: Point of correction, sir.

The Bailiff: Deputy Queripel.

Deputy Laurie Queripel: It has been spoken about in the past, I think by P&R and other Members of this Assembly, that it would qualify for a loan from the bond because it has got an income stream, the Airport has got a regular and secure income stream. Whether it will be taking sufficient money to cover back the capital interest payments of the bond is something else, it might be another Aurigny situation. But nonetheless there is a secure income stream at the Airport and it would qualify, as far as I know. That is what I have heard in the past: that it would qualify for a loan from the bond.

Deputy Roffey: Just because we have heard things in the past does not make them correct. (**A Member:** Exactly.) To me the income stream already exists, the borrowing would be additional to the existing investment and therefore would require an additional income stream to service that borrowing. That is my view.

Anyway, the point is that ... I think the time to debate this ... it was flagged up that there is going to be a report. In the second part of Deputy Queripel's amendment he is happy for that to happen. I am certainly happy for it to happen, but I have to vote against his amendment on the basis of the first part.

Now I was intending to vote in favour of P&R's amendment until I saw the explanatory note and heard Deputy Gavin St Pier's opening today, and I am going to abstain. We have said when we discussed the special interests rule that sometimes you have to use judgement, and I have absolutely no vested interest now in the Co-op above and beyond having a share number, which probably most of the Members of the States do. But having been involved for decades with it, I have a huge emotional attachment to that organisation and in my judgement that emotional attachment could sway my judgement here in the Assembly, and therefore I do not think I can allow that to happen. So as the example has been given, and I have to say when I was on the board of the Co-op the idea of using bond money was not even on the table, so it is not something I have been involved in at all, but I just feel, to be absolutely clear and to err on the side of caution, I should probably abstain when we come to the vote on the P&R amendment.

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you very much.

I am probably going to support amendment 32, sir, because I do not want to stop P&R from being able to investigate the possibility of this, even if I do have some concerns nonetheless. Deputy Roffey has covered the point about the original rationale for the full bond issue, it has not really come to fruition to the extent that was originally suggested, so in that circumstance, in light of events it is probably fairly rational for P&R to say, 'Well okay, let's have a look at this, let's investigate it'.

I think my principle concern, sir, will be about governance though, because if we are going down the road of lending potentially significant sums to third parties the risk to the taxpayer that that involves, and is inherent within, is a major risk factor, and therefore if P&R are going to be investigating this it makes sense for them to look very carefully at what appropriate governance structures are appropriate.

Now we know from the KPMG report that the original bond issue was subject to, I think they said, very limited due diligence in practice, and there cannot be any repeat of that. So say we lend £100 million to a private sector organisation with the expectation that they pay it back together

with interest payments, but what if this hypothetical organisation then goes to the wall, the States presumably, or more accurately the taxpayer, would then not only be responsible for paying back
1475 £100 million plus the interest it would be on the taxpayer. So there has to be appropriate checks and balances in place to mitigate effectively those kinds of risks.

The problem is that the history of the limited due diligence does not leave one with a great deal of faith, (**A Member:** Hear, hear.) but I think we have to say it is for P&R to investigate it. But we have to learn the lessons of history, I think that is the main point I want to make. We have got
1480 the analysis of what KPMG produced in terms of the lack of due diligence, we have to avoid that in future.

The other point that members of my Committee, particularly the financial experts on my Committee, were concerned about with this potential change of policy is that it would require P&R in effect to run credit assessments on third parties, and the concern was whether there is
1485 currently sufficient skill and expertise in-house to do that or whether there would be a need for additional recruitment or agency staff etc. to run those sorts of evaluations on credit risks. So some sense of assurance on that would be useful.

One slightly more general concern that I have is a simple point, but if we go down the road, if we relax the criteria in the way that is going to be investigated, or may be investigated if Deputy
1490 Laurie Queripel's amendment is not successful, will there actually be enough money left in the pot, as it were, if we have lent it all out to third parties to use it within the public sector which was the original purpose in the first place. Where is the balance going to be on that? Is there going to be an upper limit on the amount that we can lend to third parties? How will that work? Will there be a ratio? What assurance can be given on that?

So I think ultimately I will support the amendment 32 because, as Deputy Roffey said, I do not think it is democratic to stop any investigation of this. In fact I am not sure that the first Proposition in Deputy Laurie Queripel's amendment necessarily would do that anyway, because I think P&R will still have the mandate to investigate something like this in any event, although
1495 perhaps it would be unwise to do so if there was a States' Resolution.

But nonetheless, I think amendment 32 is the one to vote for; notwithstanding the serious concerns about governance that we have.
1500

So I think it would be appropriate for there to be a dedicated policy letter brought back to this Assembly by P&R so we can have a dedicated debate outwith of our Budget process. That is another thing I think we learnt from the Scrutiny Review of the bond which is that it was wrong, in
1505 my view, to have the discussion on the implementation of the bond within the Budget process, and I think we have seen a repeat of that, which I will talk about in general debate later on. But I think we need to avoid that mistake as well. We need to learn the lessons of history. Let's do the due diligence properly, let's get the governance structures in place properly, and let's make sure that we actually have a dedicated debate in this Assembly so we can focus on the issues and scrutinise the issues properly before we actually go down this road, but nonetheless I think P&R
1510 should be allowed to investigate this.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Sir, I too will be supporting amendment 32. I have already had discussions regarding Leale's Yard, the only way that we are ever going to get that project up and running is to see it as a regeneration project. (**Several Members:** Hear, hear.) It really needs some investment in that initial infrastructure, the roadways etc. that is expensive, and that is what is putting off private businesses coming forward or even the GHA coming forward. So I see that as a
1515 perfect opportunity to develop that area and make a significant difference down in St Sampson's.

The Platon Home is another good example that Deputy St Pier has given. We know that this unit they are looking to build is for a specialised dementia unit. We know that with our ageing population that is going to become more and more of an issue and we will need those dementia beds. I think we have already set a precedent because I believe that we have already done a loan

1525 to another not-for-profit organisation that required some financing for a dementia wing already.
So I think we are already there.

This is just to investigate and report back –
I give way

1530 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you to Deputy Le Clerc.

1535 If it is a not-for-profit organisation it will have to become a for-profit organisation to be able
to fund back and pay for the bond because we have to raise an additional cost, do we not, to pay
back the interest on the bond?

Deputy Le Clerc: No, a not-for-profit organisation would still receive enough, the business
plan would enable it to pay back the interest on the loan.

1540 I think Deputy Green was talking about having the expertise, but we are an Island that offers
financial services, we have got lending experience so we would be able to procure that expertise if
we needed that expertise and it was not available in-house. But I am sure the report, if we can
agree this today, would give some indication of that.

1545 I think again we need to remember, I think there is some concern about the security of that
lending, but for example, if we were lending to a care home we could take a first charge over that
property so we would have an asset that we would be able to recoup in the event that the loan
was not repaid. So I think there are ways around it.

I will be supporting Proposition 32.

1550 **The Bailiff:** Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I will be supporting amendment 13.

1555 I was confused with Deputy St Pier's speech when he talked about a game changer being the
waste. This is £330 million, waste was just £30 million. That is 10%, I hardly consider that as a
game changer, (**A Member:** Hear, hear.) particularly when we have only lent £140 million currently
of the £330 million. It is not a game changer. I think his wording was incorrect.

1560 He also spoke about not doing commercial lending, then he went to speak about lending
about property development. Well, that is commercial lending, that is exactly what commercial
lending is. Property development is a key part of commercial development. So if a project does
not wash its face –

I will give way.

Deputy Trott: I am grateful to my friend, Deputy Dorey, for giving way.

1565 Sir, we as an Assembly have lent tanking on from £100 million to the Guernsey Housing
Association. The Guernsey Housing Association falls, I think, very succinctly into the category that
Deputy Dorey has just referred.

1570 **Deputy Dorey:** It is a States' entity, and under the particular rules of the Association all the
assets go back to the States if it fails. So it is a completely different situation, and it is not
commercial lending. It is in relation to the States delivering social housing which accepts that it is
a responsibility of Government.

1575 So this is commercial lending. So he said it is not commercial lending but then he went on to
give a case which is commercial lending. He talks about a care home. It is easy to have sympathy
with a care home but there are many other commercial operators that have to operate within that
sector and if you are then going to lend money to one care home which is in direct competition,

whether it is non-profit-making, with other care homes, why shouldn't all of them have that facility?

So I do not accept that the States should suddenly turn into a bank. As was said, there is risk. This money was lent to be used for States' activities and these are not States' activities, this is a fundamental change. I just cannot accept that we should go down that route.

In the Scrutiny hearing which Deputy Queripel referred to there was a question asked, it says, 'At any one point in time within the life of the bond what do you anticipate will be the maximum exposure in terms of percentage of that bond on lending in to State's activities – I highlight States' activities – what would you regard a successful outcome, would it be 70% or 80%? Deputy St Pier said £330 million. The full amount? Yes.

Well, if he believes that that is what is successful then we should concentrate on lending it within the States' sector, which is what it was for originally. I do not believe that we should then lend it into the commercial sector. We do not know what is coming down the road. We have been told that there is potential electricity cables, the timing has been uncertain. But just as the timing in the past has been uncertain, the timing could come forward in the future and then we might need the money for the very activities that we had outlined originally, so therefore then if you have lent it on to other organisations it is not available. We might even build a tunnel to Jersey (*Laughter*) which might require lending.

I totally agree with what Deputy Green said about we should have a dedicated debate because one of the biggest mistakes that we made about the previous bond debate, and as he said with other discussions that we have had within this current debate, is that there are a whole lot of other issues into this Budget Report, and in fact the beauty of some of the amendments is that we have dedicated debates on key issues which would have been totally lost if we just had them at the end.

I urge you to not vote for 32 but vote for 13 which is what I believe was the original decision of the States. It was a difficult decision of the States and I was one of the ones who was not in favour of it, but we should keep it to States' activities, and as Deputy St Pier has said, he does envisage it being totally borrowed for States' activities. So keep it for that which is what we need and do not go into commercial property development, do not go into other activities where we are lending in competition with commercial businesses.

Thank you.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Yes, sir.

Deputy St Pier mentioned in his opening address there, that in fact we were deriving £15 million more than the coupon in the Consolidated Investment Fund. Now that is on the £190 million, that is the residual, if you like, beyond what is the £140 million that is invested in Government entities, essentially.

I would like to ask what interest value have we earned by lending the £140 million out to Government entities, because as I understand it we are paying 3.375% and the actual minimum that we would go out and invest and supply money to Government entities is 3.625%, but I am not sure exactly what we are asking for with respect to the Government entities that are drawing money from this bond. So the question is what are we earning from the £140 million in addition to what we are earning from the £190 million?

Secondly, if I can ask, the Consolidated Investment Fund, how is that actually invested? Is it all interest payments or is it in equities and so on and so forth, I do not know?

Thirdly, if I can ask does it make sense to hold on to the residual funds and why? Or can we get a better return essentially through investing in the market, if you like, through commercial lending?

Three questions just so that we get some sort of update on the bond and the money we are earning from it, and the potential that there is out there to earn from some of the residual funds.

Thank you, sir.

1630 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Sir, regarding amendment 13, I share the concerns expressed by Deputy Laurie Queripel which he highlighted in his opening speech. I am sure he will repeat them when he sums up and I ask colleagues to listen very closely to what he says during that summing up.

Sir, in amendment 32 we are told in the last two sentences of the explanatory note, this could provide access to capital to such entities that would not otherwise be available affordable to them from the private sector and it could unlock projects such as Leale's Yard.

1640 So that tells us that P&R, or at least some Members of P&R, are very much in favour of loaning money to private entities, yet when I asked Deputy St Pier in September 2012 if it would be a good idea to reintroduce a States' loan scheme in an attempt to help businesses finance major projects, he said that direct lending by Government to firms was unorthodox and that reintroducing a States' loan scheme could increase the price of houses, for example, here in the Island in the longer term and therefore it was not a good idea.

1645 Yet now we are dealing with a committee led by Deputy St Pier that wants to lend money to private entities. So my question to Deputy St Pier, sir, is what has changed, what is the reason for Deputy St Pier changing his mind about the States lending money to businesses in the private sector?

1650 I heard Deputy Roffey say when he spoke, he said, 'events, dear boy, events'. Well I very much hope, sir, that Deputy St Pier does not simply say 'events, dear boy, events' when he responds. Because if it was unorthodox back in 2012 then how come it is not unorthodox now. If there was a risk then that reintroducing a loan scheme to private entities could increase the price of houses here in the Island then doesn't that risk still exist today?

Thank you, sir.

1655 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Sir, Deputy Laurie Queripel puts his case over always so convincingly and charmingly that one is very tempted to support it. Certainly with this amendment I could live with the second part. The first part I do agree, I think, with Deputy Roffey that is perhaps rather restrictive.

Deputy Dorey, as always, makes some really interesting and cogent points about the way in which we do things and put the message across. But the problem is we do live in changing times, and the States needs to be adaptable to that.

1665 I suppose one of the challenges listening to the debate and the contribution Deputy Le Clerc has made and so on is that I think some of the points of view that people in the business community and the Islanders are putting across are perhaps beginning to sink home to Policy & Resources, which might explain some of the changes in thinking that both Deputies Queripel have outlined. Because the reality is we are not seeing the investment in the infrastructure in the private sector we could be, and that is an issue that the Government needs to do something about.

1670 I am going to be frank here, I am in the process when the time is convenient of sort of relinquishing my presidency of Planning, as I intimated last week, one of the reasons is the job causes me too much strain, it causes me physical strain, mental strain and political strain, because I prefer a much more big Government grandstanding approach rather than the kind of approach I have to take at Planning, and I do not want to be careful about everything I say and put across, and I think this Assembly is far too protective about process and we do not need to give a little bit.

Some of these amendments ... the tone of the States over the last few months has been a little bit suspicious perhaps of Policy & Resources at a political level and questioning various policies. I

1680 think some of that is not just fear of change but it is also arguments about have we got the right system or the right people there. We should actually have the courage to give senior committees power and maybe we are asking the wrong questions rather than focusing on a better method of leadership.

1685 You see already today we have heard certain sites that have come across the Planning desk. Le Platon Home, I remember very well the rather robust open planning meeting that occurred on that occasion – so much so we had to stop it and restart it later. Also the very lengthy Admiral Park and also Leale's Yard.

1690 Now Admiral Park might be going somewhere, but both Leale's Yard and Le Platon were schemes we approved that did not happen, and they did not happen because some confidence in the private sector was not there and I do not want to be a reactive politician who just responds within a particular process; I want to push more of a big Government agenda; I want to push economic development; I want to say to the public who say, 'Why isn't something happening?' 'Well, I will do something to make it happen'. That is why I do prefer the Policy & Resources amendment, because it actually gets the possibility of something to happen. (**Several Members:** Hear, hear.)

1695 Like Deputy Laurie Queripel, I have a lot of reservations about the bond on some levels. I supported it both times. I think Deputy Dorey's point about mixing up the Budget with major policies is a valid political objection, but actually it is quite crafty too because you could argue that it is easier for the financial committee to get difficulty measures through the Assembly when we have got the focus of the Budget as well, because if you have a stand-alone policy it is easier for

1700 Members to take their time over it and focus on that.

So, as Deputy St Pier said, there is politics sometimes behind things as well and not just the substance.

1705 But we have to kickstart the economy, and that is why there has been disappointment in the ... it has not been planning restricting building developers, it has been a combination of the Assembly on the social housing provision and the lack of dynamism that is going forward. I think we have not entirely succeeded in kickstarting the housing market ... [*Inaudible*] but we did not really see scope so I am willing to give Policy & Resources the benefit of the doubt here. Of course I hope scrutiny is effective for it, but I think we need ... actually I do think we would benefit

1710 from more of an Island bank type approach. That was an idea former Deputy Kevin Stewart had and Treasury & Resources were interested in and it died a death, it did not happen.

I think the important message to get across here is to expand the focus of the bond because the original conception of the bond was flawed in two ways –

I am giving way.

1715 **Deputy Dorey:** Thank you for giving way.

The comment Deputy Gollop made about kickstarting the economy I think is quite wrong. When you look at the GDP figures we had based on constant prices we had a 2.6% growth in 2016 and a 2% growth in 2017, that is an economy that is performing well. There are grave dangers of

1720 having too fast growth, what we had in the late 1980's was that we had to call in consultants and we had too much growth because it was causing serious problems to the Island. So please do not talk down the economy, we have had growth.

1725 **Deputy Gollop:** We have had growth in some areas, not necessarily in all areas. We have not necessarily seen growth in transport or tourism in every respect, or retail or construction. We know when Deputy Trott was Treasury & Resources Minister and Chief Minister we were having at some points between 4% and 8% growth some years. Had Zero-10 occurred at the same time as a world economic boom rather than a crisis, we may have seen arguably unsustainable levels of growth. Of course there is a balance to be had here. But my point is a more simple one: regardless

1730 of the growth dynamics, the reality is we are not seeing housing sites' planning approvals being delivered and we have to find a way forward, and that is clearly a misfortune. Yes, we are hearing

arguments about people who do not necessarily want green fields to be developed, well of course those arguments gain weight when brown field sites are not being properly prioritised by the commercial market.

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The Bailiff: Are you coming back to the amendments, Deputy Gollop?

Several Members: Hear, hear.

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Deputy Gollop: Yes.

I prefer the Policy & Resources amendment because I think the bond issue has to evolve to meet a changing political time and the costs of releasing the bond might have been too expensive initially but I think providing loans to sound investment and economic development on the Island is a better bet than propping up an airline or supporting trading boards which can find other methods of finance.

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The Bailiff: Deputy Smithies.

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Deputy Smithies: I was going to speak on this anyway but the last remarks of Deputy Gollop have really brought me to my feet sooner than I thought.

The STSB has been charged with acting in a more commercial way and part of that process has been to take on the books of the trading assets – a degree of debt. If that debt can be serviced from the bond at a more advantageous rate, and it is not always clear that we can, but if it can be then that is where my preference would be to go.

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So I have a degree of nervousness and it has been expressed elsewhere in the Chamber during this debate on this amendment, or these two amendments, that the money might actually not be available as and when we need it.

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STSB, for the trading assets we have a huge investment programme potential in Guernsey Electricity, States' Water. Guernsey Water is extending the network; we have got talk of Airport extensions; Harbour improvements; the Dairy is going to need a degree of investment in the very near future; replacement aircraft for Aurigny. All manner of schemes are out there which could easily swallow up that £330 million at the drop of a hat. Now we are not stupid enough to attempt to do that all at once but it is part of a process.

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I can understand a degree of frustration from P&R's point of view where they have this money sitting there apparently doing nothing, but there are projects out there which could easily use up that money and I would be very reluctant to see it spent on the private sector.

The Bailiff: Deputy Kuttelwascher.

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Deputy Kuttelwascher: Thank you, sir.

Deputy Smithies has brought me to my feet. I go back to what was said by Deputy Roffey, 'events', was it, 'dear boy, events', or something like that. Well, in my humble opinion, in my fiscally immature manner, as was recently stated, (*Interjection*) I think the events that are the trouble are the stability and low level of interest rates. I know we have gone up to 0.75% base rate and whatever, but that is the problem, and what has that done for the bond is that the rate at which you would have to lend the bond money is in excess of what you can get commercially assuming even if you can get a reasonable guarantee.

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Now P&R will provide guarantees for trading entities and they will charge for it, but even with that you find that at the present time on medium-term loans you can get a low level of interest rates. So if you are going to behave commercially why should you go for a high level? That is the problem. Now that will not go away, I do not think, until interest rates maybe start ratcheting up. Now that has happened in America. To what extent it will happen in Europe I do not know because the problem you have in the UK and Europe is if you ratchet them up by more than a

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fraction it could actually pin down the economy because people are over borrowed to such an extent they could accept a small rise but they could not accept a doubling or tripling. That is the problem.

So what is the best way forward? We have been told there is a buffer because of profits made to date. Maybe the best way is just to sit on the money.

Lending to private entities is not why I supported the bond in the first place. I know we can change the rules, we can change what we like, but here I am wondering if I am not feeling too well because I am agreeing with Deputy Dorey, I think, dearie me, but I have said in the past I never look at the face I look at the issue, and I have not changed.

So at the moment I am going to support amendment 13 because I think this is the wrong time to look at how else you can use the bond money because of the interest rate environment. If it was to start ratcheting up then you could look at maybe some other way of doing it, and you may find then if it starts ratcheting up you would be able to lend it to the trading entities or whatever within the States quite easily because it would be the best option. Because, as Deputy Trott said, the long-term rate looks great, but how long has this scenario been with us? It is close on a decade. Very surprising.

I remember, I think, when Deputy Trott was Minister and when Deputy Parkinson was trying to bring forward a bond which could be used basically for any capital expenditure without any sort of repayment requirement. What was interesting was then it was thought that interest rates would go up. Here we are, three terms on, and it has not. That is the problem really. But is that a bad problem? I do not think so, we will just stick with it.

Again, I repeat when yesterday Deputy Trott said he thought I was fiscally immature I thought to myself, well if I find myself where I am because of that, well long may it continue! *(Laughter)*

Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I am going to support amendment 32 but not amendment 13.

I think it is sensible to continue the investigation into use of the bond. It is not a rainy day fund, it can be used for projects such as mentioned by Deputy Smithies, but also, as obviously Deputy Kuttelwascher has just identified, this is not so easy at the moment. But why should we wait to do a review? It is time to do it, let's get it done so that we can actually use it if we need it.

The bond is washing its face with the investment returns at the moment, which is great, but why can't we use it to assist the economy? It is not to kickstart it, as Deputy Gollop said, and it is growing as Deputy Dorey indicates, which is shown obviously through such as the visitor numbers and as in particular to the shortly to be issued Development & Planning Authority's Employment and Land Study Report 2017 – a jolly good read I should add.

I just believe that we should not limit our options to benefiting the community, as mentioned in other speeches.

Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I cannot help feeling we are having another one of those debates that it is not really the right time to have. **(Several Members:** Hear, hear.) I do not know, I mean I share the instinctive nervousness articulated by Deputy Smithies, the concerns and nervousness articulated by Deputies Smithies, Kuttelwascher and Dorey. But frankly I do not feel I can make an informed decision based on the kind of debate that we are having at the moment. I think I would need to have a properly set out set of arguments in a policy letter and all the rest of it in order to reach a decision one way or the other.

Therefore I tend to agree with Deputy Roffey that we should let the democratic process take its course and allow P&R – regardless of our instinctive feelings at this moment as to whether we think we might support them ultimately or not – we should let the democratic process take its course and allow P&R to come forward with a policy letter and we can make an informed decision at a later time when we have all the information in front of us.

The Bailiff: Deputy Yerby.

Deputy Yerby: Sir, of course Deputy de Sausmarez is right, the debate that we are having is the debate on the outcome of the investigation we are imagining P&R might do, rather than the debate on the amendments in front of us.

But, sir, none of us, I believe, think it is undemocratic for this Assembly or the committees of this Assembly to prioritise their work. Sir, I do not think that we should be wasting resources on investigations if we already know that we will not be minded to support their outcomes.

Later on, in response to some of the amendments we debate, I am fairly sure that P&R are going to say, 'Do not give us this work, we have already got plenty to get on with.' So I am saying to P&R do not bother with this bit of work, you can free up some resources to do some of the things that are more important. *(Interjections)*

Sir, I think we are ritually hubristic about the bond but it really is an albatross around our neck. I listened to the original debate and although I know it was supported by some really thoughtful and intelligent people, it also had thoughtful and intelligent opposition and I was astonished that it passed. When it did pass I thought I know we are going to move the goalposts on this. I am just surprised at quite how soon.

Sir, I do not often say this but on this occasion I have a doorstep promise to keep, I spoke to a lot of people who were concerned about this Government's decision to borrow money in the form of the bond, and I said that to keep the faith we will at least deliver the bond within the parameters that we originally set out. I am less worried about what if we give the money away and we are going to need it for our own projects in future, but more about proving to the population of this Island that the original premise was worthwhile, by delivering on it within the original parameters rather than moving the goalposts. Or if not at least dropping the hubris and saying, 'Sorry, we could not deliver it in the way that we thought we could but we are making the best of a bad deal.'

I honestly do not think that being able to lend funds on from the bond will add any value beyond last year's decision to make funding from the Capital Reserve available to non-States' bodies where it fits with the Policy & Resource Plan beyond the availability of the Future Guernsey Economic Fund to jump start projects that will benefit the economy. Or even beyond the idea of the participatory budget within this year's Budget.

There are plenty of routes already to boost community and economic spending and the kind of lending that we are being asked to consider, or we would be asked to consider, from the bond will be increasingly higher risk and that, sir, I think is what this Assembly originally intended to avoid.

So, sir, it is simply a matter of prioritisation. I know already that I am unlikely to be able to support the outcome of an investigation. I do not think the time is right; I think P&R have got better things to be getting on with and I am asking them to do so.

The Bailiff: Right no one else is rising.

Deputy St Pier, I suppose that ... Oh, Deputy Trott, wishes to speak.

Deputy Trott: It has crept up on me a little bit – I just want to make a couple of comments, thank you.

I have got a couple of comments and there is a part of amendment 32 which Members, I do not think, have focused on anywhere near enough. The amendment reads:

... to investigate the possibility of introducing a scheme for providing loans to organisations which are not part... or wholly owned by, the States for projects ...

And this is the salient bit:

... that support the delivery of the priorities set out in the Policy & Resource Plan in the wider community ...

1890 So it is entirely in support of the priorities set by this States and the delivery in the best interest of the community.

1895 Now a couple of points worthy of mention. Deputy Gollop – and I am conscious of the time – does not like the idea of propping up an airline. Well, I ask him to capture those thoughts because a little later on in this debate we will consider that matter with particular reference to certain loss-making routes, but in the meantime, in the meantime and somewhat more positively, a good example might be ... I know that my friends from Alderney have considered how economically beneficial the construction of a marina in St Anne's might be a very sensible idea if ever there was one, and I remind Members that in terms of infrastructure returns, the QEII Marina remains the most rapidly repaid economic infrastructure investment that the community of Guernsey has ever invested in, and it would be a very good thing indeed for Alderney. It may well be that in some sort of partnership arrangement funds from this source could be utilised to help pump prime that particular initiative. I mean I could go on, the opportunities are limitless, but of course if you allow this investigation then those ideas and numerous others will form part of the debate.

1900 Now others, sir, have mentioned Leale's Yard I think it is a particularly good focus right now because it is becoming increasingly clear that unlocking Leale's Yard, in whatever capacity it is to be unlocked, is likely to require States' intervention.

1905 I was disappointed that my friend, Deputy Roffey, was showing uncharacteristic emotion with regard to this site and I think he had some concerns, as did others, around governance, but we touched upon this earlier. The States is not as foolish as some members of the community would have us believe. We have lent substantial monies to the GHA and of course the Guernsey Housing Authority was very much one of Deputy Roffey's babies, he drove it, along with others, and thank goodness that he, and others mentioned, did. But the GHA's assets, as Deputy Dorey reminded us, revert back to the States should they get in any stress, and it is exactly that sort of governance overlay that can be embedded in any future arrangement, whether that is supporting long-term homes for the aged, or infrastructure problems that would assist our friends in Alderney.

1915 It would be ridiculous for us not to carry out this investigation, and I do hope Members of the States support amendment 32 in order that we can have that joined up debate at the appropriate time.

Thank you, sir.

1920 **The Bailiff:** I am going to propose that we rise now, but given the amount of work there is still to be done, I am to put to you the Proposition that we come back at two o'clock. That we return at 2 p.m. Those in favour; those against.

Members voted Pour.

The Bailiff: We will be back at 2 p.m.

*The Assembly adjourned at 12.31 p.m.
and resumed its sitting at 2 p.m.*

**The States of Guernsey Annual Budget for 2019 –
Debate continued**

The Bailiff: Members, we continue the debate on amendments 13 and 32.
Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

I rise to urge Members to support amendment 32 from the Policy & Resources Committee.

I have history in this area and I should start with a sort of declaration of that interest, in that I was the Treasury Minister who tried to persuade the States to launch a bond in, I think it was, 2009 with rather fewer constraints than were written around the issue that was eventually approved by the States in 2014. I was unsuccessful in 2009 but my basic attitude to borrowing by the States has not changed and therefore Members will understand the fact that I start with a prejudice in favour of using both sides of the States' balance sheet.

But I was not in the States in 2014 so I did not participate in that debate and did not sign up to the constraints that the States eventually put around the bond issue which have been outlined so clearly by Deputy Dorey this morning.

The bond was of course launched at a very propitious moment in terms of markets and interest rates and we obtained, as Deputy Trott has observed, extraordinarily favourable commercial terms at the time. But I do not think even at that time, and certainly not in 2009, did anyone expect interest rates to be as low as they are and to remain as low as they have been for as long as they have. As Deputy Kuttelwascher has observed, this now means that States' trading entities can often borrow commercially at lower rates than they can borrow from the States' bond fund and that has constrained uses of the proceeds of the bond issue.

I suspect, for example, that STSB may be back to the Assembly in the near future seeking approval for a re-fleeting programme at Aurigny where Aurigny will replace its ATR fleet using funds borrowed commercially rather than from the States' bond fund and that of course does present P&R with a problem, because basically there is not the demand for the funds in the bond fund that everyone was expecting.

Now, the reason I particularly want Members to support the P&R proposal to do a review of the uses of the bond fund is that I have been involved with the proposals around Leale's Yard and I think these are of critical importance to the Guernsey economy. Members will be aware that this site has been in the ownership of the Co-op for a long time and, frankly, as various projects and various plans have been approved but nothing has actually happened and I have to tell Members that there is a grave risk that the Co-op will simply mothball the site, which I think would be a crying shame for the Guernsey economy and a hugely wasted opportunity.

Now, as it happens, we have been able to sort of kickstart or re-ignite interest in proposals around that site and we are getting some traction. There is now active interest in developing the site in a way that I think will be very productive for the whole economy of Guernsey. But it does need the States to prime the pump, because on simple commercial terms that project has not gone ahead, no proposals have come forward which the market is willing to support and if the States does not actively participate in this the project will simply not happen.

Now, all that amendment 32 is asking the Assembly to do is to agree that Policy & Resources will review the situation and come back to the Assembly with proposals, if they think the conditions around the use of the bond proceeds need to be flexed a bit.

I think it is eminently sensible that we undertake that review, or allow P&R to undertake that review because there is a great danger that these funds will simply be frozen out of the market and that is not to say they are not being put to valuable use in terms of general investment and we may be getting some sort of dividend off the surplus on investment over the cost of the borrowing, but that is not why the Assembly approved the issue of the bond.

We issued the bond in order to benefit the States of Guernsey and the wider Guernsey economy, and I think there are opportunities now which we see at Economic Development which

we are very actively determined to pursue where the States can provide the catalyst to creating something that is really good for Guernsey and which will produce immediate substantial revenues for the Island in terms of conveyancing fees and so on.

So I think the wider economic issues do need to be taken into account. I look forward to seeing the P&R review, and I think Members would be very foolish to discount the possibility right now that there is not a better solution for these funds.

Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

Some might argue with hindsight that we borrowed more than we required for our short-term and medium-term needs.

The talk about Leale's Yard sounds exciting and I am a big supporter of the idea of using Leale's Yard or the States intervening in the Leale's Yard situation.

But I suspect, I might be completely wrong, that the debate we are having now is because I am right and that we did actually borrow £330 million; the borrowing I think Deputy Parkinson was referring to was a lot more modest sum than that. Was it £180 million I think? Most of that was supposed to be funding the Suez incinerator. But we borrowed £330 million.

It might be that if amendment 32 is approved and P&R investigates possibilities, other possibilities, I think we need something, a comparator, to make a decision. If they just come up with some figures showing the potential benefits to the Island the other possibility of course is using the excellent investment returns we have had so far over the last four years to actually buy back some of this bond, say £100 million of the bond, and give ourselves less of a problem in deciding what on earth to do with this vast sum of money.

Because the truth is if it was not for the GHA borrowing £100 million of the £140 million we would be in a rather embarrassing situation of having borrowed a very large sum of money and having very little idea of what to do with it. Because, as Deputy Parkinson said, a lot of the trading bodies can actually go to the market and borrow more cheaply than they can from our bond proceeds.

So really I am not putting a dampener on P&R's ideas but I do think to make a comparison we should actually see what the effect would be of actually buying back £80 million to £100 million of our bond and giving us slightly less of a borrowing overhead on our economic situation. I do not know what the practicalities of that are, I assume there is a market in the bond, but I would like to see that included in anything that P&R bring back to the Assembly.

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I think both of these amendments are well intentioned. Whether we should have had a bond, whether we should have had the amount of the bond, whether it was the best thing since sliced bread, or it was rather stale bread, is irrelevant; we have got the bond, we have got that money and we have got to put it to appropriate use.

Deputy Parkinson is right, nobody foresaw that interest rates would be this low for this long – *nobody* – I mean people were talking about them being 4% or 5% by now, and they are a long way away from that. So what do we do?

But what I did not understand from Deputy Parkinson, having regard to the wording of the amendments which is what we are debating, is how on earth the States could prime the pump for Leale's Yard under these circumstances. Because that is something that is completely different. I mean Leale's Yard will never get developed unless the States do prime the pump, but that has got nothing to do with these two amendments. Because the P&R amendment says, 'To direct the

2025 Policy & Resources Committee to investigate the possibility of introducing a scheme for providing loans,' loans which means generally with a loan you expect to get it back.

2030 The concern I think that is well expressed in amendment 13, the Queripel/Yerby amendment, is really, look, leave it where it is because, though they do not say it, I think this might be an underlying current of the amendment, and if so I have got some sympathy with it because if you lend to third parties those third parties can go bust and whatever security you have got it is not the same as States – hopefully they are not going to go bust, hopefully if it is a States' organisation there is States' control over that and therefore you are likely to get your money back and you are likely to get your interest paid.

So it is that conundrum –

2035 Sorry I give way to Deputy –

Deputy Parkinson: Thank you, Deputy Ferbrache.

2040 I can perhaps clarify my remarks. I think any scheme around Leale's Yard, to take off, will basically require the States to loan the funds to build the basic infrastructure, the roads, the drains, the power cables and so on before the construction can start, and the general scheme of the arrangement would be that the States would be repaid as parcels of land are sold off for development. So the basis of it is a loan to a commercial body and Deputy Ferbrache is quite right, the States would be taking some risk, but nevertheless will have security over the land; but I think it is a risk that we need to consider.

2045 **Several Members:** Hear, hear.

2050 **Deputy Ferbrache:** I am grateful or that, and that clarifies my mind or clears my mind in relation ... because – Deputy Parkinson has explained it so I accept his explanation – I thought he was going to say the States should be putting in £10 million as a grant or something to build the roads, build the infrastructure, because that certainly will cost a lot of money.

2055 The trouble when you enter into a big construction project is that it often falters because economic circumstances change. Now if it is the States, that is fair enough, the States can cover it; if it is a private enterprise you are left with a half built, half developed site that the States might have loaned £30 million, or £40 million or £50 million and it has got no real security. So that is the conundrum I have got.

As I say, I fully respect the Queripel/Yerby amendment in the sense they are saying, 'Leave it with the States, leave it with the States,' and I can see the logic of that. But we have got to live in the commercial world.

2060 What we have got to do, if we follow the P&R amendment and they come back with a report, is we have got to make sure that, although we have regard to commercial reality and in any commercial loan there is a risk however blue chip your borrower may be, they sometimes go wrong, but we are as secure as we reasonably can be, because there have been too many projects ... There was a project about, if you remember, developing all along by Fosse Park etc. or all that area. Thankfully that did not go ahead because the developer has since gone bust and the States would have been left with a £300-million-to-£400-million project that it would have found very difficult to finance.

I know you can say, well, they should put up a bank guarantee for the rest of it, but having dealt with that as an advocate when those kinds of things have gone wrong, it is much more difficult to put it right than is anticipated.

2070 So on balance I think we have got to trust P&R to come back with this report and we have got to move on with the fact that though the bond was borrowed for purposes that were completely unconnected with the third sector, the independent sector, I am inclined to favour the P&R amendment because we have got to be realistic and we have got to put to proper use these funds, otherwise it is just sitting there, we are earning an investment return but we may not always earn an investment return because the markets have changed.

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So I think it is a good and timely amendment, but again I have got a lot of sympathy for the Yerby/Queripel one as well.

The Bailiff: Deputy Paint.

Deputy Paint: Sir, I did vote against the bond. I am a very traditional Guernseyman and do not like to borrow anything unless I absolutely have to. I voted against it because my biggest fear was that we would be in the situation where we are today. We have loads of money that we do not know where to put. Alright, as Deputy Queripel said earlier, it was for specific reasons. Now you are looking for something else for it. Well, many things might come up where you will need the money, and I am not sure this is the correct path to follow. You borrowed this money which I did not really want to do, but at the end of the day if things go bottom up it is the taxpayer that will take the hit – not anybody in the Assembly or anybody anywhere – and that is what I worry about.

Thank you, sir.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, I have scribbled some notes. I started with three dots: on one side I had the sort of Jersey Innovation Fund in one corner and on the other side I had the sort of knowledge that investments can go up as well as down, and somewhere along that line sat the bond. I know the Jersey Innovation Fund is very different to the Guernsey Investment Fund, because the Guernsey Investment Fund is equity based. But I am also fairly conscious that investments are ultimately a little bit of a gamble – okay, slightly more structured than most, but I remember, was it yesterday, through you, sir, Deputy Kuttelwascher was speaking about the trillions wiped off markets over the last five or six months. So it seems that we have got this bond sitting in between two greatest fears, bad lending decisions and the potential collapse of markets. So there is a bit of me that thinks we need to do something with it at the moment. But I do not know if I am being seduced in some way by amendments – which one was it, (*Interjection*) what is the other one, 32? I was looking at the back page, the very last sentence:

It could, for example, help unlock projects such as Leale's Yard.

Now I think I know what I could do with Leale's Yard. I am sure Deputy Fallaize might have a view, and I am sure Deputy Tindall might have another view. I am not entirely sure what these projects are exactly. Are we talking first-time buyers; are we talking commercial; are we talking renewable energies; are we going to collect Guernsey Electricity to lighting up lines across the Channel? I am not entirely sure what this actually means.

So it is seductive, but I do not know what this actually means. Because quite clearly something needs to be done with Leale's Yard if, for nothing else, to relieve what is happening in the rest of the northern parishes, I believe.

Initially when I came into this debate I was looking at the Queripel and Yerby amendment and, probably similar to Deputy Paint and possibly Deputy Ferbrache, I was inclined to vote for 51 and/or 52, but I have moved towards 32.

But I would like to ask one question. This is just really because I do not have an awful lot of knowledge. As you know, there are a few of us in this Assembly that are fairly keen to see an extension to St Peter Port Harbour. Those of you in this Assembly and probably out in the wider public know there is a bit of a project in the background about extending the Harbour out to Sardrette & Goubeau and sticking a 160 m jetty in there. Now, and through you, sir, and it is really for Deputy St Pier when he tidies up, could that last sentence say: 'It could, for example, help unlock projects such as Leale's Yard and a St Peter Port development project'?

Thank you very much.

The Bailiff: Anyone else? Deputy Lowe.

Deputy Lowe: Just very brief, sir.

It is the Leale's Yard thing that has made me rise to my feet. I know that it has been said about that might be an area where this fund could be considered for some form of development. I am uncomfortable with that. There are many sites around the Island where developers have bought the land with all good intentions at that time to develop and then the economy and for commercial reasons they have decided not to do that. Would we be setting a precedent that actually we will say that is okay because the States are here, 'We are going to start helping you out,' and that is the image that is coming from what I am listening to here and I am increasingly uncomfortable with what I am hearing.

If a business has made a commercial decision to actually purchase some land that is a commercial decision they have to bear. To be sitting there if I was that commercial company sitting there at the moment I would be smiling all over my face and thinking, 'Yes, that is all right I am going to be bailed out by the States shortly' –

Deputy Tindall: Point of correction, sir.

Deputy Lowe: – and I do not think that is actually appropriate.

The Bailiff: Point of correction, Deputy Tindall.

Deputy Tindall: Thank you, sir.

Deputy Lowe is referring to land owned by developers; Deputy Parkinson was referring to infrastructure in respect of land owned by the States.

Deputy Lowe: Oh, thank you, but I did hear it, what Deputy Parkinson said, but I am talking generally about some of those others.

I have been here for all of the debate but I am hearing about some of the other speeches that have been mentioned about Leale's Yard. It is a crying shame, the state of The Bridge, and I do hold them responsible for that because they evicted people far too early. That is their commercial decisions. Nevertheless, I just want to place on record how uncomfortable I am at some of the speeches I am hearing about helping out private developers.

The Bailiff: Anyone else? No.

In that case Deputy St Pier will reply.

Deputy St Pier: Thank you, sir.

Deputy Roffey said that events have changed, and Deputy Kuttelwascher identified, as indeed did I in opening debate on our amendment, that the interest rate environment is one of the events that has changed, and Deputy Ferbrache also mentioned that as well.

Deputy Roffey said that it may or not be the right thing to do, and I, and we, absolutely agree, it may or may not be the right thing to do. We do not know yet. We have exactly the same instinctive concerns as Deputy de Sausmarez has, which is why we feel it is necessary to undertake the work.

The criteria have changed, Deputy Roffey said, and one of the criteria that has changed is the decision of the States not to commit £30 million, which was one of the things that was hardwired into the original £250 million for the waste transfer station. So referring to Deputy Dorey's comments that I gave to the Scrutiny Committee a round feeling that success would look like £330 million, all £330 million being applied to States projects. That was the correct statement at the time. That included £30 million for the waste transfer station. The decision for the States not to commit those funds was subsequent to that statement. So that in a sense was the game changer that Deputy Dorey was referring to in terms of what was at the outset.

Deputy Green asked some incredibly sensible questions. What would the governance be like? Where is the security?

2180 Something that Deputy Parkinson referred to, and Deputy Ferbrache as well. How will the credit assessments be undertaken? What will the balance be available for States' funded projects? A question that Deputy Smithies asked as well. All incredibly sensible questions to which I cannot provide the answers unless we actually lift the drains and do a little bit of work to be able to answer those questions, which is exactly what we do need to do.

2185 Deputy Green also made the point that this needs to be done out with the Budget resource, and I certainly can give the undertaking that if any policy letter does come back on this issue it will be a standalone policy letter on this matter and it will not be part of any Budget Report.

2190 Deputy de Lisle asked a couple of questions in relation to the existing situation the flaw on the interest rates for any loans from the States is the cost of the loan which is 3.625% the Consolidated Investment Fund is invested in a balanced portfolio and the residual balance un-lent at the moment sits within that balanced portfolio.

2195 Deputy Lester Queripel asked about the States' loan scheme: there is a difference between that, of course, and what we are talking out here, which is essentially potentially commercial lending as opposed to the first time buyers under the States' loan scheme. It is a different set of borrowers. He asked me not to use the 'events, dear boy, events', which was first used I think by Deputy Roffey but what I will say is what I started with is that circumstances have changed.

2200 Deputy Langlois, I think, made a very valid point about this comparator, what are the alternatives. I think any analysis of this, any options analysis should look at do nothing, always a good starting point, in other words what is the outcome if we just carry on as we are, what are our expectations. Do something and his suggestion of well, actually is there another option which is to actually buy back some of the loan in some way. Certainly I can agree and undertake that any future options analysis would include that.

2205 I think Deputy Parkinson has answered Deputy Ferbrache's question around pump priming. To be clear, the ... I hesitate to say 'schemes on the table' because they are not that well developed, but the ideas that are currently on the table do envisage that it would be a debt funding model exactly as Deputy Parkinson has described. Again, a lot more work and thought would need to go into that.

2210 Deputy Inder asked if he was being seduced, and I think we are being seduced, we at P&R are being seduced which is why we think we should look at it, because it is seductive to think that there may be a better alternative, but that is why we think it is our responsibility to look at properly.

In terms of what is it at Leale's Yard, again it is too early to be able to give Deputy Inder any kind of full description of that other than the say anybody who knows that site will know that it is a significant site that will require a mixed scheme of development. What is in that again is just not sufficiently far forward to be able to answer that question.

2215 But that is precisely the problem and to explain to Deputy Lowe in response to her comments why this has not gone ahead, it is just too big to be a project which has been attractive in the current market place – I will not give way, as I am summing up – therefore that is the reason that actually the question of whether the infrastructure requirement could be in some way debt funded is – I will not give way as I said whilst I am summing up – I am nearly concluded – is exactly why we feel it is something that should be considered.

2220 Governance is clearly absolutely critical and one of the existing governances for us now is we the Policy & Resources Committee, the current Committee, but actually not just the current Committee; other successor committees have a responsibility to constantly keep their eye on the ability of the States to repay this fund in 32 years from 2014, 2046. I think it would be foolhardy and reckless to deny us the opportunity to come back to the Assembly with any recommendations.

In terms of priorities to address Deputy Yerby's point this is not a high priority for us we are not rushing to wait to do this and fly in teams of consultants as Deputy Inder may fear, this is

2230 something that we would, the Treasury Team can work away on in the background as part of other things, or as part of a scheme that may come forward that requires further analysis in the way that we have just talked about.

2235 Sir, this is not a distraction from the Policy & Resources Committee's other priorities, this is simply something that as it says in the Budget Report we would be looking at in the normal course of events. It has become much bigger as a result of this series of amendments, but I think just setting it in context we just need the time and space to be able to take a look at it.

But let's be absolutely categorically clear: there can be and will be no lending beyond the current criteria unless and until this Assembly has approved a different policy direction via a new policy letter which will be presented if appropriate and at a given time in the future if appropriate it will be presented as a separate policy letter and not as part of a Budget Report.

2240 I therefore urge Members, sir, to support amendment 32 and reject 13.

The Bailiff: Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

2245 Sir, I would firstly like to thank all Members who contributed to the debate. For those who spoke in favour they made some excellently strong points; those that spoke against amendment 13, not so much, *(Laughter)* but thank you.

Sir, there were some themes that emerged during debate, but I just want to start with Deputy St Pier's opening speech and his response that he gave just now.

2250 Deputy St Pier when he spoke the first time round spoke about P&R's mandate, because of their mandate they have the right to look at these things. But of course I acknowledged that when I opened up, and what I did say was there was actually in my opinion there was a conflict or a clash between their mandate and the very clear and firm rules or lending rules around the Bond, which is why I maintain that this debate is not premature it was right to have it now, because this is a fundamental issue and it is potentially a far-reaching issue if the rules around the Bond, the lending rules around the Bond are changed. So it was right to have this debate now and I think actually bearing in mind the things you have heard during this debate from Members it was the right time and a good thing to have this debate because many questions have been asked and many points have been put forward.

2260 The bottom line is, and Deputy Yerby made this point very well, much better than I could, if Members are just curious about what P&R want to do, if you are just curious and want to see what they might come back with, what I would say to those Members is if you do not really have any appetite for the States taking greater risks, if you do not really have an appetite to expose the States' purse, and the public purse, to greater risk then you should not vote for amendment 32, because that is what is going to happen. Whichever way you look at it, if P&R go away and do this work and do the investigation and Deputy St Pier has played down the point about well staff can just do it on the side when they are doing something else or they will not need to spend much time on it. If that is the case, then I would not trust that the business case will be very sound. *(Laughter)* If they are going to take five minutes to put a business case together and just have somebody working on it on a side issue – when they have a coffee break from something else, they are working – then it is not a very strong business case, I would expect, and not a very well researched one. So put that idea out of your mind. If Members vote for 32 and send Policy & Resources away to do this work, they will have to spend considerable time on it, considerable staff time, considerable resource, do a lot of research, go out and talk to a lot of people before they come back with something. So put that out of your minds Member.

2275 There are two crucial things to remember. This will instigate a great deal of work, time and cost on behalf of P&R and if you vote for it you will definitely be saying that you are prepared to increase the risk that the States will face in the future. So if you are not prepared to increase the risk that the States will face, the exposure of States' funds and public funds then do not vote for 32, vote for 13.

2280

Should the States of Guernsey in effect be a bank lending on borrowed money to private entities, even if the cause is a good one, is that worth it, does that justify the risk and the exposure of States and public funds?

Now Deputy St Pier said that circumstances have changed and that markets have changed, well we have very qualified people in this Assembly accountants, financiers, etc. and yet that was not really a point made when we debated this issue back in October 2014. It was not made by the experts, it was a point made by the laymen, people such as myself. Somebody who really knows very little about these kinds of things and somebody who has done a lot of research and gathered a lot of information to try and become more informed on this issue, but I told them that back in October 2014, so did other Members of the Assembly at that time. They were saying markets change, markets go up and markets go down. This is a risk do not take the risk. The more expert Members of the Assembly, well some of them anyway, were saying it is not a problem, it will be fine, it will work out great. Now the warnings, the warnings of the laymen have come to pass. You could not make it up, but somebody clearly has. *(Interjection)* I am not expert enough I need to do enough five years and then I can be less risk averse I suppose.

The thing is, sir, that a number of Members who have spoken in favour or sort of in favour of amendment 13 have said that actually we are better off leaving it where it is. Deputy Smithies and others have said that because they know that in the longer run, I know it is not short or medium term, but in the longer run there are projects coming up that will rightly qualify to access proceeds from the Bond and those proceeds are likely to be used completely up eventually via those direct States' projects.

That is the other concern, sir, the other one that I and other Members have referred to again earlier. What if we do end up lending quite a few million to a private business or to a private project and then we come to the point and actually we need a lot of the proceeds from that Bond to cover States' projects, what about if there is not enough in the pot then, what happens then. I wish somebody could stand up and tell me what will happen then. *(Interjection)* Exactly. Another Bond – I will guarantee now – I will not be in this Assembly next time, sir, I am not standing at the next Election *(Interjections)* so I was not being populist. I will guarantee now, sir, if quite a few million pounds from the Bond proceeds get lent to private projects at some time during the next term, when we find out or when the States of that time find out that there is not enough money left from the Bonds proceeds to cover States' projects, another proposal will come to this States to take out yet another Bond. *(Interjection)* I can almost guarantee that, and I will probably write a letter to *The Press* saying that when I am sitting on the outside. *(Interjection)* That will teach me. Well, unfortunately, it will teach all of us, sir, because the whole of the community will pay the price for that, Guernsey taxpayers.

Now I think Deputy St Pier also – this is a bit of a desperate measure, a desperate claim, he has overplayed this bit about the £30 million that was used from the Capital Reserve for the waste transfer station rather than coming from the Bond. If that was a major player in regard to what the Bond proceeds were used for, then I really cannot understand how they could justify taking out the Bond in the first place.

I would say to Members, bear in mind Deputy St Pier has said that, he has gone on record as saying that if he could have he would have borrowed even more than the £330 million. So what if we borrowed an extra £30 million after, what would have happened to that £30 million? Would that still be sloshing around as well within the Bond? So bear that in mind I would ask Members, Deputy St Pier would have borrowed even more if he had been given the chance, and yet we are talking about a small amount comparatively £30 million for a transfer station.

I think in response to Deputy Smithies as well he was talking about I think it was Guernsey Water and the drainage network and we really do not know how much that is going to cost yet because it has not been looked at in detail we do not know how much work would have to take place on the drainage system. Well, exactly. Why would you explore giving out money to private entities to third parties not associated with the States when you do not even know how much of

the Bond proceeds you are going to need to use on any given project that is directly within the States ownership?

Also while we are talking, I did not really want to mention names but they have been mentioned – Leale’s Yard has been mentioned, Le Platon has been mentioned, Now Deputy Trott, sir, when he spoke I think he said this, and I am quite happy to give way to him if I am incorrect in what I am about to say. But he said if we lent for example some proceeds from the Bond in regard to the Le Platon project, if things did not go well, if they could not pay back the proceeds from the Bond, then we might be able to take back the asset and take ownership of the asset. That all sounds fine, sir, but what about the liabilities that come with the asset, what about the costs of the asset, what about the maintenance, what about the running costs. So we would not only just take on – it would not be a sort of *quid pro quo* situation. We would not just be taking an asset back that is perhaps equivalent to the amount taken from the Bond; we would be taking on all the associated costs as well, the running costs, that would be an obligation, an extra liability for the States and for the public purse.

Now Leale’s Yard was mentioned, sir, and there are lots of things you could say about that I suppose, but before the owners or the developers or whoever it is want to do something with Leale’s Yard why has it got to be a project that is all done at once. Why couldn’t the owners of that land, or that site, say, split it up into smaller parcels, smaller land parcels, and develop it in a bit by bit process? Why would they need to do it all at once? I do not think there is really a great justification for a load of money to go from the Bond toward that project because it could be done in a much more delayed and bit by bit way.

The other thing, sir, some Members who have spoken in favour of 32. They must be absolutely convinced that P&R are going to go away and do this incredible in-depth comprehensive piece of work and come back with a really sound business case, but I would remind Members, especially Members that were in the last Assembly, they thought they were doing that and the majority of the last Assembly thought they were doing that when they came with the Bond proposals in the first place. They were telling us, and it was Policy Council at that time and Treasury & Resources actually, sorry. They were telling us that £330 million was just about enough, that it would probably all be used up in the short to medium term and even if it was not we were making good returns on the investments so there was nothing to worry about. How many of those chickens have come home to roost? We have seen them flying in today and coming in to the nest.

So are Members absolutely sure, the Members that are thinking about voting for 32, are they absolutely sure, 100% confident that P&R are going to come back with some sort of business case that they can entirely trust and rely on. What about if the same thing happens as happened last time, when the due diligence just was not good enough in regard to the Bond proposals in the first place.

Deputy Roffey started by saying – I hope I have got this right – this is not the place to refight old battles; but that was an inaccurate comment, we are not fighting old battles. This is a new development. The first I heard about this idea was in the Budget Report. This is the Budget debate so this is the time to talk about it. It is not about fighting old battles it is about talking about what has happened since the Bond was taken out and what is mentioned in the Budget Report this time on.

I say to Deputy Roffey again, sir, we have been assured by Members in the know, Members of the States’ Trading Supervisory Board and Members of other relevant committees that in time they believe that most of the proceeds from this Bond will be used. Well why would we doubt that? Why would we think that is an inaccurate comment? So it is just a case I think of holding our nerve. But I think what has happened is this whole Bond issue has become a bit more of a white-knuckle ride for P&R than they thought it was going to be, so therefore they are coming up with these suggestions.

Deputy Green said he was going to support amendment 32, as I said yesterday during a different debate, it is all about Members weighing up the information they have and making a

judgement call. I appreciate that, so I respect that statement, but I would ask Deputy Green just to bear in mind all the things I have said just prior to coming to his comments.

2385 He spoke about the governance and the oversight if the States do set up a project with a third party or private business. As far as I can tell when it comes to that kind of arrangement it just does not seem to be possible for me to set up the sort of governance or oversight structure that I would be comfortable with, as I have said there is always a greater risk when you are dealing with outside entities and third parties, and I am not sure whatever structure is set up that it will be
2390 good enough if things start to go wrong.

Deputy Le Clerc and I think Deputy Gollop: I can tie their two comments up to some extent. Deputy Le Clerc was saying that private businesses who have not got the money but have got some of these worthy projects or projects that might be of benefit to the community or to the economy, they might benefit from this. But when you get into that territory because we spoke
2395 about risk, we spoke about exposure, it is always quite a speculative situation.

Now if it was Leale's Yard – and of course you see this around on building sites at the moment – if it was Leale's Yard and a number of units were built or constructed on that site, what about if those units were slow to sell, what about if those units did not sell at all? Where would the income then come for the private business? Well, for the people leading the project to pay the capital and the interest on the proceeds of the Bond, where would that come from? So it is always
2400 a speculative measure, and I do not think we have a right, bearing in mind we have been democratically elected by the public, we are custodians of the public purse, I do not think we have a right to be that speculative.

If Members do want to be speculative and take that risk, it is not their cash; it is the public's cash, (**A Member:** Hear, hear.) and secondly they will have to be accountable if it goes wrong, and I hope they are.

I think it was Deputy Dorey, but other Members mentioned this too, sir, about the fact that actually not only States' trading bodies, States' trading companies but private businesses actually, they can get a better deal in regard to borrowing money from the commercial sector at the moment than they can from the States. So I wonder why they would borrow from the States in the first place if that was the case. Secondly if it is a private company or a private developer that borrows from the States and at first their business case looks quite good but as time goes on it starts to unwind, it does not look so good. If I was in that position I would be thinking, yes, the States, that is a good back stop because if things go wrong the States are going to pick up the slack. So is there a potential for that to happen as well, a business case that might look quite good in a superficial sense but later on it goes wrong and it does not look so good then, and then the States, the public purse is the backstop, it picks up the slack.
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2415

Are Members prepared – I know that at the moment we are saying we are just going to send them away to do an investigation and come back – but are they prepared to face that prospect, to take that risk? I personally am not. I personally want to see these Bond – I did not want to go with the Bond in the first place but we have for it now so I want it to be used for the clearly stated intention, the intention that was sold to the last Assembly from Treasury & Resources.
2420

Deputy de Lisle I think asked a question and I cannot remember if Deputy St Pier answered it. I do apologise if he did but he asked about, I think it was something like, could you redeem a portion of the Bond if –
2425

I will give way to Deputy de Lisle, sir.

Deputy de Lisle: Yes, can I just have an answer to that, sir, because I did ask three questions and I only got an answer to two. The third one was simply does it make sense to hold on to the residual funds and why, and/or to move back the residual into the market or in fact go for commercial lending?
2430

The Bailiff: I do not think Deputy Laurie Queripel is in a position to answer that and he is the one who is now speaking.

2435 **Deputy Laurie Queripel:** I was hoping that Deputy St Pier might ask me to give way and he could answer that question.

The Bailiff: He has not.

2440 **Deputy Laurie Queripel:** He is not prepared to, sir, he probably does not know the answer!

Several Members: Ooh! (*Laughter and applause*)

2445 **Deputy St Pier:** Sir, I was conscious of your comments at the beginning of the day to avoid repetition. I answered the question in a response to Deputy Langlois, who raised exactly the same point and I said it would be addressed as part of any policy paper that comes back to the States.

Deputy Laurie Queripel: So we do not know then, okay, thanks. (*Laughter*)

2450 Yes, so these themes have emerged about the risk about the fact that private companies can borrow more cheaply and States' bodies can borrow more cheaply from the commercial sector at the moment.

Deputy Trott: Sir, point of correction.

2455 This myth is being perpetuated. Private companies can borrow more cheaply in the short and near medium term. They *cannot* borrow more cheaply in the long term and that qualification is important in this context.

Deputy Laurie Queripel: Bearing in mind, sir, that markets go up and down, can Deputy Trott guarantee that? (*Laughter*)

2460 **Deputy Trott:** Well, the yield curve would currently suggest that those conditions are likely to prevail, yes.

2465 **Deputy Laurie Queripel:** But weren't those sorts of predictions made prior to the Bond being taken up in October 2014? There was all sorts of talk about it was a good time to be taking out a Bond, that those conditions would stay favourable for a long time into the future, and now we are seeing a different situation. So I do not think anybody can predict – well, certainly I do not think the experts or financiers or accountants can predict the future performance of the stock market but it seems laymen like myself are better at it.

2470 **Deputy Trott:** Sir, on a further point of correction.

2475 As was stated earlier the timing of the issuance of this Bond was absolutely perfect, it has not been possible for a non-sovereign sterling issue of 30-plus years to have attracted a better coupon rate since. The market is somewhere around 50 bases points higher which means, to answer your question specifically, if the States did decide to buy back some of this Bond, which is a possibility, not one that I would recommend, there would be a very significant profit accruing to this Assembly. So not only has, I think, Deputy Laurie Queripel failed to recognise that at the end of last year there was a £15 million – admittedly un-booked profit, but £15 million nonetheless. Market conditions have moved very favourably, should the States seek to exercise that particular option, one of many options available to this Assembly.

2480 Thank you, sir.

Deputy Dorey: Point of correction.

2485 **The Bailiff:** Deputy Dorey.

Deputy Dorey: I am sorry, that is just not accurate. I consulted experts in the market and the Bond was at a considerable premium after it was sold, which indicates that we could have got a lower interest rate, and it was at premium for – I do not know what the current price is but I checked for quite a while afterwards, it remained at a premium above the par value. So I do not think it is right, we could have got a lower interest rate and we could have chosen a better time.

Deputy Laurie Queripel: Thank you, sir.

Of course to add to what Deputy Trott said, in the first year of the Bond of course the fund was £5.1 million in deficit, so once again showing markets can go up and go down and that could be the case in the future nobody can predict these things.

Sir, I am just going to end by saying Members if you are prepared to potentially increase the risk in regard to exposure, in regard to States' funds, public funds, the public purse, then by all means let this investigation go ahead. If you would rather take the much more prudent approach and allow the Bond proceeds to be used in the way they were intended to be, in the way that was heavily sold by Treasury & Resources in the last term then please vote for amendment 13.

Thank you, sir.

The Bailiff: We vote then on amendment 13

Deputy Laurie Queripel: A recorded vote please, sir.

The Bailiff: A recorded vote. A recorded vote on amendment 13 proposed by Deputy Laurie Queripel and seconded by Deputy Yerby.

There was a recorded vote.

Not carried – Pour 11, Contre 26, Ne vote pas 1, Absent 2

POUR

Deputy Lester Queripel
Deputy Merrett
Deputy Lowe
Deputy Laurie Queripel
Deputy Paint
Deputy Dorey
Deputy Yerby
Deputy Prow
Deputy Oliver
Alderney Rep. McKinley
Deputy Kuttelwascher

CONTRE

Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Le Tocq
Deputy Brouard
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Alderney Rep. Jean
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley

NE VOTE PAS

Deputy Roffey

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

The Bailiff: There is another vote coming Deputy Paint. *(Laughter)*

Well, Members, the voting on amendment 13 was 11 in favour 26 against I declare it lost.
We vote now on amendment 32 again with a request for a recorded vote.

There was a recorded vote.

Carried – Pour 25, Contre 12, Ne vote pas 1, Absent 2

POUR

Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Inder
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Le Tocq
Deputy Brouard
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Alderney Rep. Jean
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Lester Queripel
Deputy Merrett
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Paint
Deputy Dorey
Deputy Yerby
Deputy Prow
Deputy Oliver
Alderney Rep. McKinley
Deputy Kuttelwascher

NE VOTE PAS

Deputy Roffey

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

2515 **The Bailiff:** Well, Members, the voting on amendment 32 was 25 in favour with 12 against. I declare amendment 32 carried.

That brings us to amendment 33 to be proposed by St Pier seconded by Deputy Trott.

[Amendment 33](#)

1. *In proposition 42 delete the words in italics "to note that the Policy & Resources Committee has approved" and substitute in italics: "to agree with the Policy & Resources Committee's approval of";*

2. *In proposition 43 to insert "and agreement" after "consultation."*

3. *To substitute proposition 44 as follows:*

"44. To amend part (b) 10. of the "Duties and Powers" contained within the mandate of the Policy & Resources Committee to read: "recommending the appointment of external auditors to the States.""

4. *To add a new proposition after proposition 44:*

"44A. To direct the Policy & Resources Committee to recommend to the States, at the earliest opportunity, the establishment, constitution and terms of reference of an Audit Committee which shall, inter alia, advise the Policy & Resources Committee on the appointment of external auditors."

2520 **Deputy St Pier:** Sir, this amendment, as set out in the explanatory note on the back I think should assist Members, is in response to the amendment 9 from Deputies Merrett and Yerby, and I am very grateful to them for their engagement over recent days, and this amendment retains their helpful suggestion that the States agree with the approval of the accounts rather than

merely noting them, and also that it requires the Policy & Resources Committee to recommend the appointment of external auditors until such time as we have an alternative governance model. It is worth just noting that the current auditors have been appointed for a period of five years for the 2017 accounts.

2525 It is the intention of Policy & Resources Committee to bring recommendations in due course in relation to governance envisaging an audit committee which would be independently chaired and so on. I think as I say the explanatory note is helpful and I will respond to any comments in debate.

2530 **The Bailiff:** Deputy Trott, do you second the amendment?

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

2535 **The Bailiff:** Anyone wish to debate the amendment? No.
We go straight to the vote then on amendment 33. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.
I take it then amendment 9 is not to be laid, is that correct?

2540 **Deputy Merrett:** That is correct, thank you, sir.

The Bailiff: Then how about amendment 19. That has been crossed out as well. Is that not to be laid Deputy Soulsby? No. That is not to be laid.

And amendment 34 I understand is not now going to be laid? Is that right?

2545 So we come to amendment 4 to be proposed by Deputy Dorey.

[Amendment 4](#)

After Proposition 4, to insert the following:

"4A. To direct the Overseas Aid & Development Commission to research and recommend to the States, by no later than April 2019, a range of initiatives which could increase the States of Guernsey's contribution to international development to 0.2%, 0.3%, 0.5% or 0.7% of GDP over the 5-10 year period beginning 1st January 2020 and ending between 31st December 2025 and 31st December 2030.

4B. To direct the Policy & Resources Committee to investigate whether any part of Guernsey's contribution to international development could be raised by hypothecated taxes, business levies, or other alternative means of taxation and to make recommendations accordingly in the States' Budget for 2020."

Deputy Dorey: Thank you, Mr Bailiff.
Can I ask the Deputy Greffier to read out the amendment please?

The Senior Deputy Greffier read the amendment.

The Bailiff: Deputy Dorey.

2550 **Deputy Dorey:** I thank the Deputy Greffier for reading it out.
The amendment is seconded by Deputy Yerby, President of the Overseas Aid Commission, and I thank her for her help in preparing the amendment.

I am not going to make a long speech but please do not think that I am not passionate about the subject it is just a reflection of the number of amendments and the time we are within this long debate and the Assembly can just simply support this very reasonable amendment.

Firstly I would just like to make a comment on the Impact Investment Fund, I support and appreciate the contribution that will be made by this funding, but the aim is different to the overseas aid budget, the fund aims to generate specific beneficial social or environmental affects alongside a financial return, very different to the overseas aid budget. The proposal in the Budget is that the contribution to overseas aid is £2.96 million using the previous method of calculating GDP the contribution amounts to 0.12% of GDP and the method of calculation is explained in paragraph 3.6 on page 13. But using the latest GDP calculation which is I think the right way of doing it, it is £0.097%. In the 2012 Report on Overseas Aid it said the following, and this relates to – it starts off ‘most recently’, not the most recent, but – it dates to a conference that happened on 20th to 22nd September 2010. Most recently a Millennium Summit Review meeting hosted at Monterrey Hall stated that:

Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 per cent of its gross national product at market prices by the middle of the Decade ...

– 2015 and we are currently contributing 0.097%.

The other point I wish to make is that was of GNP and I have said the funding of GDP GNP is always greater for a country than GDP, so if you go on the GNP we are even less than that.

In the 2017 Overseas Aid & Development Commission Report there is a table showing the proportion of GDP given by various countries and I will read out some examples: Norway 1.07%; Belgium 0.45%; Ireland 0.45%; Australia 0.34%; Iceland 0.26%; Portugal 0.23%; Italy 0.16; Slovenia 0.13%; Greece 0.13%; Poland 0.1%; Guernsey would be below all those countries. By comparison Jersey spends 0.27% of GDP; the Isle of Man 0.05% less than us.

If Guernsey was to meet the 0.7% of GDP target we would be contributing £21.35 million instead of £2.96 million. Obviously we are not going to increase our contribution overnight to that level. But we had a budgetary surplus in 2017 of £22.1 million. I fully accept that is a one off, it is not recurring but we had that budgetary surplus. We could have allocated some of that as a one off to our Overseas Aid Commission’s money. The Budget on page 6 predicts a probable surplus of £4 million for this year. We could allocate part of that surplus again when we have the Budget next year.

Relative to the rest of the world we are an affluent Island, and more affluent than some of those countries who contribute more than we do. We trade internationally and our prosperity comes from international trade. We cannot just ignore our inadequate contributions compared to the UN target.

I would like to pick out just two pieces of information from the report that we considered last year. As I said, I do not want to make a long speech but I think it illustrates why we need to give more. Over 600 million people around the world use an unimproved water source, that is water that has not been made fit for human consumption. It might be harsh to people but that is the reality. Nearly 800 million adults and 100 million young people aged 15-24 are illiterate.

I believe that Guernsey has to make some increase in our contributions if we are to take a responsible place in the international world.

Going back to the amendment, in 4A it directs the Overseas Aid Commission to research and recommend to the States a range of initiatives and 4B directs P&R to investigate and make recommendations. We have just had a debate where P&R have had resources available to do investigations, so I do not understand why they cannot do this investigation on this very important matter that we as an Island will be judged internationally.

So this is not increasing our contribution at the current time or even making a commitment to a future increase, it is for the States to have the facts so that when the States can make an

2600 informed decision in a year's time at the next Budget. That is all I am asking. You have the facts and you could say just like the previous debate so that you can make an informed decision.

This is a very reasonable request and I urge Members to support it.
Thank you.

2605 **The Bailiff:** Deputy Yerby, do you second the amendment?

Deputy Yerby: I do sir.

The Bailiff: Deputy St Pier.

2610

Deputy St Pier: Sir, I would like to move that it goes beyond the Propositions under 24(6).

The Bailiff: It goes beyond the Propositions? I think that is correct. I am sorry I had not been given prior notice of that, but Proposition 4 states:

To approve the immediate establishment of an Overseas Aid & Development Impact Investment Fund within the General Reserve with an allocation of £1 million and [delegate authority to P&RC]

2615

Then this is directing:

the Overseas Aid & Development Commission to research and recommend to the States, by no later than ...

Yes, unless HM Comptroller disagrees with me, I think that does go beyond –

The Comptroller: I do not disagree with you on that, no.

2620

The Bailiff: You do not disagree with me.

The Comptroller: I don't disagree with you.

2625

The Bailiff: I think he agrees, yes. So it does go beyond. So in that case Rule 24(6) is invoked which says that:

An amendment which goes further than the original proposition shall not, on that account, be ruled out of order, but a motion that the amendment be not debated and no vote be taken thereon may be laid only ... after the amendment has been proposed and formally seconded ...

That is what has happened:

... and shall have effect if supported by a majority of the Members voting on the motion.

So I put to you the motion that amendment 4 be not debated and no vote be taken thereon. Those in favour; those against.

Members voted Contre.

2630

The Bailiff: Well, that is defeated So we will continue with debate.
Who wishes to debate? Deputy Yerby.

Deputy Yerby: Sir, I thought I might wait a little while but in light of that contribution from Deputy St Pier I think it is timely that I comment at this point in time.

2635 There is something about being a President that makes one inherently more corporate, I do not know what it is because I am a rascal the rest of the time (*Laughter*) but in the context of

overseas aid, I felt that it was appropriate for me to take what seemed like a corporate measured and sustainable approach.

I had said to the Policy & Resources Committee on behalf of the Commission that we were prepared to accept the Budget they assigned to us this year, which would have made it very difficult for me to second or support a Proposition to increase the Committee's budget out of hand. But I am also very conscious of the wish of a number of Members in the Assembly, as discussed in the November debate last year, to raise Guernsey's overall contribution to overseas aid.

I think in any case with our direction to develop Guernsey's mature international identity and with our recognition of how far short it falls of other countries, as Deputy Dorey said many of them far less affluent than us. It is incumbent on me in this role to try and address it anyway.

But I would ask Members to remember that there is only one of me, there is only one elected Member on the Overseas Aid & Development Commission and I am seeking the backstop of your support in what could be a difficult investigation because as we have seen the Policy & Resources Committee if they do not want to do something will not withhold from stooping to personal insult and will not step back from using the Rules of the States to get their own way, and I – *(Interjection)* Economically illiterate, Deputy Trott? *(Interjections and laughter)* So on a matter that has the potential to be somewhat controversial, it is better to go into an investigation in the sure knowledge that it is the will of the States or at the very least we look at it. And that is what we are asking for, through this amendment.

Sir, I recognise that although Guernsey has a substantial GDP, it is difficult to tap into the growth that we have enjoyed in recent years. That growth has not necessarily been reflected in the pockets of ordinary workers and our tax system is set up mostly to get its income from the pockets of those ordinary workers. So the need to take an approach that is gradual that is for example over a 5-to-10 year period, that recognises that despite our affluence the 0.7% of GDP target may be challenging for us and we should also consider whether Guernsey should not at least for now set itself a lower target, so a range of targets we have suggested from 0.2% to 0.7% should be considered seems to me a prudent and again sustainable way of approaching this.

Equally I recognise that if we went from a budget of £3 million being spent on overseas aid overnight to a budget of £27 million being spent on overseas aid I think if we continued just doing our programme of grants funding we would be absolutely swamped. We have seen the number of applications that we get for overseas aid grants increase from year to year, we have to go up from four funding meetings to five this year, and given that my Commissioners work on an entirely voluntary basis and put in hours and hours of time I am not sure how much more it would be possible to ask of them in that regard.

So, sir, it is not simply about how could we put more money into the pot, but how could we as an Island ensure that that money is spent wisely, and there are all sorts of things that we could consider. We have skilled professionals here in a wide range of areas from our finance industry to our health services, through our education sector and everywhere in between. What could we do for example to support better skill sharing between Guernsey and developing countries? Is there something that we could do in the wake of the recent IPCC report to create perhaps a climate resilience fund, that directly addresses some of the challenges that particularly profoundly affect developing countries? What else could we do that would allow us to keep the niche that we have in terms of funding areas that may otherwise be overlooked, forgotten about, funding small communities on a similar scale to our own that will allow us nevertheless to have an impact on a global scale.

So, sir, I think what this amendment is asking for is a thoughtful approach to the future of overseas aid. We run the risk of a repeated reactionary debate if every year we simply ask ourselves the question 'Are we giving enough?' Well no, but can we afford to ... I cannot figure out how to change that this time around. What we need to do is have a longer term strategy, take a longer term plan and it needs both the fiscal thinking of P&R and the thinking of the Overseas

Aid & Development Commission about how precisely to achieve that and how those funds could be used to best effect.

Sir, I think that is entirely consistent with the Policy & Resource Plan aim of developing our mature international identity. It is entirely consistent, whatever the Committee may say, with the Policy & Resources Committee's Medium Term Financial Plan which is about longer-term thinking and trying to take a prudent approach to the States' budgeting, and it is something that has been long overdue in terms of this Assembly's thinking on overseas aid.

I would ask Members to support it.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Sir, jumping from £2.69 million to £21 million is an incredible jump for Guernsey, a little Island with just 60,000 people. And I have to remind most people that many people in Guernsey feel that 'charity begins at home', and we had a debate yesterday where both the proposer here and the seconder refused to grant the actual age-related allowance to the over 65s – (**Several Members:** Ahhh!) That is absolutely true and it is dreadful, you are all right, you can well say, 'Ahhh'. I met somebody in Town just at lunchtime who was very disappointed with this States not approving the £900 allowance.

But there are other factors too on the international stage at the current time. The unravelling of the misappropriation of aid monies to international charities for overseas aid and that has been well publicised I think if Guernsey is to do anything it has to do things through local people directly as, for example, Deputy Paint does in terms of his charity development assisting local people going into the field and doing –

Deputy Tindall: Point of correction, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: The Overseas Aid & Development Commission does already do that.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: My point is simply this: these numbers are extravagant, as I say from £2.69 million to £21 million. I think we have to look after our own first before thinking in terms of larger amounts of money than we are already giving to overseas aid, and also we have to consider very carefully the type of misappropriation that has been going on and where Guernsey is actually providing overseas aid and through whom.

The Bailiff: Deputy Paint.

Deputy Paint: Sir, we have been through this discussion before, I think it was in 2012 and somebody earlier and I think actually I suggested something then and Deputy Trott stood up and agreed with me.

I think the calculation that is actually made by Overseas Aid is a little bit flawed. It is not meaning to be flawed but I think it is, because it does not take into account the amount of money that goes out of this Island with the private charities and trusts, and I think it would be quite a large amount if the truth was known.

As most of you know I run a trust for a village and children in Vietnam. It is not a great deal of money I think this year it will be about £6,000 all privately given. The only cost we have because nobody takes anything out of it is simply the cost of sending the money there. It is £23 a time which is very little.

What should actually happen in my opinion is that all charities and trusts that send monies overseas should actually have to declare annually how much they send and what their costs are. So this States and the general public would know exactly how much is going out and what those costs are. That is what I think should happen.

Guernsey people are very charitable and generous with everything, and I think if something like this was done it would satisfy a lot of people that things are being done honestly and genuinely.

Thank you, sir.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

I actually have a problem with this amendment because of the longer-term strategy. First of all we have no idea where we are going to be in five years or what our Budget is actually going to look like in five years. So potentially we might not be able to afford the increase in payments to overseas aid.

The other thing is it has almost come quite prematurely because this year we are investing an additional £1 million into charity through the Impact Investment Fund which will help charities overseas and around the world. So I think it has come a little but prematurely.

But where I have a pretty big problem with overseas aid is that just recently I had a lady phone me up – she is pregnant – she cannot afford to go to the doctor because it costs too much. Now I just cannot in my heart of hearts say that we should be investing more in overseas aid when we have people like this in Guernsey. There are also elderly that struggle to pay for their heating at home. I am sorry, I just cannot agree to this amendment. I am a big, strong believer that charity needs to start at home.

However, one thing I will say is that having been to the Overseas Aid Committee they do a fantastic job and I would not want to sort of knock that in any way they are very good at what they do, but I just think they have a lot of money, we also have the additional £1 Impact Investment Fund, let's see how that goes.

Thank you.

The Bailiff: Deputy Roffey and then Deputy Green.

Deputy Roffey: Thank you, sir.

Deputy Yerby said there is only her – there is only one political Member of the Overseas Aid & Development Commission, and she is absolutely right, so maybe it is a good idea for a former Chair of the Overseas Aid & Development Commission to give her some moral support.

I do have significant problems with the way this amendment is worded, but the underlying idea that the time has arrived to look medium term about what we do about our contribution to overseas development is right. Because I think for about 10 years there has been – there have been many people not feeling this – but a large number – I think a percentage of most of last few Assemblies have felt if we could have afforded it we recognised that our contribution was too low and ideally it should be higher but first through Zero-10 then through the collapse in the world economic system meant we were always running a deficit, as people have said we were really struggling to cope with things in this Island, so we basically said we would really love to do it but we cannot, and we have been saying that year in year out for about 10 years now.

I think looking forward, I do not know that we are out of the woods, I do not think we are entirely out of the woods, but it is time to start looking, doing a bit of horizon gazing and deciding where we move forward.

It is a philosophical question, I suppose, whether you think we are already giving enough to overseas aid. I am a globalist – I know Mr Trump does not like them anymore, but I do not care about that; I am – and I think that we are part of a global community and we ought to recognise

2790 that. I think that this wretched expression of 'charity begins at home' – (*Interjection*) yes, of course
it does, but it does not end at home (*Interjections*) and we have to remember where the
expression comes from. It came from those Victorian philanthropists who made great show with
their public goods that they did and then treated their own households diabolically, that is where
the expression came from, It was never meant to mean that you were not generous outside; it is
2795 just meant that you should balance it with at home.

So yes, of course we have to ... there are many things we need to do in the Island and on that
basis we should stop giving that £3 million because we could really put that to – we could actually
provide the drugs that people needed for a start, but there are many other things that we could
do with that ... but that would be such a narrow minded approach (**A Member:** Hear, hear.) so I
2800 do think we need a medium-term look, starting about now or over the next year at where we are
going over the next few years with this.

My problem I suppose is I know all the international bodies say we should measure ourselves
against GDP, I just do not think that makes any logic in Guernsey whatsoever, because it bears no
relation ... what we can afford depends on what we bring in in revenues, and there is a very poor
2805 correlation in Guernsey's unique economy between, of course there is some correlation but very
poor correlation between the growth in GDP and the growth in our revenues. So if it is said we
should aim for a target of 1% of our revenue income initially which I think would be just over £4
million as opposed to the present £3. something, and then go from there I would be more
comfortable with that, because we would know we would be able to afford it, because the other
2810 99% was then used –

Sorry, I give way.

The Bailiff: Deputy Yerby.

2815 **Deputy Yerby:** The wording of the amendment is not exhaustive so I wonder if it would give
Deputy Roffey some comfort if I undertook to say that we could include a look at alternative
targets that would also be meaningful.

Deputy Roffey: I was sort of coming to that towards the end, but I just think it is worth
2820 making a point because I do not want to send somebody off working on a formula which I do not
think would be necessarily the right one to come back.

I am also not convinced about 'hypothecated' taxes. I hate the word, why can't we say 'ring-
fenced'? When I was at school, hypothecation was putting something as security against a loan
but now seems to suddenly be used for the word ring-fenced. But I am not in favour of ring-
2825 fenced taxes, even with the right word there, because I just think once you start going down that
road where do you stop? You hypothecate a tax for this and a tax for that. I would rather say let's
see what percentage of our overall revenue income we could actually afford to give towards
overseas aid.

Of course Deputy de Lisle is right that sometimes things go badly wrong in every aspect of life
2830 and that includes overseas development and there have been a couple of stinking examples
recently, but I did find his speech a rather sad speech, drawing from that to a sort of an attack on
giving for overseas aid overall.

Of course Guernsey is as Deputy Paint says a very generous community, but so are many
others on the list that Deputy Dorey read out. Don't believe that the Scandinavians do not give
2835 any money privately to overseas development, in order to compare like with like.

I congratulate Deputy Paint on raising money privately but I know he has had at least one
grant from the Overseas Aid Commission for well-digging – two, I think he meant two when he
signed ... (*Laughter*)

2840 Sir, I am really aware of the social needs in Guernsey but I just think, if we debate, it is a bit like
Civil Service reform if we now embark on a debate this afternoon on how much we should give in

overseas aid then we will ... We have just been catching up and doing better, and I think we will slip back to being here until Tuesday of next week.

So I am going to stop there, I just think it is a bit like what do we do with the Bond, is it worth looking at it, is it worth examining it, and is it worth sort of doing this exercise? I think the time has arrived that it is. And so long as the proposer and seconder are happy to say that we will not be bound by the formula and will not say oh you approved looking at something tied to GDP then I am happy to vote for it just to allow the work to go forward, because I think the time is coming when we will have to say is the amount we give appropriate.

The Bailiff: Deputy Green.

Deputy Green: Sir, mindful of your injunction to us this morning not to repeat points that have already been made, Deputy Roffey in many ways has shot quite a number of my foxes. So I agree with pretty much everything he said, because I am sympathetic to the overarching aim of this amendment, but I have reservations about the usefulness the utility of the GDP metric generally for the same reasons that he gave.

So mindful of what has been said about that, if this amendment is carried, I would be grateful if alternative metrics could be looked because a percentage of government income, a percentage of government spending, clearly that would be I think more useful.

The point I will make, sir, though is and I disagree with the points that Deputy de Lisle was saying, but I think it would be a legitimate expectation that if this Island was to radically increase its spending on overseas aid from in the region of £3 million per annum to £20 million, £25 million, £27 million per annum it would be a reasonable expectation I think that the levels of governance would increase proportionately and commensurately with that amount of money.

I know that the Commissioners who are currently in place with the Overseas Aid Commission do a very good job and are very professional in the way in which they discharge their duties, but if there is such a big increase and I think fundamentally that level of oversight and that governance has got to go up with it.

The only other point I would make, sir, is a response to Deputy Oliver which I think Deputy Roffey dealt with, it is not a choice, sir, between deciding whether you can deal with some of the problems that we have on our own shores with health care, with poverty or dealing with matters of overseas aid, we are the sort of community in the world that can deal with both. Of course it is a matter of prioritisation of course we have to always make sure that our budgets balance, but we are the sort of community that can deal with the problems that we have on our own shores and also help some of the poorest at the same time. It is not a case of either /or.

The Bailiff: Deputy Fallaize and then Deputy Graham.

Deputy Fallaize: Thank you, sir.

I understand from the sheets that were circulated before the debate that the Policy & Resources Committee is going to oppose this amendment, that is what it says anyway, and I think that is unfortunate.

Now this is, I will not describe it as innocuous – it is not quite an innocuous amendment but it should be a relatively uncontroversial amendment. It is not seeking to commit the States to anything. Now, the Policy & Resources Committee up to now in this debate has demonstrated enormous enthusiasm for completely meaningless amendments and I think it is slightly unfortunate that they choose to stop that practice with this particular amendment, and I would like them to explain to the States why it is that they are so opposed to this particular amendment.

Now Deputy Oliver made this point, this amendment and the debate on it has taken me back seven or eight years, because I laid an amendment I think it was with former Deputy Tasker seconding it to increase our overseas aid contributions which was approved by the States, there

was not subsequently an increase in contributions but I think it did help to protect the overseas aid budget from reductions in all other budgets which were then applied in subsequent years.

2895 During that debate one of the arguments put forward was the argument that Deputy Oliver has now put forward that she is concerned, she brought up the issue of access to primary care, which I and many other Members have spoken about in the past, but that is sort of displacement activity when you are in this kind of debate. It is easy to say that but if there was an amendment before the States or a proposal suggesting that any surplus generated by the States should in the first instance be applied to ensuring that every Guernsey resident has affordable access to primary
2900 care as priority number one, and then increasing overseas aid contributions as priority two I would vote for that amendment.

I am not seeking to prioritise expenditure on overseas aid ahead of access to basic medical care. But to defeat this amendment on the basis that we should be doing more in relation to access to GP services in Guernsey I think is ludicrous, because that is not the choice that is now
2905 before the States. That would be a completely different debate when it comes to prioritising expenditure. So I think the States should discount that sort of argument that Deputy Oliver put when voting on this amendment.

Deputy Roffey thought that GDP was not a good measure, although I think if it is not a good measure in Guernsey for the reasons that he suggested presumably it is an equally bad measure
2910 in Jersey and yet Jersey is as I understand it using it as a measure and is doing rather better than we are.

Deputy Yerby has already said that the amendment is not exhaustive so the Overseas Aid & Development Commission as part of this work can consider using other measures. I also think that not being convinced that GDP is the right measure in the long term would be a slightly peripheral
2915 and unfortunate reason for voting against what is fundamentally I think a good amendment, which Deputy Roffey probably agrees with, although I think he did conclude by saying he is prepared to vote in favour of the amendment.

I also discount the argument that Guernsey people are very generous in their private charitable donations, I do not doubt that that is true, I am sure it is the case, that the overwhelming majority
2920 of people in Guernsey do give generously to charitable causes, but as Deputy Roffey said that must be true in other communities as well, I do not think the people in the kind of countries in the list Deputy Dorey read out are known for being stingy towards charities. If you look at the actual wording of the amendment, or if Members do, sir, it says 4A requires the Committee:

... to research and recommend to the States ...

2925 This is hardly asking now for a substantial change of policy on the floor of the Assembly. This is:

... to research and recommend to the States ... a range of initiatives which *could* increase the States of Guernsey's contribution to international development ... over [a] 5-10 year period ...

I mean, it would be difficult ... I do not want to be disrespectful to the authors of this amendment but it would have been difficult to come up with a more wide-ranging form of words which clearly is an attempt not to provoke the opposition of those Members who are sceptical about any significant or immediate increase in overseas aid contributions.

2930 So it is simply a matter of researching a range of initiatives which *could* increase contributions over a period up to 10 years. I really cannot see what is so objectionable about this amendment. 4B the second part of the amendment seems to me just to fall out of 4A, if there is going to be some consideration given to Guernsey increasing its contributions to overseas aid in the long term, the very long term really then it is sensible as part of that to include consideration of
2935 whether any of that could be done through hypothecated taxes. Again, it is not seeking to commit the States to that it is simply asking the Policy & Resources Committee to consider that as a consequence of the work that would be caused by the first part of the amendment.

If there is any Member who is absolutely certain that they would never in the foreseeable future want to see any sort of increase in Guernsey's contributions to overseas aid and development – perhaps that is Deputy de Lisle, I do not know, but I infer that from the speech he made – if that is the case, I understand why Members of that view would not vote in favour of this amendment. I do not think that is where the majority of opinion is in the Assembly.

I think any Member who is prepared to conceive of circumstances in which they would support at some point in the next 5 to 10 years an increase in Guernsey's contributions should vote in favour of this amendment, and I hope that is the majority of the States, and I hope the Policy & Resources Committee is able to reconsider its opposition because I honestly say this and I have supported the Committee steadfastly up to this point in the debate, but I do not think this opposition reflects well on them.

The Bailiff: Deputy Graham, I said I would call next.

Deputy Graham: Thank you, Mr Bailiff.

I shall avoid repeating any points that have not already been well made. I have just two, in my view.

Deputy de Lisle expressed scepticism about the efficacy of overseas aid donations. I presume that at some stage he has attended sessions of the meetings of our Overseas Aid Commission and if he has, as I suspect he has, I am surprised that his scepticism has survived that attendance, because certainly in my own case I came away totally satisfied as to the efficacy.

Deputy Victoria Oliver has already commented on her conclusions having attended one of those sessions and says that they are doing a good job, I think that rather undersells what the Commission are doing. They have got six very expert in their field Commissioners, they analyse so closely every single bid, and there are so many bids, and they not only analyse and are very selective in making their choices, but there is a very good monitoring of what goes on thereafter on the ground.

We keep talking about aid; the word 'development' is in the Commission's title for a very good purpose and I think that very much reflects the approach of the Commission whenever they meet. I came away ... I did not go there, Deputy de Lisle, through you, sir, with scepticism, but I needed to be satisfied on exactly the points that Deputy de Lisle was expressing scepticism about. I came away convinced that in that team we have a group of people of whom Guernsey can be very proud not least because they are doing it on a voluntary basis.

The second point that I would make and it has not been made, is that Deputy Yerby talks about being a one-woman band on the Commission in terms of a politician. I would say that is not a handicap; I think the very strength of the Commission is really almost the lack of political input into it. We have a President of it who is *prima inter pares* but no more and my goodness me, it works that much better, I think, for the lack of a five-member agency!

The Bailiff: Deputy Tooley and then Deputy Le Tocq.

Deputy Tooley: Thank you, sir.

I like Deputy Fallaize am struggling to understand why anybody would oppose this amendment, and I would be really interested in hearing any good reason for that.

I am just going to say a few things everybody in the room knows, but it feels like some people might need reminding of, and then I am going to quote probably the two most overly quoted people ever in the world to support my argument.

Foreign aid saves lives; foreign aid helps fight AIDS and other diseases such as Ebola; it is used to respond to and fortify against disasters in some of the world's poorest countries; refugee assistance gives hope to the worlds displaced, it reaches the vulnerable in countries affected by hunger crisis; it feeds, educates and keeps children healthy. To quote Winston Churchill – there is a first:

We make a living by what we get. We make a life by what we give.

2990 It is time to look at what we give and how much more we could give. Guernsey is small but it is wealthy, and here comes that other overly quoted person, William Shakespeare from *A Midsummer Night's Dream*:

Though she be but little, she is fierce.

Guernsey might be little, but it is huge.
Thank you.

2995

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

3000 Sir, I rise also as a former President of Overseas Aid and my fellow colleagues on P&R know that I am sympathetic towards this amendment but for similar reasons to Deputy Roffey, I have issues with certain wordings and certain aspects of it.

3005 In 4A referring to the benchmark which is set by the UN. This benchmark of 0.7% of GDP was set I think in 1970. I think until recently only five nations in the whole of the world have managed to reach that benchmark and it is only just in the last year that the UK has managed to reach that benchmark. Also included in some of those calculations are things that we could not even enter into, trade deals and things like that that we are not privy to. So in terms of benchmarking I do not think it is a good benchmark.

3010 But then I have been keen to see us give more because I think it is always good to do that it helps us to engage with the world around us and after all irrespective of what we think of our conditions here in Guernsey all of us in Guernsey whether we are very rich or quite poor comparatively to Guernsey are much better off than the vast majority of the rest of the world, and any connectivity that we can help people have with that I think helps our culture and our society to understand what our responsibilities are.

3015 Like Deputy Fallaize, I do believe it is a question of both and not either/or and back in the day when I passed on the Presidency of Overseas Aid and it turned from being a States' run committee to as Deputy Graham mentioned I think a much more efficient Commission with only one States' Member on it as Chair. I sought at that time to try and increase the funding and regularly there was opposition to it, it was at the time when there was a lot of change going on in Government, but one thing we did manage to do I think at the time was the emergency aid if it was not spent in one year could be carried over to the next year. There was huge opposition from A&F at the time to that, but we did get that through.

3020 I do believe it is time to review it and in a sense the sympathy I have with Deputy Dorey and Deputy Yerby is that all they are asking is that that should take place and a big part of it I think they are offering or at least the Overseas Aid & Development Commission is offering to do it itself. So that part of it I could support on the basis that the GDP figure as Deputy Yerby mentioned in her interjection to Deputy Roffey's speech is not the be-all and end-all of what is looked at because I think there are other methodologies that would be far more effective for us.

3025 But the important thing from my point of view is to increase it, because the fact is like Deputy Paint and his involvement, I know of many local charities or charities that have a local contact who deal with very small projects, often providing clean drinking water for people, that get overlooked by some of the larger charities and certainly our near neighbours in Jersey they do not tend to focus on the small development projects, and I am glad that we do and long may that continue because that is a gap in the market. Now, that can be done through obviously the funds that we give and that could be done, and is done, by people in our community without help from the States or any States' funding at all.

3030 The problem I have with B, with 4B, sir, is I do not think it matters whether it is ring fence, hypothecated taxation, business taxation or any of those things, as far as the people of Guernsey

are concerned it will be considered to be their money, and we need to take people with us in some way. Now, I do not know how we do that but I think at the end of the day it is just a matter of the fact that we need to provide the money in some way and we are part of that, so if we want to increase it, it really does not matter where it comes from it will be coming from funds in our charge, and I think I am happy to look at that and I think that is what is asking, so if I am breaking ranks with my colleagues so be it, but they are well aware that I am sympathetic to this amendment.

The Bailiff: Deputy Merrett has stood a few times.

Deputy Merrett: Thank you, sir.

Firstly just in reference to earlier comments in debate made about members of our community that cannot afford access to primary care, thank goodness we managed to support the Medical Limitation Rule and amending that that should obviously help people assuming that members of our community that cannot afford primary care of course are in receipt of income support in the first place.

I am a bit confused, but I think Deputy Le Tocq said he was going to support the amendment, I think, but what he was saying was a bit of a technicality of originally earlier in his speech was, 'Well, I do not really support it because of up to 0.7% but of course, if you want to talk about technicalities, there is an 'or' in there, sir. It says 0.2%, 0.3%, 0.4% ... or 0.7%. So that is a mere technicality –

Oh, I will give way, Deputy Le Tocq.

Deputy Le Tocq: I thank Deputy Merrett for giving way.

It was the measurement itself: so it does not really matter what percentage of something that you have got, if you are using that as a measurement then in my mind it is actually not that helpful.

Deputy Merrett: Okay. But indeed, sir, we do need a measurement to measure it by. But still, moving on.

I will be supportive of 4A, my confusion a bit on 4B, I am a little bit uncomfortable with these potential business levies and the other taxes. So if, and I hope this amendment is passed today, sir, but when it comes to the main Proposition my assumption is, maybe that can be confirmed, that we will be able to vote on 4A and 4B separately. So if any Members are unsure of 4B that during main debate they can vote for 4A and if necessary, if they wish to vote against 4B maybe that will help some Members in the way they decide to vote on this amendment.

Thank you, sir.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

Very briefly, I have really got to loathe the expression 'charity begins at home' because I do not think like that and neither do the Red Cross. It is times like this we must remember that after the Occupation this Island was starving, people would have died if it was not for the overseas aid of other people (**A Member:** Hear, hear.) and those starving families at the end of the Occupation – look around this Assembly even – haven't their children and grandchildren done well? And they have done well enough to pay something back.

So I will be supporting this amendment.

Thank you.

The Bailiff: Deputy Tindall.

3090 **Deputy Tindall:** Thank you, sir.

I was going to make a few points that have already been made, but to lead to the one question which is to P&R if they object to this Proposition, which in the light of certain speeches I find extremely difficult to believe, is it perhaps 4B that they particularly dislike in respect of having to do some work to investigate, and if so could that be explained because clearly if we as Deputy Merrett has indicated we could approve this amendment and then generally at the end we can have separate vote on 4A and 4B, so maybe it is 4B that P&R particularly take offence at in which case I would suggest that we all approve the amendment and then have that separate vote later.
Thank you, sir.

3100 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Deputy Brehaut makes an excellent point. We forget that 70 years ago or thereabouts the equivalent of Martial Aid came in and gave Guernsey and Jersey many millions of pounds that saved these Islands from starvation and saved these Islands ... (**Several Members:** Hear, hear.) I accept that completely and absolutely, and both my public and private pronouncements have always been that we should give more for overseas aid.

Now, where I do have a concern – and I do have concerns, I am not going to vote in favour of the amendment but I will explain why – 4A says:

... to direct the Overseas Aid & Development Commission to research and recommend to the States ...

Now, bearing in mind that the Chairperson or President of the Overseas Aid Commission is Deputy Yerby, I have no doubt at all that it will be well researched when it is due to come back in April 2019. I have no concern about that. But I do not really understand the need for it, because it says;

a range of initiatives which could increase the States of Guernsey's contribution to ...

whatever it may be. What does that mean? Is initiative a project because clearly there are many thousands of projects that are well merited that money could be spent upon.

Now, Deputy de Lisle is right when he says that there have been many cases internationally where aid has gone and been used. African leaders have bought themselves palaces and Rolls Royce's and whatever but that has never ever been the case with our money. Our money has always been well spent, it has always been well researched it has never gone awry, and I do not have any concerns about that whether it is £2.96 million or £6 million or £21 million, I believe it would all be well researched and well spent. But the point is why cannot – we have a Budget debate every year if we think that there is too little money spent on overseas aid, why do we have to go through this, why cannot we just say instead of it being circa £3 million this year we have an Budget amendment that it is £6 million because next year we will know that we have got a surplus of £5 million or a deficit of £10 million or whatever, and therefore we can say yes, we accept that £6 million is the right figure or another year it might be £10 million. Why cannot we do that annually on a basis that that is the appropriate way to go forward. Rather than have this aspirational and it could be I think unrealistic assertion that it could go to over a 5-to-10-year period to £21 million.

£21 million is for Guernsey I know it is only 0.7% of our GDP but it is a heck of a lot of money in relation to our tax. Our tax yield is £400-£450 million. £20 million is a big chunk of that.

Also we do have the fact, charity as somebody said may well begin at home, it should always begin at home but it should never end at home, and somebody has made that point already. We always could be doing more for our local citizens but as Deputy Le Tocq has said we have all got fresh drinking water; we have all got – except when the power cable fails for 40 minutes – we have all got electricity; we have all got good public services; we have all got good hospitals and good schools. Lots of people in Africa and in other parts of the world do not have that. Millions and

millions of people do not have that. We have kids who have eye complaints that are never going to be cured because you cannot spend the £10 or £20 that could cure those, you are going to have people that get diseases because they have got to walk 10 miles, five miles, eight miles to get some water and they just cannot do that or they cannot do that on a regular basis.

So we certainly could give more. I actually think that we could say that we should be looking next year to double our overseas aid commitment, but I do not think we need this process.

I do not like 4B at all. I appreciate what Deputy Tindall said and Deputy Merrett said that you could vote in favour of the amendment and then when it comes to the substantive Proposition you could vote against B. But why do we have to put it anyway? It has got a ... 'We will slap the rich round the ears', because hypothecated taxes does mean ring-fenced taxes. Why do we have to have specific taxes? Why cannot it be, as Deputy Roffey says, it just comes from overall taxes, and why has it got to be business levies? Because Deputy Yerby says oh well, most of the taxes come from the ordinary people. Of course they do, of course they do, but ordinary people also run businesses. So you do not have to be a demon and a devil simply because you run a business.

So using that kind of terminology in my view makes the amendment or helps make the amendment unacceptable. What it should have said and a better amendment would be that we will be looking every year to increase overseas aid unless there are good reasons to the contrary. Or the alternative as I say is that we should next year unless there are good reasons to the contrary seek to increase overseas aid by a significant amount. This is an unnecessary amendment.

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I agree with a lot of what Deputy Ferbrache has said that maybe we should actually be looking for a substantial in our overseas aid and international development contribution next year, especially if the economy and any new surpluses continue to build up.

Of course I can understand the thinking, though, in this amendment to benchmark our contribution according to international measures, not only because it is doing our bit in a sense, but of course the problem can be if you decide in a random way every year what you will give is you could find yourself in a tighter year and suddenly overseas aid is jettisoned. I remember the Conservative Leader the Rt. Hon David Cameron had some difficulty in persuading his party to maintain health and overseas aid spending, but he did, and that was precisely in the face really of some you could say populist opposition maybe, I do not know.

I would like to attend one of the Overseas Aid Commission's meetings hopefully in the next few weeks or months. I am a former Member of Deputy Jonathan Le Tocq's committee and maybe the efficiency drive that he spoke about getting rid of the other Deputies was inspired by me directly or indirectly I do not know. But we used to have this great bundle of stuff to read through in the autumn and winter and then we would spend our money and that would be it. I think both the grant and the process has improved since then

I entirely agree with Deputy Paint – who himself runs an extremely useful charity that supports Vietnamese children and has done for many years – that there are many individuals who give of their time, give of their experience and give of their money around the world and Guernsey usually ticks the box of being one of the most generous communities in the world *per capita*. But then again to put the other side of the picture one of the reasons for that is our relatively low taxation rates for the better off, that Guernsey has done extremely well in financing health facilities in Southampton University not particularly an overseas aid project although it does have a global reach, but that is partly linked to that.

I do support this amendment because although there might be some flaws within it both in terms of methodology and language used. I think its heart is in the right place and it is bringing a debate that we need. Maybe one lesson of the Budget debate this year is that something has not gone quite right with the Assembly in the last year or two because we have had light meetings, half a day or whatever and nothing much has happened, but we are actually anxious to debate

policy and so the policy of different elements in our society ends up tagged to a budget even in P&R do not want to debate it.

3190 The point about the amendment, that I support, is I think it makes the point that we are fortunate here but in a way perhaps even more statistically verifiable than some of the other Members have put across.

Yes, I actually agree with Deputy Oliver in one sense and Deputy de Lisle, if I had a pound for every time I hear the expression from people in Guernsey and Jersey 'charity begins at home; stop giving overseas aid', I certainly would have enough to go out and spend quite a lot. It is not just 3195 the poorest people in Guernsey who cannot afford to see the doctor, some of us have spent all our money on cigarettes, or coffee or jellies babies and we have not got it either. So I actually think if you are coming in to the issue of medical costs, that is a debate for another day it really is.

But when you look at the statistics of Donald Trump's Central Intelligence Agency, I cannot say 3200 everything of it is accurate but because I think there are some weird figures here, like Ireland is apparently the seventh wealthiest country in the world according to this in terms of GDP per capita. But the gist of it is the Isle of Man according to the CIA figures has a GDP per capita of \$84,000 a year, not sure I believe that either, but Guernsey is on \$52,500, ahead of Jersey by \$3,000. We are in the same band as Iceland, well known known for its banking and Saudi Arabia, 3205 and just behind Switzerland. We are in the top 20 of the world out of 200 countries. Some of the surveys even put us in the top five or six. So actually despite having a population maybe a declining population of 60-odd thousand, in terms of our real wealth per person in statistical abstraction we are in the global elite by a long way.

The issues about whether we, the public of the Island, entirely support overseas aid is perhaps 3210 the distribution of that income and perceived hardships or deficiencies in our social or other services. That is a different issue from where we should stand. I think Guernsey is a globalised community in many ways. It is a community that embraces the world and it is a community that probably through its financial and other services makes a lot of money from around the world and because of that I think it is even more important that we make a commitment to international 3215 development.

I think where perhaps I would add to the arguments here is that our contribution can be more focused and I think some of the points Deputy Yerby has pointed out about sharing experience, skills, direct relationship between the Island and communities are good. I also agree with the Members who said where possible we should prioritise locally based charities or organisations 3220 over others as long as they are not particularly, say, evangelical or political in their aspirations. Although I do support the non-religious elements of those charities as well. And anyway why not support the church if it is doing a good job of whatever it is, within reason.

But I think the Proposition that seems to get a few Members a bit stuck is 4B, and actually of the two I support 4B even more, because it says:

To direct ... Policy & Resources ... to investigate whether [our] contribution ... could be raised by hypothecated taxes, business levies, or other alternative means of taxation ...

3225 I know we have had two views against hypothecation but of course only a few months ago we were talking about hypothecating law firms and accountancy firms in a funny sort of way, I do not know.

I think the point of this is we have to think outside the box and perhaps if we wish to aspire to 0.7% we could do so for a variety of mixed messages that go beyond normal taxation. For 3230 example some people I know through the Guernsey Association of Charities, who are having a big meeting next week, are a bit disappointed that not a lot of progress has been made on gift-aid and that the Social Investment Commission although in the Budget has not quite got to launch point.

I think that we can use the resources of people perhaps resources that we collected to 3235 proceeds of crime is another issue, all of those can be used as potential seed money for charities especially those associated with international developments. Those are the kinds of areas I think

we should be working on. It is not just about taking a bigger slice of the taxation that we have. I think we can do better than that. So I would like to see a huge work stream on this.

3240 **A Member:** Sir, can I invoke Rule 26(1) please?

The Bailiff: Yes. Will those who have not yet spoken who wish to do so please stand in their places. *(Laughter)* Nobody is standing so we will go through the closure sequence.

Deputy St Pier.

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Deputy St Pier: Thank you, sir.

Sir, I think I want to start by distancing myself and indeed Policy & Resources from the comments of Deputy de Lisle. I think the sentiments he expressed are not ones which Policy & Resources share. I think the phrase 'charity begins at home' is a little trite and indeed is not consistent with the Policy & Resource Plan itself, which of course one of our objectives is our international standing and I think that was a point which Deputy Tooley spoke to, and we endorse that of course.

Sir, Deputy Yerby I think bridled at the use of the Rules to seek to move on to the next amendment because this one goes beyond the Proposition, and that is because we feel that this amendment is, exactly as Deputy Ferbrache said, an unnecessary one, and it has been tagged on to the Budget as Deputy Gollop said when he spoke.

So, sir, it is not so much ... The Policy & Resources Committee do oppose this amendment because we believe that it is unnecessary and that is why we oppose it, which was the question posed by both Deputies Tooley and Fallaize.

Deputy Fallaize described it as innocuous. In a previous debate he described an amendment as meaningless. Innocuous is another way of describing an amendment as meaningless, it is just a slightly more polite way of doing so.

What I would like to do is explain why we believe it is a meaningless and unnecessary amendment in the way that Deputy Ferbrache described, and also suggest a constructive alternative route through. Because I think Policy & Resources as Deputy Le Tocq says do have sympathy with the sentiments that are expressed behind this amendment, but believe there is a better way to proceed and that is why I will address and suggest an alternative.

But first I think it is worth just responding to the comments which have already been made about this reference to 0.7% of GDP. In a way I think its inclusion in the amendment is a bit of a red herring and I think Deputy Yerby picked up on that in response to Deputy Roffey's comments about actually focusing on a different target, or different measurement.

Indeed within the Overseas Aid & Development Commission's November 2017 policy letter of course they themselves told us that the target is defined as funding which intends to promote the economic development and welfare of developing countries, and there is a requirement for a minimum of only 25% to be grant funding, the remainder can be bilateral funding that is direct donations or loans from one country to another and funding awarded to certain international organisations active in developing countries. Of course all of our aid is grant funded.

We know that many other countries of course tie it to trade deals and so on which of course is not appropriate, and the policy letter concluded the character and principles of Guernsey's approach to overseas aid are clearly different. So I think to then reference it back to what other countries do is unfortunate, and I think has not been helpful to the debate particularly.

I think Deputy Roffey also highlighted that when you have hypothecation which then links your funding to a particular purpose then that can lead to problems. The UK have seen this, they have locked themselves into delivering a certain amount of aid and then they found they have got so much they do not know what to do with it, which has delivered exactly the kind of problems which Deputy de Lisle spoke about. So there have to be more effective ways of dealing with this.

So, sir, to the heart of why we believe Members should oppose this amendment and instead what should happen. Sir, and here I think I will to use a phrase which I think Deputy Fallaize has used elsewhere is to deconstruct the amendment as it stands.

3290 With 4A we simply believe that no resolution is required in this, this is absolutely within the Overseas Aid & Development Commission's mandate. It is not as if this is something that they have attempted to do, it is not as if they have engaged with Policy & Resources, it is not as if we have said you cannot do it or you should not do it. There has been no dialogue on this to this point. So we simply believe it is not required, it is within the mandate, if they want to do it get on
3295 and do it.

I think in relation to 4B if think this question of hypothecation is an issue for Policy & Resources as raised by Deputy Tindall. Whatever the number is we have to remember that over the next couple of years we are going to be looking to raise additional funds because of the Medium Term Financial Plan an additional £7 million, and as Deputy Le Tocq said whichever you
3300 cut it, it is additional revenue that he seeks to come out of the economy and out of taxpayers' pockets whether corporate or personal over those years. So that is an issue and a challenge for us.

But also more importantly we believe that 4A and 4B are disjointed because we need to know the outcome of A before we consider B, because there is a big difference in the number. If we are pursuing for example 0.2% which is £6.1 million which is the figure actually curiously that Deputy
3305 Ferbrache picked as his example for next year, that is rather different from 0.7% which is £21 million, and they are reporting back on different time lines.

So, sir, to my suggestion for a constructive solution on what we believe should happen. We do not believe this should have been part of the Budget Report debate, which is why we felt it appropriate to call the use of Rule 24(6) and perhaps as a courtesy to Deputy Yerby, I should warn
3310 her that I will try the same Rule on the next amendment as well.

But in relation to this issue, sir, we believe that Members should reject it. The Overseas Aid & Development Commission should not feel disheartened in any way by that. They should simply go away and do the work as they fit including looking at different methodologies and targets exactly as Deputy Roffey suggested. They should then engage with Policy & Resources and a policy letter
3315 should come to the States in the normal course. That is what we believe is the correct approach and on that basis those are the reasons that we oppose this amendment, sir.

The Bailiff: Deputy Dorey will reply.

3320 **Deputy Dorey:** Thank you, Mr Bailiff.

I start off by saying that I was very disappointed they tried to use Rule 24(6). I think we have had a good debate on this issue and I think it is something that has been outstanding for a while in terms of our poor contribution compared to international standards, and I thank Members for supporting it so that we could have that discussion.

3325 Deputy Yerby talked about she mentioned about mature international identity that we have tried to have for this Island. I think you cannot pick and choose how you are judged by others and say we want to have a mature international identity but we are going to fulfil certain things when other area we are going to fail. Others are going to judge us and they are going to judge us against a number of different standards, and I think it is right that we do have a mature
3330 international identity and in order to do that we fulfil our different responsibilities in relation to the world.

She outlined that her Committee, the Overseas Aid Commission will do that work and they will work with P&R, and I pick up the point that Deputy St Pier just made, although I will come back to it, this is a sensible sequence of work where the Overseas Aid Commission reports in April and
3335 then the Budget happens next November, so there is a sensible stepped process where they identify the initiatives and they have to be funded within the Budget.

So I disagree with him I think this amendment is necessary. Because I do not think we should tell the Overseas Aid Commission to do this work unless the Assembly is serious about looking at

3340 overseas aid. We have had these debates in the past, and I was involved in a similar amendment and it was rejected. So it is clear that this Assembly needs to give a direction, because I do not think it is right for the Overseas Aid Commission just to do the work without a direction from this Assembly –

I will give way to ...

3345 **The Bailiff:** Deputy Yerby:

Deputy Yerby: I hoped Deputy Dorey might allow me to interject just to reinforce that point.

I would be uncomfortable doing that work without a direction from the Assembly. As Deputy St Pier said you do not need the resolution today just go away and do the work it is within your mandate, but it is work that if the States has no interest in doing will cost the Commission a lot in terms of time and effort, it will also potentially cost the Commission a lot in terms of public bad will if it is something that this Assembly is not interested in, is not prepared to support, and exposes us to additional criticism. I as a political Member have broad enough shoulders to deal with that, it is not something that I feel I can responsibly expose the Commission to unless it is the will of this Assembly that that is something we work on.

Deputy Dorey: Thank you.

All committees have very broad mandates and we could all do work in loads of different areas. The whole thing about the P&R Plan is to have a focus on what we are doing and that was the whole point, and this is to give a focus in saying this Assembly wants this work done.

Deputy de Lisle spoke about the jump from £2.96 million which it is currently to £21 million. I made it very clear in my opening speech that that is the 0.7% but I do not expect us to get there at any point in the near future. It was just an example of say if we were going to fulfil that international standard that is where we would have to be. In fact we would have to be slightly more than that because that is GDP, not GNP.

Deputy Graham did a very good job in challenging the points made by Deputy de Lisle about unravelling aid etc., and the criticism about various aid which has not gone to the right area. But any money that we pay out, whether it is locally, international there will always be some fraud and no system is ever perfect. We know within our benefits system there is fraud and there are cases which are investigated. So please do not criticise any system because there is one bad egg in it. There will always be. It is the direction that is important.

The point that has been made we have to both look at our own people on the Island but we cannot just do that, we have to play our part internationally. We trade internationally, we get our wealth from trading internationally, we cannot just say that we are just going to look after our own population and not play our part in the world that we trade in and we get our wealth from.

Deputy Paint talked about his contribution in relation to work that he does with a private charity, but I come back to the point that has been made I think Deputy Le Tocq touched upon it. The original UN direction was 0.1% but it was reduced from 0.1% to 0.7% based on that 0.3% would come from private funding. If you want to fulfil what the UN target is, you cannot say 0.4% is going to come from private funding, because if we want to fully fulfil it, that it is a government responsibility.

Deputy Roffey made the point that we are now in a different position. We have had Zero-10, we have been running a deficit, we are not now running a deficit, we had a surplus of £22 million in 2017 and we are predicting a surplus of £4 million in the current year. As he said the time has arrived. I think that is right the time has arrived for us to look at this.

I with Deputy Hadley proposed an amendment in 2012 and perhaps that was the wrong time, but I believe now we are the right time.

As Deputy Yerby said – although I said the international standard is the 0.7% – we can look at other standards to judge ourselves by, which is the point that Deputy Green also made about that

3390 we can look at alternative metrics to see what works for us. But whatever metric we use somebody has got to look at it from the outside and will look at what the international metric is.

Ultimately it is the difference between relative poverty which is what we have had in Guernsey and what the income support is there for, to absolute poverty, and they are very different things. We cannot just say we are doing something about relative poverty but we ignore international
3395 absolute poverty.

As Deputy Fallaize said it is relatively uncontroversial and the whole point of this is that we have the information to be able to prioritise our expenditure and make a decision when the States has the information. As is said it is over a 5-to-10-year period, it is very reasonable.

I thank everybody who has spoken, I am not going to mention everybody who has spoken in
3400 favour but I thank you all for your contribution.

Deputy Tooley mentioned that foreign aid saves lives and it feeds and educates children, and that was consistent with the points I made about the number of children who are illiterate in this world and the number of people who do not have clean water to drink. So as she said, it is time to look at how much we give. I really believe this is the point. We have turned a corner and that is
3405 the message that is being given out locally, the UK has said austerity is ended, so it is time to look at it and it is time to do that review.

Deputy Le Tocq mentioned about 4B. We need to look at how we are going to fund it. There are some examples there but it is not absolute they can come back with any proposal.

Deputy Ferbrache mentioned about perhaps we should just look at the surpluses that we have
3410 each year and perhaps as part of the allocation where we say we have put some into the Core Investment fund some into x fund, b fund, c fund, we should also look at putting some into overseas aid. That might be a way of going forward.

All I am saying is that we have to do something. I do not believe that it is acceptable to stand still from where we are.

Deputy Brehaut made the very good point how there are people in this Island who were close to starvation and please do not forget that. We benefited from international aid, and it saved peoples' lives. I think it was Boxing Day 1944, when the International Red Cross boat came in with food parcels for people on Island. So if ever there was a community who should play their part internationally in terms of aid it is us because through no fault of our own, which is just what
3420 other communities have which is due to war, we were on a point of starvation and numerous numbers of our population were close to starvation. I never forget my mother saying when she was evacuated and her father was here in the war, what shocked her was how thin he was to what she saw pre-war to post-war.

This is the time to do it and I believe we must move forward on doing something. I thank
3425 Deputy Gollop for his support as he said we are in the top 20 of affluent places in the world and we cannot be in that position without fulfilling our responsibilities.

I disagree with Deputy St Pier about this amendment is not necessary, the point Deputy Yerby said, we cannot expect the Overseas Aid Commission to go and do their work without a direction from this Assembly.

P&R could have allocated money to Overseas Aid, I could have tried to amend the Budget, but I have tried to do this responsibly. What I want is a direction from this Assembly so that P&R know up front when they prepare the next Budget there is a clear direction from this Assembly of what it wants to do. So it could prepare, rather than me trying bring an amendment to move money out of some fund to another fund, they can prepare their Budget knowing what this Assembly
3435 wants.

So please support this amendment. Remember the difference between absolute poverty compared to relative poverty we might have on this Island. We need to make an informed decision, this is a very reasonable request. Please support this amendment, and I ask for a recorded vote.

3440 Thank you.

The Bailiff: We will have a recorded vote on amendment 4 proposed by Deputy Dorey seconded by Deputy Yerby.

There was a recorded vote.

Carried – Pour 22, Contre 15, Ne vote pas 1, Absent 2

POUR

Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Merrett
Deputy Fallaize
Deputy Inder
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Dorey
Deputy Le Tocq
Deputy Yerby
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Alderney Rep. McKinley
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Tooley

CONTRE

Deputy Parkinson
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Lowe
Deputy Smithies
Deputy Paint
Deputy Brouard
Deputy De Lisle
Deputy Oliver
Alderney Rep. Jean
Deputy Ferbrache

NE VOTE PAS

Deputy Prow

ABSENT

Deputy Le Pelley
Deputy Dudley-Owen

3445

The Bailiff: Well, Members, the voting on amendment 4 was 22 in favour with 15 against and one abstention. I declare it carried.

That brings us to amendment 10.

Deputy Yerby.

[Amendment 10](#)

After Proposition 50, to insert the following:

"51. To agree in principle that, in view of the facts that:

Gambling is addictive and can be seriously damaging to individuals who become addicted and their families;

Any direct benefits of gambling itself are substantially outweighed by its risks and disadvantages, even though the revenue raised from gambling may be put to good effect; and

There is no evidence to suggest that, unlike excise duties on alcohol and tobacco (which are known to reduce harmful consumption), any government levy on gambling creates any direct beneficial effects for the individual,

the States of Guernsey should not draw on scratch cards or other lottery proceeds for any part of its income.

52. To agree that the Policy & Resources Committee shall, no later than the 2020 States of Guernsey Budget, make recommendations to identify other suitable sources of funding to replace the funding within the States' Budget currently drawn from the Channel Islands Lottery, except where such funding is used directly for the support of people with gambling addictions; and, for the avoidance of doubt, that a direct reduction in the budget of Beau Sejour Leisure Centre or an increase in charges to those using its services shall not be considered an acceptable way of discharging this Resolution.

53. To direct the Committee for Home Affairs and the States Trading Supervisory Board to revisit the policy governing the Channel Islands Lottery and the sale of scratch cards in Guernsey, to

ensure that ongoing growth in sales is not pursued at the expense of vulnerable members of our community, and to make recommendations to the States in time for any change in policy direction to be taken into account in the planning and implementation of the 2020 Christmas Lottery."

3450

Deputy Yerby: Apologies, sir, as Deputy St Pier had mentioned he was going to use the Rule, I was expecting that to come first.

Amendment 10 is in respect of the way that we use the proceeds from the sales of lottery tickets and scratch-cards. My contention is that we should not be using that as a source of income for our Budget.

3455

We know that there are problems with gambling addiction within the community. We know that we are not doing a great deal to address that, and my worry is that for as long as we continue to rely on income from scratch-cards and lottery tickets we have a perverse incentive not to address it properly.

3460

I looked down the schedule of amendments and saw that the next few were all me and thought how boring, and if I am thinking that then I am sure everybody else is too, so I think the amendment speaks for itself very much. Members will no doubt already have made up their minds one way or another and I will leave it to the Assembly to decide how they feel.

3465

The Bailiff: Deputy Merrett, do you second the amendment?

Deputy Merrett: I do, sir.

3470

The Bailiff: Deputy St Pier had indicated that he might – are you pushing to challenge it under Rule 24(6)?

Deputy St Pier: I do, sir, yes.

The Bailiff: Yes. Well, Rule 24(6) I remind you is in play if the:

amendment ... goes further than the original proposition [and] shall not, on that account, be ruled out of order, but a motion that [it] be not debated and no vote be taken thereon may be laid ...

3475

at this point. In my opinion, and I know HM Comptroller confirms this the amendment at least in part does go beyond the original Propositions, and therefore we are into Rule 24(6) territory. I put to you the motion that amendment 10 be not debated and no vote be taken thereon. Those in favour; those against.

Some Members voted Pour, others voted Contre.

3480

The Bailiff: I believe that is carried. Does anybody wish to challenge that?

Deputy Merrett: Yes, I will have a recorded vote please, sir.

The Bailiff: A recorded voted. A recorded vote on the Motion that amendment 10 be not debated and no vote be taken thereon.

There was a recorded vote.

Carried – Pour 18, Contre 15, Ne vote pas 2, Absent 5

POUR

Deputy Parkinson
Deputy Le Clerc
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Smithies
Deputy Graham
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy Brouard
Deputy De Lisle
Deputy Roffey
Deputy Prow
Alderney Rep. Jean
Deputy Kuttelwascher
Deputy Tindall

CONTRE

Deputy Gollop
Deputy Lester Queripel
Deputy Leadbeater
Deputy Merrett
Deputy Fallaize
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Dorey
Deputy Yerby
Deputy de Sausmarez
Alderney Rep. McKinley
Deputy Ferbrache
Deputy Brehaut
Deputy Tooley

NE VOTE PAS

Deputy Soulsby
Deputy Oliver

ABSENT

Deputy Mooney
Deputy Le Pelley
Deputy Inder
Deputy Dudley-Owen
Deputy Langlois

3485

The Bailiff: The voting on that motion was 18 in favour with 15 against and 2 abstentions. I declare the motion carried, and therefore there will be no debate and no vote will be taken on amendment 10.

Which brings us to amendment 35.

3490

Deputy St Pier.

[Amendment 35](#)

To insert, immediately after Proposition 50, the following Proposition –

51. To rescind Resolution 8 of Article XIII, Billet d'État XX 2014 ('Culture and Leisure Department – Channel Islands Lottery – Administration Arrangements, Forfeited Prize Account and 2011-2013 Reports and Accounts) and in Resolution 3 of Article XIII, Billet d'État XX 2014, after the word "identity" to add "or to fund initiatives designed to help and support individuals experiencing gambling problems locally."

Deputy St Pier: Thank you, sir.

Sir, in laying this amendment I think what I would ask Members to do is to turn to the back of the amendment with the explanatory note and there are two paragraphs in the middle which I will read and I think it explains the purpose of the amendment which is to insert an amended Resolution to amend the extant Resolution such that it would read:

3495

To direct that any Channel Islands Lottery proceeds exceeding the operating deficit of the Beau Sejour Centre, excluding the Christmas Draw, is to be retained within the Appropriation Account to be used either for major projects that will enhance the Department's properties ...

– that of course being the Culture & Leisure Department as was now the Committee for Education, Sport & Culture –

... or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity or to fund initiatives ...

this is the additional wording,

... or to fund initiatives designed to help and support individuals experiencing gambling problems locally.

And then the explanatory note says:

The Policy & Resources Committee has [already] delegated authority to approve use of the Appropriation Account and would make funding available upon approval of a funding request from the Committee *for* Health & Social Care.

3500 Which of course has not been received to date but we would welcome that and consider it. The detail required in that would of course only need to be proportionate to the size of the funding requested.

We are grateful, sir, to Deputies Soulsby and Lowe for their engagement, having their submitted amendment 20 which they have agreed to withdraw on the basis of this amendment.

3505 We therefore hope that Members will support this amendment, sir.

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

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

3510

The Bailiff: Any debate? Yes.
Deputy Smithies.

Deputy Smithies: Thank you, sir.

3515 I do not have any particular problem with this amendment, it seems pretty fair on the face of it except there is an omission of any requirement to account for the money allocated, except for the rather weak instruction that the detail required need only to be proportionate to the size of the funding required.

3520 There is reference also in the explanatory note to a Resolution from 2015 in that Resolution from then there is a statement: 'There is little evidence to suggest that gambling addiction is a major problem in Guernsey.' Well, that aside, it is fair in the context of the paragraph what we are actually talking about is problem gambling. It is quite a big jump to move from definition of problem gambling to say that we have problems of gambling addiction. That is where I have a difference with a lot of the correspondents and indeed the last amendment which was not
3525 debated in this assumption that there is a problem with gambling addiction.

Also in the previous States' Resolution it was concerned really with the fixed odds betting terminals, for which I do accept that does seem to suggest there is a high degree of financial risk to the user. But scratch-cards and the Christmas lottery really carry no such extreme risks. So I think we can be a little bit over-egging the pudding here –

3530

Deputy Leadbeater: Point of correction, sir.

Deputy Smithies: I see no cause for levity on that –

3535 **The Bailiff:** Point of correction, Deputy Leadbeater.

Deputy Smithies: I mean it is as valid a point as that –

3540 **The Bailiff:** There is a point of correction, Deputy Smithies. Point of correction, Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

There is evidence to suggest that scratch-cards are very unhealthy for people with gambling addictions and Members of the Committee *for* Home Affairs will back me up on that.

3545

Several Members: Hear, hear.

The Bailiff: Deputy Smithies.

3550 **Deputy Smithies:** Well, I thank Deputy Leadbeater for that intervention.
I would simply submit that is an opinion, there is no evidence, there is evidence on both sides, it is an argument which is ongoing, that is not evidence.
Thank you, sir.

3555 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.
Sir, this amendment directs that part of the surpluses from the Channel Islands lottery's scratch-card sales should be provided to the Committee for Health & Social Care, to sit alongside its existing responsibilities for other addictions such as alcohol and substances.

3560 As part of this proposed arrangement it is understood that HSC propose to work with local charities supporting those with problem gambling habits and further, and this is the main point to carry out research to understand fully the scale and nature of the gambling problems in the Bailiwick.

3565 Many of us will have seen people who look to be struggling financially buying multiple scratch-cards. In fact my own experience many years ago when my husband and I were main agents for Littlewood's football pools we saw that when poverty struck some people were even more likely to gamble and attempt that a stroke of luck might transform their situation. Sadly for the majority it just made them yet poorer.

3570 However, society evolves over time as has our Island's prosperity in recent years the availability gambling opportunities has expanded with on-line gambling, telephone betting, text-gambling, as well as the accessibility to national lotteries through friends and families buying tickets while travelling. It is important therefore that we do some research before we jump to the conclusions that local scratch cards are the main cause of gambling addiction. It maybe they are, but equally
3575 the real problem may lie with people racking up gambling losses from their phones or computers.

So in summary, sir, the Committee for Home Affairs fully support this amendment and look forward to the research that needs to be taken.

The Bailiff: Deputy Soulsby.

3580 **Deputy Soulsby:** Sir, I will be brief, and briefer than I was going to be before Deputy Lowe stood up, as I totally agree, this is exactly what we want to do

Deputy Smithies said it does not take any account of funding and what are you going to do with it, is it worth what you are doing. Well clearly he has not had much experience in trying to get money out of Policy & Resources (*Laughter*) because I can assure you we do not get a blank cheque.

3590 In terms of evidence about whether we have a problem with gambling addition, I think that the comment where it says there is no evidence of a problem with gambling addiction on Island that comes from the policy letter from I think it might have been 2015 about regarding the lottery and we have not got the evidence about whether it is a problem here or not, what we do know is for some households the average household is spending £260 a year on scratch-cards, I think some of us might think that sounds like a bit of a problem if that is an average, but we do not know, that is all we have got at the moment, and we need to do the research and find the evidence, and that a matter for Health & Social Care, we put the money where it is needed and we find out
3595 where it is needed through evidence. So that is exactly why and what we will do in this regard.

So I think Deputy Lowe for putting that explanation out.

The Bailiff: Deputy Gollop.

3600 **Deputy Gollop:** Sir, although I voted for the previous amendment to be debated I, probably along with some other colleagues, was rather relieved it was not. Because it was a political

dilemma I was wrestling with, because of course we all love the lottery and the scratch-cards and it is all part of ... social advertising and the lottery has rebranded itself as a thing that gives wonderful support to heritage and cultural projects and Beau Séjour and the charities at Christmas and there is almost a feeling at times 'oh' isn't it great that we must buy tickets for Christmas because we support charities?' I do not agree with all that really, because I am actually ... I have an interest to declare here. I am a member of the committee in Guernsey that is the Gambling Support Group Guernsey. Deputy Tindall is also a member who helped us with our legal constitution for over a year, and we very much had a good relationship and it could be even better I think with the Home Department, Home Affairs, in terms of wanting financial support and resource support. I am impressed that Health & Social Care are very much up to the plate on this as well, so it is not just one committee.

Indeed there are problems in Guernsey, how you define major or minor is debatable, of course if we had had a casino here and a more libertarian approach to gambling and fruit machines, I am afraid the problems would probably be even worse, But there are people in Guernsey who really suffer, just to read the advert from the Gamblers Support Group Guernsey that regularly have meetings for users and people who need a helping hand, and a listening ear, and a shoulder to cry on even: 'Have you ever considered self-destruction or suicide as a result of your gambling? There is hope.'

Some of us Members have been to recovery conferences, mental health groups and many other things that have gone on the last few years, some of them public and open to all States' Members, and I think they would welcome more attendance. Unfortunately, they often clash with other events. But I think Members who are unsure of the scale or scope of the issues I would urge people to attend because it is certainly changing my view and I think I would have supported the Yerby amendment.

But on this amendment the thing is this at least is a bridge, you could argue if you were being evangelical about this that you are acknowledging that there is a need for money from the lotteries and therefore you are reinforcing the arguments that the State depends on finance from scratch-cards and lottery and that is not good in the long term. But we are not having that debate today.

The debate we are having is whether we should be proactively adding what amounts to a degree of ring-fenced, hypothecated and guaranteed support for vulnerable people who need help and guidance. Because of course a gambling addition does not just lead to issues of perhaps being in debt or being obsessed. It leads to family problems, problems for children and young people, depression, mental distress, costs to health.

In fact only yesterday or the day before I was in one of these tobacconists, you can imagine why, and there was a family in front of me and they were buying all sorts of things Deputy Le Clerc would approve of, or wouldn't approve of rather, all sweets and sugar drinks, then they bought a bundle of scratch-cards and then they wanted me to change £5 and I couldn't so they bought £5 more of scratch-cards. This is happening, this was a decent hard-working family who probably had financial pressures on them and encourages them to go for luck, go for break, *[Inaudible]* but it is becoming part of our culture. The fact that there has been – and I say this through you, sir, and also to Deputy Smithies and other Members of the STSB – the fact that there has been a significant uptake in the success of the scratch-cards is in one sense cause for minor celebration because it has kept the lottery and the charities happy, but on another level it proves beyond any doubt that there has been a systematic strengthening of demand for these tickets, and I would argue it probably comes disproportionately from those at the lower economic levels (**Several Members:** Hear, hear.) in our community who have the most mental, social and financial problems.

So as far as it goes I support the amendment and very much hope that the States takes a more holistic view on it.

The Bailiff: Deputy Inder.

Deputy Inder: Okay thanks.

3655 Thank you, Deputy Merrett for letting me go first.

Sir, I just wanted to support Deputy Gollop's view of scratch-cards. Sometime in the noughties when the internet started its rise, there were two things that drove the internet and whether you like it or not it was pornography and gambling, and that is what drove the internet in the early days.

3660 Now, some clever marketer took out the B and L from gambling and called it gaming, and it has been completely made innocuous, but there are no two ways about it, the scratch-cards of nowadays have been euphemistically called cardboard crack. They are absolutely addictive. It is absolutely evident, you walk into every garage you look at the agents, the amount of money they are making out of selling them, and you just have a brief look at the demographic of the people
3665 that seem to be buying it, it seems to be what I would call the C2DEs – those that are working and certainly those that are not working.

Deputy Gollop gave evidence of something that he has seen. I have seen something similar, Thursday collecting benefits straight down to the shop buying 80 tickets ... sorry not 80 tickets, I beg your pardon; £80 worth of tickets that morning by 9.30 a.m.

3670 So I am going to support this. I find scratch-cards and the way they have expanded extremely cynical, and if I could have my way, this is not rhetoric, I genuinely want to go back to what to me was a comfier time when we had it once a month and a bigger one at Christmas. I do not like these scratch-cards at all and I will support this amendment, and I wish it actually went further than this and we had a full review of the state of this industry. It is wrong in so many ways.

3675

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

3680 I endorse what Deputy Inder has just said. For me the only flaw of this amendment is that it does not go far enough.

We all recognise in terms of health that prevention is better than cure and indeed our own health policies are now focused far more on preventative, on the preventative side of things that simply dealing with the symptoms which tends to be less cost-effective in any case. I think of course we need to fund initiatives that are designed to help and support individuals experiencing
3685 gambling problems locally. But I think it would be so much better if actually we could put in place measures and initiatives to prevent those problems from happening in the first place.

One thing that became evidently clear to me at a recent presentation was that this whole area, this whole initiative around scratch-cards is entirely unregulated. We do not really have any guiding principles, and for me that is a major thing. We need to be putting some structures
3690 around this. At the moment we have anyone can do anything and then we are just dealing with the problems afterwards. I do not think that is a responsible way to go about it.

So I would encourage this Assembly to actually go further and look into how we regulate the industry more responsibly in the first place so as to prevent these problems from occurring.

3695 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir.

3700 I was quite surprised at Deputy Smithies' comments, our gambling is a much wider problem than the scratch-words. I will give you some details and evidence on scratch-cards from STSB's own offices actually, but the scratch-card revenue from the Channel Islands Lottery, Bailiwick of Guernsey proceeds in 2007, sir, were £822,000 but a staggering £6,790 ... sorry, it is such a big figure, I am forgetting all the noughts – £6,789,000 in 2014. But it was not until 2014, the States first resolved that any required funding initiatives to give support to individuals experiencing gambling problems should be from the proceeds of the lottery.

3705 It is interesting to note that in 2017 that the sales on lottery sales jumped again by almost a third to £9,648,000. Our 2017 figures can be compared to Jersey's at £7.9 million as it was £7.9½ million, we all know they have a higher population. So our community is spending over £9.6 million where a similar jurisdiction with approximately 45% more people are spending £2.3 million less. I think that is a pretty strong indication.

3710 Now, I do appreciate the STSB are working towards a much better understanding of game player behaviour and research each ... ??? [16:52:12] pattern, but it can in my opinion be reasonably assessed by using a recent household expenditure survey which was conducted in 2013. Assumptions based on inflation for the period leading to 2017 indicates the average spend on scratch-card purchases per household from a sample of 23,398 Guernsey households, is
3715 approximately £263 per annum. However, in 2017 the sales figures for scratch-cards had an income of over £9 million, £9.6 million which would mean an average household spend is £412 per household. This is the gross figure, though there will be some winners and some losers. I think we should consider quite who the winners and loser are, but is it really just the person who is willing to throw money at scratch-cards or is the household that person
3720 belongs to.

Now what we can reasonably ascertain is that the amount of money that some gamblers are prepared to risk just on scratch-cards is in excess of £412 per annum. The lower figure that I quoted earlier is concerning the household expenditure based on the percentage of the chance of winning. So what is actually paid out. The fact still remains that some people are willing to spend
3725 up to £412 that is the amount they are willing to spend. How many times do we see people believe that they have won, they have won on a scratch-card and then they turn around and spend their perceived winnings, forgetting the fact that they have paid to win in the first place, and buy even more scratch-cards.

Anyway, our community is spending a higher proportion of the household –

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The Bailiff: Deputy Soulsby.

Deputy Soulsby: Point of order.

3735 **The Bailiff:** Point of order, Deputy Soulsby.

Deputy Soulsby: I just think Deputy Merrett's speech, although I am enjoying listening to it, I do not think it actually relates to this amendment. It probably more relates to the amendment that we decided we would not debate.

3740

The Bailiff: I think that has been true of a number of speeches. *(Laughter)* I was going to say something similar when Deputy Merrett had finished.

Deputy Soulsby: I think it has probably come to the time.

3745

Deputy Merrett: I am speaking in reaction to Deputy Smithies who –

The Bailiff: Well, yes, but could you please speak to the amendment. **(Deputy Merrett: Okay.)** Maybe Deputy Smithies was not on the amendment, perhaps I should have stopped him.
3750 *(Laughter)*

Deputy Merrett: All I am saying is that I am trying to support this amendment because we are saying that we are trying to identify, we are trying to design and help support for individuals experiencing gambling problems locally and I think we have got some evidence to back up this amendment, sir.
3755

So I am more than happy to take my seat, but that is what I am trying to prove, sir.

The Bailiff: Does anyone wish to speak to the amendment?
Deputy Oliver has stood quite a number of times.

3760 **Deputy Oliver:** Thank you, sir.

It is just a quick question really. I just want to check that while we are looking at the evidence about gamblers that we are not just going to concentrate on scratch-cards, that we are also going to look at on-line gambling –

I will give way.

3765 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: I thank the Deputy for giving way.

3770 I have done this in the hope that, because I think Deputy Lowe has already spoken, but as I understand it the Home Affairs Committee is under an extant Resolution to report back on gambling. I think it was the gambling and gaming and when I mentioned it after a statement Deputy Lowe made in this Assembly it was said that it was not a priority at this time. Do you think we have moved since and that this is a time that Guernsey needs to bring the gambling regulation back to this Assembly and quickly?

3775 **The Bailiff:** Deputy Oliver.

Deputy Oliver: We have moved it on to Health & Social Care!

3780 But I just want confirmation that we are going to look at a wider thing than just the scratch-cards and we are going to look at on-line as well.
Thank you.

The Bailiff: Deputy Tindall, then Deputy Leadbeater.

3785 **Deputy Tindall:** Thank you, sir.

I just briefly want to say that as far as I am concerned repeating Deputy Gollop's comment about the fact that I have been involved in the Gambling Support Group and that obviously this would be incredibly important to look into all of the points made today as part of Health & Social Care and therefore I would absolutely agree with this, but also I would add that if anyone, including Deputy Smithies, wants to understand what the impact that addiction of any kind let alone gambling they should just meet the people, because even one person suffering this way, considering the amount of money that we achieve through these gambling initiatives how much money is set aside in other countries to assist addiction to gambling, our paltry sum of £15,000 which was allocated to assist is just awful. We should be looking to help more and also looking to help to regulate this industry.

3795 Thank you,

The Bailiff: Deputy Leadbeater.

3800 **Deputy Leadbeater:** Thank you, sir.

I fully support this amendment, I think the Committee *for* Home Affairs realises that we do not know enough about the extent of our gambling problem in Guernsey. I think this is something we need more clarity on.

3805 The only evidence we have got Deputy Smithies says there is no evidence whatsoever to suggest there is a problem with scratch-cards, the only evidence we have got is evidence from our own experiences and we have heard from Deputy Gollop and Deputy Inder and I can give experiences of myself when I have sat in the pub and watched somebody come in and blow their entire wages in about 10 minutes on scratch-cards. There is a guy who lives in St Peter Port who

won £109,000 with an on-line bet of £10. He went straight out the next day and bought scratch-cards, because he is addicted.

We have got a problem in Guernsey but we need to realise exactly the extent of this problem. If we can help these people and the Gambling Support Group that has been so ably assisted by Deputies Gollop and Tindall, when we asked them what were their main addictions, it was on-line bingo and scratch-cards. So this is coming from the people that have actually got the problems themselves. We need to actually realise that we have got a problem in Guernsey. The size of the problem we are unsure at the moment but we have got a problem so please support this amendment.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, most of the speeches in this debate have got nothing to do with this amendment. This amendment is eminently sensible and should be followed.

If the people of Guernsey, if the States of Guernsey want to stop gambling, let's have a proper policy letter let's debate it. Let's not do it half cock with half stories that we are not sure are true.

Deputy Leadbeater talked about his experiences in the pub – being slightly older or being somewhat older, I have seen people in the pub – the Rockmount and various other pubs – lose all their wages playing poker, 30 years ago, so there has always been a gambling problem in every society, but this is a sensible amendment.

If the States of Guernsey want to tell the States' Trading Supervisory Board to close down on-line, to close down scratch-cards to disassociate itself with the Channel Island's Lottery or to regulate it to the extreme whereby there is no money left to distribute because you are all spending it on regulation tell us that. But tell us that on a considered basis with evidence.

The Bailiff: Deputy St Pier will reply.

Deputy St Pier: Sir, just really responding to the bits of the debate that did focus on the amendment.

Sir, in accounting for this which was Deputy Smithies first point, it will be accounted for in the normal way. I think he was conflating the reference to being proportionate that is in relation to the business case to apply for the funds, so that would need to be proportionate and as Deputy Soulsby said, she paid us the greatest compliment, that it is never easy getting funds out of P&R, but we do give them the assurance that it does need simply to be proportionate to the amount of the funds that they are seeking to acquire. That is quite separate from accounting for what comes out of the Lottery Appropriation Account which will be reflected in the accounts in the normal way.

There is no reference to addiction particularly in this amendment, which was one of the points which he referred to.

Clearly there are anecdotal experiences a number of Members have spoken including Deputy Ferbrache's experiences 30 years ago, quite rightly.

I think we all recognise that there are a number of individuals, probably quite a small number, who do experience gambling problems locally and it is not necessarily just a result of the Channel Island's Lottery, as Deputy Oliver said, much of it may well arise also from on-line gambling. It is entirely right that the States should seek to help and support these individuals as Deputies Soulsby and Lowe have said, and no doubt that was what was driving their original amendment and that the funding to do that should come from the proceeds of the lottery before they are distributed elsewhere.

So all this amendment does, exactly as Deputy Ferbrache says, is it simply proposes extending the existing authority of the Policy & Resources Committee to approve the use of the Lottery Appropriation Account to include making available funding for initiatives designed to help and

3860 support individuals who do experience gambling problems, whether it is the lottery, whether it is scratch-cards, whether it is on-line, or whether it is playing pool in the pub.

It is seeking to help those individuals, and we hope Members will support the amendment.

3865 **The Bailiff:** We vote on amendment 35. I will just let Members return to their seats. We vote on amendment 35 proposed by Deputy St Pier, seconded by Deputy Trott – we will pause a moment while everyone resumes their seats – those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

That brings us to amendment 36 to be proposed by Deputy Trott.

[Amendment 36](#)

After Proposition 30, to insert the following:

"30A. To direct the Committee for the Environment & Infrastructure and the Development & Planning Authority, in consultation with any other interested parties, to investigate methods for incentivising the upkeep of, or clearance of derelict, glasshouses including the possible creation of a new property reference of "derelict glasshouse" for properties subject to property tax, which shall be separate to any other existing Domestic, Horticulture or other "glasshouse" category contained in Schedule 1 to that Ordinance, and to report back to the States by no later than July 2019 with any proposals."

Deputy Trott: Thank you, sir.

3870 I rise to ask that the Senior Deputy Greffier read the amendment please.

The Senior Deputy Greffier read the amendment.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, I thank the Senior Deputy Greffier for reading that amendment.

3875 Sir, I have very little to add to the explanatory note. Whilst individual Members undoubtedly recognise the problem of derelict glasshouses it is clearly not a fiscal matter. There is not the potential to raise any significant revenue from this limited source. Any fiscal solution will inevitably be designed to incentivise what is perceived as good by financially penalising what is perceived as bad.

3880 Now, as the policy drivers are primarily social or environmental rather than fiscal, it is clearly not a matter for the PRC to lead on, although of course it would work cooperatively if the measures proposed relate to tax rates.

3885 It is a matter for the relevant committees and in this case that is the Committee *for the Environment & Infrastructure and the Development & Planning Authority* to consider the policy options for incentivising upkeep or clearance of derelict glasshouses.

For example one suggestion has been the introduction of a new TRP category this is straight forward to put in place and PRC would of course set the tariffs in accordance with States' policy in the same way as it currently does for Tobacco Duty Rates.

3890 Any policy approved by the States would need to include a definition of derelict which could be objectively applied to determine whether a glasshouse should be placed within this new TRP category.

Now, sir, I think these derelict greenhouse sites are an eyesore and more often than not vermin infested and dangerous environments, but clearly the issues are social and environmental and

there are policy decisions that involve both the carrot and the stick, and this amendment if carried will enable consideration of those issues.

Thank you, sir.

The Bailiff: Deputy Le Tocq is not with us ... Deputy Le Tocq is just resuming his seat. Deputy Le Tocq, do you second the amendment?

Deputy Le Tocq: I formally second it.

The Bailiff: You second the amendment.

I think the intention certainly of Deputy St Pier was that amendment 14 be taken at the same time. Is that agreed, Deputy Yerby?

I know there is some debate as to whether these two Propositions 36 and 14 go beyond the original Propositions and hence perhaps laying an article a Rule 24(6) Proposition. I suggest that they both be laid and then because the two Propositions go together if anybody then wishes to lay 24(6) we do it in respect of both Propositions together.

Deputy Yerby.

[Amendment 14](#)

After Proposition 30, to insert the following:

"30A. To direct the Policy & Resources Committee, in consultation with the Committee for the Environment & Infrastructure and the Development & Planning Authority, to investigate how the Schedule to the Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2018 might be amended in order to define and create a new property reference for properties subject to property tax, for which the property description shall refer to or include the reference "derelict glasshouse" which shall be separate to any other existing Domestic, Horticulture or other "glasshouse" category contained in the Schedule to that Ordinance, and to consider the setting of a property tax rate designed to incentivise the upkeep or clearance of such derelict glasshouses, and to make recommendations accordingly in the States' Budget for 2020."

Deputy Yerby: Thank you, sir.

Deputy Oliver and I agreed the two amendments should be debated together, as at the time I did not have particularly strong feelings about which one should be passed other than that one should be passed (**A Member:** Hear, hear.) but simply because we did not have the opportunity, time was short and I did not feel we could responsibly consult with the Committees *for the* Environment & Infrastructure and the DPA ahead of the debate to establish which one they prefer, if indeed they prefer either, so allowing them to be debated together and ask them to give the Assembly some direction as to which they think would be preferable.

I do think that the original amendment 14 is the right one in terms of responsibilities. It is no less a fiscal matter than it is an environmental and social matter because we use our fiscal policy to achieve social and environmental goals. But on the other hand neither is it a pressing, fiscal, social or environmental matter, it is a matter of some tidying up.

Sir, when we debated the Island Development Plan towards the start of this term we introduced various measures in relation to derelict greenhouses particularly requiring those responsible for them to meet the cost of their clearance if they needed to, and that has effectively left those owners I would suggest between a rock and a soft place in that it is costly to get rid of them but cheap to keep them, but keeping them is not consistent with the policy objectives of this States.

So the purpose of this amendment is simply to make sure that the incentives to either maintain or get rid of derelict greenhouses match or outweigh the incentives to keep them. That is all, sir.

The Bailiff: Deputy Oliver, do you second the amendment?

3935 **Deputy Oliver:** I do, sir.

The Bailiff: Does anybody wish to have a go at Rule 24(6)? Yes. Deputy Lowe.

I mean it is slightly debatable because clearly there are Propositions that relate to tax on real property tariffs, but it is not directly relevant, but I think I can put the Proposition to Members they will either accept it or reject it.

3940 HM Comptroller, do you advise against that?

The Comptroller: No.

3945 **The Bailiff:** I mean there is some debate on it but it is late in the day Members can take their view whether they wish to have it debated or not.

So I put to you the Proposition that amendments 36 and 14 be not debated and no vote be taken thereon. Those in favour; those against.

Members voted Pour.

The Bailiff: I believe that is carried.

3950 So we move on then to amendment 5. Amendment 5 to be proposed –

Deputy Brouard: Can I just declare an interest on that item, sir.

3955 **The Bailiff:** Deputy Brouard was just declaring an interest on the item that is not being debated. *(Laughter)*

Deputy Lowe amendment 5, to be seconded by Deputy Prow.

[Amendment 5](#)

To insert a new Proposition 51 as follows:

"51. To agree to a review of the governance and operation of the Seized Assets Fund to be carried out jointly by the Policy & Resources Committee and the Committee for Home Affairs, consulting with HM Receiver General and other interested parties as appropriate and direct the Committees to report back to the States no later than December 2019 with recommendations for the future governance and operation of the Fund."

Deputy Lowe: Apologies, sir, I was not quite ready for that one.

3960 Sir, I am acutely aware of the volume of business we have to deal with in this Budget debate, and equally conscious that both Home Affairs and Policy & Resources have already affirmed their support for this amendment. I will therefore keep my speech brief.

The Seized Assets Fund exists to hold and distribute monies which have been gathered through decisions of the Courts both locally and in other jurisdictions, directing the seizure of assets known to be the proceeds from criminal activity but where there is no readily identifiable victim to whom it could be repaid.

3965 The common guiding principle is that these seized or forfeited funds should be used primarily, but not exclusively, for law enforcement related activity to prevent and reduce crime, to lessen its impact or to support those on whom crime has taken its toll.

For many years the amounts held in the local Seized Assets Fund were relatively modest, the money has been distributed on a discretionary basis under the oversight of HM Receiver General.

3970 In recent times, however, the money in the Fund has grown significantly such that we are now in double digit millions.

We firmly believe that the time has come for the overall governance and operation of the fund to become more structured and probably moved on to a statutory footing. We also believe the

money could be used for a wider range of purposes without distracting from the main objective of law enforcement.

This amendment therefore proposes that Home Affairs and P&R in consultation with HM Receiver General, and others, carry out a review into the matter and report back to this Assembly by the end of next year.

This is eminently sensible and I there ask Members to support this amendment.

The Bailiff: Deputy Prow, do you second the amendment?

Deputy Prow: I do, sir, and I reserve the right to speak.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Sir, it is only to raise a sort of technical point but I just wonder whether HM Comptroller as Deputy Receiver General should declare an interest for the record.

The Bailiff: I do not think you have a personal interest – well, you certainly do not have a personal interest and –

The Comptroller: Sir, I have no personal interest, no.

The Bailiff: Sorry?

The Comptroller: I have no personal interest.

The Bailiff: You have no personal interest. Do you have a special interest? I think that is still the definition in the Rules, I have lost track. Is there an interest that you need to declare? Do you wish to – you do not have a vote either –

The Comptroller: Well, I am HM Deputy Receiver.

The Bailiff: Yes, well, we will note the fact HM Comptroller is HM Deputy Receiver General. I am not sure we need to declare anything beyond that.

Deputy Le Tocq: No, that is fine, sir, I just wanted to be clear as these things are often raised.

The Bailiff: Deputy Prow. It is a long speech.

Deputy Prow: Thank you, sir

Once again I seem to have the graveyard speech so I can promise you, sir, I –

The Bailiff: It depends how you deliver it, Deputy Prow. *(Laughter)*

Deputy Prow: Not at all, sir. I will not stray from the point.

I just want to add a bit of context from what the President of Home Affairs has said and very briefly just say. States' Members will recall that I have been asking for much more transparency around the Bailiwick's Seized Asset Fund every time the accounts have been debated this term, and I know that Policy & Resources have supported that challenge and I thank them for it. However, transparency is not the only consideration, transformation is the other.

Quite simply the situation is this, it is understood that there is a balance of £15 million sat in the Fund. This money is identified as the proceeds of crime which has gone through the rigours of the justice system and paid into the Fund currently overseen by HM Receiver General.

In this Budget debate today there are two things which I believe the majority of States' Members are agreed upon. The first money is tight, placed upon ever increasing demands upon the availability of public funds. The second is that the States must transform how it delivers its services and to be able to perform against a background of very stretched resources.

4030 Sir, this Bailiwick's efforts to attack the proceeds of crime are outstanding, this is consistently endorsed by international scrutiny which comes in the form of Moneyval and IMF reviews of our regulatory and law enforcement regimes.

4035 The Committee for Home Affairs has in this term put more resource into the civil forfeiture of dirty money which adds to the already well-established criminal mechanisms to identify restrain and confiscate the criminal proceeds of crime. The Committee is determined to work with P&R to develop and strengthen our economic crime capability. This will need investment. However, through a transformational approach, building upon achievements so far, working in partnership with other jurisdictions, and embracing asset sharing agreements, we can recover costs and confiscate greater sums which can be paid into Seized Asset Fund.

4040 Sir, we need to continue the practice adopted by many other countries whereby confiscated assets are required to abide by transparent expenditure policy such as restricting the use to law enforcement effort, and the third sector initiatives around the prevention of crime, and looking after the victims.

4045 Sir, in previous years, as the President has alluded to, the balance of the funds was made up from relatively small amounts. Due to the efforts of our investigators and prosecutors the Fund has currently built up a significant sum. We need to unlock this source of funding and plough it back into financial crime investigation and appropriate charitable work, but more than that we need to increase our confiscation capabilities. We need to take a leaf out of our sister Island who used a large part of their building their new state-of-the-art police station which was funded by criminal assets. *(Laughter)*

4050 Sir, strengthening our really first class financial crime effort it is an integral part of the wider Home Affairs justice transformation piece which is jointly being scoped with P&R.

The review of seized assets in consultation with the Receiver General will form a part of that piece of work.

4055 Please support the initiatives to help unlock this money in order to assist the development of combating financial crime and identifying and confiscating those proceeds.

Thank you, sir.

The Bailiff: Deputy Gollop.

4060 **Deputy Gollop:** Hopefully I do not have anything to declare about receiving the proceeds of crime or whatever.

4065 But the thing is although I support the amendment, and it does not need much further comment on. I would point out that I hope that this review is quite wide ranging and does not just pick up the points of Lowe and Deputy Prow about the need, say for a new police station or financing, enhancing law and order because I recall a *BBC* documentary day a few months ago when the very well-known and much respected Island Community Foundation Chairman, Chief Scout and Active Group Limited founder Mr Wayne Bulpitt CBE suggested a different way of utilising some of this money, and that could be strengthening the bonds within our community and social investment, and that social investment could be anything from the issues we have been talking about for the last hour of gambling addition to supporting vulnerable families or other social projects.

4070 So I believe that this perhaps ill-gotten bounty of money that we acquire, £15 million and growing, although it is regrettable it exists in some respects. I think a review should take on board social projects as well as specific law and order ones.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, I think this is probably one of the best scratch-cards I have ever bought. Basically it looks like we are going to seize the assets of the Seized Assets Fund and give it to ourselves. We have just had a conversation about Leale's Yard which I think is something between £15 and £20 million I think we have got a solution. We just buy it out of the Seized Assets Fund. *(Laughter)*

But anyway I will be supporting this amendment, but I know what I would do with the 15 million quid – I would be buying Leale's Yard tomorrow.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Just a question, could anybody confirm what the current governance and operation of the Fund is that it needs reviewing in the first place.

That is all.

The Bailiff: You have spoken Deputy Prow.
Deputy Soulsby.

Deputy Soulsby: Yes, sir, I will be brief.

Just listening to Deputy Inder, I think we must remember this is £15 million, that is it, it is not £15 million per annum, so let's not get too carried away with this nice little pot that we all want to get our hands on. There is a danger of any politician seeing a lot of money that seems to be getting spare.

But I would like to follow up on what Deputy Gollop spoke about a minute ago. The social causes, and I was interested in the explanatory note where it says:

Internationally there is the expectation that the primary focus for such funds is to reduce crime, or the impact of crime ...

I think as is known criminal actions can cause real distress amongst our population certainly in particular areas, domestic abuse and areas like that, and I would request if this amendment passes, which I am sure it will, that Policy & Resources and the Committee *for* Home Affairs do liaise with the Committee *for* Health & Social Care to understand where this might impact, where it might be of use for our Committee in terms of reducing the impact of such criminal behaviour.

Thank you.

The Bailiff: No-one else rising. Deputy St Pier and then Deputy Lowe.

Deputy St Pier: Thank you, sir.

Sir, I mean this amendment clearly does go well beyond the Propositions but nonetheless the Policy & Resources Committee does not oppose this amendment.

It is an issue which has been kicking around for some time and the Treasury & Resources Department in fact has sought to engage on this matter with the... in fact the previous HM Receiver General. So this is not a new issue in any sense and the Budget Report last year referred to it as well.

What I can advise Members is I believe that the Receiver General is close to bringing recommendations which would obviously come to the Assembly in due course. So this amendment could well get overtaken by events, and that would not necessarily be a bad outcome. But my understanding is that that is the case.

In terms of answering Deputy Kuttelwascher's question, the current governance is HM Receiver General has an advisory committee which comprises the Chief Executive, the States' Treasurer, the Chief Secretary for the Committee *for* Home Affairs, Head of Law Enforcement and HM Comptroller. But ultimately the decisions are ones for the Receiver General. The accounts of

the Seized Asset Fund are audited but they are not published. So I think that pretty well summarises the current governance as it is.

The Policy & Resources Committee does support this amendment, sir.

4130 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Thank you, sir.

There were no other questions, so I just ask Members to support this amendment, please.

4135 **The Bailiff:** We vote then on amendment 5. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

We will move to amendment 37.

Deputy St Pier.

[Amendment 37](#)

After Proposition 49, to insert the following:

"49A. To note the existing operational process that requires permission for any inter-committee transfers or any budget transfers in respect of savings, to be given by both parties to the transfer before the Treasury can effect any changes."

4140

Deputy St Pier: Sir, as the explanatory note to this amendment says this is designed to replace one submitted by Deputies Soulsby and Tooley and again we thank them for their engagement having lodged that amendment and we believe they do now agree and support this and will not be presenting their own amendment.

4145

In particular it is really noting that there is a process by which inter-committee transfers do take place with the agreement of parties. We were concerned that the original draft could have imposed an additional process particularly in relation to increasing budgets which happens throughout the year as a result of pay awards for example and allocations from the Budget Reserve and so on.

4150

So we do believe that this is a better reflection of the current process, and we are grateful for the support of Deputies Soulsby and Tooley and hope the Members will support the amendment, sir.

The Bailiff: Deputy Trott do you support the amendment?

4155

Deputy Trott: I do, sir, thank you.

The Bailiff: Any debate?

We go straight to the vote on amendment 37. Those in favour; those against.

Members voted Pour.

4160

The Bailiff: I declare it carried.

We come to amendment 38.

[Amendment 38](#)

To insert the following Proposition after Proposition 50:

"51. To direct the Policy & Resources Committee to review the Budget setting process in consultation with all committees of the States and consider how the process might be improved

for the 2020 Annual Budget in order to ensure greater transparency and information sharing in the interests of good governance and effective coordination.

Deputy St Pier: Sir, much like the previous amendment, this has been initiated following amendment 21 as submitted by Deputies Yerby and Soulsby, and once again my thanks to both of them, sir, for their engagement in allowing us to prepare this amendment which we believe now has their support too.

It is simply after every Budget there is a process of review as to the process and whether it can be improved and this is really committing to doing that after this Budget. We believe this is a more proportionate response than that which existed with their amendment and we are grateful for their support and urge Members to do the same, sir.

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

Deputy Trott: I do, sir, thank you.

The Bailiff: Any debate?
Deputy Yerby.

Deputy Yerby: Briefly, sir.

As much of what I would say on this can be said in general debate if P&R did not like the draft we submitted they should have seen the draft before it. *(Laughter)*

This is just to reflect a feeling of some ... I suppose it is my own discomfort because I ended up being involved with many of the amendments and just not having sufficient information early enough to know what might need addressing and to know to what extent the committees who were receiving budgets, the other bodies of the States who were receiving budgets were truly satisfied with the outcome that had arisen from negotiations with ... well from P&R's decision making, because there is not really at this point in time much negotiation with P&R certainly not much of an even handed negotiation with P&R and I think it is just important if we are to make good fiscal decisions, if we are to be confident that committees are able to deliver the priorities that we expect them to deliver, we need to have more information collectively earlier in the process in order to enable us to reach a conclusion.

So that is really what the previous drafted amendment, and the one that P&R has now put in front of us, is seeking to achieve.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

Just briefly I have a slightly different reason for supporting the amendment and I have expressed this view previously to Deputy St Pier. Because I find the Budget setting process very odd, and I think it may not be unique to Guernsey but I bet it is very uncommon.

I know what happens in other jurisdictions is that committees or their equivalent ministers will submit their budget requests and the Chancellor or the equivalent position will send them something back which is vastly less than they submitted and then the two ministers and their officials will no doubt spend hours and hours negotiating over the budget settlement which is eventually arrived at.

What happens in Guernsey typically is that quite late in the whole process a States' committee is given a suggested cash limit and its component parts by its relevant finance officer which I would think in 99% of cases is hardly changed at all, that then gets submitted to the States' Treasurer and at some point a few weeks later the committee is told, actually for the first time this year is told but previously would find out what its proposed cash limit is when the Budget was published.

Now apart from the lack of transparency in that process, it has been historically highly officer driven, and I do not think that that is very healthy. I think it needs to be driven much more politically, and I think you will then get to a position where committees do feel more of a sense of ownership for their individual budgets, and also where the budget is more of a reflection of the political commitments and the political mood of the day rather being a sort of officer led technical process.

I suspect where it came from this rather odd process is that it was not all that long ago that committee budgets were not really budgets they were just estimates, and actually the understanding between the old A&F and other States' committees was that the States' committee just spent whatever it needed to spend and then A&F would turn up at some later date to advise the States what had been spent and the cash would have been provided.

Now of course we are in a very different fiscal environment now, but we have not updated the budget setting process.

So my question to Deputy St Pier when he replies to this debate is could he confirm that as well as any sort of review of the technical procedures around the transparency of the budget setting process there will also be a more fundamental review of the extent to which political committees are involved in being able to work with the Policy & Resources Committee to negotiate their budget settlements in the way that would be expected in almost every other part of the world.

Thank you, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, yes, I totally agree with Deputy Fallaize, and that was actually the driver for the original amendment.

I note what Deputy St Pier said in his opening speech about there is already a process that is undertaken after every Budget about how they can change things in the next Budget. But that is all.

As Deputy Fallaize said it is technical and it is done at officer level, and the feeling is that from politically we feel very much side-lined and being done to rather than being part of, and really that is the driver between that.

So I just would like confirmation Deputy St Pier that that aspect will be included for 2020.

The Bailiff: No one else?

Deputy St Pier.

Deputy St Pier: Sir, yes, I mean clearly there has been particularly for the larger committees for the Committee for Health & Social Care, Education, Sport & Culture and Home Affairs and indeed the Committee for Employment & Social Security, political engagement with the Policy & Resources Committee. However, I think the point is well made by both Presidents and I can confirm that it makes clear and obvious sense that any review of the process should include thinking about political engagement and when that takes place within the timeframe for the process. So I can provide that undertaking, sir.

The Bailiff: We go straight to the vote on amendment 38. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

Now it is now 5.30 p.m. but we have made some good progress in the last half an hour, and I know it has been a long afternoon, I am just wondering whether we could complete the

4260 amendments this afternoon by sitting for say another half an hour and then start general debate in the morning?

Can I just have an indication of how many people would wish to speak on the two remaining amendments, amendment 40 and 41. How many people are likely to speak? No. In that case I put to you the Proposition that we continue to sit in order to conclude the amendments. Those in favour; those against.

Members voted Pour.

4265 **The Bailiff:** We will continue then with amendment 40. Proposed by Deputy St Pier.

[Amendment 40](#)

In proposition 29 –

a) immediately after ""The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2018"" insert ", subject to the amendment indicated below", and

b) immediately after the proposition, insert the following amendment to the Ordinance -

"Amendment

In the Schedule to the Ordinance in the entries in:

i. Table (A) "GUERNSEY REAL PROPERTY - GUERNSEY BUILDINGS" relating to B6.2 (in the first column) and Office and ancillary accommodation (other than regulated finance industries, legal services, accountancy services and NRFSB) (in the second column), for "£12.55" (in the third column) substitute "£13.55""

Deputy St Pier: Thank you, sir.

4270 Amendment 40 is purely a technical amendment. There was a typo for which I apologise, Members will recall that I am afraid nearly every year there is a typo somewhere in the Propositions which does require an amendment of this nature. That is all this amendment does and therefore we urge Members to support it.

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

4275

Deputy Trott: I do, sir, thank you.

The Bailiff: Good. Any debate?

Deputy Gollop.

4280

Deputy Gollop: I would have been interested to have heard what Deputy Tindall would have said in relation to the amendment we did not debate. But I certainly will be supporting derelict greenhouses –

4285 **The Bailiff:** Well, no, we are not on derelict greenhouses, (*Laughter*) we are on to amendment 40 –

Deputy Gollop: I thought you said 14.

4290 **Several Members:** 40.

The Bailiff: Forty, four zero. Does anyone wish to speak on amendment four zero, correcting a typographical error? No. So we got to the vote. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

4295 Finally, amendment 41.
Deputy St Pier.

[Amendment 41](#)

1. In Proposition 29, immediately after ""The Taxation of Real Property (Guernsey and Alderney) (Amendment) Ordinance, 2018"", insert ", subject to the amendments indicated below".

2. Immediately after Proposition 29, insert the following amendments to the Ordinance –
"Amendments

(a) in the Preamble (p. 101) to the Ordinance, immediately after "Law, 2005" insert "and sections 2(1)(b) and 16 of the Wastewater Charges (Guernsey) Law, 2009", and

(b) immediately after clause 2 (p. 102) of the Ordinance, insert the following –
"Consequential amendment.

2A. The Wastewater Charges (Guernsey) Ordinance, 2014 is amended by inserting, immediately after section 1 of that Ordinance, the following section –

"Other domestic properties liable to wastewater charges.

1A. Any property that falls within property reference B1.1.5, B1.2.5, B2.1.5 or B2.2.5 in Part I of Schedule 1 to the TRP Ordinance is prescribed to be liable to the wastewater charges under section 2(1)(b)(ii) of the Law."."."

Deputy St Pier: Sir, again I think I would describe this as a technical amendment too, this is consequential to the changes to TRP in relation to introducing a graduated system of taxation on some domestic properties as applied to wastewater, therefore we urge Members to support it.

4300 **The Bailiff:** Deputy St Pier, you second it – sorry, Deputy Trott. *(Laughter)*

Deputy Trott: I do, sir.

4305 **The Bailiff:** I tried to do two things at once.

Deputy Trott: Indeed, sir,

The Bailiff: I cannot do it very well. Deputy Trott will second it.

4310 **Deputy Trott:** I second this with more pleasure than you may realise, sir. *(Laughter)*

The Bailiff: Any debate on amendment 41? No. We go to the vote. Those in favour; those against.

Members voted Pour.

4315 **The Bailiff:** I declare it carried.

I now need to put to you a further Proposition because the Rules say that after three days of debate we adjourn to the end of the month, the next meeting. So I need to put to you the Proposition that we resume tomorrow morning. Those in favour; those against.

Members voted Pour.

4320 **The Bailiff:** We will continue tomorrow morning at 9.30 a.m. with general debate on the Budget.

The Assembly adjourned at 5.34 p.m.