



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 15th July 2020

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Present:

Richard McMahon, Esq., 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, D. A. Tindall, B. L. Brehaut, R. H. Tooley

St Peter Port North

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

St Sampson

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

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

The Clerk to the States of Deliberation

C. Foster (H.M. Deputy Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur); Deputy J. I. Mooney; Deputy L. B. Queripel (*indisposé*);
Alderney Representatives S. Roberts and A. Snowdon (*relevé à 10h11*)

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States of Deliberation

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

[THE BAILIFF *in the Chair*]

PRAYERS

The Deputy Greffier

EVOCATION

CONVOCATION

The Deputy Greffier: Billet d'État XV. To the Members of the States of Island of Guernsey I hereby give notice that a Meeting of the States of Deliberation will be held at the Royal Courthouse on Wednesday, 15th July 2020 at 9.30 a.m. to consider the items listed in this Billet d'État, which have been submitted for debate.

Propositions in Pursuance of Rule 18 of the Rules of Procedure

CIVIL CONTINGENCIES AUTHORITY

Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 4) Regulations, 2020 – Proposition carried

The States are asked to decide:

Whether they are of the opinion to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No 4) Regulations, 2020.

- 5 **The Deputy Greffier:** Propositions laid pursuant to Rule 18 of the Rules of Procedure, Civil Contingencies Authority, Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 4) Regulations, 2020.

- 10 **The Bailiff:** I invite the Chairman of the Authority, Deputy St Pier, to open debate on this Item.
Deputy St Pier.

Deputy St Pier: Sir, I shall be relatively brief. This is the fourth set of General Provision Regulations which the Civil Contingencies Authority has made during this emergency. There has been a further whittling down of regulations which ... I am sure Members will appreciate the Authority continuing to satisfy itself that those regulations which are still required for the proper management of the emergency only should be retained. Of course, at the heart of those at the moment remains Part 1, which clearly deals with the ability, in essence, to control entry at the borders and to require individuals to be swabbed and tested if required.

The other provisions in relation to mental health, the Court of Appeal, certain health and safety provisions and in relation to schools and seaweed: again we have considered the need for those and certainly for this set of Regulations it is likely that the requirement for those will fall away in due course.

The previous position in relation to population management has not been retained, as the Committee for Home Affairs has instructed that it is no longer required. For the avoidance of doubt, it would still be possible for any relevant authorisations to be granted on a compassionate basis where appropriate, and on that basis the Authority followed the instruction and the request of the Committee for Home Affairs to not repeat that particular regulation. I think that is probably the most significant change, sir, and obviously I would be pleased to respond to debate.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you very much, sir.

I think I will vote for everything here and I think probably we as an Assembly, in this busy time, are not in a position to question everything, but I would like to perhaps raise three points on three different subject areas.

The first is seaweed. During the lockdown Teams meetings I remember one or two unusual meetings at Employment & Social Security Committee where we discussed the seaweed issue in order to get things going. It came under us because of the health and safety elements of the chemicals being used, but we thought it belonged to Environment & Infrastructure as well because it affected ecology and the environment, and I think that is an area perhaps to iron out.

My second argument, more seriously, is I listened yesterday and I have for some time been closely following, as I am sure most of us have, the States of Jersey debates and their adventures and misadventures as they find solutions for their circumstances. What is interesting there is that they mitigate the central executive functions by, from time to time, having debates. I gather yesterday they decided to toughen up, to a certain extent, their border control policy. I wish, in a way, we as States' Members had a greater opportunity to comment on this and perhaps change emphasis. I for one, although I entirely agree we are responsible in not allowing free, uncontrolled entry at the border for many reasons, am sorry that the tests on the week have not gone and would like to see hopefully further action on that in August. In that sense I think we are weakening our tourism sector, for good reasons, by agreeing to these further extensions today, and that should be borne in mind by Economic Development and Policy & Resources in terms of the financial help that they might need to continue to give that industry.

My third point, and I think the most relevant one, is relating to population management. I entirely agree that Home Affairs have responsibility for that; that is clear. It was transferred to them from housing and they managed responsibility diligently and within the Law, but I think given the fact that emergency powers still apply in certain areas of our economy, particularly affecting hospitality, tourism and other fields, we should actually reconsider whether in the Revive and Thrive petition we supported last week there should be the opportunity for the executive committee of the States, Policy & Resources, to encourage pragmatic, temporary management of certain licences so that maybe private sector businesses in hospitality, retail, tourism and the care industry, and maybe public transport as well, have the opportunity for licences that are coming to the end of their existence to be given a further six or nine months. I think an override here, or at least discussion with Home Affairs, would be extremely useful. My argument would be that in the spirit of the

65 emergency legislation the economy has to be a paramount consideration and therefore the
inevitable redeployment of staff that may need to happen, when we know how many people are
unemployed and their skills, cannot take place overnight. Businesses that are in building and
construction, as well as hospitality, may need skilled workers to continue. They may not have work
to go to in their home countries or areas either. I think we will not be in a position to audit our local
70 unemployed and the skills and learning that they need until at least Christmas, and so I do support
Policy & Resources and the CCA to work with Home Affairs and the Population Office to ensure that
economic development is not affected by a weakening of our skills base.

The Bailiff: Deputy de Lisle.

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

I certainly support the control of borders and the requirement to self-isolate on persons entering
the Bailiwick. I wanted to bring to the attention of Deputy St Pier and the CCA ... Through you, sir, I
wanted to stress the importance of consolidating on phase 5 before going on to phase 6 as we
move from lockdown and try to restore the economy to get consumer spending back to support
80 the high street as a key part of the drive forward. This would normally be week one of the Town
Carnival. Where is it when we most need it? We have local musician talent galore here. What is the
Chamber doing with the grant from Economic Development to support retail in Town, which was
£300,000?

85 **Deputy St Pier:** Sir, a point of order.

The Bailiff: Point of order, Deputy St Pier.

Deputy St Pier: This is interesting but totally irrelevant to the Regulations.

90

Deputy de Lisle: It is certainly not irrelevant, sir, because we are dealing with the economy and
with –

The Bailiff: Deputy de Lisle, that is a valid point of order. What you are being asked to debate
95 is whether or not you approve the Regulations being laid with a Proposition to approve them. Those
Regulations are a form of primary legislation, the equivalent thereof, and therefore debate has to
be relevant to the provisions that you are being asked to approve, or not.

This is not a debate on the Revive and Thrive document, that was last time, so can you confine
your comments, please, Deputy de Lisle and other Members, to the provisions in the legislation
100 which has been made and which you are being asked to approve? If you do not approve it, it lapses
after a time; if you do approve it, it lapses after a longer time. That is all.

Deputy de Lisle: I thank you for that interjection, sir.

105 **The Bailiff:** It is a ruling, Deputy de Lisle, it is not an interjection.

Deputy de Lisle: The ruling. The fact is, sir, I approve the control of borders and the requirements
to self-isolate on persons coming into the Bailiwick. I think that is very important. As I have stressed
before, it is very important to keep our borders open, on the other hand, within Guernsey and not
110 close thoroughfares and so on when we are desperately trying to get the economy rolling again
internally.

I have one other point and that is with regard to the suggestions that we should be developing
business tunnels at this time. There are alternatives at this time to that, and just to adopt what
others have already in place it is possible to relax the economic substance requirements for
115 Guernsey, and considering the outbreak of the pandemic and the resulting travel restrictions the

right step is to relax the conditions on physical board meetings and accept digital electronic meetings. India is one country that has relaxed the ruling on physical presence through audio-visual means at this time in order to ensure statutory compliance. Ogier, in Guernsey, has published a paper noting Covid-19 and corporate governance and new relief measures for shareholders and board meetings. The Luxembourg and Swiss governments have introduced rules which introduce the possibility for meetings of companies to be held exclusively in digital form without requiring the physical presence of their members at board meetings in order to protect the health and safety of the participants of the board. These rule changes were made to apply regardless of any existing provisions in the company's articles of association. It will be too difficult to control individuals using the corridor and thereby subject Islanders to unnecessary risk of a secondary pandemic. Too many countries have gone too quickly. If bigger jurisdictions such as Luxembourg and Switzerland can adopt these measures, why can we not follow?

The Bailiff: Deputy Merrett and then Deputy Inder.

Deputy Merrett: Thank you, sir.

I will be quite brief because I appreciate we are discussing this in affirming or rescinding this, but I want to try and say it in language that our community will understand, which is not as easy to interpret.

My understanding is that it is now the Civil Contingencies Authority, the CCA, who are making decisions on how we exit through this and the regulations, and I just want to ask Deputy St Pier, sir, through you: does he believe that the current membership of the CCA, being the President of Home Affairs, the President of Environment & Infrastructure, the President of Policy & Resource – (**A Member:** Policy & Resources) and Resources – and the other President, who I cannot remember ... sorry, of course, Health & Social Care ... Let's get it correct if we are going to be that pedantic. Does the President of Policy & Resources feel he has enough engagement with the President of Economic Development to ensure that is an aspect that is taken into account as they go through the exit process? I understand they have the States' Treasurer who attends, but I just want to understand if and when he takes any consideration or engagement with the President of Economic Development.

Thank you, sir.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, just briefly picking up on something Deputy Gollop said – and I will not repeat it more than that – there is an issue emerging with Regulation 37 gone and I would like to ask Deputy St Pier: how can we be sure that we do not lose those skills from our economy at the end of their current work permits? It is a fact that we are currently going through some kind of boom. It might only be a bubble, but work for the trades and various other portions of our economy is coming in thick and fast and there is a danger that we are losing the skills because of the current inflexibility of the Population Management Law. I am wondering if Deputy St Pier could comment on whether, with the loss of Regulation 37, anything can be done to address that?

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

I feel I need to address the issue about population management. Population management remains flexible. It is not a case of a computer says no, as has been stated; it is a case of the flexibility being there. I have encouraged ... and I ask again for States' Members to go and talk to the Population Management Office and speak to the administrator, who is a statutory official. That flexibility is there. During April to June they handed out over 100 new permits. Even though we had a whole list of people unemployed, it was important that the economy was kept going. Out of those, at least 18 were in the hospitality sector.

We must encourage employers to go and talk to Population Management. They work with them all the time, but there will be some for whom it is easier to go on social media and say it does not work. Actually, if you want to go and speak to the staff, you will find it does work. It is extremely flexible and we have a duty to those who are unemployed to make sure that we can get them back into employment. There is a huge cost to that to the funds, but equally to the mental health of those people who have not been able to get a job during this period of time. We know that is not finished yet. We read it in the paper again yesterday and indeed last night it came out about perhaps another bank where there might be another 35 coming out of a particular group who may be closing down. We are not out of the woods yet and it is really important that the flexibility is there, that we keep the economy going but we also work closely with Employment & Social Security – who have struggled with their computer system, which is no fault of their own, but equally the staff do work with Employment & Social Security.

I urge Members again: please encourage any employers having difficulty to contact the Population Management Office. None of us in here have the authority to say you can have a permit or not – that is the reason it was taken away from the States – and equally it is more flexible now than it ever was. There are over 250 on the website, where an employer or an employee can look and see if they are able to get a permit for a particular job. That is reviewed regularly, and equally it is important that if somebody comes and it is not listed there is consideration given for that and the policy will be added if it is appropriate.

Thank you, sir.

The Bailiff: I turn to the Chairman of the Authority, Deputy St Pier, to reply to the debate.

Deputy St Pier: Thank you, sir.

I think really the main point of substance to reply to is in relation to the population management aspects of the Regulations and the absence of what was previously Regulation 37, but first of all dealing with Deputy Merrett's point about the composition of the Civil Contingencies Authority, it is of course statutory in terms of its membership. Clearly it can take input from others as required, and absolutely essential to all considerations of the Authority is the wider aspect of the health and well-being of the community, including of course the economic well-being of the community, so that input is sought and that could of course include and has in the past included engagement with the Committee *for* Economic development.

In terms of the question of losing skills as suggested by Deputy Inder, what I would probably encourage is for the Committee *for* Economic Development to make representations, if they believe it is appropriate, if there is an issue of individuals who risk leaving the Island because they are coming to the end of their licences and they need those licences extended. Certainly that is an issue which could be considered, not only of course within the normal authorities and discretions of the statutory officials that Deputy Lowe referred to but there may be a need for a wider change, which could be through the Civil Contingencies Authority, or some amendment possibly using Article 66 of the Reform Law, depending on the urgency of the matter. Of course, if it was the Civil Contingencies Authority we would have to satisfy ourselves that it was proportionate – in other words that it was really necessary for the situation that exists in the Island.

So, I think it is incumbent on the Committee *for* Economic Development to make the case, if they believe there is a problem, to the Policy & Resources Committee, the Civil Contingencies Authority and Home, in order that the matter can be progressed in an expeditious fashion if indeed there is a problem as has been highlighted by Deputy Inder and Deputy Gollop's comments.

With that sir, I do encourage Members to support the Regulations as presented.

The Bailiff: Thank you very much.

Members of the States, there is a single Proposition asking you whether you are minded to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 4) Regulations, 2020. Those in favour; those against?

Members voted Pour.

220 **The Bailiff:** I declare the Proposition duly carried.

**Procedural –
Removal of Jackets**

The Bailiff: Members, I have had a number of requests – even though it is not the hottest day this summer, for which you are probably grateful – as to whether you can remove your jackets or outer wear, and you can do so now.

Billet d'État XV

ELECTIONS AND APPOINTMENTS

APPOINTMENTS LAID BEFORE THE STATES OF DELIBERATION

**Appointments to the Guernsey Competition and Regulatory Authority –
Mr Christopher Bolt, CB, as Chairman; and Mr John Curran as Ordinary Member**

The Bailiff: Greffier.

225

The Deputy Greffier: Appointments laid before the States. Appointment of Chairman of the Guernsey Competition and Regulatory Authority.

The Bailiff: We have got two appointments.

230

The Deputy Greffier: Sorry, appointment of an ordinary member of the Guernsey Competition and Regulatory Authority.

235 **The Bailiff:** Members of the States, we know that both of those appointments are laid before this Meeting. There has been no motion in respect of either of them.

STATES' TRADING SUPERVISORY BOARD

I. The Future Guernsey Dairy Project – Propositions carried

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'The Future Guernsey Dairy Project' of the States' Trading Supervisory Board, they are of the opinion:-

1. To reaffirm the States' policy on the dairy industry as set out in the resolutions of the 25th September 2014 on Article IX of Billet d'État No. XX of 2014, to maintain a States-owned Dairy and to confirm that the States remains of the opinion that the unique Guernsey breed of cow must be preserved and protected and that the local dairy farming industry is inextricably linked to sustaining Guernsey's rural environment and agricultural economy.

2. To agree that the Future Guernsey Dairy Project is formally included within the capital portfolio (2017 - 2021), to be funded from the Capital Reserve.

The Deputy Greffier: Article I. States' Trading Supervisory Board, the Future Guernsey Dairy Project.

240 **The Bailiff:** I invite the President of the States' Trading Supervisory Board, Deputy Ferbrache, to open debate.

Deputy Ferbrache: Well, sir, we have got here at last. The milk has not curdled, but the cheese has matured and we hope that wisdom is in abundance. We hope it is a short debate and we do
245 not get lots of people talking about how Guernsey Dairy should market its products over the next five or 10 years.

In relation to this matter, it is very clear. Deputy St Pier, when he was summing up in relation to the Revive and Thrive debate, made an allusion to this debate coming forward and this policy letter – I think probably not in favourable terms, looking at the disappointing letter of comment and the
250 negative letter of comment from Policy & Resources, but we will have to deal with that.

There are really three principles that underline this particular policy letter. The first is how important it is to our environment. One of the things that we agreed in the Revive and Thrive, and before that all the discussions, was that we would protect, enhance and preserve our environment. Deputy Paint I am sure will interject if I have got it wrong, but I hope he bears with me. I think there
255 are about two and a half vergées or so to an acre and about two and a half acres to a hectare. We are a tiny little Island. We have 38,660 vergées of land in Guernsey – that includes the tower blocks, that includes this building and that includes all our land; 15,250 of those vergées are for agricultural land; 8,000, more than one fifth of our land mass, relates to the dairy industry. We have 14 farmers, we have 3,000 fields – we have little, tiny fields, average 1.4 acres – we have the Guernsey hedgerow,
260 we have the earth banks. All of that is fundamental to the character of this Island and the only way we can keep our countryside as it is, is firstly to makes sure we have got relevant planning principles – and I am sure that will be well looked after under its current President – and secondly, and probably more significantly in this context, to keep the environment as it is, to keep the fields as they are, to keep cows in the fields.

265 Guernsey cows have been a protected species since 1817. We have statutes going back to post-Napoleonic times which protect the integrity of the Guernsey cow. We have had specific legislation of one form or another protecting the Dairy since 1937. The current Dairy was built in 1951. Of course, that was an iconic year for some of us but it was a long time ago and there has been no significant capital investment in the building part of the Dairy since about 1989, so more than 30
270 years ago. Of course there is capital spend every year – there has been capital spent on it last year, there will be capital spend going forward, but that is more on, if I can use that horrible modern word, 'kit'.

We talk about experts, and when we come to this very long States' Meeting ... I am sure it will be, but hopefully not in relation to the Dairy because I expect the voting to be unanimous or
275 overwhelmingly in favour of these proposals, because I am sure Policy & Resources will see the light. But if we look at the attachment to the policy letter, it is a letter from a senior environmental health officer to the deputy managing director of the States of Guernsey Trading Assets Board which says this ... It refers to the policy letter – or the draft policy letter, as it then was – and if you recall, in the policy letter it sets out various options. Two of those are for a new dairy on a new site, and
280 this is what the senior environmental health officer says:

Whilst repairs carried out to the discreet areas of the Dairy in 2016 remain satisfactory, it is clear that a long-term solution is required to address the disrepair and extensive ongoing maintenance within the Dairy. I support options 5 (a) and (b)

– those are the two options, sir, that are for the moving of the Dairy –

– which are recommended in the paper as the preferred way forward, as carrying out extensive improvement to the current facility, while remaining operational is likely to be exceptionally challenging in terms of hygienic food production. It must be noted that a new dairy will take several years to be operational and immediate improvement is needed to bring the current facilities up to a reasonable level of legal compliance on an ongoing basis until production can be transferred.

The 38 people or so who work at the Dairy do a manful, womanful, peopleful job in keeping the Dairy going, but it is exceedingly difficult on that site with all the constraints. We are very grateful for the relationship we have with Environmental Health because although they discharge their duties properly under the Law they do so in a pragmatic and balanced way, but nevertheless the senior environmental health officer says what she says.

As I said in my opening remarks, the purpose of this policy letter is really to take forward the Dairy into the next part of the 21st century, but paragraph 2.1 of the policy letter says this:

The principal reason for the existence of the Guernsey Dairy is to support the maintenance of Guernsey's unique rural environment and to protect the Island's unique herd of Guernsey cows. The processing of the milk at the States-owned Dairy and the sale of it at the Dairy's 'gate' is the financial mechanism that enables the continuation of the dairy farming industry.

There are 8 million litres or thereabouts of milk produced per annum and about 6.3 million litres are sold to consumers. Because of the constraints, and the farmers are not driving around in Range Rovers and living in mansions but the price paid to the farmers is two and a half times what you would be paying to a comparable farmer, farming institution, farming co-operative in the UK. That is because of the economies of scale, or the lack of economy of scale in relation to our farming industry. There is no way around that. There is no way we are going to get cheap milk. The easiest and most economic thing – but it would be devastating to the environment – would be to say we will close the Dairy down. A bit like the bread that we get in Guernsey, imported into the supermarkets, it is tasteless but people buy it because it is 23p a loaf, or whatever it may be. I do not know what the cost of it is, but it is certainly not a lot. Milk would be the same. It would be a lot cheaper than we currently pay and it would be drivell. It would destroy our farming industry and destroy our environment. If that is what we want, reject these proposals. It is as simple as that. Tell the people of Guernsey that. There will be cheering outside, I am sure, if they get that. *(Laughter)*

What we are asking the States to approve today – and I very much hope it is today – is set out in the policy letter at paragraph 1.6 where we say hopefully this will be funded, it joins the current capital portfolio. I think as part of Revive and Thrive we know that everything is going to be looked at afresh – not really during the lifetime of this particular States, because we have got less than three months to go, but no doubt during the early lifetime of the next States from late October. But it says it will enable the work on the preferred way forward, as set out in this policy letter, to go forward. It will mean that the Policy & Resources Committee has authority to approve funding to support the development of the project during the next couple of years and this development stage includes all the necessary steps to complete an outline business case and bring that forward.

The cost is not inconsiderable, £2.3 million is a lot of money, but if the States approves this decision today, that is what it is guaranteeing to be spent, not the £20 million to £25 million that will be spent if the policy goes all the way forward, as it jolly well should do because we talk about Revive and Thrive and if we end up moving the Dairy to somewhere else – and where it will be moved and where it will go and all that will be for our consideration – it is going to be a large expense, between £20 million and £25 million. At least half of that, probably about £12 million, will be spent in the local economy with builders and professional people. That is the money that will be

320 spent here. The rest of it will have to be ... because you have got to import machinery and the like, which we do not make in Guernsey.

325 The policy letter goes on to say, after the outline business case, a policy letter would then be submitted by the STSB asking the States to approve the development project and agree that the STSB tender for the preferred solution, following which the full business case would be finalised. I am always amazed ... and you can look at *Hansard* for the last four years and I have been consistent, but I see that some people, with the election looming, are now saying we should cut down on regulation and speed up the process. I wish we had done that over the last four years, because we have done very little of that.

330 When this was originally put to us by our officers some time ago, there were 12 stages that we had to go through, A-L, 1-12, to get the project through. My goodness, what a blinking nonsense! I hope that is not an unparliamentary term, sir; if it is, I apologise.

In relation to where we are, this is something that is so overwhelming, so common sense, it needs no further comment from me and I hope the debate is short, succinct and affirmatory.

The Bailiff: Deputy Le Tocq.

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

I am responding on behalf of P&R and hopefully will help to make this debate very short indeed. I am pretty certain that whatever P&R say in terms of response will be rejected by the rest of the Assembly, so that will hopefully help Deputy Ferbrache in his desire to achieve what he wants.

340 I refer Members to the P&R letter of comment, which I had the joy of signing on behalf of the Committee, and I want to read three sections from that because, in voting today, it is very important that every Member of this Assembly understands what she or he is doing. On the top of the second page, it reads like this:

It is important for the Assembly to understand that the capital fund is over-committed, so any work carried out on this project is doing so against the backdrop of no capital funding being currently ring-fenced or agreed for it. It is inevitable that choices will have to be made as to how we fund all the projects we would like to deliver in the future.

Then at the beginning of the next paragraph, sir, it says:

The Future Guernsey Dairy Project has not been previously prioritised by the States and is not currently included in our portfolio of priority projects.

345 If I just stop there for moment to comment, from that point of view it is a legitimate question, I think, for P&R to pose to STSB as to why it was not prioritised above other things that they want to do.

And then finally sir, the penultimate paragraph:

The Committee accepts that, should this policy letter be approved, then work on the next phase of the Future Guernsey Dairy Project is likely to start (which will require expenditure in the form of staffing resources) before the revised capital portfolio is brought back to the Assembly. Therefore, any work carried out in the next few months will need to be carefully managed so that it is not wasted should the project not be included in the revised capital portfolio.

350 I think those are the cogent points this Assembly needs to take into consideration. P&R's position is not that we should not move on such a project – so I would counter that sort of straw man argument that Deputy Ferbrache put up – but that we need to very cognisant that if we choose to do so we do so at risk of the other things that this Assembly has chosen to prioritise and before we have had an opportunity post-Covid to look at whether and if we want to do those things continually in that fashion.

355 My father gave over his dairy herd to his younger brother, my Uncle Stan, when I was three-and-a-half because at that time, in the 1960's, there was more money in growing, in the horticulture industry. So he passed those onto my uncle, but I grew up certainly being involved with the farm;

we were living very close by. But as a son of a farmer I care very much for the dairy industry and I concur with Deputy Ferbrache's view that it would be totally wrong of us and it would cause this Island a huge amount of damage to our heritage, culture and reputation if we do not protect our dairy industry. The question is how we do that and whether the policy that had been agreed in the past with regard to agriculture, keeping our countryside and therefore supporting the dairy industry in this way is the right way forward for the future. Whether it can revive and thrive on this basis is unknown.

I accept, sir, as Deputy Ferbrache said, that we are not being asked to approve the whole of the large capital project at the moment, but we are in danger of spending money on something that we cannot then recoup. It could end up being wasted. Of course, this Assembly, as with previous Assemblies on capital projects, is well-used to doing that, but I do not think we should do that without it being very much flagged up as a danger. We are dealing with taxpayers' money here. We do not want to waste it, because we do not know at this particular juncture where the other prioritisations and reprioritisations will be. Those are the primary reasons why the Committee feels that it has to say to this Assembly that we are not in favour of making this decision now until this Assembly has properly worked out whether it is still intending to do the other things it has prioritised; otherwise, we go back to the days where it is first come, first served in terms of capital projects and capital funding. Whilst I do agree – what I am sure my colleague to my right Deputy Fallaize will say – we need to reduce the hoops that we have to jump through with capital projects, at the same time we do need to prioritise the finite amount of resources that we have to put to all the things that we want to do.

I hope I have explained P&R's position. We are not anti-farming or anti-dairy; we just believe that this is not the right way to go about making these decisions.

Thank you, sir.

The Bailiff: Alderney Representatives Roberts and Snowdon, is it your wish to be relevés?

Alderney Representatives Roberts and Snowdon: Yes, please, sir.

The Bailiff: Thank you very much, then we will mark you as present.
Deputy Inder.

Deputy Inder: Just briefly sir. I hope I am not going to make this debate worse than it needs to be. It is fascinating. The Policy & Resources letter is effectively a sursis; that is what it effectively is. It is asking for the Dairy project to be stopped, or at least stopped until some consideration ...

I am just going to read paragraph 2:

However, the Committee has concerns that the current policy which has shaped the preferred solution, i.e. a new Dairy at an estimated build cost of up to £26 million, has not been fully considered ... the future of the island's dairy industry ...

Not so long ago, I presented a sursis for the States on a very similar project, for the Inert Waste Strategy, for exactly the same reasons. You could replace 'Dairy' with 'Inert Waste Strategy', '£26 million' with '£46 million' and 'dairy industry' with 'harbours' and we would actually be in the same place. But I am afraid Policy & Resources are being horribly inconsistent. Why did they not write this for the Inert Waste Strategy? You could have exactly the same argument by stopping this, because we have not had that capital allocation conversation yet. Yet they voted, I believe in the main, for the Inert Waste Strategy. There has got to be some inconsistency. But I am actually going to help them, because I am consistent. I do not think we should have been doing anything at all until we know where we are in terms of what we want to do, what we are prioritising. So I will not be supporting this policy letter, for the same reasons I did not support the Inert Waste Strategy. I am actually helping Policy & Resources' consistency because it is the consistency they did not have only four months ago.

Thank you, sir.

The Bailiff: Deputy Fallaize, to be followed by Deputy Oliver.

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

I used to work at the Dairy, not for a long period of time but on the shop floor, and I can remember the condition of the fabric of the building. That was 15 years ago and there has not been very much investment since. There has been no material investment, as Deputy Ferbrache outlined. I am sure there has been some replacement of plant but the fabric of the building remains the same.

415 It was not in a good condition then.

I think there are two ways of resolving this. It is a bit of a dilemma before the States. One is to apply the theory and the other is to apply pragmatism. Based on the theory, the Policy & Resources Committee's position is right, obviously. I do not know why the States' Trading Supervisory Board could not get its act together and submit this project as part of the original capital prioritisation list.

420 **(A Member:** Hear, hear.) Something similar happened over airport baggage handling, I think – we do not know.

Deputy Ferbrache is the only Member of the States who can actually get any capital projects through this Assembly. *(Laughter)* I do not know whether there are any more he has up his sleeve before the end of the States' term, but there does seem to be a succession which he has to bring forward and try to get inserted late into the process – but anyway, that is an internal matter. Deputy Le Tocq asked the question how did this happen, and Deputy Ferbrache will no doubt advise the States when he replies.

425 So, on the theory of it I think P&R is right – this was not in the original list, there needs to be a process of prioritisation, so the corporate orthodox position is to advise the States not to agree to the proposals. I think that is understandable and in a sense admirable, but I also think it is wrong. I think it is dealing with the way life ought to work in theory, rather than the way life does work in practice. I say that for three reasons. Deputy Le Tocq says we have to prioritise projects and there might be other projects which could not proceed if this project is allowed to proceed. Well, in theory that is true, but ... I do not know if this has escaped Deputy Le Tocq but there are not any projects, partly at least as a result of the sclerotic process for getting capital projects approved; and, as Deputy St Pier would say in defence of the process, also partly because of the States continually agreeing to projects and then abandoning them. Those two things have come together, to me. There are almost no projects progressing. I think I provided the States with some numbers in the last debate which showed that for four years we have been throwing appropriations into the Capital Reserve from General Revenue at the rate of £50 million or £60 million a year, and three of the four years of them are completely unspent and there is no sign of any projects getting close to approval capable of spending this money. Soon the Capital Reserve could become known as the States' Bond Reserve because it will be capable of paying back almost at one stroke all the borrowings the States have accumulated in recent years. I know this is a judgement and I know Deputy Le Tocq is right in theory, but I think in practice there will not be any projects which will end up not being done if these proposals are approved today, or even if the project is approved in the end, because I think the States are far more likely, either because of process failures or because of agreeing to things and then abandoning them, not to generate these capital projects in the first place. That is a far more likely outcome than the outcome suggested by P&R, I think.

440 The second point is there is no choice here. Deputy Ferbrache was not really guilty of hyperbole – unusually – when he talked about the demise of the Guernsey cow. That is the consequence of not having a dairy. The Dairy does not exist because it is profitable, it does not exist because Guernsey has a particular panache for producing milk; it exists because of the Guernsey cow and the iconic place in our culture and because of the role that the cow and milk farming, dairy farming, plays in land management. The idea of moving the Dairy to a different site is pie in the sky. Given the way in which the States manage capital projects, if we try and combine a capital project with identifying a new dairy site it is not going to happen in this millennium.

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So I think if there is a serious commitment to the dairy industry, clearly there needs to be a new dairy – clearly the only pragmatic option is for it to be on that site and therefore it is going to have to happen and really we are debating an issue of timing, when it should happen. And this is the third reason why I will vote in favour of the proposals. The proposal is basically to progress to the next stage of the business case. In terms of the timing of approving business cases and getting capital projects in the ground, the people who absolutely hold the key is not the States anymore, it is P&R, because you cannot move from one stage of the process to the next until you have approval from P&R. The current capital project process, my prediction is that because it is now so sclerotic the next States will reform it.

I expect the States are heading to a place where all capital projects, in glorious detail, will end up back on the floor of the Assembly. I regret that, but I think the States are going to find it is the only way of getting anything done. Where we are at the present time is that the Policy & Resources Committee, rightly in my view, has delegated authority to approve one stage of the business case process into the next, so actually this project has to happen but the issue is one of timing. But Policy & Resources Committee holds almost all the cards in terms of timing and they will be able to adjust the timing, because of the way in which they can approve various stages of the business case, to suit the capital prioritisation process of which they have an overview.

I think really the only practical thing to do today is to vote in favour of these proposals.
Thank you, sir.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

I agree that Deputy Ferbrache is right and I also agree, kind of, that Deputy Le Tocq is right. I do understand that this is just the first stage and we are going on to the next stage, but one thing I do not understand is our Dairy makes a loss: in 2018 it made a loss of £480,000 and in 2019 it made a loss of £388,000. We have quite a high price for milk. Within these reports I know we are just talking about the fabric of the building but I really wish that there had been some way of saying, 'The reason why we want the fabric of the building is so we can change X, Y and Z, which would hopefully make more of a profit, or if we do not go for that option and we get some new machinery it will make efficiencies X, Y and Z.' I just did not see any of that. Potentially, we will be spending £25 million for a new site and I just want to know: will it actually make a difference to our accounts? I agree that it is great for the environment, that the Guernsey herd should be protected, but I just think that the Dairy needs to almost have a big shake-up and say, 'How can we improve things, because we cannot keep making a deficit?' You only have to look at our sister Island, unfortunately, to know that a profit can be made. I do not think it is economies of scale; I think it is purely that they make use of the whey, of the fats, the skimmed milk. I just want to know: if we got a new dairy, can this be done?

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

Deputy Fallaize is right. I said during an earlier debate that I was really quite shocked to join, earlier this year, the States' Trading Supervisory Board only to discover that they had two big, pressing capital projects which I actually knew nothing about and which had not been presented as part of the current round of capital priorities. How that came about I do not know. If I was speculating I would say actually it is because the STSB had a very unfortunate birth in this Assembly. It almost was not operating for a number of months. Its first President, sadly, passed away and the second President passed on to bigger and better things, and we are now on our third President. So I think there are strong mitigating reasons but I agree with P&R that it is unsatisfactory that those two big lumps of capital expenditure were not in the current round of capital prioritisation. I

510 suppose the Dairy, of the two, was slightly less out of left field for me than the baggage handling system because I had long known that this facility was in dire need of major renovation, or ideally replacement; but that said, to be greeted with 'Welcome on board, here are two policy letters we are just about to publish concerning two capital projects that you will have not heard about' was, to put it mildly, something of a shock. The projects should have been flagged up and on the radar
515 earlier; I cannot deny that. Nor can I deny that since it was first published we have had the financial shock created by the pandemic.

So, in some ways I fully understand P&R's reaction, although I have to say if we are to prioritise this scheme against others we need to analyse its pros and cons, and what we are being asked to do today is to release the money to work up an outline development plan or case – and how on
520 earth can you properly prioritise it against other schemes if you do not actually know exactly what it is going to look like, what it is going to cost, what it is going to achieve, all the sorts of things that Deputy Oliver was talking about just now? I think P&R's wish for rigid prioritisation could lead – maybe not – eventually to the support of the project, although I think that has to go ahead some time. We can argue whether it is before X or after Y or the other way around, but to be able to do
525 that I think we need the data, and I think it is a very expensive way of getting the data but that is the system we have in the States at the moment to work out this outline development case and I think it is absolutely essential that we do that.

But as Deputy Fallaize says, none of the arguments about process gets away from a few inconvenient facts. I know my President does not really want me to make much of a speech on this,
530 but I am sorry that I shall have to say to Deputy Ferbrache you can take the boy out of the Agricultural Countryside Committee but when you have lived it and breathed it for a number of years it is hard to take agriculture out of ... the 'old man' I should say, rather than the boy.

The first inconvenient fact is that if dairy farming is to continue in Guernsey then a new Dairy is definitely needed. It is as black and white as that. Our cows are not black and white, but the case is
535 black and white. The current facility is past its sell-by date, it is prone to failures, it is – coming back to Deputy Oliver's point – very expensive to operate, and by dint of its very fabric it is unable to achieve the sort of hygiene ratings from Public Health that we should expect from a States' facility like a Dairy; we should be demanding it.

STSB are not responsible for agricultural policy, that comes under E&I – we are very much the
540 doing Committee at the far end, making sure that that policy can practically be brought about – but I want to talk for a couple of minutes about agricultural policy because the second inconvenient fact is that there is no way that this replacement, and I think everybody in this Assembly accepts it needs to be replaced, can be funded through profit retained by the Dairy as a States-operated and owned business, because to generate the surpluses that are required would require a very big
545 increase in the margins. Where will those margins come from? There are only four conceivable places: we could pay lower prices to farmers; we could expect higher prices to be paid by consumers, and I will come back to that in a minute; we could drive down the operating costs of the Dairy; or the Dairy could generate greater revenue, perhaps from the sale of by-products – because the sale of liquid milk is a mature market, it is not going to change a great deal. So let us look at those four
550 options.

Farmers, frankly, can only drive their costs down so far. I know many people in Guernsey, and sometimes in this Assembly, lament the fact that we only have 14 dairy farmers these days, but if we still had 50 or 60 like we did a few decades ago – many of those with small herds and very little mechanisation, not even bulk tanks, were collected by churn etc. – then the cost of milk production
555 would be much higher in Guernsey than it is today. Guernsey farming has, and I think it needs to be recognised, become much more efficient over recent years but milk production in Guernsey is always going to be much more expensive than elsewhere. The Guernsey cow produces the best-tasting and the healthiest milk in the world. I do not just say that as a patriot: there is scientific evidence to suggest that Guernsey milk is actually healthier than milk from other breeds. Alas, as a
560 machine for turning grass into milk in the greatest quantity and at the lowest price, it cannot begin to compete with breeds like the Holstein Friesian.

As Deputy Ferbrache has pointed out, Guernsey fields are tiny compared to fields elsewhere. We rightly insist that they stay that way. They are often separated by truly ancient earth banks absolutely going back into the mists of time, which not only define the character of Guernsey's countryside but contribute massively to the Island's biodiversity. They are wildlife corridors, the hedgerows and the earth banks that separate Guernsey's fields, and they should never be removed or grubbed up but the fact remains that we do expect our farmers to operate from pocket-handkerchief fields where dairy farmers elsewhere operate on fields the size of a Guernsey parish and often indulge in zero grazing as well, which means the cows never go out on the grass, the grass is brought into the dairy buildings, which they never leave. So we are not competing like with like. Then land prices are higher in Guernsey and so are labour costs, so trying to pay for a new Dairy out of retained profits by driving down producer prices is a complete non-starter. You would just drive every Guernsey farmer out of business.

So what about higher consumer prices? I think one of the problems facing the dairy industry was the actions of the last Assembly. What on earth were they doing? They took a situation where the direct payment from Government to agriculture for the environmental work they did was lower than just about in any other comparable jurisdiction around, and they cut it in half. They cut it in half because it was a convenient thing for the then Commerce & Employment Committee to meet their FTP target, by reducing from £2 million to £1 million the direct support for environmental work. Those costs to the taxpayer may be reduced but they did not just go away; instead they were simply piled on the backs of consumers through higher milk prices – £1.45 a litre I think now is the current price and I am convinced that that sky-high price of retail milk in Guernsey is one of the main causes for the decline in milk consumption. I accept there are other headwinds as well, that there are consumer preferences, there is a trend toward veganism, there are plant alternatives to milk, and it is striking that it is the low-fat milk that has declined more than the blue or the red milk, because I think those people with a healthy option have got a bigger range, but it is not helped at all by having such a huge price for milk; not only that, but that actually drives the demand to allow the importation of liquid milk.

As part of Revive and Thrive I would like P&R to revisit the issue of direct support for the environmental work and take it off the backs of the consumers, who actually tend to be the same people as the taxpayers, and actually revert to where we were, where we recognise that central government should give some support for that environmental work because it is not just a business situation; as others explained before, it is the best way and actually the cheapest way for maintaining the environment of Guernsey, our biodiversity. People might say if there was no farming that is great, you would have habitat everywhere because it is overgrown, but actually a lot of our biodiversity has evolved over the millennia on the back of grazing animals, which is why La Société actually has a herd that does nothing but graze for the sake of helping the environment. So this industry is absolutely vital for our biodiversity.

I have to say that previous policy of slashing the support for farmers from the taxpayer was completely mis-sold with complete nonsense about if you scrapped the fixed retail price and replaced it with a fixed-date price or wholesale milk price it would lead to the retailers and the supermarkets discounting milk like Billy-oh and entering price wars for the benefit of consumers. It was all absolute smoke and mirrors, stuff and nonsense. The margins on milk retailing have always been wafer thin: those Members who were in the last Assembly allowed themselves to be convinced by a very clever salesman who actually was peddling nonsense, snake oil. Anyway, we are where we are, as they say. My point is the idea of generating the cash required for a new Dairy by increasing retail prices is utterly unfeasible. I think everybody would accept that.

So, what about increasing income from by-products? We hear that from time to time. I have to say never say 'never'. We need creative thinking but we need to remember that other cheese makers, yoghurt makers, butter makers and ice cream makers and so on get their raw material – their milk – at a fraction of the cost that the Guernsey Dairy does, not just because of the lower costs facing farmers elsewhere, which I could talk about at length, but also due to the higher financial support for farming from national governments and from the EU. All of this leads to huge

overproduction elsewhere, and there is a European milk lake which dairies and creameries can dip
615 into at very little cost indeed, and once they have dipped into it and have their raw material that
milk is then processed through production lines which make Guernsey's Dairy look like a cottage
industry.

Of course we should look at niche markets, but there is a lot of naivety about this. There was a
letter, I think it was in yesterday's *Press*, saying 'Why do we not do spreadable butter?' – spreadable
620 butter is not just butter, it is a blend of butter and other things; I think Anchor is the market leader
and that is butter and rapeseed oil – but the capital investment in that is absolutely massive and
the idea that we could compete with the likes of Anchor is just fantasy, so let us have a reality check.

I have to say I still feel hugely guilty that when I was President of Countryside & Agriculture I
stopped production of Guernsey yoghurt. I still dream at night about rhubarb yoghurt. It was superb
625 and we could make it perfectly well, but it lost money hand over fist. We could not even afford to
replace our bulk tankers because the Dairy was losing money, so we took the difficult decision to
desist because other yoghurt makers, that were not as good as Guernsey yoghurt but were 90% as
good, could sell it and their costs were just minimal compared with ours. There needs to be some
reality today: look for niches by all means, but it is not going to produce the money for a new
630 Guernsey Dairy.

So, the only other place is by generating higher profits through operational efficiencies at the
Dairy itself, which is I think where Deputy Oliver is coming from. That is vital, but it is a Catch-22:
we cannot generate that money in the current Dairy because it is inherently inefficient in ways that
can really only be cured through replacement.

We have not drilled down into the detail. I do not even know if any packaging will be Tetra Pak,
635 whether it will be some novel system, whether it will go back to glass – I do not think we will go
back to people putting out Guernsey cans on their doorstep, but there are all sorts of options. That
is what the next phase of work, that we want the money for, is all about: what the size is, what the
product line should be, how we are going to achieve those efficiencies.

So, I think we come to one of two conclusions: either the taxpayer has to meet the bill of the
640 new facility ... I am picking up that everybody accepts that, so really whether it is year X and after
project Y or one year later or before is irrelevant. Let this work go forward and do it, because we
know it is going to be needed. Let's not let process get in the way of reality.

The only other alternative, frankly, is to say blow this for a game of soldiers and we let the local
645 dairy farming industry decline, and pretty soon the pressure will lead to the importation of liquid
milk, which will be the *coup de grace* for farming in Guernsey. Would that really matter? I have heard
some people in our community say that the argument is completely over-egged about the
importance of agriculture for the local environment, but it is not exaggerated at all. If you have any
doubt about that, we only need to learn the lesson of what happened to Alderney a few years ago.
650 When both of their previous dairy farmers stopped operating it had a devastating effect on their
countryside. It was a really grim situation for a few years and people in Alderney were really worried.
They were lucky. A very generous benefactor in the form of Jackie Main took it upon himself to pay
for and set up a model farm and a fully equipped dairy, as I seem to recall. He then recruited a
talented farming family from the UK to operate it. Alderney's countryside was reborn and today it
655 is flourishing in a way that I intend to enjoy to the full when I go to Alderney for my staycation next
week.

Alas, we do not have a Jackie Main or even a Rev. Mignot to hand in Guernsey, so the
inconvenient truth is that the States either fund a new, efficient dairy to last for the next couple of
generations, or we resign ourselves to watching our farming tradition wither on the vine. Putting
660 off that decision – putting it in a priority pile, looking at it at length or shuffling the cards – will not
change that stark fact. No one, as Deputy Ferbrache has said, is asking for £25 million today. No
final decision is being requested, simply funding to move the project forward and up to a proper
business case, which will address many of the issues that P&R and others have asked.

The project is actually overdue, it is critical – the Dairy is on borrowed time. Of course it should
665 have been flagged up earlier. Of course it should have been part of the current capital funding

round. If Members want to castigate STSB today, then do so for that – I do not mind, particularly as I was not there, (*laughter*) and even if I had been I would have accepted that, but that is not the real issue. I really am more worried about the practical considerations than about process.

Now I have spoken I agree with Deputy Ferbrache that actually this does not need a great deal of debate. (*Laughter*) Unlike others, I will not move a motion to guillotine the debate having spoken myself, but I do think it is as black and white as that, so I say to P&R: point taken, you are right. Actually you were probably failing in your duty if you had not produced something along the lines of the letter of comment. I would have preferred it if you had said nevertheless we see the overwhelming case and go ahead, rather than setting yourself up to lose and undermine their authority by actually saying do not do it, when I think this Assembly will. I think they were right to bring these issues to bear, but we have got a huge agenda and I think we should get on and pass this now. There will be other chances to review this later on.

Thank you, sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you.

I hope I am pushing at an open door. I heard what Deputy Le Tocq said when he spoke and I heard what Deputy Inder said when he spoke, but where there is a will there is a way and, as Deputy Ferbrache said in his opening speech, this ties in perfectly with our Revive and Thrive recovery strategy, which the majority of this Assembly agreed to fund to the tune of over £400 million not so long ago, so surely supporting a local industry should be absolutely paramount to that recovery since we have so much money available to us.

As we all know, sir, we have been hamstrung by processes and procedures for the last four years – as Deputy Ferbrache also alluded to when he spoke – as, of course, has every Assembly, which has always been incredibly frustrating to say the least, because trying to find a way through those processes and procedures is like trying to wade through a field of treacle in a pair of Wellington boots.

When Deputy Roffey spoke I think he said – and I stand to be corrected – we demand our fields stay as green fields and are not developed on. Of course the reality is the policies of the IDP do allow for development on green fields in certain circumstances and this Assembly passed those policies four years ago, so we are losing some of our fields to development. Because of that, I think it is absolutely vital we support our Dairy and our farmers.

Sir, there are some absolutely crucial paragraphs we should all take into consideration here because they are extremely informative. I would like to quote from just a couple of those paragraphs, starting with our being told in paragraph 1.18:

The consequences of not investing in either a refurbishment or replacement Dairy building may ultimately result in an inability to supply milk to meet demand, resulting in a requirement to import ... milk. This may then lead to retailers dictating the market and importing cheaper ... milk, leading to the decline of the dairy industry, resulting in farms being sold;

– resulting also in an adverse impact on our rural environment and biodiversity, ultimately the decline of the rare Guernsey breed in our Island home. Do we really want that? I was talking to somebody years ago, and I cannot remember who it was, unfortunately ... ‘Just because the Guernsey breed is iconic does not mean to say we have to have it in Guernsey.’ I think it is absolutely paramount that we retain the iconic Guernsey cow.

In paragraph 2.15 we are told there are currently 1,474 dairy cows registered here in the Island with a further 941 heifers likely to become milk cows, and without a dairy the total number of cattle maintained would certainly reduce very significantly. Such a reduction would have ‘long term consequences for the survival of the breed and have an impact on an important part of the Island’s cultural heritage’.

Then, moving on to paragraphs 3.9 and 3.10, we are told the result of the use of largely traditional farming methods and the iconic Guernsey breed has made a 'positive contribution to the management of the countryside and its environmental value'. Deputy Roffey touched on this when he spoke. 'The dairy industry supports biodiversity because dairy farming supports our countryside. The hedgerows and the boundaries and earth banks are consequently our cultural heritage.' A crucial paragraph, telling us it is absolutely vital we protect and retain the industry and we protect and retain the iconic Guernsey breed, telling us it is absolutely vital we protect and retain our environment, our heritage and our culture.

I am sure I do not need to remind colleagues that we are by tradition an Island of farmers, growers and fishermen, and over the years we have lost so much. That is tragic, and it is because we have lost so much it is absolutely vital we retain and protect what we have left.

Having said all of that, sir, I realise of course the Propositions in this policy letter are just another step along the way, but they are a step in the right direction and a step we really do need to take if we are to retain our iconic Guernsey breed, our dairy industry, our environment, our heritage and our culture.

In closing, sir, I ask for a recorded vote when we go to the vote, please. Thank you.

The Bailiff: Deputy Le Pelley.

Deputy Le Pelley: Thank you, sir.

I will be brief because I think Deputy Roffey has probably said everything I wanted to say and more. It was a very good speech and I thank him very much for it. He obviously puts a lot of thought and effort into all of his speeches, but this one I particularly enjoyed because it is very close to my heart. I think Deputy Lester Queripel also touched on a few things as well. I would like to just throw a few other things into the mix, though.

First of all, I much prefer to see cows on our fields than horses. That is not because I am against people having recreational animals and being people who are interested in equestrian events and stuff, but I would much rather see our fields being used for producing food and things that are useful for life rather than for recreational purposes.

I think overall the Island does need to be much more self-sufficient. I think this Covid-19 epidemic we have had has actually brought it to the fore, the fact that we are not as self-sufficient as perhaps we might have been, or should have been, and we are reliant on things coming in. Had there been industrial action going on, as there had been in St Malo, or if we had had very bad seas and we had been cut off from the mainland for a while, we could have actually found ourselves quite stretched with some of our food supplies; so we need to be more self-sufficient, in my opinion.

I think we need to produce more of our own milk. I was a little bit disappointed that we did not do more to try and keep the production of bread on the Island; I think that was a missed opportunity and I think we need to produce much more local produce. It is picking back up but I think we need to do more to encourage more people to be self-sufficient. I am aware that there are one or two Deputies who are actually quite self-sufficient, certainly in the north of the Island. I think we had somebody giving out a whole list of various things that could be grown locally in a photo shoot. I think it might have been two Meetings, three Meetings ago, when we were actually in lockdown. We have also had a number of people who have been approaching various parishes to see if they can start up allotments, and I think that would be useful as well. I must get back to what we are talking about, though.

Our dairy industry could well be what they call in shops a 'loss leader'. A loss leader is something where you have something that is going to cost you money but it is a good deal, so it actually gets people into the shops to buy other things which are more profitable to the shop. I see the Guernsey Milk brand as something hopefully that could be profitable – at least it could be making itself cost-effective and break even, but even if it is a loss leader, if it brings people in to buy other things, to come to the Island, to actually come on holiday or invest or do other financial things, I am all for it. I think it is a cost that is well worth paying.

I certainly do not want to have to see us importing our milk. That is almost adulteration, really – especially if you mix it with Jersey milk or milk from somewhere else, it is actually weakening the Guernsey strain. Perhaps ‘adulteration’ is too strong a word there, but you know what I mean. I would much rather have Guernsey Milk rather than a ‘Channel Islands Milk’.

It comes down, I think, to things that have been mentioned before by others: our culture, our heritage, our identity. All of these things are at risk here. We need to do much more to support local goods, local produce: buy local, support local. What I do not want to see is the loss of our fields to a more built environment which will result in more population, more pollution and more importation, and reliance on goods and commodities coming from off-Island.

I will just finish with one little statement that I have made before in other places: I do not want to see Guernsey becoming an offshoot of Hampshire. Guernsey is Guernsey. It is a standalone, iconic place of importance. It has all of these things about it, which makes it beautiful. During the War when the Germans came over here they picked up all the maps of the Island and they looked at St Sampson’s. St Sampson’s, as I am sure Members will know, is one of several parishes that are actually split: Torteval is in two bits; even St Martin’s has got a bit which is detached, in the middle of St Andrew’s; St Sampson’s has got two bits, and so has Vale. When they came to look at the map, they saw ‘St Sampson’s (detached)’ and they actually misunderstood what was going on, so on their maps Guernsey had 11 parishes. The 11th parish was Abschnitt. ‘Abschnitt’ means ‘detached’ in German – because it had ‘St Sampson’s (detached)’. I do not want to find Guernsey being detached from Hampshire. I want Guernsey to be standalone in its own right and I think the Guernsey cow and many other Guernsey iconic things need to be promoted and supported.

I will be voting in favour of this proposal. Thank you.

The Bailiff: Before I call Deputy Smithies as the next speaker, is there any Member who wishes to speak against these Propositions on the basis that the majority of views expressed so far are those in favour? I call Deputy Meerveld, then, and then Deputy Smithies.

Deputy Meerveld: Sir, I was actually rising. In light of the size of our agenda, I was going to invoke Rule 26(1).

The Bailiff: Okay. Well, if it is your wish, Deputy Meerveld, to invoke Rule 26(1), I invoke those Members who wish to speak in this debate to stand in their places.

Deputy Smithies: Sir, if I may, I understood you just called me.

The Bailiff: I have not called you, Deputy Smithies. I called Deputy Meerveld because I wanted to test who was minded to speak on this, and because you are on the States’ Trading Supervisory Board as the Vice-President, I imagine that you would be in favour. *(Laughter)*

Deputy Meerveld, given the number of people standing, is it still your wish to invoke Rule 26(1)?

Deputy Meerveld: Considering the number of people standing, especially so, sir.

The Bailiff: In that case, Members of the States, I will put to you the motion, pursuant to Rule 26(1), from Deputy Meerveld, that debate on this item of business be terminated, other than the winding up of the debate. Those in favour; those against?

Some Members voted Pour; some Members voted Contre.

The Bailiff: I think we might have to go to a recorded vote. That sounded pretty equal to me. So, Greffier.

There was a recorded vote.

Not carried – Pour 15, Contre 19, Ne vote pas 2, Absent 3

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy St Pier	Deputy Le Pelley	Alderney Rep. Roberts	Deputy Trott
Deputy Stephens	Deputy Merrett	Alderney Rep. Snowdon	Deputy Laurie Queripel
Deputy Meerveld	Deputy Fallaize		Deputy Mooney
Deputy Inder	Deputy Lowe		
Deputy Graham	Deputy Smithies		
Deputy Green	Deputy Hansmann Rouxel		
Deputy Le Tocq	Deputy Paint		
Deputy Dudley-Owen	Deputy Dorey		
Deputy Roffey	Deputy Brouard		
Deputy Oliver	Deputy McSwiggan		
Deputy Ferbrache	Deputy de Lisle		
Deputy Parkinson	Deputy Langlois		
Deputy Lester Queripel	Deputy Soulsby		
Deputy Le Clerc	Deputy de Sausmarez		
Deputy Leadbeater	Deputy Prow		
	Deputy Tindall		
	Deputy Brehaut		
	Deputy Tooley		
	Deputy Gollop		

The Bailiff: Members of the States, in respect of the motion pursuant to Rule 26(1) proposed by Deputy Meerveld, there voted Pour 15, Contre 19, 2 abstentions, 3 absentees, and therefore I declare the motion lost.

I will now call Deputy Smithies.

Deputy Smithies: Thank you, sir. In view of that, I am going to keep it pretty snappy.

Not surprisingly because my name appears on the bottom of the letter, you are quite right – I am standing to commend it. We spent a good period of time the other day considering the green paper on ways and means of stimulating the economy, and quite right too. We have here an opportunity to start to move from talk to action. This proposal ticks all the boxes. It provides a future commitment to the agricultural sector of the economy and gives further support to the construction industry. It gives additional backing to heritage in giving security to the worldwide famous and renowned Guernsey breed of cattle and indirectly contributes to the Island's beauty through preserving the countryside and hence stimulating tourism.

In terms of efficiency – and here I speak to some of the comments made by Deputy Oliver – in terms of efficiency of operation and productivity this proposal has to be a winner. A new facility can only benefit the efficiency and productivity of the Dairy. Further, moving the Dairy to a new site or creating several mini-dairies on several sites will free up a valuable piece of land adjacent to the PEH, which might be of use to HSC or another health-related enterprise.

A new, up-to-date dairy facility will open up new opportunities. The Guernsey Dairy processes a world's-best commodity. We should be selling at a premium from the shelves of Fortnum and Mason and Selfridge's food hall, to name but two – and locally – expanding the range offered; yoghurt has been mentioned, but also buttermilk curds. Many of us will remember the Guernsey Dairy shop down in the market building, which was a huge benefit. I used to go there quite regularly on my way into work, and even in those days they referred to me as Mr Hat, as I always wore a hat.

I would urge Members to support this proposal to include this project in the capital portfolio, to be funded from the Capital Reserve and further protect the only commodity in which the Island is fully self-sufficient.

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

845 First I declare an interest, as my son is the youngest of the 14 farmers in the Island. He luckily had an opportunity, when a farmer was retiring, to rent an existing farm.

I have always supported the capital prioritisation process and when I was on T&R many years ago I was calling out for the process, but there has to be some flexibility and reaction to the situation.

850 I asked the Treasury for the situation of the Capital Fund. At the end of May there was £280 million in that fund and they said there was £60 million of amounts voted, committed but not yet spent. But in the 2020 Budget we agreed to transfer £40 million from General Revenue to the Capital Reserve and that transfer has not happened yet, so fundamentally we have got £280 million. We could add the £40 million and take away the £60 million. We have got £260 million which is uncommitted in the Capital Reserve and that allows for all the negative net investment returns which
855 were to date, I presume, at the end of May. When we debated the capital prioritisation back in June 2017 there was a long list of projects, and some were cut back because there were too many projects for the money that was available, but we are in a situation where so many have been delayed, and therefore we have to have some flexibility because of the situation. We cannot just say we decided on these projects, they have all been delayed, so we are not going to do anything. As I mentioned,
860 we do transfer money into the Capital Reserve each year, so there is new money going in each year. I urge people to support this Proposition – because I think there are sufficient funds – and then use that flexibility.

Deputy Oliver has talked about the profit of the Dairy. I would refer her to paragraph 4.17 on page 15, where it says:

It is estimated that a new Dairy could provide savings in production time and other efficiencies of approximately £550k per annum.

865 So, it will produce savings, but I also mention the fact that because we have this policy of the States' Trading Supervisory Board transferring money to General Reserve each year, that means that they have to try and raid the various different industries which they are responsible for, for money, and £1 million was taken out of the Dairy to put into General Revenue. They had some cash reserves, so £250,000 was cash but £750,000 is debt which they now have to service in the Dairy. So, by our
870 policies of demanding that the trading boards produce this money for General Revenue each year they have just burdened debt on to the Dairy, which therefore reduces their profit. The situation at the Dairy will improve, as the policy letter said, with the new Dairy – which hopefully will go ahead – but I think we have got to seriously look at a policy where we just put debt on to our existing essential industries which are providing essential products for our community.

875 Deputy Roffey spoke about the changes that were made previously and that central Government should support with environmental payments. Fundamentally, it was at £2 million per year and it has gone down, with a reduction of £200,000 a year, to £1 million. I did support the package. I was very reluctant to support it but in the end I think the industry was sold on the total package and this was one element of the package – and therefore I did not feel able to vote against it when the
880 industry supported it. My son, at that point, was not farming – he was studying for his foundation degree at agricultural college – so I did not have any direct interest at that time.

So I just urge Members: there is sufficient money. We need to be flexible with the Capital Reserve because things have been delayed. This will produce a more efficient Dairy. Please support the proposals.

885 Thank you.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir.

890 My brother-in-law ran a dairy in north-east Scotland, in Moray, and had a Guernsey herd of cattle. They ran their own dairy and they had some produce in the shop. When they came to Guernsey in the 1990's and visited the Dairy, they were very ... I think you could say 'polite' when they had a tour of the Dairy. They were bemused as to why it had the footprint that it had, bearing in mind the Dairy was essentially in a business park and had land to expand into. They felt that the operation even back then was something of a compromise. I think the thing that amused them particularly was ice-cream production, if I remember correctly, which was one man with a hose and some tubs behind him. It was very Heath Robinson: well-meaning, well-intentioned, but the economies of scale were not there. Incidentally, when people are making the arguments to perhaps go to glass bottles, I remember from the tour of my brother-in-law's dairy that the life cycle of a glass bottle is 20 deliveries, so it is not the perfect system that people think it is. Interestingly – and this speaks to the demand on land locally and the demand on silage and feed – my brother-in-law had I cannot remember how many Guernsey cows; he had a herd, a huge number of them. One of them had bovine spongiform encephalopathy (BSE). When we visited a Guernsey farm, eight to 10 animals had BSE, so that it is the demands that were on farmers and land and this Celtic field pattern that we all quite like, but the restraints that come with it when you are trying to maximise the yield and the risk that local farmers sadly had to take.

This is a short speech because Deputy Roffey said so much – the right things, I have to say – but I just implore Members of Economic Development to come around to the argument of supporting this. They sell Guernsey, our colleagues at Economic Development, through Visit Guernsey, through Guernsey's natural environment, through our hedgerows, through the fields, through our quaint lanes, through our honesty boxes; all of that. The natural environment underpins the Guernsey product when they seek to sell it to the outside world. If you lose the Dairy then you lose a great deal of that and I think the problem, the legacy that we are dealing with ... we never really grasped the nettle because the arguments around milk production were led by milk retailers rather than farmers. I think if we had listened to the farmers for much longer and earlier on in the process we may have been able to deal with Dairy issues, but sadly we were drawn into dealing with the milk retailers too frequently and they were the loudest voice in the mix for most of the time.

The risk that we need to be aware of, I think, is ... The Milk Law that protects UHT was simple: you could not buy it, you could not import it. People respected the Milk Law. It was not seriously challenged, as I understand it. The Milk Law now feels increasingly less relevant and milk consumption is more vulnerable because of milk substitutes that are as cheap. Almond milk or whatever it is, all these soya substitutes, whatever they might be are now about the same price or less than a litre of milk.

Later in this term we will be debating the Climate Change Mitigation Plan. Appended to that document is a plan of action for nature. That plan is integral to this, that farming – I know I have spoken about the natural environment obviously as shaped by small-scale farming – is integral to delivering biodiversity. So, in supporting the Dairy you really are buying into that literal Revive and Thrive. If you think about what people were saying in lockdown and the benefit they got, it was walking in the green lanes, it was being out in the natural environment. If you invest in the Dairy you are literally buying into all of that, you are securing it and you are making farming in the long run more sustainable.

Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

I think as P&R, as people have already alluded to, we had really no choice but to bring the letter of comment that we did, and I do support our team and Deputy Le Tocq and what he said but we are going to lose, so in that case I would just like to mention a few things for the future.

On page 26, personally if I was the STSB I would be interested in looking at option 11(b), which is, if they are going to do a new Dairy, to look at it with an eye to visitor facilities, potentially with

heritage, educational, shop, café, garden centre, wine store – perhaps a touch of nostalgia with the tomato industry as well. When they are looking for location – and I know some work was done previously by the previous Commerce & Employment Board – perhaps look at Home Farm and linking it together with the other States’ land that we own around Saumarez Park, so there is possibility of doing two things there.

I think it will be very difficult to rebuild the Dairy on the existing site while you are still maintaining production, so I think if you are going to do a new build you have got two choices: you either go to some sort of industrial place, like adding it to Best Brickfields or somewhere like that where you just have a shed ... but I think there is an opportunity of being a little bit more creative and possibly working in partnership with the private sector. It would also, I think as Deputy Smithies mentioned, release a site on the PEH campus which could be perhaps better used for something there. I also have no problem with the farmers contributing to the new build, or even owning or managing it or having some input into it – they have skin in the game already with their herds and their fields – but I do not have a problem with them if they particularly want to run it in a particular way. I think other places do have some sort of co-operative type situation.

Deputy Ferbrache mentioned as a society we do heavily subsidise farmers. It is one of the industries that we subsidise very heavily in Guernsey and I think at the moment that is probably the right policy to have. It does give us some handle over the management of the countryside, the hedgerows etc., but it is not all one way. There are some negatives. I am sure some of the environmentalists in the States will be bringing that out in a minute with regard to the dairy industry generally and greenhouse gases. So there is a balance of issues there, and as Deputy Roffey says, the taxpayer will pick up the bill. But I think there are some opportunities, when we go forward, to be a bit innovative as to how we rebuild the Dairy.

Just as an aside, I do love it when those who speak the most in the States then castigate for short debates, and then especially they vote for the guillotine motion after they have had the luxury of us hearing their words. I give way to Deputy Roffey, who was the second speech.

Deputy Roffey: Thank you, Deputy Brehaut, for giving way.

The cap obviously fits. Can I just explain? The only reason I voted for the guillotine motion – I almost never do – is not a single person got up when the Bailiff asked if anybody would like to speak in the other direction.

Deputy Brouard: Thank you. I do agree, but please, if we are going to try and ... I think there is some opportunity sometimes, if we stymie debate, that something ... a little nugget does come out that is worthwhile.

Thank you very much, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I will be brief, but as so many people have been reminiscing and going down memory lane I thought I ought to stand up as a former member of the Dairy Management Board in the last term. It was a couple of very enjoyable years understanding what the Dairy did and its challenges, and how very well-run it is, actually – an excellent manager and a good team that get the milk to the shelves every day, and I think we should ... how difficult it is with the equipment they have got, difficult to replace, but reliable it is. It was a great few years on there.

I was also on the Dairy Industry Review Board last term and one recommendation was, as Deputy Roffey explained, to reduce the contract paid by the taxpayer but being paid through the Dairy. I think Deputy Dorey gave clarity over that, that it was always known that it would be making losses. It might be useful for Deputy Oliver to know because the explanation to all this is in the Dairy Industry Review Board’s report. It also should not be forgotten that the Dairy has reserves which it

was understood would be eaten up through this five-year period and then things would stabilise. This was well understood at the time, and it was not for FTP purposes either.

995 I nearly laid a bet before this, just to find out who would be the first person to mention yoghurt when it came to the Dairy, and Deputy Smithies has won. That was something we always talked about, and Deputy de Lisle will probably agree with me because we were both on at the same time. We always say, 'The yoghurt is wonderful, why can't we have the yoghurt?' but the problem is competition for yoghurt is absolutely intense. You have got really big players out there – your
1000 Danones and other major producers – that have got huge economies of scale, global operations and huge offers all the time, and they have loss leaders in parts of their yoghurt so they can sell more expensive ones. The little micro-dairy that we have got just cannot compete at all in any way, shape or form, and so that is why we have not got any yoghurt at the moment. I do not think we would ever be able to scale up unless we have something really niche, but then you are talking
1005 about being able to market it, being able to get into the various supermarkets in the UK, and I think that is really difficult. We do it with our butter but we make profit from the butter as a by-product of semi-skimmed and skimmed milk, so that works really well but it is a different issue.

Just focusing on the capital request here, I do not know why it has taken so long to get here. The difference between this and what Deputy Inder was talking about on inert waste is that this
1010 project has not been added to the capital prioritisation process, whereas the inert waste was. This is very different. But it should not have just arrived now. I do not know why, because it was mentioned as a clear recommendation within the Dairy Industry Review report that a new site was required – we have been around it and I know that a new site is required, it is very cramped, it is very difficult to do anything with the site at all – and what's more, HSC would, if it becomes free,
1015 like to have first dibs on that site, for whatever reason, but it absolutely makes sense that it forms part ... It is just one little corner of our site that would make more sense being part of Health & Social Care's campus.

So, I am supportive of the project. I understand what P&R are saying but I do not quite get it, why the antipathy towards this, because I do think it might be something ... As Deputy Brouard said,
1020 something we discussed as Commerce & Employment last term was to convert it not just into a dairy but into a heritage centre. We need this sort of thing. We do need more attractions here and hopefully that will be taken account of when this is reviewed. So, I am supportive of further review of this capital project.

The Bailiff: Deputy de Lisle.

1025 **Deputy de Lisle:** Sir, Deputy Heidi Soulsby reminds me of the fact that I should offer my conflict, really, with respect to this: the fact being that I was on the board for four years in the last term and also, of course, the fact that I was brought up on Les Paysans Farm, my father farming there. At that time, of course, as a boy, not only were we producing milk but we were also exporting animals to
1030 far places. I can remember three bulls going to Australia from our farm, at £3,000 apiece at that time, which was the value of, in the 1950's, a large farmhouse. I think if we turn around it would be very embarrassing not to have the industry on this Island when we have exported all over the world our animals and everybody in the world knows of the Guernsey breed. But, sir, if I can make a few points ...

1035 I cannot understand why we cannot just place this project within the list of capital projects – I do not think it does any harm – and I also do not see why we cannot allow the Dairy to work up a project development and come back to the States in the next term with their conclusions and recommendations and so on for another States to actually approve or disapprove, or whatever they will do with it.

1040 Within that point I can also understand why coming at this point, with the financial strains with Covid – and we are living with a caretaker Government as well, until after the election – it makes it difficult for the present Assembly to approve the second Proposition in total. But I think it is very important to point out – and this has not been said – that £2 million savings have been made by the Dairy to the exchequer in the past few years. The land that the Guernsey Dairy operates from
1045 was an asset of the States of Guernsey, and in 2019 this was transferred to the Guernsey Dairy's balance sheet at a cost of £1 million. This was partially funded by a loan of £750,000 from the States of Guernsey Bond. But furthermore, the reduction in the Guernsey farm management payment by £200,000 per annum, from £2 million in 2014 to £1 million in 2019, saved another million. One can argue that the States' exchequer has made savings from the action of the Dairy and that value could
1050 well be placed in underwriting the £2 million cost of the initial Dairy project surveys – if it is going to cost that much.

All in all, the Dairy is being challenged on all sides, and that is something that one became very aware of being on the board in the last term. Production vulnerability and increasing costs with ageing plant and equipment has been an issue and a substantial refit is required, whether it be on
1055 the existing site, probably taking a little extra land from adjacent, which is a possibility, or looking at a new site altogether. I would prefer, personally, that they remain on the site and take additional land adjacent to undertake some extension. I think we need to realise that any business needs to reinvest in order to keep up with market trends, in order to keep up with competition, in order to deal with new regulations also, but this is bigger than the Dairy can do from its reserves. The
1060 Guernsey Dairy has been on the current site for a good 70 years and it needs refurbishment to keep up with the times, either an extension of the existing site or a new site.

Support for a modern working Dairy is support for the industry, its staff, its farmers, its workers, for its heritage and for the future of our children and grandchildren because they have an investment in this huge, iconic industry that has been created worldwide from Guernsey.

1065 We are also supporting biodiversity, something that as Minister of Environment I was very keen on pushing forward and for the fame and fortune of the dairy industry which it has brought to the Island.

So, full support for the first Proposition and full support for the second Proposition from me, and I am just hoping that all Members in the Assembly will unanimously support this project development that is being put forward today in respect of the dairy industry in Guernsey.

1070 Thank you, sir.

Deputy Leadbeater: Sir, I would like to invoke Rule 26(1) please.

1075 **The Bailiff:** Okay. Deputy Leadbeater is having a second go at Rule 26(1) here, so will those Members who wish to speak in debate please stand in their places? Deputy Leadbeater, having seen the number of people to speak, do you still wish to invoke Rule 26(1).

Deputy Leadbeater: Please, sir.

1080 **The Bailiff:** Thank you.

Members of the States, I will put to you the proposition pursuant to Rule 26(1), the motion that debate on this item of business be terminated now, subject to the wind-up aspects of it. Those in favour; those against?

Members voted Contre.

1085 **The Bailiff:** I declare that lost.
Deputy Green.

1090 **Deputy Green:** Sir, yes, very briefly. When I first saw the letter of comment from Policy & Resources I thought they had made a very valid point in principle. I think Deputy Fallaize covered this adequately in terms of ... I think what they said was absolutely right from a process point of view, from a theoretical point of view and, given the fact that this particular issue has not previously been prioritised by the States and is not in the portfolio of priority projects, they were right in what they were saying. But I think the point is – and this has been covered adequately – we are going to need a Dairy in one form or another, in one shape or form, in any event. I do not think I have heard anyone speak against the policy in this area – which is what the Proposition asks us to reaffirm, the policy from 2014 – and given that is almost certainly going to be supported, it is inevitable, I think, that we are going to need to do this project.

1100 But that was not really the reason I chose to rise. I just wanted to add support to the point that Deputy Brouard ... who has just popped out of the Assembly but he made the point about option 11(b) which is mentioned in the options appraisal, page 26, of the policy letter, which is the so-called do maximum option. I think, subject to a feasibility and case analysis on that, that option in many ways is the one that will chime best with the Revive and Thrive policy and that strategy for us rebounding from the Covid economic crisis. That is described briefly in the policy letter about a new Dairy with visitor facilities and with additional features or service offerings to potentially include a heritage/educational centre, shop and café. If that can be shown to be a feasible option, financially and otherwise, I think that is a good option going forward that would chime with the Revive and Thrive options.

1110 So, as I say, I sympathise with what P&R were saying. I think it was a point worth making, from the public accounts, public finances point of view, but nonetheless, given that there does not seem to be any opposition to the policy that we are talking about, Proposition 1, and that we are going to reaffirm that policy from 2014, it seems inevitable that in any event we are going to need to have this capital project in the pipeline of projects come what may. So I will be supporting Propositions 1 and 2.

1115 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, sir.

I just wish briefly to comment on this policy letter from my current role as President of the DPA but also from the perspective of my previous role as the political lead for Economic Development for tourism. The general manager's report in the Guernsey Dairy accounts for 2019 says:

The principal reason for the Guernsey Dairy is to act as an enabler to Guernsey's dairy industry and, in doing so, support the conservation of our unique rural environment, enhance biodiversity and uphold the genetic integrity of the Guernsey breed. The processing of milk at the States-owned Guernsey Dairy and the sale of liquid milk and milk products is the

financial mechanism that facilitates the continuation of the dairy farming industry designed to maintain Guernsey's traditional countryside.

1120 The Guernsey dairy industry is supported by the designation of large areas of contiguous agricultural land and other areas well related to established agricultural operations, which represents Guernsey's most valuable agricultural land. Such designation as agricultural priority areas (APAs) means this land is protected for the use for agriculture, including dairy farming.

1125 As the policy letter states and as has been highlighted by other speakers, dairy farming is the most important farm enterprise in Guernsey, with over 8,000 vergées of the 15,250 vergées of APA on Island being used by this industry, which represents a surprising 40% of the whole Island. I should add, as it has been raised in debate, there are also lots of glass houses which can be used to grow food and land which can be made into allotments, although policy OC9 of the IDP will not let that happen in the APAs if there is adverse environmental impact.

1130 The designation of this large area of APAs was not, of course, solely for the benefit of dairy farming, being nearly double what they are using, but does represent more than is needed by agriculture overall. It does mean that if the Dairy can expand its product range and its sales then there is sufficient agricultural land preserved for their use, a use which does indeed indirectly support the Guernsey countryside and cultural heritage, the traditional field patterns, the boundaries and hedgerows. It supports the natural environment and biodiversity of this wonderful Island we all call home.

1135 As President of the DPA, I was also pleased to note that STSB and the planners have been in dialogue over the options for the locations for the Dairy. This includes the possible use of policy S5 of the IDP, which enables the ability to consider such a development of strategic importance in circumstances otherwise not permissible under the policies of the IDP. Also in the notes for the discussions it was good to see the officer for STSB state that they were keen to assure director of planning at the DPA will be kept involved at every stage. By involving both politicians on the DPA and the planners, the benefit of the IDP's flexibility can be seen and good outcomes for both the built and natural environment can be achieved.

1140 When I joined Economic Development in 2018 I took a keen interest in the possibility of encouraging a diverse range of tourist attractions on Island. By taking advantage of our natural environment, I am extremely excited about the prospect of seeing the Dairy used as one such venue. When I was 13 I went to the Gruyère cheese factory in Switzerland and even though the cheese shop and viewing gallery was all that was open I remember the visit with affection. Education, history, the natural world and cheese – a perfect combination, which has meant I have continued to buy Gruyère cheese ever since.

1145 I also attended a two-hour WEA event on the history of the Guernsey cow last year ... or the year before, I do not remember – it was not that good! I was surprised at its worldwide appeal, though, as there is a Guernsey Cattle Society in Australia, as has been mentioned by Deputy de Lisle. Guernseys made their debut in the US in 1840 when three Alderney cows were brought to New York followed by a bull and two heifers from the Island of Guernsey, and the American Guernsey Cattle Club was formed in 1877 to register and maintain genetic information on the breed.

1150 I appreciate the difficulties we face from the economic effects of the pandemic but I do believe, as Deputy Green has mentioned and Deputy Brouard earlier, we should take advantage of our high profile and our Guernsey Together ethos and make investments such as mentioned in the do maximum option, as I believe this has a high potential of a good return.

1160 Members have discussed the issue of capital allocation and so I will not go further on that, but I do agree with Deputy Fallaize's argument. I remain of the opinion that the unique Guernsey breed of cow must be preserved and protected and that the local dairy farming industry is inextricably linked to sustaining Guernsey's rural environment and agricultural economy. I also agree that the future Guernsey Dairy project should be formally included within the capital portfolio. I therefore support both Propositions and also ask everyone to show their support for the Guernsey Dairy and our farmers by buying local, buying Guernsey milk and butter, and of course cheese – not Gruyère.

Thank you, sir.

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The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

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It is harder towards the end of this debate, with Members wanting to get on to other things, to say something different, but I think there are points that have come out of the debate that need to be focused on and not just amplified. I will perhaps not speak against the motion ... I will vote for the motion but in some ways speak against the motion, actually – and you will see where I am coming from in a minute – because, one of the more ... not disappointing exactly ... one of the more depressing comments we heard earlier in the debate was from Deputy Fallaize, who pointed out with a degree of experienced wisdom that the States are not very good at getting ahead with commercially focused capital projects. He suggested that if we combine this with a change of site it may never happen in our lifetime – it might in his lifetime, possibly not in mine. We need to change that mindset somehow. That is one of the Building Back Better issues.

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One of my reasons for supporting going ahead on this project, actually in voting for it, is not just on the merits of the Dairy as a commercial part of our infrastructure but for the wider picture it brings up. Deputy Tindall has raised the tourism question. I do remember the then Deputy Kevin Stewart making a good case for a farm. That has been mentioned too by other Members. Was it Deputy Brouard who mentioned the Home Farm potential site? Maybe a tourism farm park also combined, making Guernsey produce/sustainability, is the right way forward but it is a different concept from rebuilding a modernised dairy on the Bailiff's Cross site. That site is interesting of itself, not just because it is a historic dairy in the heart of St Andrew's in the countryside but because actually, far from being in the middle of nowhere, it is very close to St Peter Port and St Martin's but even closer to the Princess Elizabeth Hospital. Given our experiences with Covid and the need to build back even better, I think the use of that site for maybe a health or community hub purpose is extremely useful and that is a very strong reason for moving ahead with this not inexpensive project.

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Deputy Tindall, amongst many other speakers, has covered the importance of the Dairy beyond itself. I got into trouble once with the farmers, who said, 'How dare you support the West Agricultural Show and come down here, when you spoke against us and said we were not an industry?' They misunderstood my point. My point was the finance sector is a viable industry in the sense that thousands of people earn extremely well, their income, because it is a very profitable export-earning field. The dairy industry was like that at one time but I suspect without States' support – Deputy Roffey had a point in questioning our wisdom in recent years – it would be extremely difficult for farms to remain viable, and we want to encourage the young farmers Deputy Dorey alluded to.

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I think we have to accept, vital though agriculture, horticulture, the new supported sustainable sectors of everything from pork to sausages and so on and ice cream is, the farming sector would struggle, maybe even disintegrate completely, if we do not support the Dairy today. That would have an enormous effect on our quality of life, on our ecology, on our habitats and particularly on our planning system.

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So, I support it for all of those reasons. My problem, and why I particularly wanted to speak in this debate, is there is an elephant in the room that we are not talking about and that is actually our corporate governance. How did we get to a situation where our wisest Committee, our senior Committee, our cabinet in some ways, the Policy & Resources Committee, is opposing it on technical grounds about prioritising of resources? If a parliament just simply wants something, it should happen. The Treasury should facilitate that; they are servants to the parliament. That is the first point I want to make.

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The second point is we have borrowed loads of money in bonds. We are talking about another half a billion. How is it we have not the money in our capital reserve when, as Deputy Fallaize says, some of these projects have never gone ahead in houses and schools? If we have a jam pot system that Deputy Trott said he did not understand even when he was two years as Treasury Minister, I

cannot be expected to understand it, let alone all those candidates outside. We need to reorganise it and make it straight forward and less complicated.

Deputy Le Tocq has drawn the short straw today in trying to justify Policy & Resources' position. I do not know how they could come up with that perspective unless it was on micro-financial process terms, because the importance of the Dairy to agriculture, sustainability, ecology, the environment, tourism possibly, our daily living and of course our land planning system and our brand as Guernsey is so obvious and manifest that for our senior figures – who have just produced what in many ways was a useful document, Revive and Thrive – to oppose it in this time is curious. If they are opposing it for a legitimate reason, that there are problems in justifying it with our current capital prioritisation and government executive system, we need to look at that again, and maybe the old system of first come, first served had its merits and we should look for a hybrid for the future.

I have said enough. I think I have made my point.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

Deputy Gollop talked about the elephant in the room, and I think there is maybe a baby elephant floating around somewhere as well in terms of the environmental impact of our local dairy industry.

Perhaps, to the surprise of some, I am not going to stand up and talk about the Dairy in the role of a villain, because it is quite frankly not, but I can understand why people might jump to that conclusion because certainly when you look at the picture globally the dairy industry is responsible for a significant proportion of carbon emissions, and in fact 'big dairy', as it is known – because, I am sure people are aware, those processes sucked up a lot of the smaller producers and it is a really mega industry globally; we are, as Deputy Soulsby says, much more a micro-dairy by comparison ... Big dairy actually produces about the same greenhouse gas emissions as the UK, which is of course the sixth largest economy in the world, so that is pretty sobering. However, it is important to note that not all cows are created equal and ours are obviously highly superior in many respects – and actually in terms of their carbon footprint we can give them some credit as well. The carbon impact of the dairy industry relates to many different aspects. Clearly there is an element which relates to the animals themselves, specifically their ruminations – their burps, their methane emissions – but it has also got a lot to do with how they are fed and land-use changes and food miles, and things like that. So it is a nuanced picture and it is important to understand that, and farming methods in other places are typically far more carbon-intensive than our local industry here.

I have heard people argue that it is not an ethical position to support having a dairy industry here because of its climate impact, but I would say that is an absolutely false economy unless you are arguing that all Guernsey people give up drinking milk and eating butter, ice cream and cheese. You are not going to save on any greenhouse gas emissions globally, which is where it counts, by losing our local industry – and actually our local industry is doing an awful lot to keep our emissions low. In fact, when you look at our carbon footprint our agriculture section is a very small percentage. It is somewhere between 3% and 4%, I think, so we are doing an awful lot better than the big, industrialised, intensive farming practices elsewhere. Also, the other important consideration is if the land is not used for our dairy industry, then what will it be used for? We know that land use is a very significant driver ... Deputy Le Pelley is riding a horse over on the other side of the Assembly – horse-iculture! Land use, certainly land use change, is a very significant issue in terms of not just climate change but, perhaps more importantly, biodiversity loss. So, I think it is really important that we understand how interdependent these issues are and we understand the role that our dairy industry has to play in that, and certainly I think our farmers are absolutely key allies in this, in terms of sustainability. Deputy Brehaut talked about the strategy for nature, and he is absolutely right. Certainly I hope that partnerships with farmers will really improve sustainability and we will reap the benefits in so many different ways. Hopefully that canard will be the elephant put in the corner for now.

I am very supportive of the Propositions, I would say, but I would ask STSB to bear in mind one thing: packaging. There are pros and cons. Certainly my childhood is punctuated by memories of crying over spilt milk from those bags that just never poured. You put the plastic bag in the plastic jug and it would just go everywhere, so I am not advocating a return to those, but certainly if the fabric of the building is changed in any material way and, more importantly, the equipment within it and the systems within it are looked at, I would ask that packaging is also looked at and I would ask specifically that we look not too narrowly at it. Obviously the Tetra Paks that we use at the moment are fantastically space efficient and, I imagine, cost-efficient, and in terms of their systems pretty efficient as well – they do not involve sterilisation on site or anything like that – but I would ask STSB when doing the work to look at the whole Island picture and to also include, for example, the cost of recycling that particular waste stream. I would not presume to jump to any conclusions about what might be better alternatives; I can certainly understand there are benefits but also significant drawbacks to do with glass, for example. I would ask STSB to look into more reusable or more sustainable options when they deal with the packaging; obviously it is only when the production equipment is being changed that there is an opportunity to change packaging because it is so integral to those systems.

Other than that, I will sit down and ask the Assembly to support the policy letter. Thank you.

The Bailiff: Deputy Merrett.

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

I was hoping that Members might mention this, but unfortunately they have not – because I do think there is another elephant in the room. But I also have some questions for Deputy Ferbrache. The first one is: does Deputy Ferbrache believe that actually we have maintained and invested in the Dairy sufficiently to date; and if we had done, if we perhaps would not be in the position we are in today? I think Deputy de Sausmarez started down this line and I hoped she would have gone slightly further on it because my concern – the elephant in the room – is the price of our milk. It is a community product, and families, for example, that are in in-work poverty or have low income streams do not have a choice of a different product where they may do when it comes to things like butter. This concerns me. I understand the reasoning for the pricing and I understand that it is difficult to export from the products due to the different way we treat our milk to other jurisdictions, but I do think ... and I do support what Deputy Green said, everything that he said, which is a little bit ... Well, I am pleased to say everything he said I agreed with because if we are to grow the brand and grow the product and use it as a potential visitor attraction, then that premium product, that brand, we need to try to export more if we possibly can.

I am just concerned – I have always been concerned, sir – about the price of milk, which to me is a basic product. It is a basic product that arguably many families will need and use on a daily basis. Larger families sir – and this is the packaging element from Deputy de Sausmarez when she spoke ... I just recall loading up trollies with sticks, 1.8 litres – or I call them two pints because I am older – stacking the trollies with all these two pints because they actually need, for their family, a certain quantity of milk and they are forced into just buying loads and loads of cartons.

So, it is this kind of thing and that is what I would like to ask. I do not want to make this comparison, but nobody else has, so let's do it anyway. I do not want to lose our Dairy, I do not want to lose local milk produced on the Island, but I do want to ensure that all of our community are able to access the product in a way, if possible, but I obviously understand the economies of scale. We lost our telecoms; we do not want to lose our Dairy. I give way to Deputy Le Pelley.

Deputy Le Pelley: Thank you very much indeed for giving way.

1320 I would just like to ask Deputy Merrett before she sits down if she is countenancing the idea that milk should be given free, or subsidised, to school children.

Deputy Merrett: I thank Deputy Le Pelley and I have memories of that warm milk on a summer's day; it was not the best of memories, to be fair. I think the other concern with that is again it is quite a small packaging size – certainly something that Education, Sport & Culture, I hope, will be looking at, as well as looking at the option of free school meals and accessing them with certain bands as well. So let's go down that route, but that is not this debate.

1325 I do not think I can say that we should grasp the bull by the horns, because it is a dairy cow, (*Laughter*) – thank you, Deputy Gollop – but I do think we should grasp the nettle. I do think that we should get this on to the capital allocation. I think we should reaffirm it and I think we just need to crack on with it. So, whereas I understand some of the reservations from Policy & Resources and I understand some of the reservations from other Members, to me this is a policy direction that we do need to pursue and we are at the stage at the moment to do that, so we do need this work to be done. I do not understand why it costs so much to do that work, I probably never will, but I do think it is something that we should try to support, so I do urge Members to support this policy paper.

The Bailiff: I turn to the President of the Board, Deputy Ferbrache, to reply to the debate.

1340 **Deputy Ferbrache:** Thank you very much, sir.

I am very grateful to every contributor; the quality of the debate has been good. I asked that it was relatively brief. Equally, there are many points that have been raised. I am not going to deal with them all because some of those have been dealt with very ably by Deputy Roffey, Deputy Smithies, and indeed Deputy Dorey about the costs etc., so they do not need repeating.

1345 A point very fairly made by Deputy Le Tocq and supported by others about why is it coming along now, it is a shock ... Deputy Roffey himself said when he joined the Board just three months ago. It wears a bit thin to say, 'Well, I have only been President since June 2018'; that is all a bit thin. As you stand up as a President you have to accept responsibility, and frankly it should have been flagged up earlier. I can give some honeyed words and say why it should not, but it should have been flagged up earlier and the fact is it has not. Despite the comments that I make in nearly every States debate about how much I hate process – I say that in courts too, and I do – the fact is we do have to have some process that we have to follow, £20 million here and £10 million there, and all that adds up and has to be looked at.

1350 Deputy Merrett's point about what about investment in the industry wider than that: there has been a lot of investment, there will be more investment. And the point she makes about milk prices: of course they are expensive in Guernsey, absolutely they are expensive in Guernsey. They should be the least expensive possible, but they are never going to be cheap because it is economies of scale.

1355 On Deputy Oliver's point about why can't you make the money, why can't you do more, can I just say – and I am grateful to Deputy Soulsby for her comments – the Dairy is very well run. I am not saying that just because I am President of the STSB; it has been very well run for a number of years. It has been well run in difficult circumstances and it is run in the most efficient way possible, but let me just give you two examples. The very able general manager of the Dairy told us, when he gave the various presentations to States' Members, we process about eight million litres per annum; we would be competing with dairies that process two million litres per day. Also, I remember pre the end of the Cold War I had some Austrian clients and they were buying property in Guernsey because they were worried about the Russians coming through and going through Austria etc. I did not think that was going to be much good because they probably would have stopped at the coast of France anyway – but never mind, it was good for us, they were buying a property and we were

1370 raising money. The gentleman in question said, ‘How big is Guernsey?’ I told him and he said, ‘I have got a forest that is bigger than that.’ That is the point: that is how small our community is.

Deputy de Sausmarez’s points about packaging I think are truly excellent. If she has got ideas – and I mean it in a constructive way – and others have got ideas they should liaise with the Dairy management board because these are all embryonic issues and they are matters that can be looked at going forward. And indeed Deputy Brouard’s point – and he was not the only that made it, Deputy Tindall also made the same point – about option 11(b). Again, that is the most expensive option, it is probably the most productive option and it is one that would benefit tourism etc.

1380 I am going to be brief because the balance of the speeches has really been all one way, with one or two limited exceptions. All that is being asked for is to move to the next step. That next step is an important next step for the dairy industry and for the Island of Guernsey and I ask the States to support the Propositions.

The Bailiff: Members of the States, there are two Propositions. I have not noted anyone who would request separate votes on them, so there will be a vote on both Propositions together but there has been a request for a recorded vote, please, Greffier. *(Interjection)* No, we will have them separately.

Just Proposition 1 is the first vote, so a recorded vote on Proposition 1, please.

There was a recorded vote.

Carried – Pour 33, Contre 0, Ne vote pas 2, Absent 4

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

The Bailiff: Members of the States, the voting in respect of Proposition 1 was there voted Pour, 33, 2 abstentions, 4 absentees, and therefore I declare Proposition 1 duly carried.

1390 We will have a vote now – a recorded vote, Deputy Lester Queripel?

Deputy Lester Queripel: Please, sir.

The Bailiff: A recorded vote on Proposition 2 as well, please, Greffier.

There was a recorded vote.

Carried – Pour 29, Contre 4, Ne vote pas 2, Absent 4

POUR

Deputy Le Pelley
Deputy Merrett
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Dudley-Owen
Deputy McSwiggan
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater

CONTRE

Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Le Tocq

NE VOTE PAS

Alderney Rep. Roberts
Alderney Rep. Snowdon

ABSENT

Deputy Lowe
Deputy Laurie Queripel
Deputy Brouard
Deputy Mooney

1395 **The Bailiff:** Members of the States, the voting in respect of Proposition 2 was there voted Pour, 29, Contre, 4, 2 abstentions, 4 absentees. Therefore I declare Proposition 2 duly carried. Both Propositions have been carried.

LEGISLATION LAID BEFORE THE STATES

The Liquor Licensing (Renewal Date and Fees) Ordinance, 2020

The Bailiff: Can we just mention the legislation being laid, please, Greffier?

1400 **The Deputy Greffier:** Legislation laid before the States. The Liquor Licensing (Renewal Date and Fees) Ordinance, 2020.

The Bailiff: Members of the States, we note that that Ordinance has been laid. There has been no motion in respect of it. Next Item please.

LEGISLATION FOR APPROVAL

POLICY & RESOURCES COMMITTEE

**II. The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc.
(Bailiwick of Guernsey) Law, 2020 –
Debate commenced**

Article II.

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled "The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020", and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

1405 **The Deputy Greffier:** Article II. Policy & Resources Committee, the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020.

The Bailiff: I invite the President of the Committee, Deputy St Pier, if he wishes, to open debate on this item of business.

1410 **Deputy St Pier:** I will lay it as presented, sir – it has been a long time in coming – and I will respond to the debate.

The Bailiff: Thank you very much.

1415 Deputy Tindall, you have submitted an amendment to be seconded by Deputy Green. Is it your wish to move that amendment now?

Deputy Tindall: It is, sir.

[Amendment](#)

"To number the Proposition as Proposition 1 and add to that Proposition the following words – "subject to the legislation being amended to comply with the UK Office of the Parliamentary Counsel Drafting Guidance in respect of gender-neutral drafting". And to add the following Propositions:

2. To agree that, as the amendments referred to in this Proposition are such that they do not alter the content or effect of the legislation, the legislation as amended by this Proposition is not required to be laid before the States of Deliberation for further approval.

If Proposition 2 is not approved then:

3. To agree that Rule 3(11) of the Rules of Procedure do not apply in respect of the legislation as amended by Proposition 1."

The Bailiff: Do you wish it to be read?

1420 **Deputy Tindall:** Yes, please, sir.

The Bailiff: Greffier, can you read the amendment for us, please?

The Deputy Greffier read out the amendment.

The Bailiff: Deputy Tindall.

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

This is a historic day when we begin the States' Meeting during which we will be asked to approve the Committee for Employment & Social Security's policy letter entitled Proposals for a New Discrimination Ordinance. Therefore, sir, I consider this amendment to be the warm-up act.

1430 This piece of legislation is just one of the suites which the Guernsey Financial Services Commission first proposed when they published a discussion paper on the subject, on 10th November 2014. The legislation streamlines the regulatory framework which applies to the finance industry, this particular piece of legislation being in relation to fiduciary licensees. This work is built on the precursor known as the Consolidation of Laws Project and is an essential piece of the jigsaw to ensure the finance industry can be ready for the Moneyval visit which is now due in 2023.

1435 In my speeches I have often praised the Law Officers and the legal drafting team, especially during Covid, and I do so again on this occasion. I congratulate the draftsman on the way in which he has fulfilled the complex instructions given by the GFSC, all of which I came to fully appreciate having been, since late 2018, P&R's and Economic Development's representative on its review. However, I take issue over one aspect and that is the lack of gender-neutral drafting. This
1440 legislation will be on the statute books for at least 20 years, if not longer. It will be read by many people, more than I think even the legal drafters and P&R realise, especially in the finance industry. This legislation should not only be appropriate regulation for the engine room of our economy but it also should reflect the make-up of our community.

1445 In 2017 I obtained an article, through the assistance of St James' Chambers, published in 2008 and called *The Statute Law Review, The End of the 'Masculine Rule'? Gender-Neutral Legislative Drafting in the United Kingdom and Ireland*, which sets out the position succinctly. Sexist language based on the premise that the norm of humanity is male had been used for over 150 years in English language legislative text, but by the 1970's the traditional assumption that 'he' subsumed 'she' – a policy that has been called the 'masculine rule' – had started to be widely contested and calls were
1450 made to redress the imbalance.

However, when I received the first draft of this legislation in January 2019 it was not gender-neutral. Over the last 18 months I have been trying to get this legislation amended and throughout this time I have been given many reasons for it not to happen, one of which is potential delay.

1455 When I wrote this speech yesterday P&R had not commented on the amendments, although I knew Deputy Trott was particularly keen for this legislation to be approved sooner rather than later. We have now received their view. The manner in which we have received it is somewhat surprising, especially given that P&R claim that amending the legislation in the manner proposed is not good practice. It is therefore a paradox that P&R's view is in their letter of comment not on this amendment but on another matter on the agenda: it is on the Discrimination Ordinance. They say
1460 in relation to mine and Deputy Green's amendment to the Discrimination Ordinance:

Amendment 4 requires a practical approach on gender-neutral language, which the Committee can support and is already established by St James' Chambers.

– but P&R also notes that a similar amendment has been laid to legislation before the Assembly at the same States' Meeting.

1465 They then go on to state their first objection to this amendment to legislation, namely directing limited resource to revisit work in this manner is not sensible when it provides no change to protections in law; retrospective change cannot be a priority and the Committee will demonstrate this pragmatic approach in its voting. I would argue that the equal treatment of all Members of our society, whether by words or deeds, is vital and leaving a piece of legislation approved by this Assembly to continue to represent this inequality for decades to come – approved at the same

Meeting, we hope, as a debate on a Discrimination Ordinance – is not only absurd but removes a protection which St James' Chambers has said they have been practising since 2012.

If this amendment succeeds, it will also ensure that legislation which is in the process of being drafted is also not assumed to be exempt from gender-neutral drafting. P&R continue by saying that they will not support amending legislation in the course of being laid before the Assembly. Sir, this amendment would not have been necessary if my requests for this legislation to be gender neutral had been listened to, as I started asking way before this legislation was even born. P&R say we have limited resources but they should be put to good use. The legislation should not have been laid in this form and should have been amended in early 2019 when I first pointed out the fact that it goes against their own 2012 drafting policy. The amount of time that has been spent by St James' Chambers and the Law Officers in rebuffing my efforts to make this change could have seen every 'he', 'his' or 'him' altered to gender neutral in all four Laws with time to spare.

P&R also say that reasons of good practice would require that same legislation being considered a further time by the Legislation Review Panel and the Assembly. What good practice states that, I ask; where does it say that the amendments to make gender neutral have to be considered by the Legislation Review Panel (LRP), let alone laid before this Assembly again? I and other Members of the LRP have many times pointed out a few he-s and him-s which have been missed in legislation the LRP have considered and have not had to see it again once amended. This point will be covered by Deputy Green, as President of the Scrutiny Management and Chair of the LRP – of course he is the seconder of this amendment, for which I thank him.

As to laying the legislation before the Assembly again to approve these changes, one reason given by Law Officers was that the amendments were so extensive that they needed to be considered a further time by the Assembly. I disagree, but to ensure that that was not a means to prevent the need for someone to do a find and replace exercise on the legislation – or even use my version, which I have amended – I have catered for in this amendment.

Propositions 2 and 3 are an opportunity to find out what my colleagues think of those arguments, whether it is good practice or whether the amendments are extensive to require this Assembly to see the legislation in its final form before going to the Ministry of Justice. To do so, I have included two options in the amendment, which if successful can be voted upon after general debate. Proposition 2 ...

Sorry, sir, I apologise. At that point I was going to ask you, if it is passed, if we could split those two as per the amendment to make sure that Proposition 2 is followed by Proposition 3 if Proposition 2 loses. I think it is obvious on the face of the amendment, but I felt I ought to formally ask you, sir.

The Bailiff: Deputy Tindall, if the amendment were to be approved at the end of this process, then there will be three Propositions. Proposition 3 would only be put if Proposition 2 did not carry.

Deputy Tindall: Thank you, sir.

Proposition 2 provides legal certainty over the views of the States as it asks Members to agree that the amendments are such that they do not alter the content or effect of the legislation, so that the amended legislation is not required to be laid before the States of Deliberation for further approval. If, however, Members feel that the amended legislation must return to the Assembly, then Proposition 3 allows for the legislation to be resubmitted for States' approval but without having to be lodged for the required five weeks before the Meeting under the Rules of Procedure – that is 3(11) – so enabling that legislation, obviously with the co-operation from all others involved, to be considered at the August 2020 Meeting. That way, the legislation can get to the Privy Council by the next possible Meeting in early mid-October 2020, so no delay.

But, sir, whilst I consider the way in which this legislation is drafted is important, that is not the only issue I am asking Members to consider today. I believe Members need to resolve today whether it is this Assembly and not those who draft our Laws who decide on the contents of our legislation. I believe the States of Deliberation should be the body that decides. This is the time to make it clear

what the role of this legislature is and that it is our will that our legislation should reflect the make-up of our population. We should not leave this large piece of legislation on the statute books for years to come ... that does not do that.

I ask Members to support this amendment. Thank you, sir.

1525

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

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

1530

The Bailiff: Deputy Inder and Deputy Brouard, you both wish to do the same thing, I think.

Deputy Brouard: Yes, please, sir.

Deputy Inder: I was going to ask if you would invoke 24(4).

1535

The Bailiff: Yes, Rule 24(4) has been invoked by ... I will say Deputy Inder because he was first in time, so I am going to invite those Members who wish to allow debate on this amendment to proceed to stand in their places because if fewer than seven Members stand then that is the end of this amendment. It is quite clear that Rule 24(4) has failed. That motion is lost.

1540

Deputy Brouard.

Deputy Brouard: Thank you, sir.

The difficulty I have with this is the sentiments raised are very valid and are right, but very similarly to the previous issue, on the States' Dairy, the practicalities of it become a lot more difficult. We are now going to try and retrofit some 1,000 pages with 'he', 'she' and whatever. I think that is an absolute waste of not only our time but our Law Officers' time. I think the point has been well made and well taken, but it would make absolutely not one iota's difference to the actual Laws in play, so if you do want to waste time getting the Law Officers to spend a couple of days changing the wording of the document for the 1,000 pages to be then brought back again here for us to then approve, please vote for it. In the future obviously we will try and have all our legislation gender neutral, but let's get this item that has been so long in gestation on to the statute book as soon as possible. Point taken, thank you, but please do not take more of our time in trying to retrofit he-s and she-s into 1,000 pages of law.

1545

Thank you.

1555

The Bailiff: Deputy Inder.

Deputy Inder: I am going to try 26(1), sir.

1560

The Bailiff: Members of the States, who wishes to speak in debate on this amendment? If you wish to speak in debate on this amendment, please will you stand in your places? (*Four Members stood.*)

Deputy Inder, is it still your wish to invoke Rule 26(1)?

1565

Members of the States, I will put to you the motion that debate on this amendment, subject to the usual winding up where we hear from the President of the Committee and the proposer of the amendment, be curtailed at this point and there be no further debate. Those in favour; those against?

Members voted Contre.

The Bailiff: I think I will declare that lost.

1570 **Deputy Lester Queripel:** A recorded vote on that, please, sir.

The Bailiff: A recorded vote requested, as Deputy Lester Queripel is entitled to. We will have a vote on the motion pursuant to Rule 26(1), Greffier.

Carried – Pour 17, Contre 15, Ne vote pas 1, Absent 6

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Trott	Deputy Le Pelley	Deputy Brouard	Deputy Fallaize
Deputy St Pier	Deputy Merrett		Deputy Laurie Queripel
Deputy Stephens	Deputy Hansmann Rouxel		Deputy Soulsby
Deputy Meerveld	Deputy Green		Deputy Roffey
Deputy Inder	Deputy Dorey		Deputy Leadbeater
Deputy Lowe	Deputy McSwiggan		Deputy Mooney
Deputy Smithies	Deputy de Lisle		
Deputy Graham	Deputy Langlois		
Deputy Paint	Deputy de Sausmarez		
Deputy Le Tocq	Alderney Rep. Snowdon		
Deputy Dudley-Owen	Deputy Tindall		
Deputy Prow	Deputy Brehaut		
Deputy Oliver	Deputy Tooley		
Alderney Rep. Roberts	Deputy Gollop		
Deputy Ferbrache	Deputy Parkinson		
Deputy Lester Queripel			
Deputy Le Clerc			

1575 **The Bailiff:** Members of the States, in relation to the motion pursuant to Rule 26(1), which was proposed by Deputy Inder, the voting was as follows: there voted Pour, 17; Contre, 15; 1 abstention; 6 absences, and therefore I declare that carried. It was close, but I do declare it carried.

Therefore, I invite the President of the Committee, Deputy St Pier, to speak on the amendment.

1580 **Deputy St Pier:** Thank you, sir.

The intention behind this amendment and the ones subsequently following the other legislation is well understood and indeed is worthy, but the Policy & Resources Committee has discussed this in some detail. I am grateful to Deputy Tindall for quite clearly articulating our position when she spoke, as expressed in our letter of comment in relation to the discrimination legislation policy letter – that while gender-neutral approaches will be supported going forward, we are not supportive of retrospective changes that do require significant resource that will lead to delay and of course do not actually bring any change to the law or the rights of any individuals. So, I am afraid we cannot support the four amendments to the revision Laws; to do so will lead to further review.

1590 We have taken advice from HM Comptroller, and notwithstanding Propositions 2 and 3 the clear advice from HM Comptroller is that this legislation should return to the States through the normal processes because of the changes that would be required and therefore there will be further time and delay incurred in doing that. We have also sought advice from the Director of Legislative Drafting on how long this would take. The assessment is it would take seven person days, assuming somebody was to drop everything and make this their priority, and if that is the case then clearly ... The reality is of course there will be other priorities, as there always are things that are more urgent.

1595 The final point, which has not been addressed by anybody, is this is a Bailiwick Law, so we cannot simply decide what we think is appropriate in this Assembly; we do have to consider the fact that it has to go through the States of Alderney and the Chief Pleas of Sark as well, so I think with a fair wind this would probably be coming to the States in late October or November. We simply feel that is a delay which is unconscionable in the context of this very important legislation that is already very delayed.

1600 We do need to get it on to the statute book, we need to get it off to the Privy Council as quickly as we can and we therefore do encourage Members to reject this amendment. Whilst we understand

why it has been brought, we do not believe seeking to make this change at this stage is appropriate and we urge Members to throw this amendment and the subsequent ones out.

1605

The Bailiff: Deputy St Pier, can I just ask you to clarify whether your reference to seven person days of drafting is for this Projet and this amendment alone, or are you referring to all four amendments to this suite of legislation?

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Deputy St Pier: Sir, I am grateful to you for seeking that clarification. Of course it was to all four pieces of legislation; apologies if I misled the Assembly in any way, sir.

1615

The Bailiff: Mr Comptroller, before I turn to Deputy Tindall to reply to the short debate on the amendment, can you assist Members with any further advice in respect of what, if the amendment were to be carried and Proposition 1 were to be amended the way it is to be amended, it would actually mean?

1620

The Comptroller: Sir, thank you for giving me that opportunity to address the Assembly. I think the effect of the amendment, if the first part were to carry, is relatively self-explanatory. It would be to approve the individual Projets but subject to the legislation being amended to comply with the UK legislation, the parliamentary council drafting guidance in respect of gender-neutral drafting.

1625

Making the legislation gender-neutral is something that can be achieved. The drafts person, if that is the will of the States, can do that. There may have been some confusion, and I apologise, about the time that might take. I think seven days is right at the outside. It may take less time to amend the four Laws but there will be a number of days; it certainly will not be one day. I think the difficulty that there is, to me, is it will not be clear, if that Proposition were to be approved as amended and then 2 were approved ... the difficulty is that the States will not have approved the precise wording of the legislative text before it is then submitted for Royal Sanction and I think it is a pretty fundamental principle of good governance that whatever is submitted to the Sovereign for approval is approved by this Assembly.

1630

Insofar as the effect of the amendment is concerned, I would have great concerns about how one could proceed properly and constitutionally if the second part of the amendment was to be carried. I think that is probably the advice I would give to the Assembly, sir.

1635

The Bailiff: Thank you very much, Mr Comptroller.

Deputy Tindall, the proposer of this amendment, to reply to the debate on it.

Deputy Tindall: Thank you, sir.

1640

Having heard a few Members who realise there is a belief that the sentiment is right, there is a feeling ... I have had many emails and comments about the fact that they are not seeing gender-neutral legislation on the statute books. Especially in the finance industry – we work with legislation every single day – it is not something that does not affect people. It does not just go on the shelf and is ignored, it is something that is in your face all the time and it is something that has been raised by me for many years.

1645

The other thing, of course, as a lawyer and someone who has been on the Legislative Review Panel, previously the Legislative Select Committee, for eight years I think I know a little bit about Guernsey legislation and so I actually started amending this legislation on draft five – I think we are on draft nine on one or two of them – just to find out how long it would take me. The last time I did this, because I have only had the Fiduciary Law in Word version, it took me 30 minutes. I appreciate the fact that I am not a drafts person, I am not a professional, but I know full well I went through every one, I assessed every reference to make sure it did not counter for the legal person and I made sure it was conjugated right, and there may have been, out of however many clauses, which was about 30 or 40 clauses ... I was concerned about three in one Law and several in the others – the Enforcement Law, I agree, has got many more references. The point is I acknowledge

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1655 very much that our Comptroller has said that seven days is at the outside. Let's assume it is one day – that, for me, is reasonable; I still think it is excessive, but even if at the worst possible it is seven days, which is a hell of a lot of time for a drafts person to do this, it still does not delay the legislation in the way that is being implied in order to get to the early October meeting of the Privy Council.

I have also included, as can be seen in Proposition 3, the ability for this Assembly to reconsider those amendments, so overcoming that potential constitutional problem. I accept that, but I do not see why it should be republished for five weeks, so I have reduced that time so that it can be published, it can be put on the August 2020 Meeting so it can be approved – and I am sure it will be nodded through, as it usually is, because it is not changing the effect, it is just reflecting the make-up of our society in 2020. That is all I am asking. I have been asking this for so long that I feel it is a perfectly realistic approach. I have offered to do it myself. I have done it. I just cannot understand why for 18-20 months now I have had such pushback on this simple request when it has apparently been the policy since 2012.

The Privy Council office has very kindly been emailing me, as I know Members have seen because I have shared it with them, and they have estimated it is 14 weeks to get to Privy Council but seven weeks with a fair wind. If we have a fair wind, as I mentioned in my speech, there is no reason why this cannot go through. I have no reason to believe that Sark and Alderney will not also achieve what we need to achieve for Moneyval – and I am having nods from the Alderney Representatives.

I just ask Members in this Committee to think about who makes the Laws here: do we decide what is in them, or do our very excellent legal drafts people decide? I ask you here, if we do not decide today – not retro-fitting, just amending – whether or not this will change sufficiently. Our Discrimination Ordinance may be treated the same way, because even though we have laid an amendment to our next ESS policy letter parts of the Ordinance have been started and that means it would not necessarily be captured by our Amendment 4.

So this is a statement here today: please, I really am obviously extremely passionate about this, I have been fighting for this for a long time and I do not think it is unreasonable for this legislation to be amended.

Sir, I would prefer Propositions 1 and 2 but I think in the light of the advice today it is only sensible that I ask for Members to agree Proposition 1 and to go to Proposition 3 for belt and braces.

Thank you, sir.

The Bailiff: Deputy Dudley-Owen, you are rising?

Deputy Dudley-Owen: I am. In light of the information that Deputy Tindall has given regarding the timeline from the MoJ that she has received, I for one would like to seek further clarity from HM Comptroller in regard to how that affects the approval of this amendment today.

The Bailiff: The difficulty, potentially, Deputy Dudley-Owen is that at the moment you are just voting whether or not to amend the single Proposition. We have to add some words to it and then add two further Propositions and then you will vote if the amendment is carried in respect of those Propositions.

Mr Comptroller, just in terms of timing, if the amendment does not carry and is lost and there is then approval of the unamended Proposition, am I right in thinking that the draft Projet will then go to the States of Alderney and the Chief Pleas of Sark to be added to their agendas for a subsequent Meeting, and it will only be once they have approved it in the form that it is currently in that the humble petition would then be presented to Her Majesty?

The Comptroller: Sir, that is exactly correct.

1705 **The Bailiff:** And in terms of timescale after the humble petition is presented to Her Majesty, do you have any indication of the sort of timeframe from receipt at the Ministry of Justice through to it being presented to the Privy Council?

1710 **The Comptroller:** Sir, I have not got that information at my fingertips at the moment but I think if the amendment was not approved and the legislation went through as drafted, i.e. the Proposition went through unamended, the legislation would go forward to the States of Alderney probably in September and, I think, to the Michaelmas Chief Pleas Meeting. It would then be sent off for Royal Sanction. There is a possibility it might make the October Privy Council meeting, but I am not sure whether that was the intention or whether that has been prearranged. I can certainly get that information over lunch and let Members know when we reconvene, sir, if that is how things pan out.

1720 **The Bailiff:** Okay. The second scenario, to assist Deputy Dudley-Owen and possibly other Members, is if the amendment carries – because this is the first thing on which Members will vote, how, if at all, does that change that potential timeline? The amendment carries, Proposition 1 is then approved as amended, either Proposition 2 is approved or Proposition 3 is approved – what happens then?

1725 **The Comptroller:** If Proposition 2 is approved, consideration would have to be given as to how the Projets would be taken forward, because it would not be clear, certainly in my view, as to what the States have agreed. So I am not sure. If Propositions 1 and 3 were approved, then the legislation would have to come back to the States.

1730 I am not entirely clear how it would get on to the Schedule for the Meeting which is scheduled to take place in August. There is a possibility, I suppose, that new Propositions could be submitted and the Policy & Resources Committee could move an amendment at this stage during the course of these proceedings. That is something I would need to consider further and with Members of the Policy & Resources Committee, but it is possible there is a mechanism for getting it on the agenda to be dealt with at the August Meeting. But if that is not possible then it is possible the legislation will not get finally approved until the Sark Winter Meeting of Chief Pleas, which would be in January next year.

1735 **The Bailiff:** Does any Member wish to have any further clarity before I put this amendment to the vote? Deputy Tindall.

1740 **Deputy Tindall:** Yes, please, sir. From what I just heard from HM Comptroller, as Alderney will not receive the legislation without amendment until September it sounds to me that the October sitting of the Privy Council is highly unlikely anyway. I think HM Comptroller is confirming that but I would like to hear it on *Hansard* please.

1745 **The Bailiff:** Mr Comptroller.

The Comptroller: Sir, it is something that I would have to check over lunch because I am not sure whether there has been any pre-clearance of this legislation.

1750 **The Bailiff:** Members of the States, normally I would simply put the amendment to you at this point, but bearing in mind the clarity that has been sought, what I am going to do, perhaps unusually, is now adjourn for lunch and when you come back after lunch if there is any further knowledge that can be provided by HM Comptroller we will hear from him before we put this amendment to the vote. So, we will adjourn now until 2.30 p.m.

*The Assembly adjourned at 12.33 p.m.
and resumed at 2.30 p. m.*

**II. The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc.
(Bailiwick of Guernsey) Law, 2020 –
Debate concluded –
Proposition carried as amended**

1755 **The Bailiff:** Mr Comptroller, we gave you the lunchtime to see if there was any further information that you could assist Members with.

1760 **The Comptroller:** Sir, thank you for that, and I have got some further information. I am able to establish some dates with a little bit more certainty. I just preface my remarks by pointing out that I do not think the precise dates of Privy Council meetings have been agreed yet beyond October, so anything I say has got to be caveated by that because I also do not know, therefore, what the submission dates are for matters which might be submitted to the meetings. But, subject to that, if the legislation was to be approved today in its current formant – or it could be approved by the States at the August Meeting if it could be brought to that Meeting – the intention would be to submit the items for approval by the States of Alderney at their Meeting in September and the Chief Pleas of Sark at their Michaelmas Meeting, which I think is on 30th September. On the assumption that those Assemblies approved the legislation it would then be possible for the items to be sent to the Privy Council, and I think with a fair wind they could be dealt with at the November Meeting of the Privy Council as they have been pre-vetted by the authorities in the United Kingdom.
1765
1770 Therefore, the normal timelines would be abridged.

If the items cannot be approved by latest at the August Meeting of the States of Deliberation it is more likely that the sequence will be approval at one of the early Meetings of the States of Deliberation by Guernsey, approval by Alderney perhaps in December and by Chief Pleas at their Christmas Meeting towards the end of January – I think it is 20th January. On those dates it is possible that the matters might get to the April 2021 Privy Council meeting, again because of submission dates. It is quite likely we will miss the submission date for March. We could make the submission date for the April 2021 Privy Council.
1775

I hope that assists the States with their further deliberations on this particular matter.

1780 **The Bailiff:** Thank you very much.

Members of the States, we now go to the vote on the amendment proposed by Deputy Tindall and seconded by Deputy Green. Is there a request for a recorded vote?

1785 **Deputy Tindall:** Please, sir. Thank you.

Deputy Roffey: Sir, I am afraid I could not hear the advice, at all, of the Comptroller. Maybe it is because I am sitting behind him. Is it going to cause a delay or not? It affects the way I will vote.

The Bailiff: Mr Comptroller, perhaps without going into the finer detail again you could assist Deputy Roffey by saying whether or not there will be a delay?

The Comptroller: Perhaps Deputy Roffey might indicate whether or not he can hear me?

Deputy Roffey: Yes.

The Comptroller: To start at the beginning, if I can remember what I said – and I think I got it first time around – the advice is ... Can I put it in a nutshell? Unless the legislation can be approved today in its current format or at the August Meeting of the States in a revised format if that is the basis upon which Members wish to go forward, there is a possibility that there will be a delay in getting Royal Sanction for the legislation – a delay from what might be November this year until possibly as late as April next year, possibly five months but it is a delay of several months.

The Bailiff: So, Members of the States, there is to be a recorded vote now on the amendment proposed by Deputy Tindall, seconded by Deputy Green. Greffier, please.

There was a recorded vote.

Carried – Pour 19, Contre 15, Ne vote pas 0, Absent 5

POUR

Deputy Merrett
Deputy Fallaize
Deputy Hansmann Rouxel
Deputy Green
Deputy Dorey
Deputy McSwiggan
Deputy de Lisle
Deputy de Sausmarez
Deputy Roffey
Deputy Oliver
Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc

CONTRE

Deputy Trott
Deputy Le Pelley
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Graham
Deputy Paint
Deputy Brouard
Deputy Dudley-Owen
Deputy Langlois
Deputy Prow
Deputy Leadbeater

NE VOTE PAS

None

ABSENT

Deputy Laurie Queripel
Deputy Le Tocq
Deputy Soulsby
Deputy Parkinson
Deputy Mooney

The Bailiff: Members of the States, the voting on the amendment proposed by Deputy Tindall and seconded by Deputy Green is as follows. There voted Pour, 19, Contre, 15, there were 5 absentees and therefore I declare the amendment duly carried.

Is there any debate on the Propositions as amended? Deputy Tindall.

Deputy Tindall: Thank you, sir.

I would just like to thank the Assembly for at least having the opportunity to proceed with the next stage. As we discussed, the preference of HM Comptroller was that we do return this to the Assembly, so I would ask Members if they would approve Proposition 1, vote against Proposition 2 and vote for Proposition 3. That basically enables the legislation to come back for the August Meeting, which as we have heard, subject obviously to an amendment to the Schedule – which I am more than happy to assist with, P&R ... but if it comes back it does not have to have a five-week restriction and therefore it can be amended and laid, ready for the August Meeting, and hopefully go through on the nod so, it can follow the timeline we have just discussed.

1820 So, I repeat that I would appreciate if Members – sir, through you – vote for Proposition 1, reject Proposition 2 because I think it is quite clear that it would be best to come back before this Assembly, and vote for Proposition 3.

Thank you, sir.

The Bailiff: Deputy Oliver.

1825 **Deputy Oliver:** Thank you, sir.

I would just like confirmation from the President of P&R if that is actually possible and it can come back in August, please?

1830 **The Bailiff:** Well, as nobody else is rising I will invite the President of the Policy & Resources Committee to reply to that short debate.

Deputy St Pier: In response to Deputy Oliver, I have no idea.

1835 **The Bailiff:** Members of the states, there are three Propositions, as amended. I am going to put to you Proposition 1 first. Is there a request for a recorded vote, Deputy Tindall?

Deputy Tindall: Yes, please, sir.

1840 **The Bailiff:** That will be by way of a recorded vote. So that is taking the wording from the original Proposition and adding the first additional words from the amendment that the States have just approved. A recorded vote on Proposition 1, please, Greffier.

There was a recorded vote.

Carried – Pour 22, Contre 14, Ne vote pas 0, Absent 3

POUR

Deputy Merrett
Deputy Fallaize
Deputy Hansmann Rouxel
Deputy Green
Deputy Dorey
Deputy McSwiggan
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater

CONTRE

Deputy Trott
Deputy Le Pelley
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Graham
Deputy Paint
Deputy Brouard
Deputy Dudley-Owen
Deputy Prow
Deputy Oliver

NE VOTE PAS

None

ABSENT

Deputy Laurie Queripel
Deputy Le Tocq
Deputy Mooney

The Bailiff: Members of the States, in respect of Proposition 1 there voted in favour 22, against 14, 3 absentees, and therefore Proposition 1 is duly carried.

I am going to put to you Proposition 2 next. Those in favour; those against?

Members voted Contre.

1845 **The Bailiff:** I declare Proposition 2 lost.
I now put to you Proposition 3. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried.

POLICY & RESOURCES COMMITTEE

III. The Protection of Investors (Bailiwick of Guernsey) Law, 2020 – Proposition carried as amended

Article III.

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled "The Protection of Investors (Bailiwick of Guernsey) Law, 2020", and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

1850 **The Deputy Greffier:** Article III. Policy & Resources Committee. The Protection of Investors (Bailiwick of Guernsey) Law, 2020.

The Bailiff: I invite the President of the Committee, Deputy St Pier, if he wishes to do so, to open debate. Thank you very much.

1855 Deputy Tindall is not in her seat but when she gets there I will ask her if she wants to lay the amendment that has been submitted.

Deputy Tindall: I do, sir, thank you.

[Amendment](#)

"To number the Proposition as Proposition 1 and add to that Proposition the following words – "subject to the legislation being amended to comply with the UK Office of the Parliamentary Counsel Drafting Guidance in respect of gender-neutral drafting." And to add the following Propositions:

2. To agree that, as the amendments referred to in this Proposition are such that they do not alter the content or effect of the legislation, the legislation as amended by this Proposition is not required to be laid before the States of Deliberation for further approval.

If Proposition 2 is not approved then:

3. To agree that Rule 3(11) of the Rules of Procedure do not apply in respect of the legislation as amended by Proposition 1."

The Bailiff: Do you want it read?

1860 **Deputy Tindall:** No, there is no need, sir. Can I begin?

The Bailiff: Of course you can.

Deputy Tindall: Thank you, sir.

1865 The only thing I wanted to say is obviously the most important thing is that it is consistent, that this is a suite of legislation and therefore I implore everyone to do exactly as they did before, please, so that everything can roll sweetly through to August 19th.
 Thank you, sir.

1870 **The Bailiff:** Just a minute. Under the Rules, Members of the States, you have to wait for the amendment to be formally seconded. Deputy Green, do you formally second the amendment?

Deputy Green: I do, sir.

1875 **The Bailiff:** Thank you very much.
 I will go with Deputy Fallaize on this one. Is it a Rule 24(4)?

Deputy Fallaize: No, it is not!

1880 **The Bailiff:** In that case, Deputy Brouard!

Deputy Brouard: Mine is not, sir, but I suspect Deputy Inder may.

The Bailiff: Deputy Inder.

1885 **Deputy Inder:** I would like to invoke Rule 24(4).

The Bailiff: I thought that was what it was going to be! Rule 24(4) – those Members who wish debate on this amendment to continue, will you please stand in your places? There are more than
1890 seven Members standing, so the motion under Rule 24(4) has failed.

Deputy Inder: Sir, I would like to invoke 26(1), then, straight away.

The Bailiff: Deputy Inder is invoking Rule 26(1) to try and curtail debate on this amendment.
1895 Will the Members who wish to speak in debate please stand in their places? (*Four Members stood.*)

 Is it still your wish, Deputy Inder to ...? The motion, Members of the States, is that there be no further debate on this amendment, save for the usual winding-up speeches that the President and the proposer of the amendment are entitled to if they wish to exercise them. Those in favour; those against?

Members voted Pour.

1900 **The Bailiff:** I will declare that carried.

Deputy Merrett: A recorded vote, please, sir.

The Bailiff: A request for a recorded vote from Deputy Merrett and therefore we will have a
1905 recorded vote on that motion, please, Greffier.

There was a recorded vote.

Carried – Pour 19, Contre 16, Ne vote pas 1, Absent 3

POUR

Deputy Trott
Deputy St Pier
Deputy Stephens

CONTRE

Deputy Le Pelley
Deputy Merrett
Deputy Fallaize

NE VOTE PAS

Deputy Brouard

ABSENT

Deputy Laurie Queripel
Deputy Tooley
Deputy Mooney

Deputy Meerveld	Deputy Hansmann Rouxel
Deputy Inder	Deputy Green
Deputy Lowe	Deputy Dorey
Deputy Smithies	Deputy Dudley-Owen
Deputy Graham	Deputy de Lisle
Deputy Paint	Deputy de Sausmarez
Deputy Le Tocq	Deputy Roffey
Deputy McSwiggan	Deputy Oliver
Deputy Langlois	Alderney Rep. Snowdon
Deputy Soulsby	Deputy Tindall
Deputy Prow	Deputy Brehaut
Alderney Rep. Roberts	Deputy Gollop
Deputy Ferbrache	Deputy Lester Queripel
Deputy Parkinson	
Deputy Le Clerc	
Deputy Leadbeater	

The Bailiff: Members of the States, in respect of the voting on the motion to terminate debate pursuant to Rule 26(1), there voted Pour 19, Contre 16, 1 abstention, 3 absentees. Therefore, the motion is carried and I invite the President of the Committee –

1910 **Deputy Fallaize:** Sir, may I ask the Comptroller a question which is germane to the vote on this amendment, please?

The Bailiff: No, not at the moment.

1915 **Deputy Fallaize:** May I, towards the end of the debate, please?

The Bailiff: Potentially, yes.

Deputy Fallaize: Thank you.

1920

The Bailiff: I invite Deputy St Pier, as the President of the Committee, if he wishes to speak on the amendment. No.

Deputy Tindall, is there anything that you wish to say in reply to no debate? So there is nothing for you to say!

1925 Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I have a question because I am confused by the heavy weather the States are making of this and the sense of friction there seems to be in the Assembly about it. Is the issue that the Law Officers could not actually do the work between now and the August Meeting of the States, or is the issue whether there is provision in the Rules of Procedure to bring it back in August?

1930

Things are inserted into agendas all the time. Policy & Resources Committee freely, these days, inserts things into agendas very late, and, failing that, the States can suspend the Rules of Procedure to decide that an item should be taken at any time. I cannot believe there is so much animosity being caused simply on this question of whether something can be inserted into the August schedule, so is the Comptroller able to advise the States whether the issue is actually do the Law Officers have the resources to carry out the work that these series of amendments are directing, between now and the beginning of the August Meeting?

1935

Thank you, sir.

1940

The Bailiff: Mr Comptroller, are you able to assist at all?

1945 **The Comptroller:** I will do my best. I think we have the resources within Chambers to make the necessary amendments following the decisions of the States. I am not entirely clear, though, how the Schedule for the August Meeting is to be amended at the moment. At the moment, the items are not listed in the Schedule which is in the papers before the States today for the August Meeting. Clearly that has to be changed in some way.

1950 **The Bailiff:** Deputy Fallaize, it is not a backwards and forwards between you and the Comptroller. The position is that there will be a Schedule for Future States' Business for the August Meeting, which the States will be asked to approve at the end of this Meeting. If these matters have not been submitted to the Greffier by the time that Schedule is dealt with, it cannot be amended to add them but there will be the opportunity, if the Committee so wishes, to ask me to add the items to the business for the August Meeting at any time up to what I would regard as a cut-off point, 1955 where it is suitable to do that if the process has been completed. But that will be in their hands, nobody else's hands, and then my hands if it comes to me.

1960 **Deputy Roffey:** Could I just ask for clarity: if these series of amendments are passed and Propositions 2 that are attached to them all are passed, surely that is not an issue because it does not need then to come back to the States.

1965 **The Bailiff:** The difficulty with that, Deputy Roffey, is frankly I would not know whether somebody was satisfied that the legislation was in its final form because there is nothing in the amendment to say who signs that off. That is why the Comptroller is advising the Assembly that it ought to come back to the States, because if the amendment were to carry, Proposition 1 as amended and Proposition 2 were to carry, at what point does it get sent to Sark and Alderney? That is the difficulty.

1970 So, Members of the States we go to the vote on the amendment to this Projet or to the Proposition relating to this Projet, which is proposed by Deputy Tindall and seconded by Deputy Green. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried.

Is there any debate on the Propositions relating to this latest Projet? Deputy St Pier?

1975 In that case, Members of the States, I will put to you Proposition 1, as amended, in respect of the Protection of Investors (Bailiwick of Guernsey) Law, 2020, and draft as amended. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare Proposition 1 carried.

Proposition 2 has to be taken separately once again. Those in favour; those against?

Members voted Contre.

1980

The Bailiff: I declare that Proposition lost.

Proposition 3. Those in favour; those against?

Members voted Pour.

1985

The Bailiff: I will declare Proposition 3 carried.

POLICY & RESOURCES COMMITTEE

**IV. The Banking Supervision (Bailiwick of Guernsey) Law, 2020 –
Proposition carried as amended**

Article IV.

The States are asked to decide:

*Whether they are of the opinion to approve the draft *Projet de Loi* entitled "The Banking Supervision (Bailiwick of Guernsey) Law, 2020", and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.*

The Deputy Greffier: Article IV. Policy & Resources Committee. The Banking Supervision (Bailiwick of Guernsey) Law, 2020.

1990 **The Bailiff:** I invite the President, if he so wishes, to open debate – but he does not. Deputy Tindall, you have submitted an amendment. Do you wish to place it?

Deputy Tindall: Yes, I do, sir, thank you.

Amendment

"To number the Proposition as Proposition 1 and add to that Proposition the following words – "subject to the legislation being amended to comply with the UK Office of the Parliamentary Counsel Drafting Guidance in respect of gender-neutral drafting." And to add the following Propositions:

2. To agree that, as the amendments referred to in this Proposition are such that they do not alter the content or effect of the legislation, the legislation as amended by this Proposition is not required to be laid before the States of Deliberation for further approval.

If Proposition 2 is not approved then:

3. To agree that Rule 3(11) of the Rules of Procedure do not apply in respect of the legislation as amended by Proposition 1."

1995 **The Bailiff:** Thank you very much.

Deputy Tindall: I do not wish it to be read out. I think I have said enough and we get on with the vote, if that is all right, please? Thank you, sir.

2000 **The Bailiff:** Deputy Green, do you formally second the amendment?

Deputy Green: I do, sir, yes.

The Bailiff: Deputy Inder.

2005

Deputy Inder: Rule 26(1), sir, just in case someone wants to speak.

The Bailiff: Is there any Member who wishes to speak on this latest of these effectively identical amendments?

2010

A Member: Go on, I will try again! (*Laughter*)

The Bailiff: Deputy Inder, is it still your wish, or do you want to hear from Deputy Brouard?

2015

Deputy Inder: Absolutely sir.

The Bailiff: 26(1)?

Deputy Inder: Yes, sir.

2020 **The Bailiff:** Members of the States, there is a motion pursuant to 26(1) to curtail debate. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that motion carried and therefore I turn to the President of the Committee, if he wishes to speak on the amendment. Therefore there is no debate.

2025 Members of the States, I will put to you the amendment proposed by Deputy Tindall and seconded by Deputy Green. Those in favour; those against?

Some Members voted Pour, some Members voted Contre.

Deputy Inder: Could we have a recorded vote, please, sir?

The Bailiff: We will have a recorded vote on this amendment, then. Greffier.

Carried – Pour 19, Contre 17, Ne vote pas 0, Absent 3

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

2030 **The Bailiff:** Members of the States, the voting on the amendment proposed by Deputy Tindall and seconded by Deputy Green is as follows. There voted Pour, 19, Contre, 17, three absentees and therefore I declare the amendment duly carried. Thank you very much.

Is there any debate on the Propositions as amended in relation to the draft Banking Supervision (Bailiwick of Guernsey) Law, 2020? Deputy Tindall.

2035 **Deputy Tindall:** Thank you, sir.

It has been a bit odd, the voting. I can understand bringing it to an end because obviously we want to get on with the other business, but for me, once you have agreed to amend two of the four suite of legislation it was just a matter of common sense that we carry on and we make sure all four are ready to go so that we can have these on the statute books, gender-neutral but ready for our finance industry. It is extremely important that we do that at a reasonable time and that is why I

2040

have bent over backwards – as has HM Comptroller very kindly assisted – that we need to get this done. I just repeat the importance of having all four matching and consistent so we that we can –

2045 **The Bailiff:** Deputy Tindall, what is the relevance of what you are just saying to the amended Propositions as they stand?

Deputy Tindall: I am reiterating the need, sir, for this amendment –

2050 **The Bailiff:** Deputy Tindall, this is the speech on the next amendment, is it not?

Deputy Tindall: Sorry, this is general debate for –

The Bailiff: But this has got nothing to do with this particular draft Projet, has it?

2055 **Deputy Tindall:** As amended.

The Bailiff: No.

2060 **Deputy Tindall:** The Propositions are amended.

The Bailiff: Do you have anything to say about the Propositions, Deputy Tindall?

2065 **Deputy Tindall:** Sorry, sir, I thought I was talking about Propositions 1, 2 and 3 and the importance of Propositions 1 and 3 again. I apologise, sir, if I have misunderstood.

The Bailiff: Any further debate? Any reply to that debate, Deputy St Pier?
We go to the vote on Proposition 1, Members. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare that carried.
Proposition 2. Those in favour; those against?

Members voted Contre.

2070 **The Bailiff:** I declare Proposition 2 lost.
Proposition 3. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried.

POLICY & RESOURCES COMMITTEE

V. The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020 – Proposition carried as amended

Article V.

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled "The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020", and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

The Deputy Greffier: Article V. Policy & Resources Committee. The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020.

2075

The Bailiff: Once again I will at least invite the President of the Policy & Resources Committee, to see whether he wants to open debate – and he is shaking his head.

Deputy Tindall, do you have an amendment to this Proposition?

2080

Deputy Tindall: Yes, sir.

[Amendment](#)

"To number the Proposition as Proposition 1 and add to that Proposition the following words – "subject to the legislation being amended to comply with the UK Office of the Parliamentary Counsel Drafting Guidance in respect of gender-neutral drafting." And to add the following Propositions:

2. To agree that, as the amendments referred to in this Proposition are such that they do not alter the content or effect of the legislation, the legislation as amended by this Proposition is not required to be laid before the States of Deliberation for further approval.

If Proposition 2 is not approved then:

3. To agree that Rule 3(11) of the Rules of Procedure do not apply in respect of the legislation as amended by Proposition 1."

The Bailiff: Do you need it read?

2085

Deputy Tindall: No, I do not need it read, thank you very much, sir.

I implore the States to approve this, as before on the last three for a matching set.

Thank you, sir.

The Bailiff: Deputy Green, do you formally second|?

2090

Deputy Green: I do.

The Bailiff: Deputy Inder.

2095

Deputy Inder: I will try and mix it up a bit and try a ... No, I will not, I will just go straight for a 26(1).

The Bailiff: Will those Members who wish to speak in respect of this latest amendment please stand in their places?

2100

Is it still your wish to invoke Rule 26(1) Deputy Inder?

Deputy Inder: Yes, sir.

2105

The Bailiff: In that case, Members of the States, I will put to you the motion pursuant to Rule 26(1) that debate on this amendment be curtailed. Those in favour; those against?

Some Members voted Pour, some Members voted Contre.

Deputy Inder: A recorded vote, please, sir.

The Bailiff: We will have a recorded vote on the Rule 26(1) motion, then, Greffier.

Members of the States, when we are having a recorded vote can you try and keep quiet so that everyone's vote can properly be heard, please?

There was a recorded vote.

Carried – Pour 24, Contre 10, Ne vote pas 2, Absent 3

POUR

Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Inder
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy Prow
Deputy Oliver
Alderney Rep. Roberts
Deputy Ferbrache
Deputy Brehaut
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater

CONTRE

Deputy Le Pelley
Deputy Merrett
Deputy Fallaize
Deputy Dorey
Deputy Dudley-Owen
Deputy de Lisle
Deputy de Sausmarez
Deputy Roffey
Alderney Rep. Snowdon
Deputy Tindall

NE VOTE PAS

Deputy Brouard
Deputy Gollop

ABSENT

Deputy Laurie Queripel
Deputy Tooley
Deputy Mooney

2110 **The Bailiff:** Members of the States, on the motion pursuant to Rule 26(1), there voted Pour 24, Contre 10, 2 abstentions, 3 absentees and therefore the motion has been carried.

I therefore turn to the President of the Committee to see whether he wishes to speak. No.

2115 There is no debate to reply to for the proposer of the amendment, Deputy Tindall, and therefore I will put to you the amendment proposed by Deputy Tindall, seconded by Deputy Green. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that amendment duly carried.

Proposition 1, as amended – is there any debate on the Projet and the Propositions as amended? Deputy Gollop.

2120 **Deputy Gollop:** We had the privilege during the lockdown period, on the Legislation Select Committee, of looking at these 1,200 pages of legislation, a very difficult task – it was hard to organise paper copies and look on Teams and look at iPads at the same time – but we did our best. Actually, although it is perhaps not top of the political pops, financial services legislation is the engine that drives Guernsey, and I of course would not wish to see delay but I would point out you may have noticed that all of the Legislation Select Committee Members have generally supported Deputy Tindall and Deputy Green, and the reason is we have had a policy for really eight years of encouraging gender-neutral legislation where possible.

2125 I stood up not on that but on the substance itself of this because we will get a second chance now, in a way, to look it, but as the explanatory note makes clear, this is all part of a legislative

2130 consolidation exercise – that is important, some would say overdue – and has clearly been widely consulted with professional experts in the field who have given useful feedback. But I hope all States' Members could avail themselves of any further feedback to ensure that this legislation is entirely right and fit for purpose, because if one looks at the explanatory note on page 2 of our documents, the explanatory memorandum:

all other matters included therein, thus ensuring so far as possible consistency and standardisation

2135 – of the Guernsey Financial Services Commission –

enforcement and investigative powers, obligations, liabilities, remedies, offences, penalties, sanctions and other consequences ...

2140 They are proportionate to the industries, they are different for the five different sectors, but we have to ensure that these final copies work for the GFSC but also work for the professional community and the people largely earning our export earnings. So I do hope that the industry will, both in the short term and the longer term, engage and deliver their verdict to Policy & Resources and every other States' Member, Economic Development as well, to ensure that we move forward because part of the reason, as I am sure Deputy Trott and Deputy St Pier have identified on numerous occasions, is to ensure that we meet our international financial obligations and we are second to none in terms of regulation, reputation. But at the same time we do not want to place
2145 too onerous a burden, so whilst supporting this I do hope that the industry engages further with Members.

The Bailiff: No one else is rising, so I invite the President of the Committee, Deputy St Pier, if he wishes to reply to that short debate.

2150

Deputy St Pier: Sir, I do not think it requires a response.

The Bailiff: Members of the States, there are now three Propositions, as amended. Once again I will put to you Proposition 1. Those in favour; those against?

Members voted Pour.

2155

The Bailiff: I will declare Proposition 1 duly carried. Proposition two, Members. Those in favour; those against?

Members voted Contre.

The Bailiff: I declare Proposition 2 lost. Finally, Proposition 3. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare Proposition 3 carried.

POLICY & RESOURCES COMMITTEE

**VI. The States of Guernsey Accounts, 2019 –
Proposition carried**

Article VI.

The States are asked to decide:

1. Whether they are of the opinion to agree with the Policy & Resources Committee's approval of the States of Guernsey Accounts for the year ending 31 December 2019.

2160 **The Deputy Greffier:** Article VI. Policy & Resources Committee. The States of Guernsey Accounts, 2019.

The Bailiff: I invite the President of the Committee, Deputy St Pier, to open debate on this matter.

2165

Deputy St Pier: Sir, I am pleased to present the 2019 Accounts of the States of Guernsey. The financial statements of the States' Trading Supervisory Board and incorporated trading entities, and the reports of Guernsey Water, Guernsey Dairy, Guernsey Waste and States' Works and social contributory funds are all included as separate items for debate and their respective presidents will be presenting them to the States.

2170

Last year, I remarked that it felt a little strange to be considering the 2018 Accounts, looking back immediately after the Policy & Resource Plan debate, which looked forward to the States' priorities for the future. Well, as I am sure you can appreciate, it feels even stranger this year. The first part of the year has seen significant change in our circumstances because of the Covid-19 pandemic and our financial position has changed dramatically.

2175

These accounts, which of course are only a snapshot of our position as at the end of 2019, sadly do not reflect where we are now. The timing of the finalisation of the accounts and their external audit fell squarely within the early phases of the Covid-19 lockdown and I would like to take this opportunity to thank all of those involved, inside and outside the States, for their perseverance and hard work in very difficult circumstances for being able to meet the deadline for publication.

2180

These accounts do show a strong position, which has been achieved after years of financial discipline across the Government and this has meant that we are well-placed to deal with the impact of the Covid-19 pandemic and its impact on our public finances. We had a Budget surplus, substantial reserves, not just borrowing, and a very good credit rating. This means that we have been able to secure a short-term borrowing facility at very attractive rates and we will be able to make funding available for the recovery action plans in order to deliver the recovery strategy.

2185

In April it was estimated that Covid-19 would impact General Revenue by £122 million to £132 million in 2020, a combination of reduction in States' revenues, increases in States' expenditure – primarily support measures, of course, for businesses, together with at this stage an unquantified impact in the following years as we recover from the economic shock of this unprecedented situation. I am hopeful that the actual impact will be lower. There are some encouraging signs: falling unemployment, lots of activity in the property market, the high levels of demand for construction and industry and related trades.

2190

We are continuing the journey towards adopting International Public Sector Accounting Standards (IPSAS) compliant accounts, with a great deal of work being undertaken behind the scenes to research and undertake the preparatory work for the necessary system and process changes, with particular focus on fixed asset accounting. I remind Members that the introduction of IPSAS compliant accounts is not merely an accounting exercise for the finance team. Full implementation will require substantial business change to ensure that the States as an organisation and its processes adapt to enable the production of the information that is required.

2195

2200

In respect of the 2019 Accounts, the States' Treasurer's report provides a detailed commentary on the overall financial position and the various funds and reserves, and the most salient features of these: an overall surplus of £106 million, of which £63 million related to General Revenue. Of this £63 million, £57 million was appropriated to the Capital Reserve, giving an unallocated surplus of £6 million, which was £5 million more than budgeted. The value of the Core Investment Reserve increased by £21 million as a result of excellent investment terms; its balance of £196 million represented 41% of annual income. 2019 was sadly, again, a year of little substantial capital expenditure. Expenditure of £33 million was actually about £6 million less than the investment on capital returns. There is an undoubted need for significant capital investment programmes to be undertaken, not just for straightforward replacement of our assets but to enable transformation of the delivery of services and to facilitate and drive growth in our economy.

We saw solid growth in Income Tax receipts of 5%, including the fourth year of real terms increases in Income Tax collected from individuals. We had continued strength in Document Duty receipts in both the local and open markets, with the total number of transactions being the highest recorded since 2007. And we had a net investment gain of £86.3 million, more than reversing the £19.9 million loss recorded in 2018. This return of 11.8% has positively impacted revenue income, Core Investment Reserve, Capital Reserve, the Bond Reserve and so on.

Revenue expenditure was a net £8.7 million above cash limits, a combination of delays in and non-delivery of savings targets and an overspend by the Committee for Health & Social Care, partially offset by collective underspends by other Committees. The provision of £9.7 million was made for the 2019 loss by Cabernet Ltd, the holding company for Aurigny. This brought the total amount set aside for Cabernet's losses, up to the end of 2019, to £15.2 million.

At the end of 2019 the States' net assets, its overall financial position, was £757 million, an increase of £105 million compared with 2018.

Sir, I ask the Assembly to agree with the Policy & Resources Committee's approval of the 2019 States of Guernsey Accounts.

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you very much.

On behalf of the Scrutiny Management Committee, my Committee is pleased that there is greater transparency in these accounts, although there is still room for improvement. This exercise, we believe, should be started with the aim that all Islanders are able to comprehend the information produced within the accounts. The ability of ordinary Island taxpayers being able to understand how their money is being spent should always be a central concern of Government. In this report transparency is indeed moving in the right direction, but there is still much work to be done.

In relation to accounting standards, as Deputy St Pier just said, is there any clarification as to when the so-called IPSAS will be actually introduced. There is no detail in the actual accounts regarding progress made or the expected implementation timelines for IPSAS. The States has already agreed to implement IPSAS and a budget was set up to do so. We have been informed that progress is being made in this area, but I would ask that in the summing up there is a clear indication from Deputy St Pier as to when we might start seeing tangible demonstrations of such progress in the presentation of the States' Accounts.

I now turn, once again, to another familiar theme, which is the bond. After four-and-a-half years still less than half of the bond proceeds have been utilised. My Committee believes that these funds should be used to drive our economy forwards, as was initially envisaged, and not used as additional investment funds where the unspent proceeds are open to significant market risk.

In terms of public spending, the SMC also notes that in terms of the costs of agency staff, those rose steeply in 2019. The SMC will be writing to the Committees concerned for a breakdown of costs incurred and clarification of the reasons behind doing so, but it would be helpful if the President could provide some reassurance regarding the increasing agency costs in these areas when he sums up.

2255 The Accounts do reveal a number of worrying trends on staff. The number of FTEs is up by 84. We acknowledge that 23 of these are from the Committee *for* Employment & Social Security as transfer to revenue services, but many of the rest are frontline staff. However, the number of senior employees has gone up again. The narrative states that this is mostly in lower bands, but there is also movement in the upper bandings too – 10 more in the £160,000-£180,000 category – and indeed the total costs, sir, have increased by £3.3 million.

2260 The organisation has spent £3.5 million on recruitment, which is up by £1.3 million, which, considering that there were only 61 new people employed overall in the organisation, seems a very high figure, especially when so many modern recruitment methods are now available. Again, an explanation in the summing up, in terms of the increased recruitment costs, would be appreciated.

2265 The Accounts demonstrate little progress on Transformation. Other than paying a number of additional staff, 29 people in the Transformation and four on the portfolio team, the largest investment made was by HSC and that was only for £3.1 million of £32 million spent in total. It appears from the accounts that much of the expenditure in this area seems to have been on project planning, i.e. over and above the cost of the 29 FTEs. Once again it would be helpful to get an update on progress on Transformation in the summing up.

2270 My Committee continues to have concerns regarding the inclusion of investment valuation in the calculation of the States' overall financial position. As has been demonstrated over the last few months, these positions can change very quickly, with investment positions losing hundreds of millions in value in a few days. On this basis, the inclusion of this type of information needs to be very carefully considered moving forwards. The Committee also notes that the States currently utilises the services of 27 investment managers in total. Once again, I would welcome an explanation
2275 in the summing up of why so many investment managers are necessary and confirmation that this decision has not resulted in additional and unnecessary costs.

Once again, the Committee notes the contingent liabilities relating the States' financial support to Cabernet for Aurigny. Clearly, the likelihood of money being repaid on those loans currently appears somewhat limited. It would be helpful in the summing up if the future expectations in this regard could be clarified: specifically, how much will this ongoing support ultimately cost the taxpayer?

2285 In relation to capital spending, as I mentioned earlier, the SMC will shortly be publishing its report on capital, hopefully next week. This report will inform future action in this area as the Bailiwick looks to Revive and Thrive moving forwards. Once again, in 2019 the transfer to the Capital Reserve was significantly higher than the actual spending. The transfer to Capital Reserve was £54.5 million against expenditure of £32 million. We are taking more out of the economy than we are putting back. Clearly, moving forward the money allocated for capital spending must be actually spent to support the local economy, rather than just being simply moved from one account to another. Sir, capital expenditure in 2019 went down from £37 million to £32 million. Of this, only
2290 £19 million is actual investment. The rest was on repairs, on maintenance. This lack of meaningful capital investment will be discussed in the shortly to be published SMC review.

2295 In summary, we believe that the presentation of the Accounts, admittedly with substantial nudges being provided by the SMC, is heading in the right direction, but clearly significant additional progress must be made on the implementation of ISPAS, in a timely manner, in order to improve the 'understandability' – if that can be a word – of the financial information presented for the ordinary man or woman of the Bailiwick.

Thank you very much.

The Bailiff: Deputy Ferbrache.

2300 **Deputy Ferbrache:** Sir, the figures that Deputy St Pier read out are impressive – they are very impressive. I got the feeling at the end of last year that, despite the figures that Deputy St Pier has actually read out, the economy might have been running out of steam, but then – and I mentioned it in a previous States’ Meeting before Covid – the economy had a bounce again. We had a feeling – and I mentioned some of my own businesses – it was going well.

2305 I am not going to quote from Deputy Trott – I do not want to disappoint him too much because he is not mentioned – when he said in a previous debate, ‘Where has it all gone wrong?’ when talking about good financial figures. I would rather talk about the late, great George Best. There was the Irish waiter who knocked on George Best’s bedroom door when he was at a restaurant in a hotel in Manchester. George Best was in a room with Miss World. He had won lots of money at the casino in Manchester and the waiter was bringing in vintage champagne. The Irish waiter said to
2310 George Best, ‘Where has it all gone wrong, George?’ We are a bit like that.

The economy is doing well. We should be spending more on capital. Where I do have a question ... It is not a criticism, but the figures over the last four years, 2015-2019 – and I know that straddles, therefore, the old States and new States ... the number of full-time employees has gone up from
2315 4,363 to now 4,666, I think it is, an increase of about 300. That is a lot in a small Island. The point that Deputy Green made, can I just emphasise that? States’ employees earning £80,000-plus – I know that takes into account pension etc. – has gone up over the same period from 226 to 325, which is an increase of 43%. That is, again, a heck of a lot in a small community such as ours, a lot of people. There are not many people in the private sector earning more than £100,000 a year. That
2320 is the truth of it. There are not that many people who earn that kind of salary in the private sector. Deputy Trott is pointing at me, but I avoid that and look at Deputy Green! The point in relation to all of that is that we do have a large wage bill, and again it is disclosed in the Accounts. It is natural because the States is an employer – it does all kinds of things. It is employing the best part of 5,000 people, everything from financial services to road cleaning to whatever it is, so therefore it is going
2325 to be about 50%, which is the rough percentage of the States’ wage bill. But can Deputy St Pier give any explanation – and not in any way are any of these comments critical – as to why those levels of senior employees and the costs thereof have gone up so much in the last four years?

The Bailiff: Deputy Graham.

2330

Deputy Graham: Thank you, Mr Bailiff.

It is pretty tempting to say that the state of the Accounts for last year is pretty irrelevant since, I think in the words of Deputy St Pier, our finances have been trashed since then by the Covid pandemic, but I think nevertheless there are some lessons to be learned perhaps from where we
2335 were at the end of last year, and Deputy St Pier is quite right to point out that really, from many aspects, we were in a very good shape indeed. I think one is tempted, on behalf of all 40 of us here, to take some credit for that on the basis that if it had gone wrong we would have been blamed for it anyway, but before we get carried away with self-congratulation I think a certain degree of honesty is required for looking back on last year.

2340 We did do frightfully well; we did much better than we thought. The balances were much more favourable than we anticipated, but some of that was simply not structural, was it? We had unusually high returns upon investment and, in fact, looking back over the last four or five years, the investment returns have been significantly above expectation. One has to say one wonders how long that will go on. That is not to take away from the significance of that, but it is unstructured. Also, with the structured bit, one has to say that a lot of that came from raising taxes, TRP for
2345 example, or doing away with allowances such as the age-related tax allowance. So, again, these were sort of relatively easy, sleight of the hand gains. I am not trying to take away from what we achieved last year, but I do not think we can be entirely self-congratulatory that things turned out quite as well as they did.

2350 I mentioned that there might be a couple of lessons to be learned, at least certainly for me there were. I have to mention the States’ property portfolio. It is a slightly enigmatic area to go into

because if the States knows what it owns and what it is worth then it is a closely guarded secret. It is certainly kept away from backbench Deputies, if I can describe it as such. I presume somebody knows, somewhere, what it is worth. Somebody has some sort of plan as to how to dispose of it or how to make best use of it. I do understand that it is pulled around with uncertainty. I have only got to look at the educational estate, which I can, to say you cannot begin to decide what you are going to do with this and that case without actually knowing what the educational value is going to be, and I do understand that. There seems to be a lot of apparent inertia that may not be going on but we need really to be clear about. As far as I am aware, last year there were only two property sales. One was for Fort Richmond at £0.9 million, which I think was a genuine sale; the other was a sort of smoke and mirrors thing with the land around the Dairy, which ... Thick old soldiers like me do not quite understand what was going on there, but I think it rates as a sale, anyway – but there we are.

The other area, really, is capital expenditure. We have heard from many speakers that our record on that is pretty lamentable and I wonder whether it is because of the approach we take to capital expenditure. The accountants I know tell me we have a very unusual approach to it. Because we save up, build up a capital reserve and then spend it on building something, we tend to then write it off as cash gone out of the pot and do not seem to recognise that actually we have built an asset with a value, and I wonder whether somehow that leads to a rather punitive view of capital expenditure. One is looking for an explanation why our record is so low ... I am trying to think back, over the four years of the States, what we have actually spent capital expenditure on. I think we spent a few million on the Revenue Service update, which I presume was a lot of hardware and software and stuff like that and moving people around into offices. We then built the Waste Transfer Station, but that was not even planned, was it? That was a sort of haphazard product. We chickened out about setting the annual fixed charge for waste disposal at too high a level and also the black bag charge at too high a level and said, 'Okay we will keep the level down and we will visit the Capital Reserve and we will build the Waste Transfer Station out of that.'

So two lessons for me, or I suppose two unanswered questions. What is going on with States' property? Please, somebody tell me something is going on and there is a sense of direction on that. And can we really have an entirely different philosophical approach to capital expenditure?

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

The States' Treasurer's Report indicates substantial upturn in 2019 from that that we had in 2018, an overall surplus of £105 million compared to a deficit of £16 million in 2018. I was overjoyed with that and I note that when we discussed the Covid-19 short-term external borrowing facility, we approved as a States, in May this year, a £225 million facility for borrowing. Was that really necessary with the healthy returns of 2019 and the substantial reserves of the States, the rainy day fund and the unallocated £140 million in the bond holdings? But significantly financial investments, sir, in the Consolidated Investment Fund at year end 2019 reached £2.3 billion, with £141 million of it in cash. The Core Investment Reserve held a closing balance at year end of £195 million. And of course in terms of the Consolidated Investment Fund and other funds we managed very good investment returns, as Deputy Trott tells us.

Why ever, then, do we have to go on borrowing money, with such healthy reserves? It all requires a lot of explanation. Why the borrowing when we are so well-heeled with plentiful reserve? Secondly, why the big increase in staff costs, following promises of rationalisation in staffing? I leave those questions to Deputy St Pier to answer when he sums up.

Thank you, sir.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

I will start by thanking the P&R Committee and its officers for producing the Accounts, particularly in this difficult, busy time. I would like to carry on from where Deputy Green left off, and I thank Deputy Green and the Scrutiny Management Committee for doing their work on the Accounts and for raising the points that they have.

Deputy Green's point was around transparency and he said that whilst there is progress he thought there should be more transparency required. This is perhaps the challenge I have. I refer to notes for the Accounts on page 47, which read HM Receiver General, charity and other deposit balances: 2019 it is just under £41 million; 2018 it is just above £37 million. This challenge will not come as any surprise because I raise this issue in every Accounts debate, and it should further come as no surprise as I emailed the President of P&R in advance of what my questioning would be. My question, as it always is: in the interests of accounting transparency, does the accounting line in 2019 include the Seized Assets Fund; and, if so, can States' Members please be informed of exactly how much was in that fund in 2019? I think I know the answer to the question, but I do not know the exact figure because when I asked about 2018 – it was Deputy Trott, I believe, who fronted this for P&R – there was £13.8 million at a time where in this Revive and Thrive environment we are looking at every possible available pound that we can have.

But I think I will go a little bit further than the questions I have asked, because I do not seem to be getting much traction on this. Could I ask Deputy St Pier if he could actually give us a bit more, some actual financial details of any disbursements and balances transferred from the Seized Assets during 2019? In my last attempt to get some transparency, that Accounts debate, as Deputy St Pier has already said, was preceded by a debate on the Policy & Resource Plan and I have gleaned from that and indeed from other updates that a policy letter on the Seized Assets should be forthcoming. It has been promised but I doubt very much whether this is going to happen this term and perhaps Deputy St Pier can throw some light on that, bearing in mind our term has really expired already and we have only a couple of Meetings of the States left.

I also gleaned that funds of I think £1.5 million have been agreed for Home Affairs and Policy & Resources to review and strengthen the Bailiwick's ability to fight financial crime and to confiscate the proceeds. Again, sir, in the interests of transparency, that particular subject has gone quiet. As everybody in this Assembly knows, I did have a professional background in law enforcement and I am aware ... I am not sure what the figures are now, but there is something like £100 million either restrained or frozen in the sense that no consent has been granted to release those funds. So it seems to me, sir, that the Seized Asset Fund should be a matter debated by this Assembly. How that money is disbursed I believe is overdue, if nothing else so it is transparent.

One point I would make: whatever the figure is for 2019, it is the taxpayer who has paid and resourced all the effort. Whether it is the efforts of law enforcement, the Economic Crime Unit or the Law Officers of the Crown, it is the taxpayer that has funded that effort. If we are, as we have been told by P&R and Home Affairs, going to review and put more effort into that particular activity, it tends to suggest that even more money will become confiscated and should end up in the Seized Asset Fund. This is a considerable sum of money and I understand the sensitivities around law enforcement and what can be disclosed and what cannot be disclosed. That is not lost on me at all, but I am talking about top-line transparency here. I am talking about a fund which perhaps many years ago was only £5 million or less; it is now a considerable sum of money, unless of course in 2019 things have changed

I think it was Deputy Tindall who has reminded this Assembly that we are going to have a Moneyval review. I think she said 2023. Not only do these international organisations oblige us to have strong financial investigation capabilities, but also we are due to discuss and debate the Justice Review and I venture to suggest that many initiatives will be suggested from the floor of this Assembly that may be worth exploring, be it alternative sentences, which will need funding. It may be that the Seized Assets Fund, particularly if it is a third sector organisation or the resources of Home Affairs, could be an avenue for this.

So, sir, please, through you, can I ask when Deputy St Pier sums up that perhaps he can give us all in this Assembly some clarity around the Seized Assets, what has happened to the policy letter

2455 that was promised, where are we with the review, and perhaps endorse my point of how important it is about taking the proceeds of crime away from criminals not only internationally but in this Island as well?

Thank you, sir.

2460 **The Bailiff:** Deputy Merrett.

Deputy Merrett: Thank you, sir. I can be quite brief.

As a Member of SMC, I am thankful to Deputy Green for speaking earlier in the debate and I look forward to Deputy St Pier advising us of when we can expect to move to IPSAS. I believe it was an amendment I did. It feels like a lifetime ago but I am pretty sure it was not a lifetime ago; I think it was two or three years ago – actually, Members of this States, maybe that is a lifetime. I am really hopeful that we can get an indication of when we can expect this to be trialled more fully and to actually go live.

There seemed to be a little bit of mirth when Deputy Green, I think, said it is easier for members of our community to understand. Sir, Members of the community do try to read these Accounts, they do contact us and they do ask questions. Maybe it is because I am on SMC, I do not know, but they do. I think it is quite important that we try to have a public-facing document that members of our community ... Some of these members of our community are actually accountants, so it is not as if ... If they cannot understand it, then obviously it is going to be difficult for people like myself, as I am not an accountant.

Even so, I will give a little punt with what I am going to say next because my concern is with, as has been mentioned already, the increase in the number of employees. If we need these people to ensure we can offer our community the services they need then I absolutely get that, but to me, sir, reading the accounts, the pay costs have gone up by £14.2 million and on my reading of the Accounts the pay awards of that are £8.5 million. I have never really been able to understand and I have asked various questions of the pay awards scheme per se because in the business I work for the pay awards are not a given because you have served an extra year, they are a given in relation to how you are performing your work role.

About £8.5 million of the £14.2 million is, I believe, pay awards. Then it looks like the other £6 million is for newly recruited staff. That is how I read the Accounts, sir. When I work it out from page 36 it implies that about £3.3 million are senior roles, so that leaves about £2.7 million for what I would call on-the-ground staff.

I am very passionate about the prospect, one day, of equal pay for equal value and I am quite passionate about ensuring that the frontline staff are given a pay award whatever is seen, but we just seem to be – and I am sure Deputy St Pier can explain – growing the senior role, how I perceive the senior role. I say senior role ... well, it says senior employees, probably why I call it a senior role. So that does just concern me, sir.

I do note – and I am very grateful that it is in the Accounts – it does say that 24 of the FTE are for HSC, so that gives me some assurance that it is going into the right sort of area of Government where potentially we need more support, but that is just a concern I wish to raise. I wish there was a little bit more meat on the bone from when Deputy Green spoke.

My last comment, sir, is in regard to the participatory budget because again, reading the Accounts, nothing has been spent. I tried to move an amendment to the Budget to try and move those funds so they could be spent. It is not that I am not in agreement with the participatory budget; I just ... I have not got a crystal ball, sir, but I figured this would probably be where we are – and this is where we are, I think. Deputy St Pier I am sure can advise the States when he sums up.

To me, sir, the Revive and Thrive is very much about working with the community, working with third parties to bring us back to wherever we think we are going or wish to go, yet to be determined to some degree, but an indicator of that to me was if we, as a Government ... and I believe this was P&R, but anyway, if there had been some sort of movement on the participatory budget – and there has not been, so I am just a bit perplexed but I am absolutely sure Deputy St Pier can explain to me

when he sums up, because these Accounts are pre-Covid. These are last year's Accounts. If it was the case that it was the 2020 Accounts, I would say I could live with that, P&R have been way busier doing other things. That is just my concern, that we put this money into a pot, we give the indication to our community 'we are going to work with you, we are going to share this money with you', and then, from what I can gather, we have not, and I do struggle with that.

That is all I have got to say. Again, I would like to thank Deputy Green for speaking on behalf of SMC, sir.

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes, thank you.

I was on Scrutiny for a number of years but I never served on the Public Accounts Committee. Certainly Deputy Green and Deputy Merrett are flying the flag for the public accounts side of it today. I am sorry Deputy Laurie Queripel is not here. I may point out one or two things I am sure he would have said if he had been here.

Actually, out of the blue Deputy Merrett has reminded me of the participatory budget issue and of course there could not be a better opportunity now, I think, for Policy & Resources in the autumn, or maybe late summer, to try to get that going. I have asked questions in the last few weeks about the third sector, about supporting the voluntary and tertiary sectors, which have had, financially, a hard time because they can be the first to get organised in a crisis but also the first to not get funding in the same way and I think surely a participatory budget referendum of some kind, electronically or whatever, would actually be a great way of reviving interest in our society.

That is not what I got up to speak about, though. I am like some other Members who are a bit concerned about the employee situation – I know Deputy Laurie Queripel would have made that point – and further to what has already been said, we have seen an increase of 20 on the number of employees earning between £80,000 and £100,000, which is equivalent to about 15%, but if one climbs up the hierarchy to £160,000 to £179,000, £180,000, we go from nine employees in 2018 to 19 this year, so there has been a doubling of that. Again, although there have not been necessarily increases in all of these areas, one can see that the number overall is 10% higher and that is not necessarily what I think Policy & Resources set out to achieve when they took office three or four years ago.

The bond issue has come up a number of times, and maybe I missed it but I would welcome a presentation. I think it would benefit very much Members and maybe new Members of the next Assembly to have a workshop on the bond – not James Bond, but this bond – and its ramifications because it is mentioned many times but unless you really know what you are looking for you cannot quite put your finger on it. For example, in note 19 you have a bond issue where it is pointed out the notional value amounted to £330 million due to be repaid – Deputy de Lisle said I should be a long time ahead – December 2046. It has already cost us £14.5 million and your coupon amounts to £11.1 million. But then when you see it in other contexts, the bond kind of goes up and down a bit. In our balance sheet it is actually listed – it is a bit depressing really – as £311,000. On page 23, you see that in the non-current liabilities the bond issue is identified as a burden of £317,340, and that comes off our non-current assets. Then, in another context, you see that it has actually gone up and down in terms of ... Yes, 'Issue of new external loans financed from the bond', page 24 – in 2018 that was £12,980,000; in 2019, £31,150,000. So it is confusing. Deputy Ferbrache has been vindicated, it did cost a lot to set up and we do not quite know really where it sits in the bigger frame of things.

I would also point out another section. On Appendix III of the Budget we have the list of the analysis of pay costs. States' Members' – not always a popular appearance there – pay collectively has gone up from £1.886 million to £1.929 million, which suggests mostly not everybody takes the pay. But more interestingly from that, you have seen, to be fair, restraint across main States' departments. Policy & Resources have gone up from £24 million to nearly £26 million. Education, Sport & Culture, despite a challenging time, it would be fair to say, raised from £58.3 million to £60

million. Environment & Infrastructure goes up by £9,000, from £2.963 million to £2.972 million. Economic Development is a bit higher, from £2.539 million to £2.766 million. They are all within more or less the scope, but despite the excellent speech which Deputy Prow has made – and I would endorse his arguments fully for traction, for more awareness of where proceeds from crimes funds are and how they can be used – the one area I might take him and other Members to task from the Health & Social Care board is that in 2018 our actual expenditure was £90 million – they dwarf other Committees, even Education: £90,087,000; in 2019 it jumped to £98.5 million. So it went up 10% at a time when Home Affairs, which has had some criticism over the years, went from £28,303,000 down to £28,260,000. So they dropped £43,000 in these figures and Health went up by nearly £9 million. So, we need to know more information because one sees the full-time equivalent has risen, which perhaps meant that places were filled that should have been filled and there were pay arrangements and so on. But the context is important.

I suppose I conclude by saying States' Members need to work harder at understanding and analysing these Accounts and maybe having explanations not just from private sector accountants but on the way in which public accounts can be more transparent.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

I just wanted to pick up on a theme that has been coming through from other States' Members and that is on page 35 regarding pay, because I think it is really important at the bottom there to note that it says the pay group included within pay costs does 'not include those staff charged to capital projects' and 'see Appendix III'. So, if you look at page 78, actually there is another £619,000 of pay costs that are not included in that £246 million. It is there but it is sort of hidden. I know there has been some work recently undertaken and ESS Committee are still awaiting the outcome of a final report, and again it is looking at moving staff from what one would call the General Revenue pot across to capital projects and policy work. I just want to make it clear to people that the figures sometimes that you see ... you have to look through the Accounts quite carefully to look for other perhaps hidden costs.

That is all, thank you, sir.

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

I was going to cover the pay costs as well. I think it is a theme, as Deputy Le Clerc has just said, that is running through the Accounts, and most of us are picking up on that.

I have concerns. Certainly on 7.2 on page 7 it is talking about how many of the full-time equivalents in respect of staff have gone up. Also, if we then go to the page that Deputy Le Clerc has just mentioned, page 78, that for me is ... What have Employment & Social Security, Home Affairs, DPA and the Royal Court got in common? They are the only ones that actually reduced their numbers of full-time equivalent for 2019 from 2018. Policy & Resources went up an extra 29 full-time equivalent, Education went up by seven, we went down by 11 for Home Affairs. If you look through it, most of them have gone up apart from those four Committees or boards, and of course there is a huge cost to that. Again it is a bit disappointing it is on different pages, rather than all on one, because it has now been split up as well. So that was on the staffing costs.

I am pleased to see that on page 34 the duty GBA brings in, again, over £44 million, because that is never really recognised too much, although this year it is going to be a lot less, I suggest, as we all know what has happened because of Covid.

There is also, on page 66 where it is mentioning all the accounts, a table of grant payments right at the very bottom – it is other grant payments less than £50,000, which is £5,465,000. So that is a minimum of 109 grants that have been given for that, but there is list or appendix to know what

2610 those 109 other grants ... who they were given to or what they were actually for. I think it would be quite helpful if we had that data as well, please, if we could.

On page 68 perhaps I could have some help here, please, because in the last paragraph it says:

All States' Members and Non-States' Members are required to provide Declarations of Members' Interests, which are available at the Greffe for public inspection and published on the States' website.

I cannot find it anywhere for non-States' Members. I did not think we actually had that, but if you read this here in the Accounts it says it is actually published on the States' website, so perhaps
2615 somebody could point me in the direction of where that is available for non-States' Members declaring their interests, please?

The other query – which I raised before with three Members of P&R, including the President; he was not able to help me but he is going to try and get me the answer – is on pages 91 and 92, and this is the use of delegated financial authority. I would like to be able to understand that, because
2620 my understanding is that for a delegated financial authority ... With P&R, if we suddenly have something like we have for Home Affairs – ours are listed here, whether it was for the prison electronic control panel or sports field, that type of thing – we go cap in hand and we say it is something we really need, can we have that under delegated authority, we go through business cases and they say yes. But on page 92 there is just under £4 million for E&I with a whole raft of
2625 roads that need to be resurfaced. I do not understand why that is under delegated authority when it is not under capital expenditure like the rest of us under our own Committee headings. I have not been able to get an answer because nobody has been able to answer me from P&R, so I would appreciate again if I could have an answer to that, please, when the summing up takes place.

Those are my own thoughts on the Accounts. As regarding Home Affairs, we welcome the
2630 opportunity to comment on this because I am pleased that 2019 was financially a good year for Home Affairs. As Members will remember, last year we got absolutely slated because we had an overspend, not through any fault of ours. We were told it was £4,000 and then for three months we were still told £4,000, and then all of a sudden it went to £700,000 – which came from nowhere – because of the way that accounts were actually being serviced at that time. I am pleased to say, with
2635 the help of the finance business partner, and indeed P&R with the finance treasurer, that we have been able to address that and it is a lot better system going forward, although I have to say the latest is we are still waiting for the correct figures at the moment, so I am not quite sure where we will go with that but it is a bit early to really see if there are going to be any problems with that. But through diligent efforts of the services we were able to record a significant underspend. The
2640 Committee underspent by £361,000, which I would say is a huge achievement and I would like to thank the staff for all their hard work for that.

The four main factors contributing to the difference between 2018 and 2019 ... There was an increase in the grant payment to the data Protection Authority, so that obviously helped us. There were higher than expected levels of income; again we were really pleased about that one. But there
2645 was a reduction in the number and scale of major operations undertaken in 2019 compared to 2018, and as we have said before, we have no idea if a big investigation is going to be coming along and therefore there are obviously more resources needed for that. If somebody goes missing we cannot say no overtime or you cannot bring in the resources to be able to deal with that, so it is always unpredicted what we actually need when we have a major operation. And the last one was a higher
2650 than usual level of vacancies in established staff in law enforcement. That is all very good as a one-off, but as we know, that is not always achievable for in the future, not if we are actually saying out there we are not going to cut frontline services. With Covid we have not been able to make those recruitments, but there is no doubt about it, we are going to have to replace some of those staff or fill those vacancies and I would like to place on record actually my thanks for the team at P&R, who
2655 have been helpful. One of the strategic leads came and attended our all-day meeting on Monday and was extremely helpful, giving me assurances that one of those applications to the panel had been approved and we have got the other one coming through, hopefully. The other one coming

through will be of interest to Deputy Prow, because he mentioned before about the Seized Assets and the Financial Crime Unit and he will be aware of the resources that are needed there. In fact, all of you will be because, thankfully – and I thanked you all at the time – you approved the £1 million amendment for us to be able to carry that out, and that is ring-fenced. Again because of Covid, we have not been able to recruit so we are currently just going through the final phases of being able to get that money released so we can start the recruitment, even though we have still got difficulties with the UK because of Covid, but we are trying to get around that one because it is so important with Moneyval coming up as well that we actually get people in place. And it is really expertise that you need there. You cannot take just somebody from the Police to go up to the Financial Crime Unit; it is very specialised and they are well sought-after across the world, the people who work with that sort of experience in that area.

Again, I just thank P&R for the Accounts and am grateful that we have managed to stay within budget, and I thank our team back at Home Affairs for doing so.

Thank you.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I will just raise a couple of points. I thought I had better have a counter to the 'Oh, gosh, you have got lots more people working in the States of Guernsey' and just point out that out of the 84 extra staff, 59 are on the line, nurses and medical consultants. That is because our recruitment over the last year or two has been absolutely amazing. They just really upped their game, the HR resource and the staff who have been part of it as well. We have got our own staff going out there and helping to recruit more nurses in particular. In fact, that has continued. One area that has been really difficult to recruit to over the years has been theatre nurses. That has been the hardest one to recruit. It is a hard-to-recruit area – there is a premium that we put on that specialty – and we have struggled to get people over the years in that area, but this year we have just put adverts out for theatre nurses and we have got back 46 enquiries and applications. I think not only does it show how good the recruitment process is now but also the impact of what has happened with Covid and the fact that we are Covid-free. People are seeing from outside the Island what we have done and it has probably made us more attractive.

On the flipside to that, as Deputy St Pier mentioned, HSC is the Committee that has overspent. That is purely because our recruitment was so much more successful last year than it has been for years. We have suffered under what is called the vacancy factor. I have spoken about this before in previous debates and I will not bore you all with that now, but it did mean that our pay and staff pay costs were artificially low, which was always fine when we could not recruit people because it was to take account of the fact you are never going to get the people that you need, but we are getting the people we need and so we have been very much impacted by that vacancy factor, which was adjusted to some extent for this year. Just to advise Members, at the moment, excluding Covid, we seem to be very much on track for this year. I think it is probably too early to say how things will pan out at the moment but that is where we are and I just thought it would be useful for Members to know how one figure in one place impacts on another.

Thank you.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

I think it would be quite useful to know how the States is progressing in terms of its financial accounts against the Medium-Term Financial Plan, and I imagine that it is Policy & Resources' intention to report on that in the Policy & Resource Plan – I see Deputy St Pier nodding. I think it would have been helpful to have some commentary in these Accounts, because there are a number

of places where the Accounts suggest that things are not exactly on track but on the other hand it appears that our revenue income has exceeded expectations and may be bailing us out.

If Members recall, the Medium-Term Financial Plan identified a potential Budget deficit of I think it was £70 million, which was to be filled by £30 million of dividends from the STSB, £26 million of – I might not get this the right way around – tax increases and £14 million of savings, or the other way around. But we read these Accounts and we see that in paragraph 5.9 we are told that expenditure was higher than cash limits because of a number of delays in making savings or savings which are not going to occur. I do not know how much of the £30 million in dividends from STSB has been received but clearly no dividends, we are told, have been paid from Guernsey Electricity. I think there is £1 million from Guernsey Post. Clearly there has been a certain amount of manipulation to try and get towards the targets. Members in the debate on the Guernsey Dairy have already noted that – I think it was Deputy Graham who pointed it out – the sale of land to the Guernsey Dairy at £1 million was treated in the States' Accounts as capital income and transferred to the Capital Reserve. It was funded out of the bond. This is the sort of alchemy that converts bond money into capital income for the States and fills in part of that £30 million contribution. I have the general sense that we are not making the savings that were expected in the Plan. As a former President of STSB, I say with some inside knowledge that I do not believe STSB is going to make dividend payments of £30 million, even with various sleights of hand or smoke and mirrors. Tax rises ... of course there have been some, but certainly in some areas now – tobacco duty, alcohol duty – we are into the law of diminishing marginal returns and there is a limit to how much further these things can be pushed up without actually reducing revenue receipts.

I am assuming that there will be a full update in the Policy & Resource Plan. I think it would have been helpful, just to keep it in Members' minds ... a little bit of an update in the annual Accounts to say this was our long-term budgetary programme and this is where we are trying to get to. As I say, I think probably the States have been bailed out by higher than expected revenue receipts but the Plan generally, I would say, is fairly well off-track and no doubt that will need to be part of the fiscal review which is promised for June 2021.

The only other question I had on the States of Guernsey Accounts was about the Guernsey Investment Trust in paragraph 8.10, where Guernsey has made an investment, along with the private sector, into an investment trust which is supposed to invest in innovation etc. preferably on the Island of Guernsey, but as far as I know the information as to what it has been investing in is not available publicly anywhere. As a Member of the Assembly, I would be quite curious to know what it is invested in. We are told that the investments have done extremely well. I think they are said to have increased in value by 46%, although as far as I know there have been no actual disposals. I think if Members could have some information on actually what is this thing invested in, that would be of great interest to many of us.

Thank you, sir.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

It always worries me when I hear learned Members of our Assembly, especially those qualified accountants, using terms like 'smoke and mirrors' and 'alchemy' in regard to talking about our States' Accounts. Members like me, who look at this from a layperson's point of view, find it difficult enough to translate the financial accounts of the States on an annual basis as it is.

I am disappointed to echo other Members' thoughts about the lack of progress towards IPSAS and would like to ask the President of Policy & Resources, when he responds to the debate, about the cost of moving us toward IPSAS and what the timeline of that is definitively going to be. Clearly it is not going to be within this term and there is also going to be an awful lot of training around this and cascading that down through Treasury staff and our budget holders, so it really would be good to know if there is a ballpark provision to meet that in future Budgets.

2760 I am also disappointed that there has not been a presentation this year to States' Members, which there ordinarily has been, which acts as that sort of conduit between very technical information presented to us in the States' Accounts and the translation on the shop floor, so to speak. One site that I have come across, which I think fell into our inboxes, was guernseymatters.gg, which has been curated by financier Chris Sherwell and gives a really good precis of the highlights and lowlights of the States' Accounts. In actual fact it is probably better than most summaries that we have been presented with before. I really would ask that Policy & Resources take that type of approach to our States' Accounts in the future and be really transparent with what is not going so well and what has gone much better and the reasons for that.

2770 Echoing Deputy Parkinson's request for more alignment with the Medium-Term Financial Plan, I am wondering whether we will be presented with some interim accounts this year. Although rather extraordinary that would be, given that we have got our Revive and Thrive strategy and we are looking towards recovery, will there be some form of interim accounts presented with the Future Guernsey Plan or the now adoption of the Revive and Thrive strategy when that comes back to the States?

2775 Thank you very much, sir.

The Bailiff: Deputy Trott.

2780 **Deputy Trott:** It always amuses me when former Treasury Ministers, like Deputy Parkinson, particularly when you have been one yourself, stand up and say 'smoke and mirrors' and 'alchemy' and that sort of thing when the Accounts are, as we have heard from a critique from many Members, pretty much the same as they have always been because we have yet to incorporate the IPSAS model; so, if it is smoke and mirrors now, it was certainly smoke and mirrors back in Deputy Parkinson's time. I knew what he was getting at, but I did not think his words were particularly helpful. States' accounting is unusual. It is unusual, and I am going to say this again: it took me six years before I believed I understood our public accounts, and, as I have said many times, for two of those years I was Treasury Minister! They are impenetrable to many –

2790 **Deputy Parkinson:** I can confirm that, sir!

Deputy Trott: I was, because Charles was my deputy for two of those years. I beg your pardon, Deputy Parkinson was my deputy and he was coming along nicely, sir, for a time, I have to tell you, (*Laughter*) but then he went on to do other things. But they are difficult to understand and that reform is necessary. There is a paragraph or two in the States' Treasurer's Report which explains the progress, but it is an expensive process and it is resource-hungry, like so many other things.

2800 Deputy Green does amuse me. He relishes the role of Chairman of Scrutiny and asks a load of questions but offers very few solutions. It was the way in which he delivered this. Through you, sir: Deputy Green, you said we are taking more out of the economy than we are actually spending. What I wrote down, three words, I could not repeat in this debate but the last word was 'Sherlock'. We have been doing that for over three decades and thank goodness we have because that is how you build up a contingency reserve and that is what we have been spending in order to keep this economy and community going through 2020. It is a very good thing that we have. It is why you build up contingency reserves. It is why it is a good thing to have savings. It is going to take us a little while to replenish them though, because as Members know, we would have to all intents and purposes burnt through them.

2805 I am very happy to give way to Deputy Green, now he has had time to think of something smart to say!

2810 **Deputy Green:** I do not know whether it is that smart, sir, but the soon-to-be released Scrutiny report on capital allocations makes it very clear, having drawn upon expert economic analysis, that actually Guernsey has been missing a trick in the last few years by failing to invest in capital

infrastructure, and as a knock-on effect has been missing out on GDP as a result. Would Deputy Trott not agree with me that is the point that we are driving at?

2815 **Deputy Trott:** Yes, I think it is a good point and I think Deputy Graham touched upon the fact
that we have £300 million-plus of dry powder in our Capital Reserve. It is a real opportunity for us
to drive the economy forward with sensible, prioritised spending. But where I would maybe be
different to Deputy Green is I would, as I did the other morning in front of the Institute of Directors,
qualify that by saying I too could be guilty of hypocrisy because, like him, I voted to pause and
2820 review the Education Plan. If we had not voted to pause and review – and I believe it was the right
decision based on the input from teachers in particular – then that would be a very significant capital
project that would be coming out of the ground quite soon. So we have to be careful, when we
make comments like that, to be fair and honest with what we are saying.

I give way to Deputy Dorey, sir.

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Deputy Dorey: Thank you for giving way.

I just wanted Deputy Trott to clarify, because I understood that we were not using the
contingency reserve because the value of the investments had fallen, therefore it was not worth us
selling those investments and that was the point of getting the revolving credit facility. Perhaps he
2830 could just clarify that because that was my understanding.

Deputy Trott: He gives me the opportunity to correct something that Deputy de Lisle said
earlier, because he said we borrowed £225 million and we were authorised by the States to borrow
£225 million. We have borrowed £225 million but we were actually authorised by the States to
2835 borrow £250 million, but that revolving credit facility is backed by our contingency reserve. So, if
we are to pay it back in two to three years, or whatever, then it will come from the liquidating of
capital assets that are currently illiquid, as States' Resolutions currently dictate. The States may
choose to change that policy.

That takes me, I think quite neatly ... I am grateful to Deputy Dorey for that because it takes me
2840 to my second point that Deputy Green made about the bond, i.e. the half that has yet to be deployed
from the first tranche, the £335 million. He said he believes that these funds should be used to drive
our recovery. Of course he is quite right, but he did not specify whether he thought that should be
through deficit funding or whether it should be through capital expenditure or some other source.
Why does it matter? It matters because currently those funds can only be used where there is a
2845 secure and sustainable income stream. For instance, we could have, if he had his wish, used those
funds to deploy them against the Dairy, but unfortunately the Dairy does not have a secure and
sustainable income stream because despite it being a commercial enterprise it has aggregate losses
and it is completely unpredictable, despite many Members' best efforts over the course of the last
few years. So, two bold statements from Deputy Green but when you actually look beneath the
2850 detail, nothing much more than facile platitude, (*Laughter*) but of course he knows that, which is
why he has been such a good Chairman of the Scrutiny Management Committee.

I want to come back and end on a positive because there have been a number of questions but
fortunately they have not been addressed to me; it is the President's ... No, first I will deal with the
Guernsey Investment Fund. Deputy Parkinson drew our attention, as he should, to the spectacular
2855 albeit unrealised returns from that fund because it tells us that at 31st December 2019 £14.1 million
of the States of Guernsey's commitment to the fund had been drawn down and the net asset value
was up some 46%. I think that is a somewhat historic valuation. My understanding is that the
performance is much better at the half-year, i.e. six months on, than it was at that time. But of course
he said he had little knowledge of the component parts of that fund. Of course, that is the way it
2860 needs to be. This is being run by proper commercial managers with a very sophisticated and
appropriate governance structure overarching it. For instance, Deputy Parkinson would not want to
know what JP Morgan were invested in, although when he was Treasury Minister of course he would
have been able to access that information if he had wished. No, I think best to leave them to their

own devices. They are doing a very good job and the less interference from the States the better, as I suspect most Members would agree.

But I want to end on the positive and it was the positive from Deputy Graham, who highlighted once again just how much dry powder we have to drive this economy forward during the next term: exciting times.

Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I just want to be brief. Basically, obviously from our perspective at the DPA we are looking at some very good news in relation to the number of applications that have been coming in. I have, literally hot off the press, just received confirmation that we have had 350 new planning applications since lockdown started in March, and 250 of those since the start of June. 'We are definitely catching up' is the phrase that the Director of Planning has used. This is good news. We hope to improve the service and we hope to be able to encourage everyone on Island to consider how we can do the Revive and Thrive through planning applications.

Deputy Lowe mentioned we had less staff. That is not my design.

I give way to Deputy Graham.

Deputy Graham: I am grateful to Deputy Tindall. I just wonder, out of all those planning applications or new applications is the President of the DPA able to say how many are applications to extend domestic curtilage into green fields?

Deputy Tindall: Deputy Graham is jesting with me because obviously, as I mentioned, that information is hot off the press. I am afraid I cannot answer that question but our quarterly monitoring report will no doubt provide some information – although there were not very many last year, so we will see what happens. More to the point, they are part of the plan in order ... as we said in the Dairy Project. But this is not the reason we are talking about the Accounts for 2019, so I will not digress any further on that point. All I would say is that there is very much a feeling of positivity and we need to harness that.

Going back to the point of what Deputy Lowe said about having one less member of staff in the Planning Department, this is not by design, this is simply we wish to recruit and we hope that we will be able to persuade P&R to take advantage of the recruitment opportunities as described by Deputy Soulsby, because obviously this is a wonderful place to come and live and we hope that therefore we might be able to get some people in our Planning Department to improve the already good service even better.

I wanted to also mention just a few highlights that I picked out of the Accounts and that is the usual in respect of ... no one else has mentioned it, but Aurigny and Cabernet Ltd's losses in 31st December 2019 to £15.2 million. To me that just reaffirms the need for the co-ordinated and coherent Government framework for the consideration of all aspects of air route operation, including the extras that were added in the Budget 2020 debate.

Others have mentioned the Consolidated Investment Fund, through its diversified portfolio of investments, which recorded an investment return of 11.8% in 2019, which is 5.5% of the target. That is great news. The only problem is, as Deputy Dudley-Owen mentioned, the first six months of this year will reveal the real picture for the States' finances. I just hope, as I say, we can invest in our services, which can support the economy, such as the planning service.

Thank you, sir.

The Bailiff: There being no further debate, I invite the President of the Policy & Resources Committee, Deputy St Pier, to reply.

Deputy St Pier: Thank you very much, sir and thank you to everyone for participating in debate. I am not going to be able to respond to all the questions, I am afraid. I will attempt to deal with as many as I can. I was only notified of one in advance, which obviously does make it a little bit easier to get the information, so I will address those if I can. I will jump around a little bit.

2920 In relation to Deputy Parkinson's point, of course these accounts are a historic record. He does make a valid observation about progress against the Medium-Term Financial Plan and I think the normal expectation would be that would be dealt with in the Policy & Resource Plan and/or the Budget as the appropriate place to incorporate comment.

2925 In linking to Deputy Dudley-Owen's similar question in relation to whether there will be any interim information, I think clearly when the action plans are prepared there will be a need to present those in the context of some financial information. Quite what form that will take and whether it will take the form of an interim set of accounts, I doubt it will be that as such but there will clearly be a need to present information that enables the States at that time to make some informed decisions.

2930 I am glad Deputy Dudley-Owen referenced Guernsey Matters, because it is useful to extract a few quotes from there:

But what can we usefully say about where we have come from? Quite a bit, it transpires, because, to the States' credit –
– that is always nice to hear, isn't it? –

– it is jam-packed with information and plenty of other information is contained in the Accounts to satisfy the geekiest number-crunchers amongst us.

2935 But I do take the point about turning it into a form of information which is consumable and that it always is something that clearly we need to bear in mind, and certainly I think we learned a thing or two about comms which could be applied in a number of different areas.

2940 Deputy Green and Deputy Gollop, a number of people, referenced the bond, and the need for a workshop Deputy Gollop was calling for. I think there will be a need to present the context of the bond, probably not so much in the context of the current bond but in terms of any future borrowing that may be required, and that, I think, is going to require quite a bit of consideration by the next States, but also Deputy Green's challenge as to why it has not been deployed as quickly. Again – I think it was Deputy Ferbrache – somebody made reference to it, the fact that of course we consciously chose not to use £32 million of the bond, which was one of the reasons that the bond ... one of the projects specifically identified for the bond, which was the use for the waste transfer station, and then this States subsequently changed its mind on that, so that £32 million went back into the pot. That is one of the reasons that need to be taken account of.

2945 Quite a lot of questions revolve around IPSAS and it is worth just dealing with the IPSAS accounts. Again this has been referenced in debate before, the fact that there is a three-year transitional relief for a period to fully implement the accounting standards once we have declared an intent to proceed. Once we trigger that then there is no coming back. That is simply to assist with the final conversion to IPSAS with obviously the vast majority of work needing to be undertaken before we declare that intent. So we do have to be confident that we can actually make that transition prior to announcing the declaration of intent. Then, of course, the Accounts will be subject to an audit based upon all the pertinent standards that come from IPSAS. The intention remains to proceed with this in the first part of the next term.

2955 That is, I am sure, sufficiently vague to satisfy Deputy Merrett. This is a substantial and far-reaching project, which we have identified before, which is being carried out at a time when the organisation obviously is stretched in a number of other areas, but work has been going on this year on that despite the Covid pandemic and the pressures that has put on the system.

2960 It is important to ensure that the adoption is a success, clearly, because we do believe they are appropriate for us and will help us, particularly with Deputy Graham's question around how we account for fixed assets. He is right, we do account for them in a way which is probably not

particularly helpful – the fact that we do not actually depreciate fixed assets, which is obviously unusual, to say the very least.

2965 The valuation property portfolio ... well, at the moment you could probably pick a number – let's call it £2 billion, shall we? – for all the 4,500 properties across the entire estate. The reality is until we have built that fixed asset register getting a meaningful number against that is still going to be a challenge, but clearly it will be necessary that we do put a valuation against it in order to transition properly to IPSAS.

2970 In relation to the number of investment managers we have, it is a very good question. It is one that the investment bond and subcommittee of Policy & Resources – comprising myself, Deputy Trott and Deputy Brouard and an external non-States' Member – constantly ask. We also do that in the context of the Employment & Social Security investment managers as well. Do we have too many? Can we consolidate them? Are we getting appropriate value for money in terms of the fees?
2975 So, I can give some reassurance that there is a discipline in that process around making those determinations.

I will give way, sir.

Deputy Parkinson: Yes, sir. I think the point I would make in relation to the Guernsey Investment Fund is that, as I understood it, its objectives were to act as a catalyst to the Guernsey economy, not just to provide a financial return on the investments in the way that a share held through the JP Morgan portfolio might do. So I think it would be of interest to States' Members – certainly to me, if not to others – to know what it is invested in because that is supposed to have an impact, an economic benefit for the Island, and at the Committee for Economic Development that would be a matter of interest.
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Deputy St Pier: Certainly, sir, I note that point. Of course investment in the Guernsey Investment Fund ... its primary purpose is to obtain an investment return in accordance with the mandate. I do take the point and it is certainly something the future Policy & Resources Committee can consider in terms of the amount of information that can and should be made available to interested parties on the Island, but I think Deputy Trott has addressed that. I was really speaking to the question about all the other investment managers, and over half the managers we have are actually employed to make investments in specific asset types. In other words, we appoint specific asset managers for their specialist skills – it could be in private equity, it could be in developing economies – so a number of these have relatively small investments compared to the size of the fund, and the remaining managers are employed across a range of different asset types, with their allocation decisions clearly based on the returns that they are seeking to generate and the targets we set them. Given the size of the Consolidated Investment Fund, a wider pool of managers can be employed without significantly impacting on the overall costs, but fees and costs is something that we do keep under constant review to see whether we can organise things more cost-effectively for the States.
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The question of delegated authority that Deputy Lowe asked ... I think it is probably giving information that strictly does not need to be there, but on the basis that if it was not there somebody would probably ask for it Roads is a separate sub-category within minor capital and obviously is a matter of public interest, self-evidently. So it is a good question, but that is the explanation: sometimes, as noted in the Guernsey Matters comment, there is a significant amount of information for even the geekiest person to follow. Perhaps that is the explanation.
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In relation to the number of high earners, this is obviously an issue that attracts attention every year and clearly, as that limit of £80,000 – including so-called bond costs, in other words employer Social Security and pension costs plus pay; all of those things take the cost of employing an employee over £80,000 ... then more people get dragged into that each year, so a constant question we ask is whether we need to reflate that to reflect an appropriate benchmark. Certainly the *Press* obviously always focus on this issue. The number of employees in the £180,000 bracket ... there are 14 and of course they are not always necessarily public servants. As included in the States'
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Treasurer's report, the Chief Executive would be in the pay band £180,000-£199,000. This band and above contains 15 individuals, comprising six medical consultants, six Crown officers and judges and three established staff. Other than the strategic leadership team, those other individuals understandably have not given permission for the details of their remuneration to be published. So that deals with the highest earners reflected in these Accounts.

In relation to participatory budgeting, asked by a number of people, I would draw Members' attention to paragraph 7.29 to 7.31, and in particular the Committee now considers that the participatory budget fund should be administered by the Social Investment Fund once the criteria for participatory budgeting has been finalised, and we are doing that after consultation on the criteria with the Committees for Education, Sport & Culture, Health & Social Care and Home Affairs, together with any other relevant committee of the States, and that of course is in accordance with the 2018 Budget Resolution.

The questions from Deputy Prow – and I am grateful to Deputy Prow for giving advance notice of these – in relation to the Seized Assets Fund ... The balance on the Receiver-General's Fund at the moment is £16.7 million and in the Seized Assets Fund is £15.5 million. These are simply cash balances rather than amounts that are available for distribution, because there may be liabilities and other commitments that need to be reflected on against those balances. HM Receiver-General is responsible for preparing and having audited the accounts of both the Receiver-General and the Seized Assets Fund and really the only link to these Accounts is that the Receiver-General deposits those funds with the Treasury for us to then invest and look after. I do agree with Deputy Prow – as he knows, and we have had this discussion a number of times, including when he was at Home – in relation to the political governance and oversight of both those funds. I think they are not any longer fit for purpose in 2020-21. It is an issue that does need to be addressed and it needs to be addressed sooner rather than later. In whatever form, the Receiver-General's funds are Crown funds, but they are Crown funds in the right of Guernsey so to all intents and purposes they are just another form of public funds, but we do obviously need to reflect the relationship with the Crown. Nonetheless, we do need to find a way of ensuring that there is appropriate governance and political governance and oversight of those respecting the origin of those funds and indeed the liabilities that they may have. In relation to the Seized Assets Fund, which in essence is a creature of the States, we are expecting Policy & Resources to receive a draft policy letter in relation to that in the next week or two, so I would expect that would be a matter that the States would consider early in the next term. I think that addresses Deputy Prow's recurring concerns in relation to that.

I think Deputy Soulsby has addressed the question of pay costs and the increase in full-time equivalents, particularly ... I will give way to Deputy Lowe.

Deputy Lowe: Thank you, Deputy St Pier. You sort of moved on actually from the Seized Assets Fund – I was trying to get your attention. That is no problem at all. It is just that you are absolutely right, it is HM Receiver-General that is responsible for those funds, but I think for anybody listening they need to know that actually it is a panel, which includes the Chief Executive, it includes Home Affairs, and others are on that panel at that time, so it is not just down to one particular person, and as we know, Home Affairs have received some of those funds, for the right reasons, for fighting crime.

Deputy St Pier: I am grateful to Deputy Lowe for that intervention, but actually I think that the key point is in relation to the political governance and oversight, and that is the bit that is perhaps missing and needs to be put in place.

I give way to Deputy Merrett sir.

Deputy Merrett: I thank Deputy St Pier, sir.

I am a bit confused and perplexed. Deputy St Pier has moved on but I do not think he has answered the questions certainly that I have in my mind. He said the reason the pay banding from £160,000 to £179,999, was because people moved up a pay bracket, but I look at the Accounts and

it tells me that 10 people have gone into that pay bracket. Actually it is not as if 10 people in the bracket below have moved, in fact they all seem to have gone up, so logic would say to me that if that is Deputy St Pier's translation of why you have got so many more – 10 more – in that other pay bracket, then surely that should be reflected in the number of employees in the lower brackets. That is just common sense to me. I am just a bit confused, so if Deputy St Pier could help me out I would really appreciate it, sir.

Deputy St Pier: Sir, I do not think I am in a position to help Deputy Merrett out on this point.

In relation to agency and recruitment costs, agency costs are largely a reflection of what happens within Health & Social Care. They are the biggest user of agency, and as they are either able to recruit full-time or permanent staff, or not, will largely dictate that number.

In relation to recruitment – there was a question over recruitment costs – I am afraid I have not been able to get a response to that.

In relation to an update on Transformation, again I would expect that to follow in the Policy & Resource Plan update in the normal reporting process around Transformation and public service reform.

The other question about full-time employees I think has been addressed by Deputy Soulsby, in particular the remainder of the 51 full-time employees. That is within paragraph 7.2, 24 of those being in Health & Social Care, including as a result of the increase to two medical wards at the PEH in response to the ageing population and the establishment of an autism hub; and staff specifically supporting Transformation activities, which included 11 full-time employees; and contract appointments associated with Brexit, which was another five employees.

Deputy Le Clerc also made the point about staff moving, and that is always an issue which distorts where employees sit with individual committees and individual budgets. The creation of the Revenue Service has meant the transfer of about 24 staff who were previously accounted for within the Social Security Fund's accounts but now appear within General Revenue, for example –forgive me, 23 staff. That is another explanation as to why the full-time equivalent has gone up. It does not mean more staff have been employed, it just means we have moved how we have accounted for them, which is Deputy Parkinson's 'smoke and mirrors' that Deputy Dudley-Owen feels a bit nervous about.

I think, in terms of picking up a few other questions, we have talked about capital spending and there is really little I can add further related to the Accounts on the need to deal with capital spending and we await Scrutiny Management's comments on that in due course.

The final one is probably in relation to Cabernet and Deputy Green's question about what the provisions are going to need to be, to which my rather flippant but probably realistic answer at this point is: how long is a piece of string? I think at this point in the pandemic – when we still do not know when full travel is going to return to the Island, when we have not determined the future role for Aurigny, when we have still got questions about our strategic air links – I cannot give an answer to that excellent question that would have any value at all, so I will not attempt to do so.

With that, sir, I would ask Members to support the Proposition.

Deputy de Lisle: Sir, before the Deputy sits down (*Laughter*), I would like an answer to my question – which is the question from my constituents and I am sure they would want an answer – and that was very clearly stated by myself: why the borrowing when we are doing so well with plenty of reserves?

The Bailiff: Deputy St Pier, are you minded to attempt an answer to that, or have you said enough?

Deputy St Pier: I am sure I have said enough, sir. The borrowing is the borrowing. The borrowing was agreed in 2014. Anything that has not previously been deployed for a purpose that has a revenue stream to support it ... it remains for investment within the Consolidated Investment Fund

3120 and is earning a return well above that to the cost of the borrowing, which is why the bond reserve is in such a strong position as it was. I am not going to give way, sir. Members should have no concern in relation to that.

Deputy de Lisle: I would like to ask further clarification sir.

3125 **The Bailiff:** Deputy de Lisle, you cannot, I am afraid. If you want to pose questions to the President about these matters outside of this debate, then there are either written questions or oral questions at the next Meeting.

Deputy de Lisle: With all due respect, sir, the question was not answered.

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The Bailiff: Deputy de Lisle, that is enough, please.

Members of the States, we go to the vote on the single Proposition. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare that Proposition carried.

STATES' TRADING SUPERVISORY BOARD

VII.-XI. States' Trading Supervisory Board – Ports Accounts 2019; Guernsey Water Accounts 2019; Guernsey Dairy Accounts 2019; States' Works Accounts 2019; Guernsey Waste Accounts 2019 – Propositions Carried

Article VII.

The States are asked to decide:-

1. *Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Ports Accounts for the year ending 31st December 2019.*

Article VIII.

The States are asked to decide:-

1. *Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Guernsey Water Accounts for the year ending 31st December 2019.*

Article IX.

The States are asked to decide:

1. *Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Guernsey Dairy Accounts for the year ending 31st December 2019.*

Article X.

The States are asked to decide:

1. *Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the States' Works Accounts for the year ending 31st December 2019.*

Article XI.

The States are asked to decide:

1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Guernsey Waste Accounts for the year ending 31 December 2019.

3135 **The Deputy Greffier:** Article VII. States' Trading Supervisory Board. Ports Accounts 2019.

The Bailiff: I invite Deputy Ferbrache, the President of the Board, to open debate.

3140 **Deputy Ferbrache:** Sir, it is entirely a matter for you, but there are five of these matters all related to STSB. Would the States consider taking them together, because then I can make one speech rather than five speeches and hopefully people in reply make one speech rather than five speeches?

3145 **The Bailiff:** Members of the States, I will put that sensible proposal to you from Deputy Ferbrache, that we take these States' Trading Supervisory Board sets of accounts as a single debate. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried, so a single speech from you to open, Deputy Ferbrache, please.

3150 **Deputy Ferbrache:** Thank you very much, sir.

The States' Trading Supervisory Board is still continuing the journey of the vision that was laid out when it was first formed in 2016. That vision is a simple one: for the States-owned trading businesses to be consistently well managed, to be an efficient group of companies that deliver a return in the long-term best interest of the Islanders – and that does not just mean an economic return, that means a return that advances the needs of the Islanders. The Accounts continue to provide a benchmark for the progress that each of the unincorporated businesses made or is making towards that vision.

3155 It is also useful to note and the President of P&R said earlier when he was dealing with the previous Accounts that the Covid-19 pandemic has been considered to be a non-adjusting event and accordingly the financial position and results of operations have not been adjusted.

3160 During 2019 the Board has continued with its governance arrangements across all the unincorporated businesses. The political subcommittees for each, which were accountable to the STSB, continued to challenge established practices and assumptions and they were also very innovative, and I am grateful to everybody who contributed. They support each business in developing clear strategic direction, business planning and operational delivery to support the P&R Plan, the Medium-Term Financial Plan, the Public Service Reform Agenda, Service Guernsey and other strategic key reviews. The addition of non-voting advisers on each company during 2019 has been a breath of fresh air. They provided wisdom, commercial and public service expertise.

3170 This is the first time that Guernsey Waste is included in these financial statements, as it only commenced formal trading last year. Altogether, the five businesses managed £73 million in revenue and generated an operating surplus of £8 million. This led to a net deficit, after depreciation and other items, of £1.7 million. Collectively £8 million was invested in new assets and £7 million was returned to the Capital Reserve, including the £4 million agreed in 2018 but transacted in 2019. The unincorporated trading businesses now manage a total asset base with a net value of £411 million. And to pick up the point that Deputy Parkinson made before, it is going to be very difficult indeed – indeed, we have already told P&R we are not going to be able to return the £30 million or anywhere near like that in the time period that was originally envisaged.

3175 I would like to thank our staff, 565 hardworking people across the five unincorporated trading businesses: every day they deliver key services from water to milk to waste disposal to sewage

disposal, every conceivable path of that activity. They are a credit to the STSB, but more importantly they are a credit to the Island.

Now to the accounts of the Ports: 2019 was both a challenging and positive year. Passenger numbers at the Harbour and the Airport overall rose by 5% compared to the previous year, which led to a revenue increase of 7%. That was particularly encouraging since airport dues and charges were maintained at the 2018 levels, as it continues to develop and diversify non-aeronautical revenue. The Airport's cost base has always been under pressure and had specific pressures that year due primarily to increased security costs and transition the European Aviation Safety Agency regulations. It still had an operating surplus of £3.2 million, which is £400,000 on 2018; £2 million was invested in new assets. Guernsey Ports also made a £3 million return to the Capital Reserve in 2019. It is managing a total net asset base of £224 million in a very dynamic environment, and at the end of the year was carrying debt of £2.4 million in respect of loans received from the proceeds of the Guernsey bond issue. Both the Harbour and the Airport continue to benefit from robust governance arrangements and the business continues to gain through efficiencies, so I ask the Members to support those Accounts.

Re Guernsey Water, it rebalanced its charges in 2019 to reflect the cost of providing its services, and combined with previous savings was able to freeze the overall bill for most of its customers. Last year was a dry year, which led to water resource levels dropping to 78% by the end of August but, because of the work done over the years about water retention, quickly returned to 100%. Due to climate change – we are going to have dry summers and wetter winters – Guernsey Water has invested in more effective water capture to make sure that we can keep up our water reserves. Drinking water quality achieved 99.85% compliance, confirming that Guernsey Water continues to provide high quality water to the Islands.

Overall revenue was £16 million, which was broadly in line with the year before. Operational expenses were up 5%, due mainly to additional in-year maintenance. These conditions resulted in an operating surplus of £4.6 million, which was 22% down on the previous year. A write-down of £530,000 for impaired assets retained in the business at Longue Hougue water treatment works, plus depreciation and other adjustments, led to a final deficit of £768,000. During the year, Guernsey Water invested £4 million in its capital infrastructure. That included work on the St Sampson's drainage improvement project, the recommission of the Juas water treatment works and the ongoing replacement of water mains. It has a net asset base of £147 million. At the end of last year it had a debt of approximately £9 million. It made a return to Capital Reserves of £1.3 million in 2019 having made no return the year before. Again, I ask the Members to approve the Water Accounts.

As regards the Dairy – we have already talked about that earlier today – it did see a decline last year in the sales of liquid milk but this was offset by – Deputy Merrett's point – a 6.5% per litre price rise. However, of that increase 4.25% was the uplift in the price paid to farmers to reflect reduction in the centrally funded Dairy farm management payments and increased production costs. An increase in butter sales and an evolution of a product mix also contributed to a 5% rise in revenues to £8.6 million. While underlying direct costs remain constant, the operating deficit of £122,000 was a marginal improvement compared with the year before. When depreciation of other expenses was included, the overall net deficit for the year was £388,000 compared to £486,000 the year before. It continued to invest on improving and replacing ageing plant and equipment. Capital expenditure of £1.1 million was incurred in 2019 and that included the £1 million that has been talked about with the transfer of land onto the Dairy's balance sheet. In 2019 a project was started to determine whether the current site and facility is fit for purpose; we have dealt with that earlier in this particular session. At the end of the year the Dairy was carrying a debt of £734,000 in respect of loans received and the proceeds of the bond. Again, I ask the Members to support those Accounts.

States' Works in 2019 successfully renewed all of its key contracts with its customers and also secured additional revenue opportunities. The most significant was the contract for the operation and maintenance of Guernsey Waste's new transfer station and household waste and recycling

centre. States' Works also expanded its waste and recycling collection services for the commercial sector and began the provision of public service vehicle inspections. Revenue was up 9.5% to £17.1 million. Whilst this has a positive impact on the revenue, there are also additional costs. The improved income in 2019 contributed to an operating surplus of £2.2 million, which was up 15%, but depreciation and other charges moved the surplus down to £1.2 million – but again that compared favourably with £719,000 the year before. During the year the business invested £1.2 million in vehicles and plant. It also made a contribution of £1.75 million to the States of Guernsey General Revenue. It is looking, as ever, for smarter ways of doing its business and being more efficient. With the challenge of its board and the STSB, it continues to review its operations to improve its efficiency.

Finally, Guernsey Waste: its first 12 months of trading has coincided with a period of momentous change for this Island. The year began with the commissioning of the new waste transfer station at Longue Hougue, which was formally handed over in February, and the introduction of new charging arrangements for household waste. Those followed the changes to household waste and recycling collections and the commencement of export of general waste and food waste for the energy recovery in 2018. These milestones mark the final stage of the implementation of the Island's Waste Strategy, which has transformed, and in a very successful way, the way that we manage waste and the way that households pay for their waste with incentives to reduce, re-use and recycle. Who would have thought an old doubter like me before he became President of the STSB would be making those remarks? The successful delivery of the Strategy has already seen a significant achievement with households recycling, during 2019, 73%. This exceeds the 2030 target in the very first year of operation. That is a credit to everybody – the Islanders, everybody involved.

Guernsey Waste has been set up in the same way as the other trading committees, with a political subcommittee acting as its board. The business has always recognised the dichotomy of recycling success and the associated impact on financial performance. To address this, it has created an efficiency and pricing strategy team to focus on balancing the charges over the lifetime of the Strategy. In its first year it generated £7.7 million in revenue but its associated costs were £9.1 million, which led to an operating deficit of £1.4 million. It is this trading deficit, with full depreciation, that needs to reach zero over the lifetime of the Strategy. The capital cost of the waste transfer station and the household waste recycling centre of over £30 million was transferred to Guernsey Waste's balance sheet in during 2019 and Deputy St Pier has dealt with that. After depreciation of the new Longue Hougue facilities, the overall net operating deficit was £3 million. However, this depreciation is not recovered from the consumer as the construction was funded from the Capital Reserve. We therefore expect to see this charge result in a net trading deficit in future years. Guernsey Waste is primarily a contracting organisation and contracts with various parties to manage the provision of sites and services, and as such does not employ operational staff. The team of nine cover management, technical and administrative services. That business is managing net capital assets of £29.6 million and, for the reason of that the transfer of assets that I have already referred to, has no debt.

I ask for approval of all those Accounts and I just conclude by thanking all the excellent senior civil servants that I have had the pleasure to work with over the past two years or so; my vice-president, who has been constant there for the last four years and who has been excellent; and our new Member, the new boy around the block, Deputy Roffey.

With that, sir, I sit down.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

I was listening intently to Deputy Ferbrache, and I would ask a very direct question of Deputy Ferbrache, actually, because I find it a lot easier to speak that way. I was concerned when I saw the Guernsey Waste Accounts. I was concerned because the budget and the deficit were ... there is such disparity and they are so far apart. My understanding is that the surplus was £97,000 but the

operating deficit was over £3 million. I ask a direct question because I understand, I think, what Deputy Ferbrache said. He has talked about forming a committee to look at reducing that deficit on a year on year basis by forming a committee on how that can be addressed. But I would ask a pertinent question: does the price of the bag sticker need to go up? That is a simple question, though I think it is a pertinent one to our community because our community needs to know if they can expect increases in this area in due course and, if possible, to have a bit of notification just so that they prepare their household budgets to reflect it. Let's not beat about the bush ... let's just give way to Deputy Oliver, sir. (*Laughter*)

Deputy Oliver: Thank you on that. It is not just the bag, it is also the main waste because that has also gone up. I noticed mine was £85 and now it is £100.

Deputy Merrett: So I think the pertinent question for our community is, to Deputy Ferbrache, does the black bag price need to go up; and, if so, when he perceives that might be happening. This States made a decision based on the information it had at the time, and it looks to me, sir, looking at these Accounts for Guernsey Waste, that we were perhaps not given the predicted, forecasted figures as I expected. So, quite a straightforward question, and I appreciate Deputy Ferbrache is quite a straightforward person, so I am sure he will be able to answer it. And before I sit down, sir, I would like to commend the fact of his sensible approach to debating all five at the same time.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, briefly, just picking up Deputy Merrett's point as well, with all the successes of the waste transfer – it is a tidier place, [*inaudible*] are getting separated and waste streams have been created – I do have to take some issue with what is under the carpet, and this £3.5 million a year ... well, when I heard, it was £2.6 million, so that was about a million bags out a year, at £2.50. I do struggle to understand, with all the great news – nice and clean, fantastic stuff, everything is getting recycled – who is going to pay that back and how is that going to be paid? Is that set forever and when are we going to have a real conversation about that? Quite clearly at the projection stage some serious mistakes have been made. That is the harsh reality of it. Two years in we are running at a substantial deficit. We were told it was £2.50 a bag. My maths says that goes up to about £6 or £7 a bag to wipe that alone, so I would not mind similar to Deputy Merrett as well.

Moving onto the States' Works, there is some good news in there. The income generated per employee has gone up by £1,000 and that is now £76,302 generated per employee. Could he tell me, when he sums up, who is the largest client of the States' Works? If it is the States of Guernsey, it looks like wooden dollars to me.

Finally, sir, there is some good news – unfortunately it is going to be miserable next year. I was really glad to see in the Ports accounts that the passenger figures ... certainly the Airport had jumped £50,000. They were going in a horrible direction previously, so between 2018 and 2019 we were all heading in the right direction and we were in early 2020, and then Covid turned up. So that is commendable. I think the Airport accounts and the Ports accounts are in the right place but it is such a shame and I am so genuinely sad that we were heading in the right direction. I know lots of people do not like airports, but unfortunately that is how this Island survives and I just feel miserable that we were in such a good place in 2019. Just a personal point I want to make is how miserable it is going to be in 2020 into 2021.

So those are the two main points: well done on Ports heading in the right direction, slightly suspicious of who the largest account is at States' Works, and how on earth did we get a £3.5 million deficit on a project that has only been running a year and a half or two years? There you go.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

3335 Deputy Inder brought me to my feet on waste, but actually I was going to speak on the agricultural ... *[Inaudible]* The thing is Deputy Inder was perhaps fortunate not to be in the last States, the one that had the Ministers in.

Deputy Ferbrache: Sir, could I ask Deputy Gollop to speak up?

3340 **Deputy Inder:** We cannot hear you.

Deputy Gollop: Sorry about that. Deputy Inder was perhaps fortunate to not be in the States, the last one, when we had Ministers. I am afraid in that era the Public Services Department were perhaps a little bit variable with their accounting on things like waste. Some of the more senior Members may recall that their estimates varied not just by thousands but by millions and millions from time to time. Perhaps Deputy Ferbrache has inherited and transformed that situation. I think the whole Waste Strategy had started out with two thirds of the public really against it and I think half of that two thirds have converted to being very supportive on environmental and other grounds. The other third perhaps remain very resistant, for all kinds of reasons, perhaps financial hardship being one of them. But I knew 10 years ago, and I said it at the time, that when you turned down twice the two incinerators you were going for a consumer pays strategy rather than a capital investment strategy, so the consumer would have paid with cash out of the reserves and now they are paying in a different way. It has been explained to me, and it probably needs to be explained again, that the more efficient the consumer is, the more environmentally conscious greener families are becoming, the greater the success of the scheme culturally and on our society the greater the impact it makes financially from a negative point of view – so you cannot win. It is a bit like buses: you put on more buses because more people are using them and it costs more. Waste is a little bit like that.

3360 On the Dairy ... I will give way to Deputy Merrett.

Deputy Merrett: Thank you, Deputy Gollop for giving way.

I wonder if Deputy Gollop would agree with me that there is a misconception in our community that the clear bag and blue bag are free; there is a misconception that to collect and to use those bags it is free. Obviously there is a cost to virtually everything, but there is a cost to that as well, so to try to get the cultural change there is a price on the black bag that is not on the clear and the blue. I do not know what STSB are going to suggest going forward, but that is probably something that Deputy Gollop may wish to consider.

3370 **Deputy Gollop:** That is true and people who live in communal establishments have different costs and are weighted in a different way too, and of course the whole business of exporting waste is not easy at the moment, with trade groups and so on, so I think there is a whole range of issues to consider there.

3375 On the milk front, I am actually pleasantly surprised that the level of loss at the Dairy is not as great as it was once rumoured to be and it has actually reduced, and as a percentage of turnover it is relatively minor. You could almost argue, although I would not argue it, that a raise in prices would actually eliminate the deficit, but we do not to alienate the consumer and put people further off. But nevertheless I do not think that is out of control at all, given the old-fashioned nature of the infrastructure.

3380 What is perhaps more challenging, though, is the Lottery. If one looks at the Lottery Report ... Of course some Members will have in their minds that gambling is ... well, they might have said a sin, but certainly I have been involved, as have one or two other Members of the Chamber, through Home Affairs and Health & Social Care –

3385 **Deputy Ferbrache:** Sir, with respect, we are not talking about the Lottery.

Deputy Gollop: Well, it is just STSB.

3390 **The Bailiff:** That is in an appendix report, Deputy Gollop, and therefore Deputy Ferbrache is right. I think that was a point of correction, which ...

Deputy Ferbrache: Sorry, sir, I apologise.

3395 **The Bailiff:** – just to leap up and say that first, but the point of correction is a valid one and therefore can you confine yourself to the five sets of accounts we are talking about, please, Deputy Gollop?

Deputy Gollop: Point of correction of course accepted.

3400 I will mention on the Ports that, like Deputy Inder, I was heartened to see the 6.1% increase from 2018-19, but the Harbour did not show quite such buoyancy – going in the right direction but only 0.5%. What is interesting, I suppose, from a public accounts point of view, and probably good news for Deputy St Pier and Policy & Resources too, on page 8 is Airport revenue went up disproportionately over their estimated budget. They estimated a revenue of £12.5 million, to round it up, and it actually turned out to be £13,183,000, so Deputy Ferbrache and his team disproved a
3405 previous political theory that it was very hard to raise Airport revenue. Harbour revenue raised as well by £0.5 million, so that was a good result but it still was slightly disappointing in terms of the surplus for the financial year. So, revenue raised and yet the surplus declined, and that indicates that there were issues of expenditure, and one can see that ... Here is a paradox for example: Airport capital expenditure was estimated to be £4 million but it actually turned out at £652,000, and so
3410 perhaps the progression of the capital programme, which it says was delayed due to resourcing constraints but it does not fully explain why the surplus for the financial year was actually less in 2019 despite improved performances.

With those comments I sit down.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Can I commend the staff and the hard work put in by the staff of the Waste Policy in terms of placing confidence in the policy of waste minimisation and the opportunities in recycling, in that they have achieved a 73% recycling rate in the past year? I think that is extremely commendable and I think that should be passed on to the staff to encourage further recycling in the future.

The other point that I would like to make, sir, very briefly on the same subject is can I put in a plea in any review of rates, given the financial deficit with regard to the waste, to retain, please, the blue and white bags free to householders? I think that is extremely important to encourage further recycling in the future and a higher recycling rate and lower tonnages of black bag waste. I think we need to continue along the path that has been very successful in the last few years.

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff, just a few comments.

I notice States' Works, Guernsey Water and the Ports all have just two voting members of the board. I just wondered if that was a policy of STSB to only have two voting members and I wondered if you are intending to increase the number of voting members, because it seems to me that just having two voting members of the boards is a very small number of voting members and it is not an ideal way to go forward.

In relation to Guernsey Ports, and it was in the Guernsey Accounts, there was £1.325 million subsidy in relation to the Heathrow link, which obviously increased the number of passengers. So I think people can look at the number of people going through the ports but have got to realise that from the economic fund £1.325 million was put into subsidising, effectively, air fares, which encouraged people.

As I mentioned in a previous debate, although the number of passengers has increased, the increase in passengers is from locals in terms of air travel and not from visitors, which is a concern because obviously, from an economic point of view, we want to encourage visitors and not basically subsidise locals to travel – although of course they, I am sure, are very grateful for that.

I also agree with Deputy Inder's point about States' Works, where he mentioned ... I was pleased that States' Works' financial results had exceeded budget, had provided £1.75 million back into the Capital Reserve, but as it said, 53% of their business is from the States of Guernsey trading businesses and 33% is from States of Guernsey customers and one of those customers is Environment & Infrastructure, which uses States' Works to do a considerable amount of work. I just ask, going forward ... I do not see the point of them making a profit on States' work and I know it is very difficult to get it exactly right but I would encourage them to break even, or perhaps the money that they make on profit should return to the Committees that have used their services so that those Committees have increased budget to provide those services to Islanders.

Those are my comments. Thank you.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

In light of the comments that Deputy Dorey has just made, I would go further than that with regard to the States' Works department and ask why we are not seeking to reduce the size of that particular area, given the recovery that we are now in and support for local, private businesses. I do know that, in the past, local private businesses have lost out in tender processes to the States' Works department and that men – and ladies – previously employed by those businesses have ended up working at the States' Works department, which is inevitably much more expensive for us as a States' body, so I wonder whether the President of the States' Trading Supervisory Board might give us a

view on that particular topic and we might see some traction in the next Government in regard to that.

Thank you.

3470 **The Bailiff:** Deputy Roffey.

3475 **Deputy Roffey:** Sir, in a way, the last two speeches ... they are from different people, who have the right to be contradictory, but they are contradictory. If States' Works was to work on a not-for-profit basis because a lot of its clients were States' departments, the first accusation that would come would be that we are distorting the market because other contractors who were competing for that work have to generate a profit in order to live in the real world – so we would be regarded as undercutting and using our States' support in order to have an unfair advantage. And if we were to reduce our size to give more flexibility to the private market, there is no guarantee that that would not actually increase the costs to States' departments. But also one of the *raisons d'être* for the States' Works, as well as to be a commercial organisation, is to be there in an emergency situation, and you need a certain size, a certain number of workers in order to be able to deliver that when/if unfortunately the Island requires it. Actually, if you look back into the annals of States' Works, that was one of its main reasons for being there in the first place.

3485 Just a brief word on waste. I think it is true that it is one of the ironies of the funding mechanism for waste that the more successful the Island is in minimising waste, because some of the costs are fixed – not all of the costs are fixed but some of them are – the more challenging it is to break even. There are ways to address that. For instance, obviously the lower the volume of waste the bigger the impact is on every tonne of waste that goes through with a fixed cost, but maybe the States' facility should be competing more vigorously for a bigger slice of the commercial waste market, because we have been talking about just the domestic waste market but if the overheads can be spread across some of the commercial work ... Obviously, we do receive commercial waste, but if we could receive more, that would be beneficial.

3490 I think we also need to look, and we are, very carefully about where some of the cost can be taken out of the system in order to address the new realities. I would just ask Members for some patience. I think we have been bowled over by the fact that it has been quite so successful so quickly in reducing the volume of black bag waste coming through and therefore the revenue stream being lower. We are determined that over I think it is the 25-year life of the project there will be a breakeven, but what we should not do, I think, is panic, knee-jerk reaction, huge increases in charges from year one to year two in order to get this right. I think we need to look at it very coldly, and yes, we cannot hang around but we need to actually come up with a plan which will rectify that in the medium term, and that is exactly what we are working on.

The Bailiff: Deputy Lester Queripel.

3505 **Deputy Lester Queripel:** Sir, I rise merely to seek clarification on Deputy de Lisle saying the blue and the clear recycling bags are provided free of charge. The States gives nothing to the public free of charge; the public always pays somewhere along the line. We currently pay a States' fee and a parish fee, so when he sums up could the President please explain and just clarify? My understanding is that those bags are not free of charge.

3510 Thank you, sir.

The Bailiff: As I see no one else rising, I invite the President of the States' Trading Supervisory Board, Deputy Ferbrache, to reply to the debate on these five matters.

Deputy Ferbrache: Well, sir, just dealing with the last point, from Deputy Queripel and Deputy Gollop, those are matters of detail which will be dealt with in the due passage of time. I cannot give any undertaking in relation to those because those are being looked at.

Deputy Roffey has made a point about waste. It was a brand-new thing. A bit like the veneering in Dickens' *Our Mutual Friend*, it was all brand new. Because it was brand new we were learning our trade in relation to that. It has been a victim of its own success. Because there has been so much recycling, as I said in my opening remarks, we have achieved the 2030 target in Guernsey ... not me, all of us have achieved the 2030 target already, which meant there has been less income, which meant there has been less return; the number of bags that have been used are much less. Deputy Merrett says 'Does it mean the bag prices will go up?' The answer is I do not know yet because, as Deputy Roffey says, the whole thing is being looked at and we are not going to have a knee-jerk reaction to say we will put the bags up to ... we are not going to put them up to £6 as Deputy Inder said. Only he and Deputy Trott can afford that; the rest of us will have to pay less! (*Laughter*) In relation to all of that, in due course they may have to go up – but I emphasise those words 'in due course'. The whole thing is being looked at in the round and therefore I can see that this will be adjusted over a period of time. It is not going to be knee jerk, as Deputy Roffey said; it is going to be considered and balanced and the idea is that in due course it will meet its targets and it will do the things that it promised initially but in a different way. It is like anything, when you start you often end up in a different place to where you wanted to be. I think we will end up where we want to be, but it will take us a bit longer and it will be by a different route.

We have had the point about States' Works and Deputy Roffey has highlighted the inconsistencies between two of the previous speakers. If we did it at cost, or less cost, that would be great because the biggest customer – Deputy Inder, the answer to the question, but he wanted me to say it in public – is the States' departments. They are the biggest client. They are not the only client but they are the biggest client of States' works. So we could lower the cost, but bear in mind the heading of the board is the States' Trading Supervisory Board. It has got to have a commercial element. As I said in my introductory remarks and as both ... In all the time I have been President and a Member of the Committee ... I know that Deputy Smithies has carried out the role before and Deputy Roffey also, along with other Members of the board ... the idea is not to charge everybody the maximum you can, it is to give a good service.

I appreciate Deputy Dudley-Owen's point and of course there is the difference between the two. Some local businesses have been under-priced, as she said, and they have gone out of business. It is a competing market. That is all that can be said: it is a competing market. I cannot do any better than that and there is not an answer to that.

Deputy Dorey makes a point about having two voting members etc., and he is right. I can remember when I first became a Member of the States again in 2016 there was a vote for Chief Minister, and somebody had organised – Deputy Fallaize, I think – a system whereby there were not going to be any problems about equality of voting, and three hours into that first States' Meeting Deputy St Pier and I were talking about who was going to give way, could we do this, could we do that. So an even number is always a difficult number. It has not yet, but his point is a good one. We should be looking at that and considering it. I do not think I can say more than that.

Other than that, overall, in very difficult times these are excellent figures. The 560-odd people who give the service give it well at a reasonable rate of pay.

There is perhaps one point I should just deal with before I sit down and ask the States to approve all of these accounts. It is the point raised by Deputy Gollop about the harbours. The Airport did well last year – Deputy Dorey is right, at a cost because that was not our choice, that was the choice of the States, one-point-odd million for the Heathrow route, which ended somewhat rocky in February with the collapse of the airline company that was operating that route, and I do not believe it would have been sustainable beyond the end of March anyway. But it was still a success and we expected it to at least match those figures this year if it had not been for this terrible virus. The Harbour was a slight improvement, but again it is a work in progress, and I believe if it had not been

3565 for Covid this year it would have again shown an improvement. We will have to see what 2021 brings.

With that, I ask the States to approve these Accounts.

The Bailiff: Members of the States, we will take each Proposition in turn, so the first Proposition
3570 I am going to put to you is in respect of the Ports Accounts 2019. Single Proposition, whether you are minded to agree to approve them. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

The second Proposition is in respect of the Guernsey Water Accounts 2019. Similar single Proposition. Those in favour; those against?

Members voted Pour.

3575 **The Bailiff:** Therefore I declare that Proposition duly carried.

The third one, Members of the States, is in respect of the Guernsey Dairy Accounts 2019. Similar single Proposition. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

3580 The fourth one is in respect of the States' Works Accounts 2019. A single Proposition. Those in favour; those against?

Members voted Pour.

The Bailiff: Therefore I declare that Proposition duly carried.

And the fifth and final one is in respect of the Guernsey Waste Accounts 2019. Similar single Proposition, Members of the States. Those in favour; those against?

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

XII. Social Security Contributory Fund Accounts 2019 – Proposition carried

The States are asked to decide:

1. *Whether they are of the opinion to note the Committee for Employment & Social Security's approval of the Social Security Contributory Fund Accounts for the year ending 31st December 2019.*

3585 **The Bailiff:** Deputy Le Clerc, will it take you longer than three minutes to be able to open on the Social Security Contributory Fund Accounts Budget 2019?

Deputy Le Clerc: No, sir, it will take me no time at all because I have not got a prepared speech, so I am just happy to take questions.

3590 **The Bailiff:** Members of the States, can I just get an indication as to whether it is your wish to deal with the final set of Accounts that we have got before we rise today – in which case I will ask the Greffier to call it, but if anyone is objecting then we will think again. Greffier.

3595 **The Deputy Greffier:** Article XII. Committee *for* Employment & Social Security. Social Security Contributory Fund Accounts 2019.

The Bailiff: Deputy Le Clerc, the President of the Committee *for* Employment & Social Security, to open debate.

3600 **Deputy Le Clerc:** Thank you, sir.
As I have just previously said, I have not got an opening speech but I am happy to take any questions.
Thank you.

3605 **The Bailiff:** Does anyone wish to speak in respect of this set of Accounts? Not even a question to Deputy Le Clerc? No.
In that case, Members of the States, we will move straight to the vote, without further ado, on the single Proposition in relation to this. Those in favour; those against?

Members voted Pour.

3610 **The Bailiff:** I declare that Proposition duly carried.
I think at that point, Deputy Tindall you are not wishing to push ahead, I take it?
In that case, we will adjourn overnight now, Members of the States, and resume with the next item of business at 9.30 a.m. So, we will close today's Meeting, please.

The Assembly adjourned at 5.28 p.m.