



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Remote Meeting, Guernsey, Friday, 1st May 2020

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Present:

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

Law Officers

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

People's Deputies

St Peter Port South

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

St Peter Port North

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

St Sampson

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

The Vale

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

The Castel

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

The West

Deputies A. H. Brouard, A. C. Dudley-Owen, E. A. 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

Alderney Representatives S. Roberts and A. Snowdon

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (The States' Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur),
Deputy M. M. Lowe (*relevé à 10h 31*)

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States of Deliberation

The States met virtually at 9.30 a.m.

[THE BAILIFF *in the Chair*]

The Bailiff: Well, good morning, everyone, it is now 9.30 a.m. Are we ready to start, Greffier?

The States' Greffier: Very definitely quorate, sir.

5 **The Bailiff:** Thank you very much. Please open the meeting.

PRAYERS

The States' Greffier

The Bailiff: Good morning, States' Members, Happy May Day to you all.

We resume what is technically the sixth day of the meeting that we started last week, and we begin with amendment 9 to be laid by Deputy Le Tocq and seconded by Deputy St Pier.
Deputy Le Tocq.

10

The States' Greffier: Sir, I am sorry to interrupt.

The Bailiff: Oh sorry, we need the Roll Call! Sorry, I am going ahead of myself – I must start to learn the Rules. *(Laughter)*

EVOCATION

Urgent Propositions pursuant to Rule 18

POLICY & RESOURCES COMMITTEE

I. COVID-19 Pandemic – Funding of Financial Response – Debate continued

15 **The States' Greffier:** Article I – the continuation of the debate.

The Bailiff: Deputy Lowe was present earlier, do you wish to just call her again?

The States' Greffier: Yes, sir. Madame Mary Lowe.

20

The Bailiff: No. Well, maybe she will join us – I know she has had a few technical problems.

Well, Members, I am sure you are eager to get on with things, just as I am. So I will call Deputy Le Tocq to lay amendment 9.

Deputy Le Tocq.

[Amendment 9](#)

To insert the following proposition immediately after Proposition 2a.:

"ab. To agree that the Policy & Resources Committee may by resolution authorise the President of that Committee, or a delegate nominated by him for the specific purpose, to sign any document necessary for the purposes of entering into or otherwise in connection with the additional external borrowing facilities referred to in proposition 2a. and/or for the purposes of entering into arrangements for or otherwise raising funding through the offer referred to in proposition 2aa..".

Deputy Le Tocq: Thank you, Mr Bailiff.

This is a very simple amendment as somebody has already referred to it. It is technical in the sense of belt and braces. It replaces something that was removed when amendment 2 was passed, in 2(d) in our original amendment, and just gives the authority to P&R in order to agree and sign the legal details for any borrowing.

The Bailiff: Deputy St Pier, do you second the amendment?

Deputy St Pier: I do, sir.

The Bailiff: Does anybody wish to debate the amendment?

Nobody wishes to debate the amendment. We will go straight to the vote then, which can be *aux voix* through the chat column. This is a vote on amendment 9.

I can see votes starting to pour in, in favour.

We have clearly had sufficient votes in favour for me to be able to declare that amendment 9 has been carried.

That means we can move to amendment 10 to be laid by Deputy Merrett, seconded by Deputy Oliver.

Deputy Merrett.

[Amendment 10](#)

1. In proposition 2aa., to delete "in addition", and

2. immediately after proposition 2aa., to insert the following proposition:

"ab. To agree that any monies raised further to proposition 2aa. must be applied exclusively towards funding the Recovery Strategy for the Bailiwick referred to in proposition 2b.i and shall be treated as forming part of the totality of government borrowing to fund that Strategy as agreed by the States."

Deputy Merrett: Thank you, sir. Could I please have it read?

The Bailiff: States' Greffier, can you read it please.

The States Greffier read the amendment.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

I think I will try to be as brief as possible, sir, but I think the very basis of this is to ensure that we do not borrow in excess of half a million pounds because currently as it stands the Proposition the extra £50 million could be potentially raised would be in addition.

So Deputy Oliver and I both voted against the Deputy Roffey and Deputy Graham amendment but not because we do not think it is really good idea, because we do, but because as currently approved it means as I said, sir, it could be an additional £50 million of borrowing, which our community at some juncture would need to repay. We simply need to service it in the interim.

So this could be in addition as it currently stands to the first £250 million currently agreed and a potential second tranche, again as it currently stands potentially another £250 million.

Now Deputy Oliver and I agree that Policy & Resources could already consider a Guernsey Together Bond in terms and conditions as they deem appropriate to raise funds for short or long-term borrowing and we do not wish to stymie them from developing such a platform for doing so. In fact Policy & Resources have already indicated that they intended doing so for the longer term borrowing for our recovery. But we do believe this should not be an extra £50 million to any other borrowing. I think that is one of the key points.

That was our quandary and why some Deputies and that includes Deputy Oliver and myself voted against Deputy Roffey's amendment as it is clearly stated in addition.

Now this amendment caused quite a bit of head scratching late yesterday evening and I did send Members an email explaining the intent of the amendment but we now do believe the intent is clear.

We wish to make it explicit that any monies raised from a potential Guernsey Together Bond, and that is a lovely title for such a Bond, must be included in the totality of the States borrowing needs or requirements for our recovery strategy.

If it is truly to be a Guernsey Together Bond then surely investors will want to know how their money will be invested, or is it simply to be an opportunity for cash rich people to buy into a safer Government backed bond.

Further, sir, much was made of the States' approving Deputy Roffey and Deputy Graham's amendment yesterday, it was a bit of 'Aha! You all do want long term borrowing – that is clear now by how you voted', as it was claimed when we debated the Deputy Tooley amendment. We do not think this is the case, we consider Deputy Oliver and myself that the Guernsey Together Bond is a good idea but it needs to be included in any overall borrowing limit and it should be raised specifically for our recovery package agreed by the States.

Sir, my life already feels like *Ground Hog Day*, I have to be honest, so I am hopeful that debate on this amendment will not take too long because I do believe the majority of the will of the States is that we do look into a Guernsey Together Bond. I do believe that, sir, but I do believe we need to make it explicit because my fear, my absolute fear, is that we could end up with a £250 million short term borrowing, potentially up to £250 million longer term borrowing, and potentially a separate pot of money for a separate £50 million.

These are tens of millions of pounds and at some point our community would need to pay the capital back and so that is why I believe this amendment is necessary, because I wish to make it explicit that this has to be part of our totality.

Thank you, sir.

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

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

The Bailiff: Thank you.

Deputy Trott, do you wish to speak on it at this point?

Deputy Trott: No thank you, sir.

The Bailiff: Does anybody wish to debate the amendment?

Deputy Tindall: Sir!

The Bailiff: Yes.

Deputy Tindall: Sir, I have invoked Rule 24(4).

The Bailiff: Oh sorry, I had not spotted that, it has only just come up on my screen. Right, can those Members who wish to support debate on this amendment please indicate through the chat function that you do wish to support debate?

I can see so far, eight – we have enough. So yes, debate will go ahead. Who wishes to debate? Deputy Laurie Queripel you wish to speak.

Deputy Laurie Queripel: Yes, sir, I put my name in, sir, but it went off so quickly that you might have missed it, but, yes, if you are calling me thank you.

I just want to say, I do want to support this amendment because if the States do approve this first amount of £250 million, I would rather it was £250 million and not £300 million.

Now my second point is, sir, I would like this offering because of the nature of it to be part of any borrowing policy whether that is over short, medium or long term. Because whether we borrow or not the full amount or less that will be the decision of the States as a whole not my decision, sir, so I do not see any irony here as Deputy Merrett pointed out.

There has been some talk about the irony of people like myself who are very cautious about borrowing and approving anything that sort of looks like it is going to lead to borrowing but I do not think that is the case, sir. So that is just clever word play for me that sort of goes over my head.

I am just trying to play my part in shaping any borrowing policy in the way that I think is best, should the States choose to borrow, whatever the amount.

But there are things which I heard yesterday, sir, when the so-called Guernsey Together Bond was debated that troubled me. But the way Deputy Roffey laid it out was the right way, something that is open to local investors a moderate minimum amount that can be invested –

The Bailiff: Sorry, Deputy Queripel, there is a point of correction from Deputy Dudley-Owen.

Deputy Laurie Queripel: Thank you, sir.

Deputy Dudley-Owen: Thank you, sir.

I do apologise to Deputy Queripel for interrupting his speech, but just to be helpful, actually it was Deputy Fallaize who was pointing out the irony, I think, that Deputy Merrett was just repeating the issue that that was rather an unfair comment, rather than actually perpetuating that she agreed with him.

The Bailiff: Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

Yes, I was aware that there were a couple of Members, I think it was Deputy Fallaize in chief who made that comment. So if I was not clear in the way I referred to it, then I apologise, but I know that there were Members that spoke about the irony of the likes of myself supporting amendments or Propositions that might think we favour borrowing whereas clearly I do not.

But yes, the way Deputy Roffey laid it out yesterday the so-called Guernsey Together Bond I thought that was the right way. Open to local investors the moderate amount that could be invested so that the so-called Mrs Le Page or perhaps even Mr Rolfe could contribute to and benefit from the offer, so keeping the value on Island. I think that is a good thing as a community project as it were.

When I hear that it could be open to outside investors with deep pockets so an individual perhaps being able to put many millions into the Bond or a group being able to put many millions into the Bond I am less keen on that. I think that could be to the detriment and the exclusion actually

of Mrs Le Page for example. Because we know there is going to be ... or I think there is going to be a limit on the figure that is going to be raised I think the limit was about £50 million for the reasons given yesterday by Deputy Roffey and also Deputy Le Clerc. So that concerns me. So I would like it to be the sort of scheme that Deputy Roffey laid out when he spoke to the amendment yesterday when he opened debate on it.

But, sir, for me that detail will come forward eventually anyway and then Members can make a judgement on it when it comes back to the States if it comes back to the States. But I am just making my views known now, as to how I think it should operate. It should be along the lines described by Deputy Roffey.

So I am going to support this amendment, sir, I am going to support it because if we do ... if the States do approve borrowing whatever amount, for whatever term, I would like this kind of scheme to be part of that offering.

Thank you, sir.

The Bailiff: Next Deputy Roffey to be followed by Deputy Gollop.

Deputy Roffey: Thank you, sir.

I think I need some clarification from Deputy Merrett into exactly the intention and impact of this amendment. Because of course the £50 million to be raised by the Bond aimed very much at local independent individual investors which as Deputy Queripel said was the intent of course that was meant to be part of the overall borrowing approved by the States and not in addition to it.

It is a little bit semantics because we have got no idea at this stage do we how much we are going to have to borrow. Most of us are hoping it is not going to be as much as £500 million but it could be £400 million, it could be £600 million, it could be completely outside that envelope. We will have the chance to control that on two occasions.

Firstly, when the short-term borrowing that we have approved comes back for either repayment or translation into a longer-term borrowing facility and secondly when we discuss the second tranche and on both of those occasions we can take full account of the fact that we have authorised £50 million to be raised in this way.

I have to say that originally it was the intention of Deputy Graham and me that this £50 million should be part of the first £250 million borrowing that we were going to be approving in the first instance. However, although Deputy Merrett is right, she is saying P&R already have the power to actually go and raise this sort of bond either as part of the first tranche of short term borrowing or as the second tranche. Yes, they do constitutionally have the power have the power but they just cannot do it as part of the first tranche, because we have now put a limit on that first tranche that its term should be no more than two to three years and that term just would not work for this sort of bond. It is too short for this sort of bond.

So it is now not able to be raised as part of that first tranche. For the avoidance of doubt, I mean absolutely of course why Deputy Merrett says in the amendment that this is intended as part of Guernsey's recovery programme and it should not be used for anything else. If that is not implicit then frankly we have lost all trust in ourselves and our colleagues to actually do what is intended.

However, I do not agree with her. I know Mrs Le Page from Torteval pretty well and I do not agree with Deputy Merrett that she is going to want to know exactly how the investment of £5,000 that she is going to put in is going to be spent. She is not hanging on to make that investment to know whether £1,000 is going to go into coastal defences; £1,000 in to subsidising transport links to help the tourist industry recover; maybe £1,000 into social housing. She wants to invest in the future of our Island and make sure that it is actually used for that, that it is actually used as part of our recovery plan.

But the question is, I suppose, when can this sort of offer be organised, taken forward, and launched? I think it needs to happen now, the tide is high, as I was saying yesterday, I am sorry it is *Ground Hog Day* to a certain extent, but I am obliged to really say this. I think Guernsey always has good community spirit, I am not trying to say it has not, and I am not trying to say this fund would

not work in six months' or a year's time; what I am saying is that now that is heightened, the tide really is high and sometimes you just have to catch the tide. You need to know when to move, when to do anything.

So I am worried if Deputy Merrett's amendment 10 which I only read this morning would mean that basically nothing can happen on this at all until we have signed off absolutely every jot and tittle of the recovery plan which P&R are going to bring back in a few months' time. Because I think we will just be missing the moment. We would just not be seizing the day.

So as I said yesterday if Members can conceive that we will not need to borrow £50 million in the medium or long term then I understand the concerns. If they think we can get away with borrowing nothing other than a short term facility which we will repay PDQ and that is it all over no medium term borrowing, no long term borrowing, then fine, this sort of offer will not be required.

Sorry, I see there is a point of correction so I will pause.

The Bailiff: No, I –

Deputy Roffey: Oh, that is an old point of correction, sorry I thought it was a new one.

So yes, if they can conceive that then fine, but if not, then let's blooming well get on with it. I have people and they are not the £5 million ... I do not know who Deputy Trott knows with £5 million that wants to invest, but I know lots of people who have contacted me since raising this idea, really ordinary people with modest amounts of money, who say great, I would like to actually do that. I would like that it is a really good idea and I would like to get on with it. We need to seize that spirit.

So I suppose my question for Deputy Merrett is quite simple. What does she perceive as the intent of this amendment 10? Because on the surface saying it shall be used as part of the recovery plan fine, if she is saying that we just do not do anything, we do not organise it, we do not draw up a prospectus, we do not start to move towards a launch until we have signed off every jot and tittle of that plan when it comes back as a policy letter in some months' time then I think this is a really negative amendment. It is not taking advantage of the spirit of Guernsey that exists at the moment and I think it would be a huge shame.

So the way I vote will depend on that clarification at the end.

Thank you, sir.

The Bailiff: Thank you.

Can I just ask that those who want to speak in general debate wait until we get to general debate before they start sending their messages in, otherwise it becomes very difficult to keep track of who does want to speak. We are trying to keep this as similar as possible to normal proceedings in the Chamber and I know that is difficult, but that is what we are trying to achieve.

Deputy Gollop next and then Deputy Inder.

Deputy Gollop: Thank you very much, sir.

I rather like the film *Ground Hog Day* I must admit because it maybe gives you an opportunity to relive your past and improve it.

I agree with Deputy Roffey that we must seize the day and I also agree with him too that the community spirit tide is high and we need to get on with things.

I am prepared I think to give the Deputy Merrett/Deputy Oliver amendment the benefit of the doubt because although it goes against my own views I feel I do have to respect the views of many colleagues who are unhappy at the pace of change and they may be concerned about the indebtedness of ourselves and future generations of the Island's people and economy to the spectre of debt.

As I read this amendment this very much clarifies the point Deputy Merrett identified which was confusing yesterday when Deputy Fallaize and Deputy Inder and other Members had dialogue on this debate, that we were borrowing £250 million or £300 million or £500 million or £550 million.

265 I think for the interest of comfort at this stage and this stage may mutate into something very different if we have more of a journey of direction, as Deputy Tooley might put it, and we have more of a destination in mind, to me this £50 million, which is a cracking idea, I think it should be included as part of the initial tranche.

I think it is important here not to worry about the impact on the economy of this dreadful virus but actually to look at the nature of the recovery plan because I suspect the recovery plan will follow the ideas of people like for example Mr Le Clerc and the community who sees it as an opportunity for economic regeneration on a bigger scale.

The second Proposition of this amendment 2aa:

To agree that any monies raised further to Proposition 2aa must be applied exclusively towards funding the Recovery Strategy ... referred to in ... 2b ...

275 I think that the recovery strategy is quite a broad area, as Deputy Roffey has identified, for example we know and we know from the report that we have had that Aurigny our State airline that we admire very much in many ways has taken a hit, and it will take a hit, and if air travel for whatever reason does not grow quickly back to the old normal then it will face challenging times. Other airlines have faced even more challenging times.

I would argue I think that funding transport and tourism links is definitely part of a recovery strategy. Other Members might not. The same might apply to harbour developments or rebuilding the Harbour Terminal all kinds of things.

285 So I think that the second Proposition in some ways is a bit otiose and unnecessary because unless it is spent for the sake of argument on I do not know building a sea wall that has a rather tangential arm to economic recovery or used for the purposes of a restructuring of information technology within the public sector. I think that most ideas if they are co-ordinated holistically will form part of the recovery strategy.

But given there was a degree of confusion yesterday perhaps nearly half the Assembly are uncertain about the borrowing agenda. I think this amendment on balance is useful, unless I hear contrary.

290 Thanking you.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, just briefly.

295 Again, Deputy Roffey and I suppose Deputy Graham did agree, and other Members as well, are extremely excited about the idea of creating something which now seems to have the catch phrase 'Guernsey Together Bond'.

Now, as we get to the end of this debate what we will have decided is that immediately Policy & Resources will have access to £100 million from the Core Investment Reserve, which I am assuming they can basically access tomorrow.

300 They will then be asked to come back for a further £250 million sorry permission which has to sit alongside the idea of the recovery plan.

305 So already they should have and I am assuming that recovery plan is going to be fairly quick. By every indication from listening to Deputy Trott he has got a rough indication of where the problems are in the economy. Anyone who is actually in economy actually knows where the problems are.

310 But the bit I do not get – and Deputy Roffey was using words like the tide is high, we have got to get on with it – the bit I do not know and I really do not understand is that any likelihood that the Guernsey Together Fund would turn up at the same time as the recovery plan, which I am assuming – and this is just me guessing – will be within the next two or three months alongside ... Sorry, I will tell you what I am asking is that yesterday I think it was Deputy Le Clerc who mentioned or possibly Deputy Soulsby spoke about Know Your Client and regulations. The bit I do not know is that with all the exuberance of this idea of a Guernsey Together plan practically in terms of timelines when is this likely to happen. Deputy Roffey wants it to happen, now, now, now, but when we get

315 to things like regulations and hidden things like process flustering progress when if we started tomorrow when could we actually put out the first call for investment in this Guernsey Together Fund, that is what I would like to know.

Again I do not think it can come from Deputy Roffey I would like to hear it from someone like Deputy Soulsby possibly Deputy Gavin St Pier or Deputy Trott. These people are actually in and about the finance sector.

320 Thank you, sir.

The Bailiff: Deputy Prow and then Deputy Graham.

Deputy Prow: Thank you, sir.

325 I would like to thank Deputy Merrett and Deputy Oliver for bringing this amendment, but I have listened very carefully to Deputy Roffey who has spoken more than once on this, and as far as the intent of the amendment the words forming part of the totality of the Government borrowing, I get that and I can support that, but I am not entirely clear why deleting the words 'in addition' and adding the new ab, exactly what this means, and like Deputy Inder I am slightly uncomfortable.

330 I think Deputy Roffey has well explained the two- to three-year caveat which appears in amendment 2 that this is medium term borrowing. I take his point about missing the moment.

But I just wonder perhaps whether the Law Officers could help us around ... does this remove the flexibility?

335 What I am saying is I understand the £50 million would form part of the totality of the Government borrowing, but as far as the actual practical experience of putting this in place, what is the real instruction as to how P&R should respond to the amendment, and I am not entirely clear when just reading the words to the amendment.

Thank you, sir.

340 **The Bailiff:** Deputy Graham.

Deputy Graham: Thank you, Mr Bailiff.

I do not doubt the motivation or the intent behind this amendment, but I do believe that, as Deputy Roffey has pointed out, it might have the unforeseen consequences that it would leave the 345 community buy-in element of this somewhat treading in the water if not dead in the water and I do not doubt at all really as I say the motives behind it.

I think to a certain extent the water has been muddied by two things yesterday. First of all was the success of amendment 2, because as Deputy Roffey has said our original intention was that the Guernsey Bond should form roughly 10% of the overall borrowing requirement whether short, 350 medium or long term. Of course amendment 2 changed the context for that.

It was also the second element that changed yesterday was there was an off the cuff remark from Deputy Trott to a unanimous would be investor willing to put £3 million into it and then prior to that Deputy Dudley-Owen had been encouraging P&R that any such Bond should be open to outside investors, not only open to them but that they should be encouraged to invest in it, and of 355 course I think that to a certain extent has undermined the core concept behind this that it is a community buy-in opportunity.

I am worried about the unforeseen consequences to this amendment and I would actually benefit from some expert advice on the viability really of raising money through a seven to 10 year bond at a time when the would be investors are saying to themselves well what is the point if the 360 whole thing might crash anyway because the States might sign up to a recovery it might not sign up to a recovery plan.

So I am sitting on the fence on this one until I have heard the full extent of the debate.

Thank you.

365 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

So yesterday what we wanted to do after the debate was that I felt very uncomfortable that was this an additional £50 million, so I spoke to the Law Officers and then I asked Jennifer Merrett basically for help as well.

370 For avoidance of doubt this has still got all the main aspects that Deputy Roffey wanted. It will still be a community fund from Guernsey Together for the Together Fund. All it is doing is saying, so part one all it is doing is getting rid of the 'in addition' we do not feel that it should be in addition we feel that it should be the totality of the spending.

375 Now, the part that people seem to be having a problem with was all we wanted to do was that to agree that you had to attach it to somewhere to include it to the totality, so I did not actually want to put the first part in but the Law Officers said that you needed the first part because if you were going to put it to the totality you had to make sure that it was not more than £500 million. We could not just put that we wanted the totality of the Government spending could not be £500 million in case this did not reach the £50 million, we did not get the £50 million, we got only
380 hypothetically say £20 million, then the Government would be £30 million short of spending if we needed the whole amount.

So that is why you needed to put it that the totality which must be applied, but it does not say that you cannot start raising money now it just has to say – and that is one thing that I was really quite sort of adamant that we could you could say whenever you wanted the money raised but you
385 needed to apply it to something. So you could get that it would not go past the £500 million. So that is what we did.

Many of you yesterday said that you were really worried and it was giving you sleepless nights when you took out more debt, or mortgages or whatever, well yesterday we just quite happily and it was the majority that just added an extra £50 million to what P&R could actually take out.

390 I understand that it comes back to we have to agree the recovery strategy but we have still agreed in this Billet perhaps when it gets to the main Proposition that we have got an extra £50 million an additional £50 million. I just do not feel comfortable saying that we are getting £100 million from the Capital Reserve, then we have got this £250 million to the short term loan, then we have got a further £50 million and another £250 million.

395 It is just eye-watering figures and I just cannot get my head around why so many of you were really against borrowing and yet just quite happily an extra £50 million.

Now I believe setting up a fund can actually happen quite quickly according to my husband who is a financial advisor. He said that it just depends really on how long lawyers take drawing it up. So you could get it done within a week, it could take a month depending how quickly people can work,
400 so it can happen quite quickly.

Deputy Prow said well what does this mean. All it really means as far as I am aware is that it is the totality as I have said so I just did not want the States to be sending £550 million (*baby crying*) – sorry, that is just one of my children – so I really urge people to vote for this. If people do not want to add more debt to Guernsey then please do vote for this. It still has all the attractions with the
405 local togetherness everything like that, so yes please do vote for this.

The Bailiff: Deputy Tooley and then Deputy Le Tocq.

Deputy Tooley: Thank you, sir.

410 In consideration of this amendment I just have a few questions that I am hoping might be answered either by the proposer when she sums up or by whichever Member of P&R speaks on this.

The first really is in regard to timing, and I think that probably is a question for P&R. I would like to know when they think they will be able to bring to recovery strategy to the States because obviously
415 this amendment would hang this section of investment, this section of fund raising as it were on to that recovery strategy. So I would like an answer as to when they think that would be possible to bring.

420 The second question I really have is around precisely what we are deciding at this stage if we agree this amendment. I have that question because yesterday the amendment that became the substantive Proposition said that we would approve the £250 million worth of funds to be garnered or raised on the short term borrowing structure and that the Policy & Resources Committee would need to come back to the States with proposals for the £250 million of the second tranche.

425 We also then agreed this £50 million of potentially a second tranche. So if we agree this amendment are we in effect saying that part of that second £250 million has been pre-approved so Policy & Resources would be coming back asking us whether we would be willing to approve a further £200 million because in fact we have already approved the first £50 million of that, or would we actually be saying that despite having approved this fund raising yesterday there would still need to be a justification for it in the next tranche of borrowing.

430 So I have no problem whatsoever with this £50 million sitting within the overall picture of the maximum amount the States is willing to borrow, but I do think we need to answer some questions around whether there is pre-approved as of the end of this meeting assuming this goes through and therefore whether Policy & Resources only need to come back to seek further approval for an additional £250 million or whether Policy & Resources Committee are going to need to seek approval for something that I think we have pretty much approved yesterday at some point in the future.

435 So I would really appreciate some answers to those questions.

Thank you.

The Bailiff: Deputy Le Tocq.

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

Sir, there have been several references to the movie *Ground Hog Day*, a movie that I liked years ago when I watched it because I thought it was a comedy, I am starting to believe it is actually a horror film, because the difficulty with amendments like this taken in isolation is that they can seem harmless enough. In that movie, sir, there was only one person, the main character, who had any memory of what had been said or done before, and the rest had no consciousness or memory of what went on.

Sir, I think we are in grave danger, the States seems to be living in a sort of time transixed form and does not realise the effect of the messaging it is sending out.

450 So when we debated long term borrowing yesterday Members particularly those who supported amendment 3 were very sceptical about putting the Island into debt and what that would mean, and then when we debated the concept under the Roffey/Graham amendment of a local Guernsey Bond they were all enthusiastic and wanted to increase the scope of it and all the rest, and now there is all sorts of hesitation.

455 I fear, sir, when we come to debate the recovery plan we will send out different negative messaging again to the States which will discourage and therefore limit P&R's ability to garner support and local investment into that plan.

We need to be consistent, sir, and I am sure this is well intended, but, sir, it is very short sighted.

460 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

465 I pointed out yesterday when the States debated Deputy Roffey's amendment, or possibly just after they had approved it, that in effect the States had now created Propositions which authorised £300 million of expenditure rather than the £250 million which was set out in both the Dudley-Owen and Le Tocq amendments.

So certainly it is true that at the present time the Propositions before the States invite the States to authorise a higher amount of borrowing than was set out in the Dudley-Owen and Le Tocq

amendments and indeed a higher amount of borrowing than has been on the table since the original Propositions were submitted.

I think it is quite clear in this amendment that the not just the intent but the effect of it is that the £50 million raised through the means of a local bond would have to be part of the first tranche of £250 million.

So the issue as far as this debate, this mini debate on the amendment is concerned, is not whether the States has an appetite to borrow £500 million or £550 million it is about whether the States has an appetite to borrow £250 million or £300 million.

I think that the way in which the debate is unfolding is probably slightly confusing for anybody trying to follow it and is confusing enough for many of us Members. It has confused *The Press* this morning who have reported that the States are on the verge of rubber stamping £500 million of borrowing, when of course the States are not. None of the Propositions now on the table would permit or authorise £500 million of borrowing.

But I think Deputy Merrett in fairness to her I think she has captured accurately in this amendment in the wording of it the intention that the borrowing of the States should be limited to £250 million at this stage and not £300 million which is provided for as the Propositions stand at the present time.

My question which I hope will be answered by Deputy Trott or another Member is how this amendment relates to the short term condition in what is now Proposition 2a – sorry, I am hesitating because I am just trying to refer to the Propositions on my screen. So Proposition 2a is to authorise P&R to enter into a maximum of £250 of additional external borrowing facilities for an initial period of two to three years only and this amendment then deletes from Proposition 2aa which is the bit inserted by the Roffey amendment the words in addition.

So the £50 million raised through the local bond would have to be seen as part of the £250 million in Proposition 2a. Therefore it seems to me that it would be caught by the condition in 2a which is that the facility can be only for an initial period of two to three years, and I would like some guidance on whether it would be possible for the local bond to operate in the way envisaged, or indeed operate at all, if it can be issued only for the short term period that is set out in Proposition 2a.

I just do not see how if the £50 million – oh, Deputy Oliver is wanting to make a point of correction, sir.

The Bailiff: Yes, Deputy Oliver.

Deputy Oliver: Thank you, sir.

This is not ... Deputy Fallaize is wrong in as much as that it has to be included in the first £250 million. It has to be included within the totality of the whole recovery strategy so that is the £500 million not just the initial £250 million.

It can be set up at the beginning but it does not have to ... it is the whole totality.

Deputy Fallaize: That is not how I had read the amendment but if that is the case, then clearly what the States are being invited to do here is, as Deputy Tooley has suggested, to pre-authorise £50 million of the potential second tranche of the £250 million.

So in other words the Propositions as they stand if this amendment goes through would invite the States to authorise P&R to enter into borrowing of £250 million for an initial period of two to three years only and in addition would authorise the Policy & Resources Committee to enter into another £50 million of borrowing in relation to the local bond.

Now I find that slightly odd because the amendment is being put forward by two Members who yesterday said it was critical that the States did not borrow more than £250 million or should limit the first tranche of borrowing as far as possible. But the – Deputy Merrett has a point of correction, sir.

The Bailiff: Yes Deputy Merrett.

Deputy Merrett: I do not believe I said that, sir.

525 I was very supportive of having a recovery plan for the second tranche, however, at no point did I doubt the need to take on temporary borrowing on a short term basis to fill our initial and immediate needs, sir.

The Bailiff: Deputy Fallaize.

530 **Deputy Fallaize:** But, sir, the Propositions as they stand at the moment already achieve what Deputy Oliver and Deputy Merrett have just tried to explain to the States, because they authorise P&R to enter into £250 million for an initial period of two to three years only and then in addition there is another Proposition aa which authorises the Policy & Resources Committee to raise up to £50 million through an offer designed and constructed to be attractive to individual local investors.

535 So the extant position is that if these Propositions go through £300 would have been raised. Now if Deputy Merrett and Deputy Oliver are really trying to prevent the States from ... or if they envisage circumstances in which the States might be invited to borrow an additional £200 million rather than the £250 million referred to in Proposition 2b respectfully, sir, I think that they are laying their amendment in the wrong debate and they need to wait to see whether there is any Proposition
540 that comes forward to borrow the second tranche of £250 million. It might not be, it is a maximum of £250 million in might be £150 million; it might be £200 million; it might be £250 million; it might be more than that.

But clearly at the present time the second tranche of borrowing of any amount can be put into effect only if the States make subsequent Resolutions.

545 So I think this amendment is unnecessary I assume then that it is envisaged if the amendment is carried that the £50 million raised locally would not need to be subject to the initial period of two to three years only.

I accept if that is Deputy Merrett and Deputy Oliver's interpretation of the wording then I accept that, but I think if that is the case then this is an attempt to pre-empt or pre-authorise 20% of the
550 second tranche of borrowing of £250 million before any recovery strategy has been seen before any policy letter has been laid in relation to the second tranche and before any Resolution has been made relating to the second tranche.

I thought the last two and a half days of debate had established that a majority of the States did not want to eat into any part of that second tranche at this stage.

555 For that reason, sir, I think the amendment should be defeated.

The Bailiff: I see no-one else wanting to speak.

We have now had more than one request for some advice from the Law Officers.

560 Deputy St Pier wishes to speak but would one of the Law Officers be available to assist, and if so would you like to do it before Deputy St Pier speaks, or wait until you have heard what he says?

The Comptroller: Sir, I am available to assist if necessary.

My take on the Propositions as they stand are that Proposition 2a authorises P&R to enter into a maximum of £250 million of external borrowing facilities I think that is relatively clear.

565 Proposition 2aa which is Deputy Roffey's amendment authorises the Policy & Resources Committee in addition to raise up to £50 million through an offer designed and constructed to be attractive to local investors.

570 So my position is or my view would be that that authorises a total of £300 million to be raised under the two Propositions and it also seems to me that the £50 million can be on terms and conditions which are designed to be attractive to local investors.

I do not necessarily tie the – I do not think that P&R's hands are necessarily tied if I can put it that way to the period of two or three years under what has become Proposition 2aa. I can see that

the amendment seeks to remove the words 'in addition' which some I agree might interpret as tying the £50 million option to the two or three years. I do not quite see that but certainly the amendment or paragraph 1 of the amendment would put that beyond doubt.

I do not know if that helps as a starter.

The only other comment I would make is that maybe Deputy St Pier or others may want to give some further thought to this. It seems to me that the detail will need to be determined and it will be in the offer, the precise wording of the offer that will accompany the £50 million Bond, if I can put it that way.

I do not know if that helps the Assembly and I am here available to take any further questions or queries if Members would wish that.

The Bailiff: Thank you Mr Comptroller, I think that was very clear.

I see Deputy Trott has a point of order.

Deputy Trott: Yes, sir.

I will deal with this in my speech later but I did explain the complexities around a £50 million retail bond of this nature yesterday. I shall do so again but I make this point, sir, if Members spent less time drafting amendments and more time listening we would not have to experience this Ground Hog event.

The Bailiff: I think you are saying there is a degree of repetition. I think that is the point of order you were raising.

Deputy Trott: Of a particularly tedious nature, sir.

The Bailiff: Yes.

Deputy St Pier.

Deputy St Pier: Sir, thank you, and thank you to HM Comptroller for his comments in relation to what the words of the Resolution may mean.

Deputy Fallaize said that anyone listening in would find it confusing to follow and indeed I am sure that is the case.

I think there is a real distinction to be drawn between whatever the Resolutions may say and what may actually happen in practice. The only Resolutions frankly that are going to be of any real practical impact from wherever this debate ends up, when it does finally conclude on final votes, is going to be in relation to Proposition 1 the use of the Core Investments Reserve and Proposition 2a. Pretty well everything after that 2aa, 2ab as it becomes there and 2b, frankly is going to get overtaken by events in the sense that the Policy & Resources Committee will be returning, the anticipation is we should be returning next month with the recovery strategy that will be inevitably very high level, that will then trigger the future prioritisation work for the committees for the rest of this term, if that is approved by the States, and then subsequently that will drive the funding requirements.

So Policy & Resources are going to need to come back with far more detailed resolutions for the States to consider which will as I say subsequently effectively overwrite everything below 2a, certainly 2aa, ab and b, in my view, sir.

So to some extent it is an interesting debate but I think it has very little consequence in the real world. The £50 million of funding yes as the Comptroller has says this theoretically means that we can trot off and try and raise an additional £50 million.

I can assure the Assembly we have no intention of doing that right now we have got too much else going on. The priority for us will be executing the revolving credit facility, providing we have that authorisation from the States today. It would be unlikely that we would be looking to obtain

funding purely for a retail offer without considering how it would mesh into any other longer term borrowing arrangements, so that needs to be considered and presented to the States as a whole.

So I suppose what I am really saying is I think this really is of no consequence because as I say it will be subsequently overtaken by events.

So I think 2aa itself we had already indicated to the Assembly that we felt it was a sensible thing to be doing and thinking about in the context of longer term funding and indeed that work will be undertaken. But the idea of us seeking that as a standalone retail offer now, it is pie in the sky it is not going to happen, there are too many other things going on.

I hope that gives the Assembly some assistance, but my focus really is on 1 and 2a, sir.

The Bailiff: Thank you Deputy St Pier.

Deputy Lowe, have you resolved your connection issues, do you wish to be relevée?

Deputy Lowe: Could I be relevé, sir.

I have not resolved them I have moved premises. But that is fine, sir, if I could be relevé. Thank you.

The Bailiff: I can confirm you are coming across load and clear, thank you.

Does anyone else wish to speak on this amendment, I think it is amendment 10, yes amendment 10, does anybody wish to speak on amendment 10. No.

Deputy Trott do you wish to speak before – oh Deputy de Sausmarez wishes to speak. Deputy de Sausmarez.

Sorry, Deputy de Sausmarez has indicated she wishes to speak I will call her next. Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

Yes I appreciate the intent behind this amendment but I am concerned about some of the complexities that have been brought to light by the debate.

I am completely in support of including the amount raised in this Guernsey Together Bond or whatever it is going to be called in the totality of the overall amount borrowed but I think the more straight forward way of doing it would have been to have just adjusted the second tranche of borrowing to account for it.

I am concerned about the impact on timing that this amendment might have, so unless any of the next two speakers change my view I am tempted to ... well I do not think I am at the moment minded to support it.

Thank you.

The Bailiff: Another message has come in but I do not think that is somebody wishing to speak. Yes, Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, I think the comments of Deputy Fallaize earlier and the interventions that ensued showed to me that the proposer and seconder themselves seem to be at odds of what this amendment is wishing for.

There is an old adage in politics, isn't there, sir? 'If in doubt, do nowt.' So my advice to the Assembly would be not to support it.

But there were two questions that were raised or a question and a comment that do require a Member of P&R to respond to so that I shall do.

Deputy Inder asked how long it would take to organise the recovery Bond. Well, it could take several weeks because this is not as simple as some believe, as I explained yesterday and as Deputy Le Tocq said earlier.

675 It is somewhat ludicrous that I have to repeat this but I will. If a local bond was to be issued then many experts would tell you that it should ideally be on a floating rate as opposed to a fixed coupon. Because if it was issued on a fixed coupon then the price will fall if and when rates start to go up and recover to more historical norms. The UK sterling base rate is currently only 10 basis points, and resale investors would need to have market dynamics explained to them in much the same way
680 as the States of Deliberation has needed market dynamics explained to them. With a fixed coupon there is a higher risk.

I explained yesterday that substantive issues would exist around compliance, regulation and listing requirements, possibly by the International Stock Exchange based in St Peter Port as you know, as these instruments will need to be tradeable unless investors understand that they will be
685 absolutely locked in for a seven or 10 year period. How it will be brokered and how distribution will be undertaken are further matters for consideration and those matters will take several weeks.

It is potentially ... even with a following wind, there is potential even with a following wind for it to take several months. The revolving credit facility of £250 million is needed now, it is needed tomorrow. It is not needed in a month's time or three months' time or six months' time, which is
690 why I repeat if Members are in any doubt whatsoever of the consequences of the amendment from Deputy Merrett they should vote against it, or potentially they could deprive the States of much needed and essential liquidity.

Deputy Laurie Queripel showed in my view, sir, not untypical negativity towards anyone with a few quid, because he seemed to think it was abhorrent that a local resident would be prepared to
695 put £5 million into this Bond. He should not consider that abhorrent, he should be supporting it, sir, and lauding it, celebrating it, that is exactly the type of thing we need to see, and why do I say that. Well, if 5,000 households in Guernsey had £5,000 to invest and I doubt that there are 5,000 households in Guernsey with that amount of money to invest right now, sir, because of the crisis we are in, that would only raise £25 million so some Members of the States really do need to wise
700 up, they need to sharpen up, this is a crisis, this is not a time to be fiddling. The £250 million liquidity is needed immediately. Let's get on with it.

The Bailiff: Deputy Merrett, the proposer of the amendment will reply to the debate.

Deputy Merrett.

705 Sorry, there is a point of correction from Deputy Queripel – maybe if he had been in the Chamber there would have been a chance to get it in in time, I will allow it.

What is your point of correction Deputy Queripel?

Deputy Laurie Queripel: Thank you, sir.

710 My point of correction was I think Deputy Trott to some extent was misrepresenting what I said. My greatest concern was around outside investors from outside of the Island being able to invest in this scheme, not so much about the amounts. That was my greatest concern, I wanted it to be a locally based community scheme not one that a large investor from outside the Island can grab at basically.

715 Thank you, sir.

The Bailiff: Deputy Trott, do you wish to deal with that just to clarify the position there?

Deputy Trott: Yes, sir, because this is a further issue. We have not determined yet whether this
720 recovery Bond will be exclusively available to Bailiwick residents. My personal preference would be that it should be, but it is by no means certain, sir, that Guernsey residents alone, Bailiwick of Guernsey residents alone could raise the required sum. So one needs to take further advice on that.

One of the ways that you do it of course is you ask for brokers, your underwriters the people who are placing the issue for you in order to ascertain what the market appetite is. Now I think
725 there might be 5,000 households with £5,000 to invest, but there could quite probably not be, but

what I do know is that very charitably in my view, sir, there is a substantial investor who has promised to seed it to the tune of £5 million. That should be thoroughly applauded.

Deputy Merrett: Sir, your microphone is not on, I cannot hear you and I cannot lip read very well, I am afraid.

Shall I sum up, sir, maybe you can nod in assent? Okay, thank you, sir.

I think it is has been unnecessarily picked to pieces. I think the intent is quite clear on this amendment. It really is about our borrowing policy.

But realistically we are very concerned that this is as it currently stands if approved by the States in main debate that there will be an additional £50 million that is not actually attached explicitly to a recovery plan, and a lot of it was made of investment in our Island.

I do not know who she was, I used Mrs de la Mare because I do not think she has ever been used in debate yet, sir, and Deputy Roffey alluded to what people would not need to know or want to know what they are investing in the future of their Island but I put it to you, sir, that Mrs de la Mare might not be so quick and able to use their savings towards the recovery plan for our community if for example it was being used to expedite the two school model. I think we can easily tell, sir, that there are quite a few members of our community that would be very reticent to do so. That is not an attack into the current heightened community spirit. A Member asked me this over email earlier today.

But as I said there are other opportunities for our community to tap into supporting response to Covid-19, and our community has, not only in time, but also in money.

I believe it would be unfortunate to ask our community for money in the name of Guernsey Together without knowing actually what their money will be used for. I think that is actually deemed a more responsible way to invest in our community's future. I can give you similarities, sir – to invest in, for example, green finance. And so it is more than just an investor's opportunity. Now I do not think our community's good spirit at this time should be tapped into as such and I certainly do not think it should be a cash grab for our community.

We know it will take time to set up and there are no time limits as to when this could be brought into effect on this amendment. The most important thing, sir, is that the monies will form part of the totality. It is not our intent to stymie Policy & Resources at all in their ability to investigate Guernsey Together Fund which as we have already agreed can be done in any event.

They have led the community and they have led in frequently asked questions to they may intend doing this in the second tranche so there is a slight conflict there from what Deputy Trott was saying because it appears that might not be even possible.

So that I think is a lot of it – you divide and conquer – if Deputy Trott is going to try and conquer the proposer and seconder of this amendment he is doing equally well in dividing and conquering his own Committee because either they intend to have a second tranche or they are saying no it is not possible and we will not.

So, surely, sir, I am sure I have heard a Member of Policy & Resources say –

A point of correction from Deputy Trott –

The Bailiff: My mic is working now, point of correction from Deputy Trott.

Deputy Trott: Yes of course it will be done in the second phase, we have been consistent on that all the way.

But what the proposer and seconder of the amendment have not been consistent on is whether it affects the aggregate sum of £250 million that is required for and immediately as part of a revolving credit facility. That is the problem. It has been they have been challenged on it on a number of occasions, sir, if Deputy Merrett gives a yes or no answer to that we will all know where we are.

Deputy Merrett: Thank you, sir.

I am responding to debate and I will respond to that in due course.

780 Now the recovery strategy, I am sure a Member of Policy & Resources advised us they were working on this even before lockdown. They were working on how we get out of this as it was intended to go into this. I agree with Deputy Trott, which is good, that it will be used for the recovery plan in the second tranche.

It is *no* intent, sir, of the proposer or the seconder that this should have any effect on the Proposition for the immediate £250 million. There is no intent at all, sir.

785 Now realistically we need a recovery plan, realistically we need that quickly and we will need to borrow more from the first tranche.

The Bailiff: Deputy Merrett, there is a point of correction from Deputy Tooley.

790 **Deputy Tooley:** Thank you, sir.

I am not entirely sure it is fair to call it a point of correction but I am raising this because I think it was my question about what this did in terms of the overall totals in the various sections that might have led to this. So I think that the answer I am being given which is around the intent of the proposer and seconder does not answer the question I asked, which was not about the intent of the amendment but about the effect of the amendment. I think it does not matter what the intention is if the effect is to do something different.

Thank you, sir.

The Bailiff: That is not a point of correction and HM Comptroller has already given his interpretation of what the effect of it is.

Deputy Merrett, please continue.

Deputy Merrett: Thank you, sir.

805 Okay, so if we do not approve this amendment today then we would have agreed, if it passes in the main debate, an additional £50 million, not attached to the recovery plan and in addition to anything else. I think that is where we are most definitely coming from.

Now Deputy St Pier said this amendment has little consequence in the real world. £50 million has a massive consequence in the real world, it is a massive consequence, and I did note that Deputy Oliver did say £50,000, and I think as Deputies I think I alluded to before, because we are working with such large figures it does not feel like the real world this is to me very much – what we decide by the end of today will have very clear consequences. We know we need a short term tranche I totally agree with that. I believe we will need a second tranche, I do not know how much that will be. I am very keen that we are bold on our second tranche and we do make a real difference and we spend the money incredibly wisely.

815 But what I do wish to have, sir, is that if our community is being asked to invest in our recovery that they know what their monies will be used for, and that is why we are trying to link it very much to the recovery strategy. Deputy Oliver and I very clearly feel that to be part of the second tranche.

820 But we were also very careful working with the Law Officers late last night and I will personally put on record my thanks – thank you to the Law Officers – that we would not stymie P&R in the interim of setting up this type of fund.

So I believe it gives more clarity; I believe it makes it explicit; and I believe that if we ask our community for their hard earned savings if we are asking them to invest in our community's future that we need to be very clear and that is why I urge Members to support this amendment.

I think a recorded vote, yes, has been asked for.

825 Thank you, sir.

The Bailiff: Yes, we will now have a recorded vote on amendment 10 proposed by Deputy Merrett and seconded by Deputy Oliver.

Over to you Greffier.

There was a recorded vote.

Not carried – Pour 15, Contre 24, Ne vote pas 0, Absent 0

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

830 **The Bailiff:** Well, Members, the voting on amendment 10 was – I cannot quite read it, I can see 15 in favour, I cannot see the rest of it. 15 in favour, with 24 against. I declare amendment 10 lost. Well, it is 10 to 11. Let's rise now and take a short break and resume at 11 o'clock with general debate. We resume at 11 a.m.

*The Assembly adjourned at 10.50 a.m.
and resumed its sitting at 11.00 a.m.*

COVID-19 Pandemic – Funding of Financial Response – Debate continued

835 **The Bailiff:** Members, welcome back. Greffier, it is 11 o'clock are we ready to resume?

The States' Greffier: Sir, yes.

The Bailiff: I will call first in general debate Deputy de Lisle.

840 **Deputy de Lisle:** Thank you very much, sir.

Sir, I would like to start by saying that P&R from my standpoint would like to enslave the people of Guernsey in debt to the tune of almost £1 billion. The additional £500 million of debt would increase total borrowings to £900 million nearly 30% of GDP. It is a quite frightful change, sir, from relatively no debt until the £330 million Bond was introduced in 2014 and now the prospect of
845 another £500 million of added debt.

Sir, it is not clear what the money is to be spent on that cannot be handled with our reserves.

Sir, Deputy Trott has been scaremongering the States into hefty borrowing. I must remind him that this is not about feeding a few people in the finance houses while mortgaging our children and grandchildren's future.

850 Deputy Le Tocq's history lesson many will know well, but it was enterprise and initiative that won the day in the 1820's not mortgaging the people's lives to the State, and I must say the de Lisle name is all over the markets and with respect to the Port Developments Daniel de Lisle Brock's mother Elizabeth de Lisle was a force behind her many sons all ancestors of mine.

855 To get back on track, sir, if as a State we are prepared to draw £100 million from the rainy day fund why not a little more? We have the funding for £250 million in the rainy day fund and the Bond reserve currently. In fact more than £140 million of the existing Bond remains unspent and unused. The rainy day fund has £185 million. Why borrow when the money in the existing Bond has not been used?

860 P&R are afraid to use reserves hoping the Stock Market may regain the paper losses incurred, but there is no guarantee of that, sir, it may turn out worse yet.

Furthermore, sir, we do not have to copy the Jersey way, and borrow another £500 million like them. Surely we can still think for ourselves. We can work with our reserves.

865 Treasury Minister Deputy Gavin St Pier at the time had proposed the Bond in the 2015 Budget in late 2014 to take advantage of record low interest rates at around the 3.38% or thereabouts. Again it is argued to be a cheap time now to borrow and the only way out of a terrible crisis.

The last time in 2014 it turned out to be the most expensive time to borrow since and huge hidden charges were revealed later at near £14 million. Should interest rates go down in future Islanders will get caught yet again.

870 Sir, I have no intention of committing our Island taxpayers to borrowing when we have more than adequate reserves to see us through this crisis.

875 It is not easy to call on taxpayers to support more borrowing when we have reserves, and I prefer to use some of the States' investments instead of borrowing. The usable funds total some £640 million, well over the £500 million being called for, including the Core Investment Reserve or rainy day fund with £185 million; the Capital Reserve with £230 million uncommitted; The General Revenue Reserve with £24 million; the States of Guernsey Bond issue with £140 million un-lent. We heard yesterday from Deputy Le Clerc who mentioned the Social Security Funds with over £100 million coming up for investment placement in July, and there will also be a review of the Capital Expenditure plans this year into next to ascertain whether Capital Expenditure intentions remain relevant or necessary in support of a recovery. They could free up more funds from that debate and discussion.

880 Sir, the new Bond for £250 million or £500 million is going to take a long time to pay back and we are only 63,000 people on this Island and with a potential shrinking economy, falling wages and property prices, and a potentially reduced population which make things very difficult for any chance to repay in the near future.

885 The downside risks are clearer than ever, sir, and I quote from one parishioner in my area: 'Debt is something which jurisdictions without their own central bank do at great risk to their democracy and sovereignty.'

P&R's approach to mortgaging our children's and grandchildren's future in this way strikes at the root of our freedom.

890 So to conclude, sir, I agree to the first Proposition with respect to £100 million to be funded from the rainy day fund, Core Investment Reserve, but there is more that can come from our existing funds, and I do not support authorising P&R to enter into external borrowing facilities of an amount not exceeding £500 million but prefer to use some of the States' investments instead of borrowing.

So I will not be supporting this policy letter, sir, and the amendments to it.

895 Thank you, sir.

The Bailiff: Next Deputy Green, to be followed by Deputy Hansmann Rouxel.

Deputy Green: Sir, thank you very much.

Just to be absolutely clear, firstly I will speak on behalf of the Scrutiny Committee and then later on in this speech I will then turn to my own observations and personal thoughts and unusually, sir, I will actually take some time to put across what I want to say. I am normally somebody who strives for brevity but I think on this occasion there are simply quite a lot of things that I need to say.

So first of all on behalf of Scrutiny in relation to the use of the £100 million from the Reserves, my Committee acknowledges the absolute necessity to support business at this time in the immediate term with the use of that £100 million extra from the Reserves, as such my Committee supports that request to use that £100 million on the measures outlined in this policy letter and indeed in the previous policy letter. We also now welcome the added clarity and transparency that has been added by amendment in terms of reporting of how that money is to be spent.

We do note, sir, as a Committee, however, with some caution that clearly the 13-week assumption in relation to the length of the lockdown has been at the very heart of the modelling that has been done and clearly a certain caveat does have to be made on that basis as it may well be the case that we are not in lockdown for that length of time but that remains to be seen.

So I do have a question for presumably Deputy Trott when he sums up at the end of this debate in terms of this. I would just ask him for clarity on behalf of my Committee in terms of whether the 80% of minimum wage payments which have been covered by Government under the scheme for furloughed workers is whether that is actually currently being paid out of the £30 million already taken from the Reserves or whether that will from now on be paid out of the £100 million that we are authorising today, or whether that is from some other source. I would just like some absolute clarity on that.

Sir, secondly in terms of the borrowing my Committee has always had reservations about asking for the £500 million in one lump so we were very pleased to see the amendments coming forward to try to separate out the two limbs of the borrowing.

My Committee absolutely supports the necessity of the short term borrowing to support the immediate public finance pressures and as such the short term borrowing of £250 million is entirely justified.

We had more of an issue not with the principle necessarily but with the practice of the additional £250 million being authorised before there was more detail about how the funds would be used, but obviously by amendment we do now have greater confidence in the procedure that has been laid ahead of us.

Certainly if as suggested the recovery plan could be ready in a matter of weeks that will be the time for P&R to come back to the Assembly for approval of that second tranche. As such my Committee cannot support the approval of the second tranche at this juncture without that detailed recovery plan being produced before that authorisation goes ahead.

Sir, in terms of the governance arrangements here, my Committee had always understood why P&R would not want to come back to the States with the actual details of the lending for reasons of commercial confidentiality but we certainly do emphasise the point that P&R must provide detailed information before the States could give any further certification to the borrowing.

My Committee most importantly does require assurances on how P&R is proposing that the borrowing will be paid back and that Guernsey is not facing the prospect of a rolling national debt situation.

Sir, my Committee is in agreement that some borrowing should be used to stimulate the local economy and that this spending should focus on supporting the local community, but the Committee seeks additional clarity on how much is intended to be actually invested in economic growth opportunities locally, what the proposed targets for that investment will be and how quickly do P&R estimate that such funds will be invested.

Sir, my Committee disagrees with the view expressed by P&R that an emergency budget is not needed. We believe that P&R could have produced an updated budget quite quickly which then would have allowed the production of a fully informed recovery plan. My Committee do not believe that it is possible to create the recovery plan without States' Members having a detailed

understanding of the true and full spending and revenue implications of the current crisis for both 2020 and for 2021.

For the sake of clarity, sir, the Committee is not asking, my Committee is not asking for the full redrafting of the Budget in its entirety but rather a succinct summary form of budget on the material impact of Covid-19 on our public finances together with the proposed borrowing implications and what those impacts will be on the States' revenue and net assets.

So, sir, we would ask therefore for something of a detailed explanation from the Vice-President of P&R when he sums up as to why an emergency budget is not needed, an explanation that perhaps goes beyond the explanation that has been provided so far.

We believe that the advantage of a summary or quick and dirty budget would have helped all Deputies with a clearer picture of where we are now with the public finances and we do essentially need to know what our starting lines are given the impact of the Covid crisis.

Sir, if these Propositions are adopted, clearly they will blow our fiscal framework and its rules completely out of the window. Whilst it was perhaps in no-one's reasonable contemplation that we would need to borrow so massively at the time when we agreed the updated fiscal rules only a few months ago it does perhaps illustrate the real limitations in having a fiscal framework and adhering to such a fiscal rule when it is so comprehensively outmanoeuvred in terms of crisis. Still my Committee views it as necessary to continue to try to adhere to the framework in the longer run as serious discipline in the management of public finances is going to be needed just as much in the future as in the past.

Sir, I do think that one of the biggest scrutiny points here is the fact that if we are going to drive an economic stimulus programme via capital investment we really are going to need to find a much more focused, nimble and effective way of driving through our capital programme.

My Committee through the Scrutiny Panel that is led by Mrs Jill Morris and Deputy Dorey, Deputy Merrett and Advocate Harwood and James Partridge also sit on that. That Scrutiny Panel has been working on a review of the functioning of the capital allocation system which is due for release fairly soon, and it does actually highlight some of the real weaknesses of the current capital allocation system.

As others have already said in this debate our capital investment processes are too bureaucratic and slow. The view of my Committee is that we do not have a hope in hell of driving a capital investment led economic recovery if we do not turn that around and turn it around quickly. So I hope that when that review is eventually released it will help inform that side of things.

Sir, there is going to be a big role for Scrutiny in asking questions around how the borrowed monies are to be applied, particularly around the economic recovery plan and also in relation to the deficit financing element as well.

There will also be a role in seeking answers and monitoring how we are going to replenish our reserves and pay back the capital sum and the interest payments on top for the borrowing.

I certainly welcome the helpful further debate this Assembly will now have if these Propositions are approved before the further tranche of borrowing is authorised and in terms of repaying or converting the first tranche. That debate will be a key opportunity for this States to examine the further borrowing to understand how it will be applied and how it might be paid back.

Members need to be properly informed on the facts before the so-called recovery plan can be endorsed.

That reminds me, sir, of the lessons that can be drawn from the saga of the 2014 Bond issue. Deputy Dorey mentioned this yesterday and Deputy de Lisle referred to is with the first speech in general debate. The principle learning point for me from the scrutiny review of the Bond was at a very basic level that the then States in 2014 should have made sure that the Island's Government actually needed the full amount of the proposed money and that it was actually going to be lent on wisely before making the decision to borrow it in the first place.

In the Scrutiny Panel's conclusions following the public hearing held in October 2017 which were published in the SMC's annual report for 2016-2017, it said this of the 2014 Bond issue and I quote:

'Prior to the Budget debate there was limited formal due diligence performed by the Treasury & Resources Department in respect of loans outstanding ... nor any firm commitment from the entities intended to receive the funds. It is possible that some of the States Trading Bodies could have achieved borrowing terms more favourable commercially than those proffered ... from the proceeds of the Bond.

The other observation we made in that document was Deputy St Pier stated during the public hearing, and I quote:

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

1005 So that is simply the point, sir, is let's ensure that Deputies fully tease out the purpose of the further tranche of borrowing, as well as probably teasing out how we will repay it and or converting the first tranche into more long term borrowing. Let's do that in the subsequent debate that we have got and ensure that the due diligence has actually been done effectively before we borrow to invest on this occasion.

1010 I think that is the first key learning point from the Bond review. But the other key learning point from the 2014 Bond issue for me is really the need for States' Members to be fully informed and clear on the totality of the costs of the borrowing and the associated measures that may come with it.

1015 There were three principal costs associated with the Bond in 2014. There was the £1.5 million in professional fees, there was the £3.8 million in the so-called coupon rounding and there was £9.3 million in the gilt lock. I think it is fair to say that States' Members in 2014 did not fully have a complete picture of the totality of those costs when the key decision was made. I simply say let's not do that again.

1020 I am also grateful, sir, for the undertaking that Deputy St Pier gave earlier on in this debate about the co-operation that his Committee is willing to afford to my Committee in terms of how these things are overseen going forward. I do appreciate that and I hope that we can liaise soon in that regard.

Sir, I think that is all I have got to say on behalf of my Committee, so I will now turn to my own personal thoughts on this.

1025 As others have said these are somewhat dark times for our community, very dark times indeed, and part of the responsibility of being in Government at this time is to provide a route through that difficulty and to something better.

1030 I think the current economic problems are of course self-imposed for the best possible health, public health reasons of course, but because they are largely self-imposed I think there is both a practical and a moral case for the States to be doing quite a lot indeed to fix the economic situation that we are now in.

1035 I think we do have to accept the rationale for substantial borrowing in these troubled times and that is borrowing both for the immediate cash flow and deficit financing reasons as well as for the longer term economic and fiscal stimulus. But that is a peculiarly un-Guernsey thing to say, and it does just demonstrate and illustrate I think how things have changed quite so radically and so quickly.

But I do actually feel quite sad that we are in this situation, I do not know whether I should be admitting this publicly or not but I do actually feel very sad that we are in this situation, but I do not linger on that sadness too much, because I think we do have to now be pro-active in responding to where we are.

1040 I generally believe in financial prudence and the need for balance of public finances, but nevertheless I strongly agree with the economic case for borrowing in these circumstances in order to stimulate our domestic economy we do need to get that multiplier effect going into operation on the Island.

1045 I think Deputy Gollop said before he referred to the opportunities. I think we have a real opportunity here to invest in our economy in our infrastructure, in our services, in a way that can really provide a better future in the longer term. A solid, sustainable and better future.

We are in a crisis but we have to see the opportunity in all this. As my Committee's letter to P&R which was issued late last week said we do have a chance to reimagine our economy and an opportunity to genuinely transform our economy, our infrastructure as well.

1050 Yes, the borrowing is going to have to be paid back but let's try to see the positive about this and to try to see the positive for what this could actually achieve if we can bring forward the right projects in a reasonably rapid timeframe and make those things happen.

I do think that just getting back to business as usual is not enough. I think I understand why people might want that, but I think that is not enough. I think this is the fork in the road where we need to be fairly bold. The level of borrowing is eye-watering but it will demand political imagination and it will require the gumption to get things done quickly and effectively. I just hope that we can actually do this if we decide in the end that we are going to borrow not just the first tranche but also the second tranche as well.

1055 So we are going to need that imagination we are going to need that political gumption to make this all work for the sake of our whole community.

I do believe, sir, that we will need to look at precisely how the States operates in order to do that. I am not sure where we are with the possibility of reshaping our machinery of government to make a more dynamic approach at the moment, so I would be grateful if somebody could provide a little bit more clarity on where we are with that, because I am not sure we are necessarily in the right structural place for that nimble approach that others have spoken about and I spoke about previously.

1060 Sir, there has been quite a lot of discussion in this debate about austerity and taxation I do not believe that new or higher taxes should be on the agenda at this time or until we are safely into recovery from our current economic woes. I think higher or new taxation at this point will remove much needed cash from our economy at the key time. In the longer run of course it may well be a different matter.

I also think we also need to be very careful about this talk of austerity and Deputy Fallaize and others have mentioned this already. We cannot possibly pursue austerity at a time of economic recession. That is economic illiteracy and we need to avoid that at all costs, I think, it would simply repeat the errors that were made by many jurisdictions during the 1930's and I think that would be very unwise.

1075 Slashing public services and spending at this time would be counterproductive. In the longer run of course we may well need to have that difficult conversation about the size of the State and this is actually covered off quite well in the policy letter paragraph 5.2 where it says, and I quote:

There will need to be a fundamental examination of all States' expenditure and re-shaping of the delivery of public services to ensure that services are prioritised and those delivered are as economic and resilient as possible with resources focussed on priority areas with other services ... reduced or ceased.

1080 I endorse that, but let's have that discussion at the right time. If we start metaphorically taking an axe to part of the public sector now I do not think that would be conducive to or consistent with the economic expansion stimulus that we need to see and need to see very soon.

Sir, sorry I have already made that point so I will skip on to the next thing. I accept that the present circumstances demand exceptional responses, but I think it is a fair question to be asking P&R at this stage in terms of what contingencies are being put in place to put future States, to put future Government in the Island in a position to actually repay the capital let alone the interest rates on top.

1085 I hope that P&R are having those real conversations now well ahead of the next debate on this. I have never heard Members of P&R explain just where their successors are expected to find the reserves to pay back the capital sum and indeed governments around the world never do really explain this in any detail when they take out significant borrowing and that is because governments around the world – not so much in Guernsey but governments around the world – usually think in the very short term and I would say P&R are not usually short-termists in that regard. So I think that is a fair challenge that P&R do need to be clear on if not today then very soon.

1095 I think others have possibly touched upon some of the basic questions here which are I do want
to repeat these points, I am coming to the end of this speech, but I do want to just ask the simple
question why is it that the figure of £500 million was chosen, why that number, why not more, why
not slightly less? Why not £600 million, why not £350 million? I do just want to emphasise again
1100 that there is a real need for clarity on the total costs of arranging these loans when we come to it,
there does need to be real transparency and full disclosure.

But, sir, I did agree with Deputy Trott when he opened in terms of the case for borrowing on a
significant scale because the alternatives really are not worth thinking about, and I think that is
essentially why I have come to the decision that I am going to have to support these amended
Propositions.

1105 There is just one final point which is as I understand it one part of conventional Keynesian
economics is obviously increasing public spending, including borrowing, during a recession but
another is actually cutting taxes as a fiscal stimulus. Now I do not think I have heard anyone in this
debate so far talk about the potential fiscal stimulus of cutting taxes, and there might well be very
good reasons why you would not want to do that in our jurisdiction at this time, but I do want to
1110 ask the question is there any consideration of the latter as well as the former. In other words is there
any consideration of fiscal stimulus measures via tax cuts as well as extra public spending, because
I think there needs to be an analysis of that one way or the other.

So in conclusion I have gone on long enough, I am generally in favour of a prudent approach to
the public finances, but I can see that there is a very strong case for borrowing to invest as to well
1115 as to meet the more short term immediate public finance difficulties at this time. We should not
look to introduce new or higher taxes that would be an error, we should not look at austerity now
either, that would be a massive misjudgement, and it would be the height of economic illiteracy.

These are exceptional times they do require exceptional solutions. We do need to crack on with
this but we do need to do it in a way where all States' Members and by extension the community
1120 are properly informed of why we are doing this and exactly how it is going to work.

If we get this right, sir, this may be a naïve hope but I do feel it nonetheless, if we get this right,
I do hope that Guernsey's best days may be ahead of us and not behind us.

The Bailiff: Thank you.

1125 We will hear next from Deputy Hansmann Rouxel to be followed by Deputy Lester Queripel then
Deputy Dorey.

Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, sir.

1130 I am making this speech in general debate and I have largely stayed out of the minutiae of
debate that we have had over the last two days purely because really I just felt we were getting into
minutiae of debate rather than creating frameworks for decision making.

I just wanted to thank Deputy McSwiggan for her exemplary work bringing the two sides of the
Assembly together in a way ... unfortunately the debate she wanted to avoid ended up happening
1135 anyway and I hope that we can draw a line under that and in today's general debate we will not get
people repeating what they said in opening speeches and those that chose to talk generally will not
get a second bite of the cherry and that we can get through this and actually just start working
together and move forward.

When we do agree and I hope we do agree the Propositions after three days of debate we are
1140 beginning the path to recovery from this crisis.

This policy letter focuses on the economic crisis, but this economic crisis is different to other
economic crises and we can learn lessons from the 2008 economic crash, and in how we deal with
the recovery. We must not be tempted to make the same mistakes that were made from the
recovery at that time.

1145 The economist Mariana Mazzucato writes:

Policy makers flooded the world with liquidity without directing it towards good investment opportunities. As a result, the money ended up back in a financial sector that was (and remains) unfit for purpose.

Now that may sound harsh but we have form in this area and that is exactly the mistake that we have made with the Bond. It sits creating a nice balance sheet but the money does nothing to help the public. What benefit is there if the money is not invested creating something that fulfils need, whether that is an economic need, social or environmental need, and of course all of those things are interknitted. It is the classic, people have mentioned it before and Deputy Green in his speech: the Keynesian multiplier effect.

Every capital project that sits jammed up in the machinery of government is a waste of potential. There is a need for us to provide immediate solutions but we have to design them in a way that serves the public interest in the modern medium term.

Guernsey will be expecting to see the benefits of this public investment. It is our job to make sure that they see the benefits, we should not just aim to sit still, we should be bold.

Arguably we are not just dealing with two crises but three, the health crisis and the economic crisis that has come out of the health crisis, but there is a third crisis, that has been there before Covid and it is still there and will continue to be there, and that is the climate crisis.

We have an opportunity with the recovery package to focus on long term economic, social and environmental rejuvenation. To use the shock not just to put things back together the way they were before but to springboard to a greener sustainable economy.

It is not just me that thinks so, and I know Members in the States have mentioned it. The US is debating whether to include clean energy in future stimulus measures, the EU is already set on delivering green stimulus, every euro spent on economic recovery measures after Covid-19 crisis will be linked to the green and digital transitions.

The policy letter quotes the IMF which talks of how to manage fiscal stimulus in 1.2 the OECD provides a balanced approach Angel Gurría, the OECD Secretary General, said this about the world battling the crisis.

We were not prepared for the Covid-19 crisis, and we are even less prepared for the looming consequences of on-going and worsening challenges such as climate change, biodiversity collapse, life-shortening air pollution, and ocean acidification.

As we move towards the next phase of the Covid-19 crisis in many countries, governments have a unique chance for a green and inclusive recovery that they must seize – a recovery that not only provides income and jobs, but also has broader well-being goals at its core, integrates strong climate and biodiversity action, and builds resilience. Stimulus packages need to be aligned with ambitious policies to tackle climate change and environmental damage. Only such an approach can deliver win-win-win policies for people, planet and prosperity.

So yes, I want a recovery strategy to be ambitious, and a climate change action plan should not just be a document that is referenced in the recovery plan but it should be an integral part of it. The recovery strategy will also need to focus on infrastructure. We know that infrastructure investment can provide economic, social and environmental stimulus and in the short term building projects on big projects or upgrading transport, energy or communication networks can boost demand through increased construction activity and employment.

In the long term infrastructure investment can boost economic growth by increasing the potential supply capacity of an economy and generate social and environmental benefits.

Deputy Trott spoke of it in his speech, big infrastructure projects can cost, we can find the funds, getting the money is actually the easy part. I know it might not feel that way for P&R after the process we have been through the last two days but those funds are useless unless we actually follow through with these projects.

In trying to find a way through the jammed up process that we have, I look to OECD guidance and they mention that infrastructure investment is complex and getting from conception to construction and operation is a long road fraught with obstacles and pitfalls, starting to sound very familiar, political dynamics may undermine sound decision making with regards to infrastructure when processes for identifying priority projects and choosing delivery modes are not sufficiently formalised.

1190 This all sounds too familiar in Guernsey which has suffered from chronic underinvestment in infrastructure. We know that we are not particularly good in this area. In the short term we can revisit these capital projects; we can revisit minor capital projects and smaller infrastructure ideas; we can accelerate programmes that we already have in train or maybe reinstall programmes that before would not have made economic sense, but in a post-Covid shocked world make perfect sense.

1195 Housing is an example. The housing strategy is going at a snail's pace and partly because in a market that is not massively disrupted any Government intervention can have negative consequences.

1200 When we discussed the Housing Strategy there was a lot of support for a first-time buyers' scheme. One of the work streams that came out of the KPMG report was to investigate that, but in the KPMG report they also looked at help to buy schemes and at the time when they looked at it, it was concluded that we would not go ahead with help to buy schemes because they risked inflating the market. The intervention would push up house prices thereby not including affordability ratio.

1205 When you have had a shock like we are experiencing, an intervention like that done properly could potentially stave off a dip in the market, provide stimulus in the form of construction actually going ahead on some of those planning permissions and converting them into actual housing instead of land banking, which does tend to stymie market, and potentially stop those green fields being picked on.

1210 Again we can look at how that works with key worker housing. We know the value that key workers have provided and now we have an idea of who those key workers are, with the key workers that are keeping our Island safe. Do we reward those key workers with a first-time buyer or help-to-buy scheme that is designed to help them?

1215 All of these things in each of the committees should be looking at their own policy frameworks and shifting them to a post-Covid world. The Committee for Economic Development could look again through its telecom strategy and I believe from the update from Deputy Parkinson that is exactly what they are going to do, perhaps revisiting the policy of fibre Island wide and whether that approach should be changed.

It is easy to skip ahead to the infrastructure but it is the policy that underpins that investment that has to be the right policy. This work is work that all committees should be doing now across their mandates to feed into the recovery strategy work.

1220 We can accelerate some of the projects but until we sort the jamming up of capital investment in infrastructure projects, we will be in danger of not delivering for the people of this Island. We have to delve deeper into why.

In the guidance I referenced earlier from the OECD guidance, the title is actually Getting Infrastructure Right: The 10 Key Governance Challenges and Policy Options – nice bedtime reading I suppose for some.

1225 Now governance is an interesting word, it gets bandied about a lot in this Assembly and good governance is more than just focusing on process, and governance in the public sector is different to the private sector as policy has a greater role to play given the complexity of the decision making.

1230 We are apparently gummed up in governance and have over-focused on process and I think this is because we failed to have policies framing our infrastructure delivery. We do have to have policies, but where we do have policies they are weak, or Members disagree with the policy but fail to identify that that is the issue and instead focus on the process as a mechanism to register their disapproval.

1235 The Hospital Modernisation project is an example where there is not the case. A few have referenced it as a potential project that can be sped up and I agree with that. But why are we able to move swiftly on this project? Firstly, there is a strong policy framework around that project and secondly there were few objections to that policy in this Assembly.

It is this lack of understanding or visibility of these policy frameworks that support these infrastructure investments that leads to our exceptionally poor performance in actually getting project to fruition. We cannot afford to continue like this.

Ideology is another thing that is often thrown around in this Assembly as an insult choosing the opposite side of the argument of basing their decisions in ideology. It should not be an insult because whether we believe it or not we all base our decisions on personal ideologies to differing degrees but nonetheless we do.

It is when we lack a strong policy framework that our decisions get mired down in 38 different personal ideologies, and without a strong policy framework that we have a collective understanding of we will not be able to make evidence based decisions, we have to work differently.

We have asked the communities to step up and find different ways of doing things we have seen Guernsey Together and how people have stepped in and asked what can we do, how can we help, what do you need and they have come together to help us through this crisis. It is our turn to step up to the plate and do things differently. Take a leaf out of our community's book and start really working together and must start asking each other, what can we do to help? How can we support your committee to achieve our collective goals? Instead of the talking shop we must start meaning through our actions and not our platitudes.

Through my speech I mentioned climate change, energy, transport networks, environment, infrastructure, housing, and it is no surprise because I sit on the Committee *for the Environment & Infrastructure*, now all of those things are under our mandate. These things under our mandate are going to form part, a big part, of facilitating and supporting the recovery strategy. That is not because we want ownership or to take over but it is simply that these things support how you the Members of this Assembly deliver your mandates and ultimately how we deliver for the people of Guernsey.

I know that it is not what some of you want to hear. I know that there are many in this Assembly who have no confidence in Environment & Infrastructure, who have said so in this Assembly and have time and time again shown their disagreement with our policies we have and our mandate. So this is going to be a problem, if we are going to make the recovery work and un-gum up the process around infrastructure and investment we are going to have to resolve this. What we need is to move forward, those Members that feel this way now is the time, if you feel that you can do our mandate better then you need to step up and say so. If not we need to put a line under the personality politics and genuinely work together, move beyond just compromise and genuine collaboration.

So please, Members, can we get through this and get to a recovery strategy that we can all get behind and get this Island moving.

The Bailiff: Just before I call Deputy Lester Queripel, I see Deputy Fallaize has asked what I was going to propose by way of sitting times and whether we sit late at lunchtimes.

Deputy de Sausmarez has pointed out there is a briefing today at one o'clock so I was not planning to suggest that we sit late. I will adjourn as close as possible to 12.30 p.m. and we will resume at 2.30 p.m., and if Members have to rearrange other meetings then hopefully that gives them notice and sufficient time to do so.

It seems very unlikely that we are going to finish this debate this morning, so we will be continuing this afternoon after 2.30 p.m.

Deputy Lester Queripel, and then Deputy Dorey.

Deputy Lester Queripel: Sir, thank you.

Sir, if the States agree to borrowing money today it will not be the first time we have gone down the route of doing things the wrong way round. The most recent example of that of course was when we debated the current situation regarding 5G. We allow licenses to be issued for 5G testing to take place we allow those tests to take place and we give permission for the 5G antennae to be put in place before we have even decided on a policy.

Here we have in front of us another example of our doing things the wrong way around. We are being asked to agree to borrowing a huge amount of money and go into debt before we even know how and where that money is going to be spent and how we are going to pay it back. Makes no

1290 sense at all to me, sir, especially when we already have money available to us in the rainy day fund as well as several other funds.

If we are not going to use the money from the rainy day fund when it is raining then when are we going to use it? Why keep on saying the rainy day fund is there if we need it when there is no intention of using it? I would like an answer to those two questions, sir, please when Deputy Trott sums up.

1295 Sir, as I said in an earlier speech I am not opposed to borrowing because I realise borrowing has its advantages but by the same token of course it has its disadvantages as well. My view is you should only borrow if you have exhausted all of the other options available to you. We do have other options available to us.

1300 We can draw down money from these funds in stages as and when we need them without incurring any debt. We build those funds back up in the same way steadily and little by little, not by putting massive increases on income tax or by introducing GST, we do not need to be as heavy handed as that.

1305 Sir, one of my great heroes is Thomas Payne he lived in the 1700's and he became known as the most valuable Englishman ever. He did many great things in his lifetime such as write a book entitled *The Rights of Man*, which became known as the Magna Carta of Democracy. He also devised a budget that narrowed the divide between the rich and the poor in England, but the government did not like that so they put him in prison and charged him with treason and sentenced him to death. This is all relevant to the point I am making here, sir. With the help of some of his friends he escaped from prison and went to live in America and he eventually became Secretary of State. He became a national hero, so England's loss was definitely America's gain. The reason he had to go to live in America was because he came up with answers to all sorts of problems the English government did not want to pursue because it did not suit the way they wanted to do things.

1310 So, sir, the reason I will be voting against many of these Propositions is because that is not the way I think we should be doing things. In voting against them I can only hope I do not get sent prison like Thomas Payne was. But, sir, I am only too aware that there will be those out in the community who will completely disagree with my approach to the point of criticising and ridiculing me, especially a couple of *Guernsey Press* columnists who I could name but will not, and to them I say this: if you think you can do a better job then stand at the next General Election, get yourself elected and we will see how you get on.

1320 Sir, I am hoping these Propositions that I am voting against lose because then surely we will have to use some of the money we have available to us.

1325 Sir, to employ the services of a title of a song that was a world-wide hit for Topol in 1967 'If I Were a Rich Man', let's say I won £3 million in the National Lottery, I would buy a house here in Guernsey. Let's say that house was on the market and cost me £1½ million, then I would spend £1½ million and still have £1½ million left in the bank and I would be perfectly happy with that thank you very much, I would not need to take or would not want to take out a mortgage or borrow any money, I would use some of the money that I had, which ... [*Inaudible*] because that makes perfect sense to me.

1330 I appreciate it makes perfect sense to many of my colleagues but I suspect the vast majority of them will vote in favour of borrowing, and these Propositions will sail through, and I know they will have voted in favour of borrowing with the best of intentions. So I respect their view and I respect their decision. In saying that I ask them to respect mine of course in return.

1335 Sir, I do not want anything to do with borrowing. My voting the way I intend voting will make no difference to anything except my conscience will be clear and I will be freed of that particular burden. I say that because I cannot justify to myself or anybody else for that matter voting in favour of borrowing such a huge amount of money when I do not know where it is going to be spent and I do not know how it is going to be paid back. I do not know if any of it is going to be pumped into our supporting the arts or sport of creative industries, as I think it should be in an attempt to rekindle the feel good factor.

1340

I do not see how any new businesses are going to start up and create new jobs, and there are a lot of questions still to be asked that I have not even asked yet.

1345 Questions such as is any of this money going to be spent on enhancing our environment and our biodiversity? Is any of it going to be spent on digital technology? Will any of it be given as grants to growers to enable them to expand their businesses and grow more of our own food so that we are not so reliant on other jurisdictions for our survival? Will any of this money be used to set up solar power plants on some of our disused vinery sites for example? But there is no point in asking any of those questions because I always get the same answer that answer being we do not know at this stage.

1350 Yet despite all those unknowns and all of that uncertainty we are still being asked to agree to borrowing an enormous sum of money and put ourselves in debt for several years to come.

1355 Deputy Trott told us in a speech yesterday that in an attempt to kick-start the economy we could invest in assets and construction and transport and connectivity. We could reduce the costs for doing business, we could reduce the costs of travel. My question was well if we can do all that now in the bad times why didn't we do it in the good times to strengthen and enhance all we had to offer? I am still waiting for someone to give me an answer to that question. Perhaps Deputy Trott could give me the answer to the question when he sums up.

1360 Another question I am still waiting for an answer to is in relation to our being asked in Proposition 1 – and Deputy Green touched on this when he spoke – to agree to £100 million being spent from the Core Investment Reserve, when we actually agreed to £102 million being allocated to three separate emergency funds and to Aurigny when we met at St James'. Where is the other £2 million coming from?

1365 One could assume it is coming from General Revenue or some reserve fund somewhere, but that is exactly the point I am making here regarding accountability. We should not have to just assume anything. We should all be kept up to date with developments at all times and we need to have answers to our questions, because we are all custodians of the public purse and as such we are all accountable and we all need to scrutinise.

1370 Sir, moving towards a close, as I said in a previous speech, drastic measures need to be introduced when one is in a crisis in order to get out of that crisis and nobody knows how drastic these measures need to be in order for us to get out of the crisis we are in right now.

1375 But seeing as we are always told we need to be fully informed to enable us to make a decision I am absolutely amazed that we have not been informed on this issue as to where the money will be spent and how we are going to pay it back. I get that all the detail will come back at a later date after we have borrowed the money, but as I said at the top of my speech that is completely the wrong way around. I cannot bring myself to sign up to do things the wrong way around.

Bearing in mind that this debate is all about a direction of travel and bearing in mind what Deputy St Pier said when he spoke earlier today that P&R would be coming back to the States next month with the details of our recovery plan that strengthens my argument that we are doing things completely the wrong way round.

1380 What should have happened is that we should never have even had this debate at this time, what should have happened this debate should have taken place in a month's time when P&R lay their recovery plan and all the details in front of the States and then ask if we agree to borrow money to fund the plan once we had seen all the details. So this debate at this time has been completely unnecessary. We could have discussed and debated all of this in a month's time.

1385 Sir, in closing, when John F Kennedy made a speech in front of 80,000 Americans in the Los Angeles Colosseum on 15th July 1960, a speech which was made under the heading of 'A New Frontier', he said this:

We are not here to curse the darkness, [we are here] to light the candle that can guide us through the darkness ...

I mention that, sir, because I know we all want to light that candle to guide us through the darkness, but there are different ways to light a candle, and there are different candles to choose

1390 from, and the candle I do not want to light is the candle that lights the way into debt.
Thank you, sir.

The Bailiff: Thank you.

Next Deputy Dorey who will be followed by Deputy Gollop. Deputy Dorey.

1395

Deputy Dorey: Thank you, Mr Bailiff.

On the history of borrowing I agree with other Members comments that in recent years some seem to have developed an appetite for borrowing.

1400 In 2009 I was one of the five Deputies including Deputy Fallaize that successfully stopped borrowing to finance a series of capital projects. It was the correct decision as committees were over ambitious with their plans and there was more than enough money in the Capital Reserve and borrowing was not needed.

1405 In 2014 the proposal for the Bond was part of the Budget. I opposed the Bond but there was pressure on Members to make a decision with the following in the Budget and I quote from the Budget:

The Department is also very conscious that interest rates are at a record low, but are expected to rise soon. The window of opportunity is closing in which the States can lock into and benefit from exceptional market conditions ...

The States of Jersey issued a 40 year bond during 2014 which has a coupon of 3.75%; market conditions might currently allow the States of Guernsey to achieve a similar rate.

How wrong those words have proved to be! KPMG was commissioned as part of the scrutiny of the Bond and they included the following under due diligence in their report, and I was a Member of the Panel for that scrutiny hearing:

We have not seen any consideration given prior to the Bond issue as to whether all outstanding externally sourced loans throughout the Trading Bodies could be broken in a cost effective manner and/or whether the States have the power to impose centralized funding on them.

It also included the following under that same due diligence point:

It is possible that some of the States Trading Bodies could have achieved borrowing terms more favourable than those achieved on the Bond, however this is uncertain and no exercise was completed prior to the issue to compare the current effective blended rate with the rates the Trading Bodies could have achieved in the commercial market.

1410 The following is from Scrutiny's own conclusions following the hearing:

The Panel believes that had the lack of proper commitment from the entities supposedly refinancing from the Bond proceeds been highlighted at the time of the debate, the outcome of that debate may have been different.

Sir, it is very clear that had we had better information about the borrowing in 2014 there might have been a very different decision.

1415 The point I am making is it is very easy to rush into borrowing which might seem to be the right thing to do at the time and it is backed by financial experts in the Assembly and outside the Assembly but in hindsight both proposals in 2009 and 2014 have proved to be wrong.

This is clearly illustrated by the 40% premium at which the 2014 Bond is currently trading and it is far cheaper to take out commercial loans like Aurigny did to fund the new ATR planes rather than have a loan from the States' Bond money.

1420 Proposition 1 is to delegate authority to P&R to approve support measures for businesses of up to £100 million to be funded from the Core Investment Reserve. On 20th March we approved £30 million to assist companies or individuals and we agreed to guarantee a temporary overdraft for Aurigny for an increased facility by £27 million.

Deputy Le Clerc informed us yesterday that Social Security has an investment of £120 million which matures in July this year.

1425 The basis of needing £250 million in the short term for the immediate financial pressures in 2020 but the Core Investment Reserve we are told in this report had in December 2019 £196 million.

1430 If I go through the table which is in the report in paragraph 4.2, it shows us that based on the 13-week lockdown, which I think most believe is too long a period, the higher rate will need £190 million but if we look at that, £27 million is what was covered by the Resolution of the States on 18th March for Aurigny. So you can remove that from £190 million and £20 million is for Social Security Cash flow impact provision, but as we have been told by Deputy Le Clerc they have got an investment which is maturing in July, so that takes the £90 down to £143 million. But in Proposition 1 we are told we have £100 million in the Core Investment Reserve and from 18th March debate we had £30 million in the General Revenue Reserve, so that leaves only £13 million that is needed to meet the higher rate based on the 13-week lockdown.

1435 But we are told in the Core Investment Reserve there is £196 million not just £100 million. So there are more than adequate funds in the Core Investment Reserve to meet the needs for 2019.

1440 The Reserve used to be called the rainy day fund. If I recall correctly Deputy St Pier said in a previous debate that he had been asked to define a rainy day. I think he said something like you would know it when you see it, and his words were correct, because it is actually raining now isn't it, financially at least?

1445 So why borrow when you have a specific fund set up for that rainy day. Not all investments in the fund are down. Deputy Trott mentioned the average decrease was 8.5% but we have been told there is £100 million in liquid assets, the amount referred to in Proposition 1. The amount that the States will need is dependent on the exit strategy excluding the tragic care home situation Guernsey has been very successful in managing Covid-19 by making key decisions ensuring that all people arriving in the Island are quarantined, contact tracing and on-Island testing.

1450 Based on yesterday's statistics if we exclude care home staff and residents there are less than 20 cases of the virus in the Island. Many governments have said that the exit strategy depends on following the science. But jurisdictions have made many different decisions all supposedly following the science. Jersey has made decisions for example to allow take-aways from the start and outside contractors to a limited extent. Some Danish schools have returned a couple of weeks ago, DIY stores are open in the UK.

1455 So it is not just about the science it is about a mixture of science, economics and politics. We need to make a balanced decision in the exit strategy. Once we know the exit strategy we will have a better idea of the cost. For example, does the 14-day quarantine continue until the end of the year? If so, then hotels could release their seasonal workers and we could save the cost of furloughing them.

1460 When the exit strategy is known we will have a clearer picture, I hope it will be a more balanced strategy and allow more people to return to work very soon as we have so few cases of the virus.

I have spoken to four contractors which range in size in the building industry, they all have jobs they cannot start even with the current restrictions which are in force during this week have been relaxed.

1465 I do not believe it is the right time to make the right decision to borrow £250 million, as we do not need to make that decision at this point in time as we do have adequate funds to meet our short term needs.

1470 I am sceptical that it is inadvisable to sell some of our assets in the portfolio at this time as stated in paragraph 1.7. There are assets such as bonds which are currently higher as illustrated with a 40% premium on the 2014 Guernsey Bond which are now higher than the start of the year, this is evidenced by the performance of the UK Gilt Bond Index which is 10% up in the year to date.

It is not advisable to fund an investment portfolio with borrowing. The investment portfolio could fall a lot further and we could subsequently wish we had liquidated some of it now.

1475 Deputy Trott has painted a very bleak picture of the world, investments could fall, but currently within our Island listening to radio this morning one of the recruitment agencies said that there has not been much unemployment, not anything like what Deputy Trott was predicting. In fact they said there were finance industry businesses which were trying to recruit people.

Before we took out the last Bond the States and its advisors tried to predict the market and it got it hopelessly wrong. Please learn from mistakes in the past. The States have significant reserves. I would prefer to liquidate some of it now rather than enter into some short term loan commitments.

1480 This loan is not to support our economy it is so we do not have to sell investments.

The recovery strategy, the States do not need to make any decision about it, if the States will want to borrow a further £250 million for the recovery strategy at this point in time. P&R said it is critical to know whether the States are willing to borrow at this point in time, but that is the cart before the horse, we do not need to make a rush decision today. The correct way as Deputy Queripel has just said is for P&R to present their recovery strategy which is evidence based and we have a far greater understanding of our economy once the majority are back at work.

1485 The recovery strategy should then set out the estimated costs and alternative ways of funding. The States should make a decision when all the options are clearly set out, not make a decision to borrow at this point when we do not have that information.

1490 One of the points which has been made is the construction industry needs to be kick-started as part of the recovery. We do not need to borrow to do this. We have £250 million sitting in the Capital Reserve one of the things we can do is to remove the red tape or jamming up as Deputy Hansmann Rouxel said and bureaucracy and support committees to progress their capital projects instead of what the Assembly seem to do, agree a project, spend time and money working it up only for the States to then reject them. We have the money we do not borrow no projects are going to start this year, we have time to liquidate those investment to fund capital projects when they start.

1495 In conclusion, sir, it is easy to make rash decisions when you are under pressure without the necessary information based on predictions which turn out to be inaccurate as has happened in the past. We have a rainy day fund, it is raining so we should be using it.

1500 None of the other decisions about borrowing need to be made today, we should have an exit strategy, a recovery strategy when we will better understand how our economy performs post the end of lockdown, and when the end of lockdown will happen. We must learn from past lessons we need far better information before deciding to borrow. Borrowing is expensive, facilities, fees to pay, interest to pay, and the capital to repay. We do not want to be like other economies crippled by debt having to borrow again to repay the previous loan.

Please vote just for Proposition 1 and reject Proposition 2.

Thank you, sir.

1510 **The Bailiff:** Next I will call Deputy Gollop, who will be followed by Deputy Inder.
Deputy Gollop.

Deputy Gollop: Thank you very much, sir.

1515 I think we have heard some really good speeches actually since general debate has begun, and I wobble back and forth listening to them.

I agree that the sums of money are eye-watering but then my eyes are watering already. I hope I am not going to be ill again with that conjunctivitis or whatever, because I think weirdly enough the more we are turned on ourselves during this lockdown period the harder life for some of us is, and it is not easy being a States' Member online perhaps because we lack the resources that we normally would have. I will perhaps touch on that in a little while.

1520 I found myself closest to Deputy Green who pointed out many of the important issues. He is right about the need for us to have political gumption and whereas he spoke in a measured understated tone perhaps I will argue more with a degree of colourful rhetoric.

1525 But I do think we need to grasp the opportunity of a recovery plan and to remake our future as Deputy Hansmann Rouxel and other Members have said to grab the opportunities and actually fine tune, as Deputy Green also said, our machinery of government. That does not mean to say a kneejerk response which I fear could be the case at the moment.

I agree with Deputy Hansmann Rouxel and other speakers that the environment is extremely important and I for one have always had confidence in a number of Environment & Infrastructure policies and statements ranging from the growth in public transport to I think their commitment to biodiversity.

I too feel that this is an opportunity to invest more as Deputy Lester Queripel said in our social, cultural, sporting and other sides, and perhaps as Deputy St Pier said at the Institute of Directors Conference rebrand ourselves as a green Island, as an Island notable for many reasons and not just for being an excellent and well-regulated financial sector.

One or two Members have actually perhaps unwittingly had a little bit of a go perhaps at the corporate or high net worth sector of our society. I recall a rather heated committee meeting I was at a few months ago when I was perhaps somewhat perturbed that some voices in the financial sector and business sector were not overly enthusiastic by every aspect of the Employment & Social Security Equality Diversity new Disability and Equality Laws, and I was remonstrating that this was very regrettable.

Deputy Trott will recall that he reminded me that without our financial and corporate sector and the wealth employment and services they provide we would be in a very unfortunate position and would really struggle to maintain the quality of life and our pleasant and attractive environment and high quality and important services that we have.

So I think it is important however much we may wish to be nostalgic or to see a new green more sustainable future to acknowledge that business especially big business is very much part of our present and even more part of our recovery.

I actually endorse the vision of Policy & Resources and the senior politicians and perhaps the commentators in the media and corporate sector that we have to grasp the opportunity. I think the Propositions as amended are balanced between more reporting back to us, a degree of caution and pragmatism but a green light to go ahead.

I would not perhaps comment on the fiscal economic review panel. I am not as knowledgeable as I should be about their work so far and what they will contribute, because I am of course more used to the era when we had Professor Wood and Dr McLaughlin, and I would like to know more perhaps in the summing up on the role that they have and the impact that their six monthly reports will have, and also the quarterly reports from Policy & Resources on the measure of support currently being given to business sector.

I think the statement that Deputy Le Tocq and others published last night has already been quite well received because of the initial tranche of just funding £3,000 that really was not sufficient for say hotels or the hospitality sector and I think we have to acknowledge now that some elements of our business sector are disproportionately more effected than others.

Deputy Dorey kind of alluded to an elephant in the room that whilst we have had many entertaining and illustrative debates in the past couple of weeks from seawalls to G5 technology etc. we have not actually been questioning in detail or debating Covid-19 issues and the related economic impact.

Deputy Dorey is quite right to say that even across the water Jersey have had nuances of difference and we need to consider whether there is safe scope for DIY or deliveries or take-aways to be included or not, and that has to be based on safety and health grounds and the best possible medical advice that we know that we have, but also perhaps in combination as part of our exit strategy and recovery plan.

So I am very bullish and positive about the way forward and I think we have got to give Policy & Resources the leadership as long as we strengthen our accountability.

I notice the House of Commons have been perhaps well behind us in terms of their ability to vote and to have resolutions and material debates on parliamentary issues, but they have had more Select Committee scrutiny and questioning of key people, and they have allowed Members to use facilities as well. They still have the right to enter Parliament and we perhaps are a little bit disconnected in our present framework which perhaps has led to lengthier debates.

1580 Because whilst entirely agreeing with Deputy Hansmann Rouxel that we are in a situation of considering three crises, the health crisis to many of us and the tragedy that some families have endured, the economic crisis, but also the longer term impact of climate change. I would add to that perhaps this lockdown situation has exposed greater inequalities between people in different situations.

1585 But one crisis I hope we will avoid is a political crisis because we have had excellent political officer leadership across the board. But nevertheless there has been a feeling that the 39 of us – all of the parliamentarians and all Deputies have an equal mandate, an equal term of office and an equal right to be in the Chamber – have not felt entirely involved and engaged as much as we should.

1590 Therefore I welcome the Propositions which include a continuing role for Committees, because whilst we have this system of government we cannot match and mix it with other kinds of executive cells that easily. I think the senior figures have to be minded that it is important that all States' Members are consulted and involved and that that should be a consideration as part of our exit strategy from lockdown.

1595 But I believe that the decision to borrow should be taken in principle at this time but we certainly need as Deputy McSwiggan ably put it yesterday a more detailed menu of what we are going to have for breakfast.

Thanking you.

The Bailiff: Thank you.

1600 It is 12.27 p.m. I was going to call Deputy Inder next. How long are you likely to be, Deputy Inder?

Deputy Inder: Three or four minutes, sir, that is it.

1605 **The Bailiff:** In that case I will call you and then we will probably rise for lunch when you finish. Deputy Inder.

Deputy Inder: Thank you very much, sir.

1610 I think Deputy Gollop said the two exceptional speeches have been from in general debate anyway have been from Deputy Hansmann Rouxel about the future and Deputy Dorey about today.

I have got the same concerns that he has that the opportunity is more about the money that we may be able to access now rather than the sold opportunity of buying money on the cheap while interest rates are so low.

1615 But what I really want to talk about, sir, is I have got real concerns about the messaging out there and if we will ourselves into a disaster it will happen, and I just want to – *Guernsey Press* today, one of the regular opinion writers, and what does it say?

Guernsey's economy could collapse by 75%, leaving up to 3,000 on the dole, yet States members fret over whether £500m. is a big number or not. Why, asks Richard Digard ... ?

1620 Well, I am sorry, sir, I must say for the record that is singularly the most irresponsible headline I have ever read in my life. It is absolutely disgusting that a former editor of *The Guernsey Press* can use such shock to pieces figures and scare the whole of our damn Island into what could be effectively a meltdown, and there have been elements of it within this debate.

1625 The problem I have got, sir, is that like everything is that and I think Deputy Dorey touched on it and possible Deputy Gollop as well, as soon as you give someone some money they will spend it. I have got real concerns about ... I understand the cash flow problem absolutely understand the cash flow problem as does everyone else. But I have got real concerns that once we give ourselves £250 million in tranche one we will surely spend it.

I do not get the impression, and again I do not have the financial intelligence, and what I mean by that is that I do not have the knowledge as others do that the Island is in the deep doo-doo as

we are led to believe. I think we need to roll it back a bit. I think we need to be more confident and we certainly need a lot more information as to exactly where we are. There are now two ways about it, hospitality, leisure and travel is basically down 100%, but whether finance is I am not so sure.

Sir, what I would ask Members to think and as they speak to their contemporaries is that one thing I never do, sir, when we have had various dips and troughs and spikes in the housing industry I never ever speak to the estate agent. The first thing I do when I am told either the housing market is going up or the housing market is going down the first thing I would do is phone Ronez, if they are selling concrete we have got a great housing market, if they are not selling concrete our housing market is in trouble.

So my end message is really, sir, it is about the messaging we have got to be extremely careful because we are in a critical position now.

I agree with Deputy Dorey that I think the Island is in a fantastic position now, if we manage to suppress the virus completely we could get the Island working very quickly, so I would also encourage Deputy Soulsby, probably Members of the CCA, when they consider the Propositions coming through is do not ape what England does, we may, we may be doing a lot better a lot quicker than other jurisdictions and can we please like Deputy Hansmann Rouxel said keep a positive note there and sort of dial down some of the rhetoric we are seeing.

I will leave it at that, sir.

Thank you.

The Bailiff: Thank you very much.

We will rise now and resume at 2.30 p.m. when I will call Deputy Parkinson to be followed by Deputies Paint and Smithies.

As you can see the Propositions as amended have just been circulated and I remind you all there is a media briefing at one o'clock. We will rise and resume at 2.30 p.m.

Thank you very much.

*The Assembly adjourned at 12.32 p.m.
and resumed its sitting at 2.30 p.m.*

COVID-19 Pandemic – Funding of Financial Response – Debate continued

The Bailiff: Well good afternoon Members, it is 2.30 p.m. welcome back. Are we ready to go Greffier?

The States' Greffier: We are, sir, yes.

The Bailiff: Thank you.

I will call first Deputy Parkinson, to be followed by Deputy Paint.

Deputy Parkinson: Thank you, sir.

Guernsey has managed the health crisis remarkably well and we may soon be in a position to re-open our economy within our borders. We may be one of the first places in this part of the world to do so.

Today we have only 29 active cases and new freedoms have been relaxed as the lockdown measures are being slowly unwound. All Islanders are immensely grateful to the Committee for Health & Social Services and their staff in particular Dr Brink for the way they have managed the crisis.

The task now is to develop the recovery plan which will be needed long before the second tranche of borrowing. The task will fall to P&R in consultation with the other committees and we may need a supervisory group of Deputies to oversee delivery of the plan, we shall see.

1675 After the Resolutions, which I am sure we will pass today, the States will have the fire power to make a meaningful difference through appropriate investment.

This is essential but it is essential that these resources are targeted at initiatives which produce the maximum economic benefit and also in helping to shape our future economy. It is obvious that tomorrow will not look like yesterday.

1680 Sir, Guernsey still has a number of great strengths and the Island has come together remarkably well in this crisis, we can build on that collective strength which derives from our cohesion, our social capital. We also have significant talent in our community and we will need to tap into those resources.

1685 We can learn the lessons from the crisis which has shown us what works in our political and economic systems and in our infrastructure but has also revealed some flaws and we can address those weaknesses. Guernsey can emerge from this stronger.

There will be a financial hangover when the crisis is finally behind us, and recent history suggests that our fiscal policies will not deliver the surpluses that will be needed to repay the debt.

1690 I believe that companies that that have benefited from taxpayer bailouts during the crisis should pay into the system by paying income tax on their profits in the future. Many tough decisions lie ahead and we must be resolute and decisive.

1695 I believe that Guernsey will emerge from this crisis as a beacon of stability in the world. Guernsey remains at work in the case of many residents and certainly there have been no layoffs in our primary industry, the finance industry, albeit that it is operating with reduced productivity. We still have connectivity with the rest of the world as much as we need and financial stability. We still have the rule of law and enormous social capital.

These are strong foundations on which to build. We just need the political will and the political structures to enable us to deliver the recovery programme in collaboration with our community.

At Economic Development we look forward to working with all States' Members to forming and delivering that recovery plan.

1700 Thank you, sir.

The Bailiff: Thank you.

Next Deputy Paint to be followed by Deputy Smithies.

1705 **Deputy Paint:** Thank you, sir.

This is where I have to say I find myself more in line with Deputies de Lisle, Lester Queripel, and Deputy Dorey.

There is an old saying, act in haste and repent at leisure. If Deputy de Lisle is correct in the figures he has quoted this morning my genes and DNA are running at high alarm.

1710 We already have some Deputies placing amendments for their pet ideologies and projects.

We must also remember that the money that the Island has at hand is not our money it is taxpayers' money.

Are we being panicked into borrowing where it may not be necessary? I really have to question that if what I said earlier is correct.

1715 So I have to ask Deputies: are they acting in self-interest and putting ahead of the population wellbeing and personal interests first?

All we have to do is be honest in what we need and say, and act quickly to borrow these vast sums of money. Is it necessary?

1720 Perhaps whoever sums up can explain what is really going on and a full explanation on how spending all this money is going to get us in this perceived problems of finance over.

Thank you, sir.

The Bailiff: Thank you.

Deputy Smithies then Deputy Graham.

1725

Deputy Smithies: Thank you, sir.

It will come as no surprise to Members to be told that I am not in favour of borrowing, particularly I am not enamoured of paying interest even at as low a rate as 1.5%. On a loan of £250 million that is nearly £4 million a year and remember we also have to service the Bond.

1730

In addition there is the capital to be repaid and concentrating on the interest has I suspect caused some to forget the capital repayments. Where does all this money come from? I doubt it will come from growth. Borrowing may also lead to inflation.

However, I have been persuaded that we need short term borrowing to cover the current crisis, and because of our short term inability to liquidate some of our assets and so I will reluctantly support Propositions 1 and 2a.

1735

However, I like others would wish to see us using the capital Reserve and the Core Investment Reserve as well as the Bond to service our further needs and to repay these short term borrowings.

I have been told this is not the time to liquidate investments as significant losses would be borne. However, I am not over persuaded by this as the investments have benefited from a long bull market and even if some losses have been incurred over the past couple of months the investments are there to be used.

1740

I would expect P&R now to be actively seeking ways and means to turn some of these assets into cash instead of seeking to raise a further tranche of money in the medium term.

So I want to as it were fire a shot across the bows of P&R by voting against Proposition 2b in the hopes that rather than relying on the promise of £250 million to follow they will make a concerted effort to endeavour to use some of our existing funds.

1745

Also I am a believer in the capitalist system although it has taken a real beating in recent years. I much prefer private entrepreneurial initiatives to government inspired schemes and interventions. Ronald Reagan once said that the most terrifying words in the English language are: 'I am from the Government and I am here to help'.

1750

That brings me to another reason to resist big borrowing and that is it encourages big government. To quote Milton Friedman, 'Nothing is so permanent as a temporary government programme.' Government spending projects may be designed to be short term but once they are begun there are powerful pressures to hold on to them, consequently when we come to vote on the Propositions, I would request a separate vote on Proposition 2b.

1755

Thank you, sir.

The Bailiff: Thank you very much.

Deputy Graham, to be followed by Deputy Laurie Queripel.

1760

Deputy Graham: Thank you, Mr Bailiff.

Members of the States, in 2016 my manifesto for election had seven one sentence bullet points on it, where I basically said this is what I stand for, and one of those was precisely that I believed that we should save to spend and not borrow to spend. When I made that commitment I had in mind some pretty clear cut examples namely that if we as a States were to buy in new services or to spend money on our infrastructure such as the Hospital, schools, the Harbour, Airport and so on, that we needed to save for it rather than borrow to do it.

1765

Of course that is in effect what we have done, there have been a few occasions during the last four years where we have gone into our reserves to buy in new services and there have been occasions too where we have been lined up to use the money that we have saved in the Capital Reserve to deploy on our infrastructure.

1770

Incidentally I think it is £230 million not the £250 million which I think Deputy Mark Dorey referred to.

But I think we are now in a different league, we are not just talking about saving to spend on things that we would like to have. I do agree with Deputy Inder that we should not allow facing up to the current reality to morph into spreading panic unnecessarily. I do not think there is any need for panic, and I certainly think that some of it has been overdone in the media.

But there is no getting away from it that we are in extraordinary times and that even in the short term in order to recover the money that we have already spent or committed either in support of businesses and individuals to stop them going under, to compensate for the severe loss of States' revenues, or to cover the increased costs of States' services in this time, those sums are already considerable and we need the immediate liquidity to deal with that.

That is before we even consider recovery which as I mentioned yesterday is paradoxically, or perhaps ironically, also an opportunity to stage a recovery plan to levels and activities that are entirely new to our previous economic basis.

But for people like me there is an elephant in the room, and that elephant in the room is the question look if you are going to have a piggy bank, if you are going to have a rainy day fund and reserves and you do not deploy it under the current circumstances, what are the extraordinary circumstances that you would deploy it under? In other words why not deploy them now?

Well, so far the answer that has convinced me is that you do not deploy your reserves when it costs you more than you gain, and the formula for that is that if you dispose of your assets at possibly the lowest value, which we are advised now is, or if the return on our assets or rate of return exceeds the costs of borrowing, that is when you do not do it.

My support for the amended Propositions is predicated really on two assurances, that the cost of deploying our assets and reserves now would exceed the cost of borrowing in the short term, and secondly that short term borrowing will enable us better to time the liquidating of our assets the proceeds of which are going to be deployed partly to repay our borrowings.

Talking of repaying the borrowings I am glad that Deputy Parkinson mentioned possible changes to our corporation tax regime whereby some if not all of the companies that benefit from the support they are going to get now and in the coming weeks will be in a position to start contributing to the repayment of the loan which has enabled us to do that support by paying corporation tax on their earnings in these Islands.

Deputy Dorey was quite right to cite the previous example in his time of the current States' Bond and the assurances that were given at that time that interests rates were so low that they were unlikely ever to go below those levels and were likely to rise. That advice at the time proved to be wrong.

But interest rates today, I think the base rate in England is virtually zero and in parts of the European Union I think we actually have negative interest rates. I think the prospect of interest rates going down even lower than they are now is pretty remote, but it is a risk.

At the end of the day we have a sort of mix of trust in the experts, our instincts, and the habits of a lifetime and we try to distil out of that a decision and probably the decision of least risk but at the same risk one that does enable us boldly to take advantage of the opportunities presented by the current crisis.

A final quick word on the so-called independent fiscal review panel. I am not going to really get worked up about this, but I am uncertain as to whether to vote for Proposition 3. I have heard it said with some justification that there is no need to get exercised about this set up this early in the game, but I would say that those who have gone to the trouble of putting this device either into one of the amendments or into the original Proposition they must have had something in mind. I have heard a number of variations on a theme but I would like to be clear really about what the role of any device that is set up is, the sort of persons we see going on it, by what process are they going to be put on it, and what sort of remit they will have. I hope it will not just be fiscal because the recovery depends so much more on so much more than fiscal arrangements. I would also like to know really what sort of executive powers, if at all, that body will have.

So when we come to Proposition 3 my decision will benefit from any advice I get between now and when the voting takes place. Thank you, sir.

The Bailiff: Thank you very much.

Deputy Laurie Queripel to be followed by Deputy Dudley-Owen.

Deputy Laurie Queripel: My thanks, sir.

1830 Sir, despite Deputy Trott losing his cool with me and a few other Members during this sitting of the States, despite that, sir, I like and respect Deputy Trott, that will not change. He is good company and he is an able and experienced politician. I agree with him in one respect in particular, and he has said it many times during the sitting of the States, this is not a game.

1835 I expressly made that point when I spoke on Wednesday, sir, this is far too grave, far too serious a matter for egos to come to the fore and for it to be about sides winning the day. What we all want I am sure is for the Island to win, and for all Islanders to benefit from that.

1840 The problem with Deputy Trott and this must extend to the Policy & Resources Committee to some extent is that he and they do not think that the opinions of Members that differ to theirs are valid or intelligent, that those people's representatives those Deputies are ill-informed, unqualified, perhaps economically illiterate, unable to grasp these issues, and that the orthodox expert opinion of financial advisors should be the only way to go.

1845 I want to remind Members as others have done, and Deputy Dorey did it superbly this morning, I thought, of the shortcomings of the existing Bond. A little-Johnny-know-nothing like me was raising concerns about the Bond issue from the start, sir, and some of those concerns proved to be right as confirmed by the KPMG report. That Bond the way it was structured, the way it was arranged, was put in place on the back of the opinion of experts.

1850 Zero-10 was the same. The expert opinion was that the theory that economic growth could make up for the loss of revenue, that was considered to be a sound theory by the experts. It did not quite turn out that way. Members of the public, the taxpayers, ever since have had to struggle with the burden of making up for that lost revenue in the greater part.

Of course, sir, since the credit crunch which happened just after Zero-10, many Islanders have had little in the way of rises or no rises at all, so it has created hardship. So expert opinion, sir, can be wrong.

1855 It is largely orthodox expert economic opinion or theory that has shaped the larger world that we live in today. Boom and bust, bubbles, inflation, deflation, central banks, central banks charging interest on money supplies, ever growing and unsustainable debt for some countries, wealth being concentrated, greater and greater disparity between rich and poor, and I am not just talking about on an individual level, I am talking about on an international level as well. Some of the poorest countries in the world are resource rich but very poor, they have been exploited. Capitalists believing
1860 in the free market until it works against them.

So the current economic model or theory has brought some good things but it has brought some very undesirable things as well, the sort of things that I have just listed. So that is the state of the world based on the current orthodox economic model.

1865 So I won't to take the lesson that only orthodox experts know best, that is why I am very wary of national debt.

I appreciate, sir, in times like these it is a very fine judgement call, this matter is clearly weighing heavily on all Deputies whichever part of the political spectrum they sit on. You have to make a judgement about whether to use reserves or a mixture of reserves and less borrowing, there are many possible combinations or approaches.

1870 Now, sir, I believe the Propositions as amended will prevail but my plea to Policy & Resources is please as part of the recovery plan, or the shaping of that recovery plan, and what will inform it be open-minded, provide Members with options when it comes back. If further honest analysis shows that it will be viable to use more reserves and borrow less please say so, do not stick to a certain line. Please try to address how the public sector will or could react to the new reality.

1875 Another plea I make is, sir, if we are going to be investing in projects please as much as possible try and ensure that that spend takes place on Island so the added value and the multiplier effect can kick in. If borrowed money or even money spent from our reserves goes to off Island contractors

and off Island providers it will not be possible for that multiplier effect to kick in. We need to create a money go round not a money gone.

1880 Now further, sir, Deputy Brouard mentioned this I think yesterday and I am really in agreement with him on this particular point, it will be a desperate measure to sell our utilities, these in the main provide essential services to every Islander and to put that provision in private hands to me would be a retrograde step. Deputy Trott has said if we do not –

1885 **The Bailiff:** Sorry, there is a point of correction from Deputy Trott.

Deputy Laurie Queripel: Of course, sir, of course.

The Bailiff: Deputy Trott.

1890

Deputy Trott: I do not consider my friend Deputy Laurie Queripel to be financially illiterate but I do think his recollection of history needs challenging.

He suggested that Zero-10 was a disappointment because economic growth that was predicted did not materialise. Sir, the year after Zero-10 was introduced Guernsey's economy grew by over 7% at a time when other economies were falling. It was a very material success, sir.

1895

The Bailiff: Deputy Queripel.

Deputy Laurie Queripel: And after that of course we had the credit crunch which set us back quite a long way. But anyway Deputy Trott has made his point.

1900

But I am with Deputy Brouard, and Deputy Trott has said that if we do not borrow and if we use our reserves we might get –

The Bailiff: Deputy Parkinson also has a point of correction.

1905

Deputy Parkinson: Sir, it relates to what Deputy Trott just said: the rate of growth of the Guernsey economy in 2009 was 2.6%, not 7%.

The Bailiff: Deputy Queripel.

1910

Deputy Laurie Queripel: Thank you, sir.
Any more for any more?

Deputy Trott himself told us again, Deputy Trott has said that if we do not borrow and use our reserves we may end up by having to consider selling our utilities. But of course that could work the other way round as well. If we borrow this time and it does not work or if we borrow again at a future stage and as I said yesterday it is likely once you borrow –

1915

The Bailiff: I am sorry, Deputy de Lisle also, you invited more, Deputy de Lisle has a point of correction.

1920

Deputy de Lisle: Yes just a point with regard to Deputy Trott he needs to remember that we lost £100 million as a result of going a year into Zero-10 before Jersey.

The Bailiff: Deputy Queripel.

1925

Deputy Laurie Queripel: That is very true, sir, and of course we lost a significant amount of income every year since because of the corporate tax strategy, and according to, I think it was, the last budget we are still many millions down on what we were getting prior to that kicking in.

1930 So in regard to the utilities yes, Deputy Trott, he must accept surely if we borrow and things do not work out well and we borrow again, we might have to sell the utilities under that particular scenario as well.

1935 Now, sir, I actually – I just want to address another point that Deputy Trott made he chided me for saying that in regard to the so-called Guernsey Together Bond that we should welcome people who want to invest large amounts in that bond, and I never said that we should not do that, sir, but I want them to be people who are living on Island because it should be a community scheme. So I do not mind if somebody living in Guernsey wants to invest a significant amount into that particular scheme but at the same time I do not want it to exclude people who want to invest more modest amounts, but I want it to be local.

1940 Sir, I actually wish – it was Deputy le Tocq who referred to it yesterday what is being called the Guernsey Experiment or the Guernsey monetary experiment which took place in the 1820's I actually wish we had the courage and the ingenuity of our forebears that embarked on that venture, because I think what Deputy Le Tocq did not mention yesterday is they created funds, they printed special notes, but that was interest free to finance the rebuilding of the Island. In other words they sort of invoked the Island's sovereign prerogative and of course that was unorthodox thinking but it benefited the Island and it did not have to involve lenders. So I sort of wish we could sort of go down that road again really, but I think modern orthodox economic thinking would not allow it to happen.

But yes, that is all from me, sir, and that is enough of me.

Thank you, sir.

1950

The Bailiff: Thank you.

Next Deputy Dudley-Owen, to be followed by Alderney Representative Roberts.

Deputy Dudley-Owen?

1955

Deputy Dudley-Owen: Can you hear me?

The Bailiff: That was very faint.

Deputy Dudley-Owen: Can you hear me now?

1960

The Bailiff: That is better. That is better. Still faint but it is better.

Deputy Dudley-Owen: Okay I am trying my best so hopefully. If I shout I hope that Members will be able to hear me a little bit better.

1965 So, sir, I explained at length when laying my amendment earlier in debate and I will not speak for as long making my general comments.

I am pleased that the States are now in the slightly improved position of having better oversight of the borrowing than we might have been, though it is not as ideal as I would have wished but that is out of our hands because of the unpredictability of the current situation.

1970 We all thought Singapore is making a strong exit out of the virus and they have been applauded for their handling of things but now it is sadly apparent they are experiencing a second wave.

Academically it has been a really interesting conversation that we have had about our fiscal response and the recovery from the crisis.

1975 Like Deputy Ferbrache I have an interest in economics especially how trade and money and the use of money has shaped our world throughout history. This is not the first global crisis in history, and it will not be the last. For 2,000 years from when the Middle East was the centre of a smaller world criss-crossed by silk route traders to more recent times when the global centre has moved west and now looks more latterly to returning east again, economic crises have been largely handled by acquiring funds from loan capital. But we are not facing an academic exercise, this is not happening on paper, we are living it.

1980

The economists have this week reported that the pandemic will leave the world in debt and for some hard choices. That is the very real prospect also that we face in Guernsey now.

On a personal level I see the logic in borrowing but I do not like it for Guernsey. Like many other speakers I feel remorse for what is the definitive end of an era where we shied strongly away from borrowing and were still successful.

The end began with the initial £330 million Bond issuance back in 2014. I acknowledge though that we are now in a different normal and reluctantly accept that for the reasons debated over the last two days that we need to finance certainly an initial cash flow from short term borrowing, but I do not like it. I do not like the risk that we are taking in spite of the attractive view of borrowing when inflation and interest rates are low, that those same interest rates and inflation will; increase to a level that will spell out trouble for our deposition.

I do not like the fact that we are entertaining the prospect of long term borrowing without having a clear idea of how we will repay this.

I do not like the idea of the burden that we place on future generations of Islanders, those who are at the moment children or not even born.

Guernsey has been doing economically better over the last five years. We took the hit post 2008 and have been recovering, the books have been balanced, but we have acknowledged as a States through the fiscal review the terms of which we approved a few months ago that our pre-virus recovery was unsustainable, revenues were not meeting expenditure, and we had to change the way we were doing things, The crisis has forced this issue, accelerated it from blood on the horizon now brought into sharp focus.

It could be said that we are in the last days of the Raj, an analogy brought to me during the recent conversation in which the speaker felt embarrassed to say.

Pre-virus we were realising that the only route to ensure that we could provide good standards of living for islanders and for Guernsey to remain above water was to plan a way forward which would mean we would have to do things differently, be more efficient, raise revenues, cut spending etc. Few have really wished to accelerate that process or maybe to really believe that the heavy heights of our largely financial successes were already behind us.

So whilst I understand Deputy Green's keen to hope that our best days are ahead I wonder if he was talking about that in purely financial terms.

I too hope to see our best days ahead but not as they were, not being days of chasing unsustainable growth and following a 1980's style of consumer capitalism which has put populations under stress and has resulted in rising levels of financial inequity.

I admit, sir, that despite this now sunny day so far I have sounded pretty doom and gloom and I did say earlier in debate that I was taking this decision with a heavy heart. I realise that we have to face the future with confidence but we also have to realise and be realistic that we know where we have come from so that we can see clearly where we want to go.

I agree with the themes of Deputy Hansmann Rouxel's speech and I would like to see a recovery plan a document filled with build back better ethos. The United Nations is calling on governments around the world to seize the opportunity to build back better by creating more sustainable resilient and inclusive societies. That is what we must also do. We are globally engaged and must show a responsible approach to recovery.

The cost of recovery will become apparent in devising the strategy from which the underlying fiscal, economic, social and environmental plans will develop. Achieving the objectives will come at a cost and it could be a significant financial cost. But we can reap rewards from this if we see this as an investment in a different tomorrow using a different approach.

I do not want to pre-empt the debate on the recovery strategy but will use the opportunity that I have now to make some cursory comments about some of the things I would think are important to see in any underlying plans.

It is clear that there is an immediate need for economic stimulus programmes to assist our recovery, and we are lucky that we have existing work being undertaken that I believe needs to be enhanced and built upon that needs to be brought to the fore.

Some key ones are the support for entrepreneurs from all sectors and especially in finance being our biggest industry, to encourage innovations, seek new products. We have always shown ourselves to excel in niche and by supporting the niche backing the start-ups and scale ups we can grow industries.

Examples of this are protected cell companies, and also insurance linked securities. Green finance is something that we can bring to the fore. It is a sector which will dominate in the future to the extent that it will drop the title 'green' I believe because ethical, sustainable and environmentally responsible investments and financial products will be the norm; anything else will be the reducing sector which will inevitably disappear through policy change and societal choices. They will become a thing of the past.

As Deputy Gollop has said this is a chance to truly position ourselves as a green Island to drape ourselves in green; let's pick up on the fantastic work that Guernsey Post have done; we have a climate action change strategy paper coming soon; we have a dedication to green finance and we can move this forward. It is apt that green is our national colour, we can now make it our national ethos as well.

We also need to focus more acutely on skills than we ever have, we have to realise the importance of ensuring our skills basis is strong and skills level is high, in a knowledge based economy where we produce very little, it is essential that we are ready to adapt especially in a finance sector to meet the threats and opportunities ahead.

I do not think that pushing Guernsey to become amongst the most highly skilled places in the world is overly ambitious and we need to set our sights high.

Another interesting programme that will be helpful in recovery would be that led by Deputy Trott with the Guernsey Investment Fund perhaps the addition of an angel investment side to back entrepreneurs with our eyes wide open that there is risk to using funds but more importantly amongst those investments there could be significant wins.

It is undoubted that a careful approach and balance needs to be taken to any cuts or so-called austerity measures we do not want to turn the tap off on States' services or support which actually could be essential in recovery. That I agree with the Scrutiny Management Committee in calling for an emergency budget, I realise though that the resourcing of this is problematic at the moment due to these straitened times but the indicative spending plan as requested in the amended Propositions would be very useful.

In any review of our spending we need to pay close attention to where our money is going, Government procurement is extremely important and that we try wherever possible to keep spending on Island. I echo the thoughts of Deputy Laurie Queripel here inevitably we do have to buy certain products off Island, but it is so much better for our Island if we can keep as much as possible washing around the local economy. I would like to ensure that our procurement policy reflects this and does not do things like preclude small local businesses from becoming government suppliers based on their size.

Government support via transparency in our Government procurement policies can make a huge difference to the success and ... *[Inaudible]* business.

Social changes driven by public health regulations that become hard wired over the course of lockdown will mean that business will inevitably have to adapt their methods to survive. ... activity before the virus might not be post-virus, we have already seen that. People and their businesses are versatile and not only is it essential that our digital infrastructure is ready to support that, but also that as a States we can facilitate assistance to those businesses who will be lining up to see how they can change their models to meet the new market, the new trading conditions.

The policy letter seems to signal a route where there is a clear role for Government in restarting the economy which requires a boost in expenditure, and I think that many of us agree that to plunge Guernsey into austerity could be disastrous. If that happened we may well lose a significant part of our population and we must not allow this to happen.

The Government needs to continue to drive economic activity and this as acknowledged by other speakers needs to include policies to provide for direct Government expenditure on infrastructure

2085 related programmes and any type of support to the development of on and off-Island facing business activities.

This relates back to my previous comments on entrepreneurial support and focus on skills support within the local real economy to adapt and increase their efficiency. Digital connectivity is vital both on and off-Island business activity, social and health activity and more recently we are seeing educational activity locally.

2090 Sir, I will be supporting all the Propositions today but with little enthusiasm for borrowing. Undoubtedly we are facing extraordinarily difficult times ahead. It is time that we tightened our belts indeed, but also to provide buffers to make the bumpy ride safe ahead and protect ourselves from very deep damage.

2095 Thank you, sir.

The Bailiff: Thank you.

Next Alderney Representative Roberts to be followed by Deputy Ferbrache.

2100 **Alderney Representative Roberts:** Thank you, sir.

Earlier this meeting I quoted Baron Keynes and if you forgive me, I would like to quote Lord Keynes again. Keynes was the most famous 20th century British economist, he died in 1946, he was a Liberal, he was fundamental to Marshall Plan after World War II, he believed in funding aggregate demand. Aggregate demand is total spending on the economy, inadequate aggregate demand leads to high unemployment, resulting in depression and recession. He led an economic revolution and resurgence, thus influencing the Marshall Plan. The Marshall Plan was known as the European Recovery Plan providing \$15 billion to finance rebuilding and capital projects after World War II.

2105 I have got no training in economics, sir, I am not an expert even in bonds, we seem to have plenty experts without myself or my assistance. I myself can only consult tried and tested methods but I have been persuaded by them.

2110 I am an eternal optimist and well done, Deputy Inder, on his optimistic speech and I totally concur with him. I believe we will ride this wave and it is relative to the rest of the world as well, we are not on our own and we can recover quicker.

2115 So capital projects will be needed to rebuild the Bailiwick and restore the ability to repay significant borrowing, as the way forward to return to our perhaps or even better economy in time than we had before for all Islands.

Guernsey has had many capital projects to forward already decided on: your Hospital, inert waste, school restructure, perhaps solar farming – the list is endless of capital projects that you can forward. Alderney, the Bailiwick, has its runway, an already agreed upon project, the terminal is in a disgraceful state, I must say, with no wheelchair access, but we will not go into that at this time.

2120 Alderney is in deficit, nobody is denying that – nobody – although the sums that come through are vague. The extra sum to lengthen the runway would be very small in relation to these figures. Our air service loses us money, yes. There is a way to stop these subsidies from the public purse with the right decisions and a change of direction. Alderney needs proper connectivity to flourish and that has been our biggest problem and depressed our economy to a sad and sorry level.

2125 When this silent war is won, and I commend Deputy St Pier, with Deputy Soulsby and Dr Brink on this timeless work in fighting this war, we will need to help our population up from the floor, firstly. Then by fiscal stimulus on capital projects in all the Bailiwick as soon as possible or as small as possible.

2130 In Alderney, among the locals there is a sad saying, 'Never a lender or a borrower be': we have probably got it from our Guernsey cousins who we have heard from. But we do need to borrow now and we need to borrow it and invest it wisely in all the Bailiwick. That may mean a struggle now for us in Alderney as we seem to be ignored sometimes, but I now realise the passion of P&R and of the rest of the Assembly.

2135 Deputy Lester Queripel came up with a good question, a great question, the best question I have heard in all the meeting. If we can do all these things now in the bad times, why did we not do it

before? Well, perhaps we were not brave enough or we lacked the will, and perhaps it is a lesson learned.

Stay well all. Thank you.

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The Bailiff: Thank you.

Deputy Ferbrache.

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Deputy Ferbrache: Sir, the speech of the day by a country mile in my view has been that of Deputy Dorey and the fact that I may come to a different or do come to a different conclusion to him does not deflect from my comment about his comments his considered succinct comments about we need a recovery plan, we need an exit plan and he would look to see things done in that regard later rather than sooner. But sadly I do not think we have got the time.

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What I would also like to say is we have heard a fair bit in this debate about the 2008 scenario and Zero-10 and the previous Bond, but we cannot do anything about those, those have happened, and whether we should have waited another year and saved ourselves £40 or £50 million or not saved ourselves £40 or £50 million or whether our growth was 7% or 2½% in 2009 does not really matter, we are where we are.

2155

As regards the previous Bond I was not in the States at the time, and perhaps, not perhaps certainly it would have been better to check that if you were borrowing the money to pay off the debts that that would have been a course to do if you checked properly and had due diligence to make sure you could pay off those debts and there were not penalty clauses, and also the public and the States should have been told more about the costs of setting up that Bond. But those days are done, we have to deal with the current situation.

2160

I would like to say and I said it in an earlier speech and I say it again now loud and clear as we come towards the end of this debate, that I very much commend the very impressive work of Deputy Trott, the other people in the Treasury Team and what they have done. The fact that I may have voted against some of the Propositions brought forward by Deputy Trott it is not meant as a criticism of him or the team I just think we ought to have a bit more ... and I am not saying they have been ill considered because they have not, a bit more of a gentle pause not too long in relation to looking at the recovery plan, looking at the terms of borrowing before we actually sanction the second £250 million.

2165

But again there are not many in the States who are more economically literate than Deputy Trott and our team. If we were dealing in England or Britain they have got thousands and thousands of advisors, we have acted promptly, we have brought in policies to help business in a way that is commendable without all those advisors, without all that back up team because the judgement and the skill has been there and I thank them for that.

2170

But Deputy Paint also raised a good point when he said pet projects, and I have heard so many people in this debate during the last two or three days raise their pet projects, what I have also heard and I said it earlier I was Prophet Peter because I have been talking about cutting back on regulations for the last four years and not one single Member of the States other than the late Deputy Kuttelwascher and Deputy Mooney have been in that camp. Everybody else has found reasons to enhance, not just keep but enhance regulation, and I have heard so many people now saying we have got to cut regulation, we indeed do, but I have not heard many or any give any examples of how we are going to do it. So I am going to give some.

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As I said earlier we have got to review the planning process significantly and we have got to do that urgently. We have got to encourage people to develop albeit in a sensible way. We have got to tell the GFSC that although they must apply regulations that meet world standards they have got to do so in a considered balanced and judgemental way, they have got to say yes to business unless there is good reason to say no to business.

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We have got to cut back on our procurement facilities and mechanisms in the States of Guernsey, we have got to be realistic; we have got to do a Dairy like project and again I make the point I am not advocating that today in one or two stages not 12; we have got to encourage this red tape

board or consultation group that we have engaged albeit *bona vacantia* or *pro bono* I should say to actually come up with something because they run businesses they have got to tell us how we can do so more easily; we have got to not bring any more regulations unless they are forced upon us; we have got to do all of those things.

We have also got to tell the public the truth, because this money will have to be repaid over a period of time, Now again we have had lots of history lessons, we had one from Deputy Le Tocq telling us what Guernsey's financial position was in 1815-1820 and we have got Deputy de Lisle saying well look the de Lisle's were around at that time and you have got to look at their names on the various market projects etc. Well the Ferbrache's were peasants we did not contribute anything other than presumably our labour at the time, we were not well educated people, we may still not be well educated people, but in the 21st century we can tell you this, that in Britain they first had the national debt with one of the William Pitts but it was the great financiers who went to William III during his brief reign and encouraged him via his Prime Ministers to bring in a massive national Debt by 1815 it was 200% of the GDP of the UK, 200%, it was reduced by 30% of GDP at the time of the First World War and then the First World War came along. So the point in relation to experts is that again – I think Deputy Laurie Queripel in particular touched upon this – listen to them but do not always follow them.

The criticism about interest rates when the previous bond was taken out I think is unfair because if you had asked anybody, anybody at that time, that interest rates were going to go down rather than go up they would have said yes, they are going to go up. Everybody was saying interest was going to go up, I was talking to my friends yes interest rates are going to go up this is the time to do that. So the decision made in relation to interest rates was a reasonable one.

But Deputy Graham makes the point they cannot really go any lower, they are one tenth of 1% as regards the base rate 0.6 of 1% for Libor I know in some Scandinavian countries they could be negative but they are not likely to go down much more. So this is the time if you have to borrow to borrow. But it will have to be paid back so there will have to be a cutback in services, but equally there needs to be innovation and inspiration.

Now the public sector and Government is not known for that and it will not be known for that going forward because it is too cumbersome however slimmed down it is, and I wait and see if my colleagues over the next year, and those who may be following us in the States in July 2021, have any more appetite for it, because once they get into government people love it, they really want to ... they bring in their policies, as Deputy Paint has said, and they always find an excuse for being the exception to the rule, and it reminds me of a Rule of Perpetuity which I never really grasped when I was a law student which had 423 exceptions and therefore there were more exceptions to the Rule of Perpetuity than there was the rule, and that is what we have encouraged in the States over the last x number of Assemblies and going forward I would hope that we could change that.

So when Deputy Dudley-Owen talks about innovative projects I would hope that she as Vice-President of the Economic Development Committee can in the next three months come up with a whole list of, and costed out, economic projects that she and her Committee Members believe will benefit this Bailiwick And I call it 'Bailiwick' rather than 'Balliwick', but I may be wrong in my pronunciation.

But in connection with all of that we have got to say to the public, we have got to be truthful. It is going to cost them more money we are going to have to repay, we are going to have to cut services, and we may well have to put up taxes. If we do not tell them that if we are not honest with them in three, six, 12 months we are going to be not particularly popular and we have not then told them told them the truth.

Again I end where I began by commending the work of Deputy Trott and his colleagues and the fact that I am going to vote for all of these Propositions and I know some of those are not really palatable to him does not take away the respect I have for him and his team in the hard work that they have undertaken in the last few weeks.

Thank you very much, sir.

2240 **The Bailiff:** Deputy Merrett and then Deputy Fallaize.

Deputy Merrett: Thank you, sir.

It looks to me that Policy & Resources – and I am assuming that it is Deputy Trott who is going to sum up – needs to convince myself to a certain extent but certainly others in the Assembly that it is indeed better value for our community to borrow in the short term than it is better value liquidating our current reserves.

Now Deputy Ferbrache in my mind is the only Deputy thus far in debate has given the reasoning in any actual physical example of cost for short term borrowing compared to longer term borrowing but nobody really has spoken to why or rather because we can why we should not liquidate our savings other than the state of the market. But of course we do not know, Deputies do not know, I certainly do not know, what the losses may be or the potential loss of the asset liquidating now compared to the cost of short term borrowing.

That is what Deputy Graham was alluding to and I think that kind of information just gives Deputies and also our community a much better understanding of why in the first instance Members I believe by a majority will –

Point of correction from Deputy Tindall, sir.

The Bailiff: Yes, Deputy Tindall point of correction.

2260 **Deputy Tindall:** Thank you, sir.

I just want to point out that I did actually in my speech set out exactly what the losses were which is basically if the investments were sold at the end of 2019 approximately 7% and if there was an RC rolling credit facility over three years it would cost approximately 5%. So a difference of 2%.

Thank you, sir.

2265 **Deputy Merrett:** Of course we are not at the end of 2019 and there is the problem and the global economy has changed significantly since the end of 2019 to the first quarter 2020.

Okay, so Deputy Hansmann Rouxel gave a very passionate and well informed speech which I applaud. However, I do not think there is anything that she actually said or suggested that we could not actually be doing now.

I am a strong believer that if we have the political will we can actually find a way, and our community under usual circumstances would also have liberty to be the type of community that Deputy Hansmann Rouxel spoke about.

I mean Deputies could indeed have already worked collaboratively so what is different. Well we have had time to reflect on what we value in life, our health, our families, our community, and what wealth actually is.

I have also had plenty of time to reflect on how much I actually appreciate my liberty and I am sure others do as well.

But it has also shown us that some of our community do not have what many of us take for granted, simple things, sir, like a garden or a bicycle, friends or the family they choose, they choose to live with in what is now referred to as a household bubble. Under usual circumstances we choose to live our lives freely and with liberty, so we have seen in this public health crisis, we have seen the good, we have seen the bad, and we have certainly seen the ugly. We have seen spikes in domestic abuse and that, sir, to me is the ugly. Others in our community pull together, support each other, help each other, and we are prepared to make enormous personal sacrifices and that is the good. We have also seen restrictions in our civil liberties and that to me is certainly the bad.

So, sir, realistically our borders will be closed for the longest period of time we will be in our last phase of returning all of our liberties, liberty to travel freely without any mandatory isolation upon return, I would assume will be one of the last phases that we exit.

2290 So we need to ask ourselves, what can we do in the interim with all of our amazing all Island talents and resource? So I do believe that public sector capital investment programme will be a key contributor to facilitating economic recovery investing in the public realm.

We should be considering swift bold and imaginative ways of supporting our community but we must all understand at what cost and how we can pay any borrowing back.

2295 Now I agree with Deputy Ferbrache's examples of where and how we can support our community but we do also need to invest as a Government those are the mechanisms and the leverages that we have as a Government in our public realm.

I am fearful to say this, sir, because it is not actually a pet project; it is just something that is completely and utterly obvious to me and that it how and where we bring forward such things as affordable housing, community hubs, regeneration and rejuvenation in our community and to me the most obvious example would be somewhere like Leale's Yard because that borders some of the most densely populated parishes in our community, in our public realm. So while we have, while we retain tight borders what actually can we do to drive our local economy, because I think we should be using this time to really make ourselves a very attractive place to visit –

2305 **The Bailiff:** I think we might have lost you Deputy Merrett.
Deputy Merrett? Greffier.

Deputy Merrett: Thank you, sir,

2310 I think I am back now. Deputies, you could not hear me because the connectivity lost; I am back now. So I want to encourage some stimulation in our community in the local economy by using the talent that we have within our Island to come together and create and deliver something exceptional.

2315 Now, whereas I was for some type of – and I am sure Members will know exactly what I mean when I say – something like an Eden-type project would be perfect, but then like a millennium dome project clearly would not be. We need to use our local resource to help build something that ignites our economic need, our social needs and also shows consideration to our environment. Something that shows initiative, attractive and something they can invest in for our community and for our future.

2320 But also, sir, it needs to be in my opinion something that helps us close our wealth gap, we should not underestimate how wide our wealth gap is, the challenges that our millennials faced before the public health crisis and will clearly face afterwards.

2325 Having a background in business, being tasked to look at business models, understanding the people, the culture within those businesses, and being tasked to develop and drive that business so that all of the people involved are able to achieve their full potential in an environment and atmosphere in which they all feel appreciated, needed and valued, in teams working together to achieve something. Often what drives people to work together is an underlying human need to achieve something positive to create something. So it not only benefits them but benefits their family and the community, and that is why we need to define as a Government what our unique selling point is.

2330 But the harder decision has to be at the heart of our community. However, we do need to be fiscally prudent and we need to understand as Deputy Ferbrache just said how we are going to repay any monies loaned, what we need the money for and I expect to see that in the recovery plan.

2335 In the interim we have capital portfolio projects but we need to urgently review it, we know this and we need to prioritise it, we know this with the key factor being what we can do with our own Island workforce and how quickly we can deliver it.

2340 So Deputy Ferbrache alluded to the barriers to progress as have others, but we need as a Government to remove those barriers, jumps and hurdles, where we can and quickly. We need to think progressively, we need to act imminently, and I completely agree with Deputy Ferbrache we are not know for this, Governments are not necessarily known for this. But we need to act and think

differently. We all seem to recognise that business models and Government needs to change to adapt just as we have asked our community to do so and we will continue to do so.

So the recovery plan when it returns to us I agree it must enable us to invest in our future but it must not be purely or indeed indebt our future without a clear understanding of how we get out of any debt.

Our community has to understand the why, the what, the when and the how. Deputies need to understand this, and we need to work together because together we are stronger and together we could achieve amazing things.

But, sir, and I am finishing now as Members pleased to know, but what we really need to push now is that Guernsey is already an amazing place to be. I feel incredibly privileged to call Guernsey my home. So whereas we can strive to make Guernsey as some others have said apparently a better place, I actually believe that Guernsey is already a pretty amazing place to live. I think we should applaud our work so far, and the work of others in getting us through the public health crisis, but also we should really appreciate, and, sir, when I can I will definitely be going for a walk on the cliffs. This is an amazing place to live, and all we need to do now is to try and look forward and to really respect what we have already and work on – and excuse the pun, sir, because I have been talking about capital projects but I am sure you know what I mean – building a future, but appreciating that one person's better future might necessarily not be the others and that is why I will be very pleased to see something in our strategy that actually tries to achieve closing some of the wealth gap.

Thank you, sir.

The Bailiff: Thank you.

Next Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I have supported the Policy & Resources Committee so far in this debate and I am going to continue to and to vote in favour of the Propositions, possibly with the exception of the Propositions around the independent fiscal policy review panel which I think is unlikely to be independent or very helpful but certainly the substantial Propositions I shall vote in favour of.

I do so with a lot of reluctance I wish that the circumstances did not require borrowing. I was among the group of Deputies as Deputy Dorey has said who defeated proposals to borrow externally in 2009. I was not present when the States voted on borrowing in 2014 had I been I would have voted against it. But I think the circumstances now are so different and of a series of sub-optimal options borrowing is the least worst among them.

Now the point I really want to make in general debate is something that has been raised recently in debate by Deputy Ferbrache and was raised more I think it was yesterday, it might have been Wednesday, by Deputy Le Tocq and I think Deputy Ferbrache referred to it and some other speakers as well, and it is to do with procedures and processes and regulation and the way in which the States generally go about their business.

I think in a few months' time this debate will either look like a complete waste of three days, or it will look like the beginning of a new era. Whoever is replying to this debate for the Policy & Resources Committee I would be grateful if they could spend some time in their closing speech picking up on this point because it has become something of a theme in debate.

We are I think agreed that in the short to medium term at least and possibly in the long term post-Covid-19 there is going to have to be a greater role for Government in terms of economic direction promoting economic stimulus etc.

Now as Deputy Ferbrache has said, Government is not always well known for being creative and entrepreneurial and innovative.

He is concerned with economic regulation the sort of construct of social and environmental and other regulations which are placed around business in a mixed economy. He makes some good

points in that respect, but there is another aspect to this, which is the processes which we impose on ourselves in Government.

2395 I think that over the last few years the States have put themselves in a position where we really are wading through treacle. In terms of trying to progress projects. I am not talking only about capital projects, but any kind of initiative at all from within the States inevitably is weighed down by this requirement to wade through treacle to obtain any money, to get any sort of approval, to reallocate staff, to reallocate budgets.

2400 I do not think that the Members and the officers of the Policy & Resources Committee always appreciate the effect of some of their policies and procedures on other parts of the States.

2405 One Member of the Policy & Resources Committee was speaking yesterday and said that it was a time for Government to become much more nimble, and we needed to stop tying ourselves up in processes and procedures, and we only needed to do things that were absolutely essential. At that very moment I was in a discussion about two appointments which need to be made by my Committee, and I am not talking about the civil servants, I am not talking about anybody involved with transformation, these are conventional orthodox senior positions in education in schools, and we are having to wade through treacle to try to get approval centrally for these posts which have existed anyway for decades.

2410 It takes pages and pages of business cases, it requires the approval of what appears to be dozens of people, and this is a very small example of how the States' committees are wading around in treacle trying to progress anything.

2415 Committees these days are subject to more reviews than the average West End play. The capital projects process is ... this is a major failure and we kind of ... this comes up in debate often and Members say, oh it is difficult to progress capital projects. If you look at the profile of expenditure on capital projects in recent years it is pathetic, and the whole process clearly is not working.

2420 Yes there are examples of the States having approved capital projects and then later overturned them. In fact I think in the last eight weeks the States have managed to overturn three capital projects they previously approved. I think they would have overturned a fourth if two of the Members who were among those voting to overturn the other three were not Members of the sponsoring committee of the fourth project.

2425 So there is that problem, but that in itself is a process problem, because whereas at one time when the States were invited to approve capital projects they would be started, they were commenced very soon after the States had approved them. The process that is in place now requires months and months sometimes years to elapse between the States approving the project and the project actually starting.

This allows resistance to build up and eventually significantly increases the likelihood of the States then being persuaded to overturn their previous decision.

2430 During that period the Policy & Resources Committee is not a committee of leadership it is a committee of scrutiny. Committees which should progress capital projects these days will most invariably find themselves in a position where despite the project having become Government policy the senior committee of the States the Policy & Resources Committee is essentially unable to line itself up behind the project and defend it, and promote it, and as it were lead from the front, because our capital projects process has turned itself into or has turned the Policy & Resources Committee effectively into a committee of scrutiny and a committee of oversight.

2435 So that is just an example where capital projects are concerned. There are not dissimilar problems where revenue projects are concerned.

So if any of the money that is borrowed and if any of the initiatives that are going to be set out in the recovery plan are actually going to mean anything there is going to have to be very substantial change in States' procedures and in the culture of the States.

2440 It is not really a structure of government issue it is a cultural issue, and there is now when I listen to the Members of the Policy & resources Committee in this debate, there is a very substantial distance between what they are saying in this debate and the reality on the ground for Members of Principal Committees who are trying to progress significant projects, or develop policy, or trying to

be creative or innovative in any kind of way. We are requiring committees to operate with one hand tied behind their backs.

I am afraid the processes of the Policy & Resources Committee imply that the only way that anything will be done safely and reliably by the States is if it is either done by the Policy & Resources Committee or if the Policy & Resources Committee has a very significant involvement in it. That is not a recipe for Government being able to act in a way that is nimble and bold and creative and innovative.

The Policy & Resources Committee really should let go and whoever is summing up for them in this debate I would like them to explain how if they are giving a commitment for Government to be more nimble and more creative, I would like somebody from that Committee to explain, provide some examples of how things are going to be different, and how they intend to free up some of the bureaucracy and procedures of oversight through which the States are wading at the moment.

Deputy Dudley-Owen referred to BBB, I cannot remember exactly what it stood for, I think it might have been bounce back better but anyway it was an acronym which she said describes how in a post-Covid environment, things need to be –

Deputy Dudley-Owen is trying to raise a point of correction. I am not sure it is strictly necessary, sir, but it is up to you.

The Bailiff: Deputy Dudley-Owen, a point of correction.

Deputy Dudley-Owen: Yes, sir, can you hear me.

The Bailiff: No. Only very faintly.

Deputy Dudley-Owen: Well okay. I will try my best.

I never said an acronym. I think that was Deputy Trott earlier on in the debate who made an acronym for point of order, but no I never said BBB. It is a UN phrase which is build back better, and it is worth a point of correction because it is an adage that we should actually be picking up and pushing forward.

Thank you.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I think I said bounce back better, I ought to have said build back better, or whatever it was. Anyway the concept is that the future needs to be better and different from the past.

Well, I think everybody could sign up to that platitude which no doubt will become a cliché in time but that, if the future is going to be different and better from the past it requires a change from the *status quo* and when you try to change the *status quo* in any meaningful way you encounter significant resistance.

The question is: is the States able to resist significant resistance against changing the *status quo*? Can the States pursue change in the face of resistance? That does require Government to be quite bold and quite brave and I do not think that there is much evidence from the present term of the States which indicates that this is a Government that really has the courage and the bravery to change the *status quo* in any kind of material way because it does encounter resistance and we do have a tendency at the first sign of resistance to bend and to change our direction of travel.

But I do think that it would be assisted. I think the States would be assisted if the internal processes were simplified, and I do think that when the person who is responding for the Policy & Resources Committee speaks in this debate they do need to set out some ways.

In a sense what I am saying is I am very reluctantly lending them my support, really unqualified support, in this debate and agreeing to their proposal to borrow not even tens but hundreds of millions of pounds and I am prepared to support them in that, but I think that there needs to be

something in return from the Policy & Resources Committee that this has to be the beginning of a change in the relationship between the Policy & Resources Committee and other committees.

If the Policy & Resources Committee is committed to making internal States' processes act more quickly, more simply, to release creativity and innovation, and to be able to get things done, to make project move more quickly from inception to delivery, then they are going to have to let go a little bit, and if they are giving that direction politically, and several of their Members have spoken in these terms. If they are giving that direction politically it is not being heard at the present time by all of their staff and it needs to be if it is going to effect change across the States.

So I would value some assurances in that regard from whoever is going to sum up.

I think the recovery plan when the Policy & Resources Committee lays it before the States needs to be really very concrete in this area and set out exactly how the Policy & Resources Committee is going to let go of some of the shackles which have inhibited, the States impeded the States in recent years.

Thank you, sir.

The Bailiff: Thank you.

Does anyone else wish to speak or shall I call Deputy Trott or Deputy St Pier, I am not sure which, to reply?

Yes, Deputy de Sausmarez and then Deputy Tindall. Deputy de Sausmarez?

Deputy de Sausmarez: Yes sorry, just working on it, sir, getting there.

Can you hear me, sir?

The Bailiff: Yes I can.

Deputy de Sausmarez: Thank you.

I agree that Deputy Dorey gave a very strong speech and his argument is something that I found intuitively very appealing. But Deputy Graham's speech did give me some reassurance because of the reassurances that he sought himself.

He said that there are two main elements that either made it cheaper or more expensive to borrow, the value of the assets when liquidated and the return the rate of return on the held assets versus the rate of interest on borrowing, and his support for the Proposition will be predicated on the conditions that it would indeed be cheaper now to borrow in the short term and that in doing so we would give ourselves more control of the timing of liquidating our assets so as to get the best value and then use the proceeds to pay off the borrowings.

So I completely agree with that set of conditions. I think they are very sensible and I too would seek assurance on those points.

Sir, as to what we need to borrow money for or invest any of our own money in, I certainly cannot top Deputy Hansmann Rouxel's speech I thought it was absolutely fantastic. I agree with her and others who say we should not aspire to be getting back to business as usual. We do need to invest money borrowed or otherwise in that thing that Deputy Fallaize has just touched on and his exchange with Deputy Dudley-Owen, building back better. It has been mentioned by several of us in this debate. For me that means more diverse and vibrant and resilient economy, healthy and more equitable society, and a stronger and more sustainable environment.

There I have just listed off a bunch of platitudes. I am sure everyone can buy in to those kinds of high level aspirations and until we flesh those out with any kind of detail they will remain just platitudes. As the saying goes the devil really will be in the detail.

So I do not want to dampen the mood because I do agree with Deputy Inder that we do need to be optimistic and I am building towards that, but I think it is worth a quick word of warning that we must not be starry eyed about the recovery strategy, it is going to be really hard.

If it is going to have a hype of helping us build back better and achieve any of those sort of higher level aspirations then it is going to have to contain some pretty controversial ideas or bold

ideas and it is not going to be universally popular. I do not think that we should delude ourselves that it might be, and I do not think it will be universally popular even within this Assembly let alone in the wider community.

So in the spirit of Guernsey Together – perhaps another platitude, who knows – we need to lead by example. I have never really bought in personally to this narrative that there are two halves to the States. The Assembly does often divide down the middle on punch votes but actually it often divides in quite different ways and we have got plenty of examples of what might be considered cross-partisan working.

So I appeal to all colleagues really to work together in that spirit ahead of publication or the development of the recovery strategy. We need to approach it with open minds and a really constructive attitude not a destructive attitude. I would hate to see good ideas being put forward and then just using debate as an opportunity to take pot shots and be destructive. I would really love to see us all working together to be really constructive, and we need to include the community in that process of course. Notwithstanding the fact that we know that not everyone will agree. But we do I think need to be bold if our recovery strategy is to be effective.

I would appreciate some clarity from whoever in P&R is replying to this debate around the timeline, or indeed the timelines of the recovery process, sorry not the recovery process the recovery strategy. I think I am right in saying that that someone maybe Deputy St Pier said that it would be a very high level version would be brought to the States next month. I would appreciate a clearer understanding of the stages that P&R envisage with respect to that recovery strategy.

Now, with respect to its review I strongly agree that it should be independently reviewed, but I would like to ask for a separate vote on Proposition 3 please, sir, because personally I plan to vote against it. I think it is unnecessary and certainly unnecessary at best but I think potentially I certainly am uncomfortable voting for it. I am still unclear as to what exactly is meant by ‘the’ independent fiscal policy review panel, so that again is something that I would appreciate some clarity from P&R on when they reply to debate. But either way I will be voting against it because if that panel is the right body to be reviewing our recovery strategy then that is something that we can decide at the time the recovery strategy is debated in the Assembly.

Proposition 2(b)(iii) says that the States must agree the mechanism by which the recovery strategy will be reviewed, and as I said before if that particular body ... the States believe that particular body is the best body to review the recovery strategy then that is something that can be decided at that time. I think it is premature to decide that particular detail at this stage especially given that we have got absolutely no detail on it before us at the moment, so it is unclear. So I really would urge people to vote against Proposition 3 for those reasons.

Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

Sir, we were reminded by Deputy St Pier at the press conference at lunchtime that this debate is approval for the use of the Core Investment Reserve and the borrowing facility. I am satisfied to agree to both because of the risks we face and more importantly the risks if we do not.

Sir, I mentioned many reasons in my speech on amendment 3 why I felt borrowing was the right approach, or I should say I wanted to make a public statement of support for P&R for the principle of borrowing at a level which would have inspired confidence and would have got a better deal in the market.

However, that was not reflected by the majority of Members and now we have to wait until a recovery plan has not only been presented but also been approved.

I am concerned, sir, about Propositions 2a and 2b as I still feel a medium term loan of two to three years is foolhardy in the current climate. I therefore seek direction from P&R on the current Propositions. Is it best to have such authority today or await the recovery plan when the right level and type of borrowing can be properly sought?

2600 Many speakers have reiterated my concerns that I raised over the second stage the agreement of the States to this recovery plan. Deputy Green talked about political gumption and Deputy Hansmann Rouxel in a most excellent speech highlighted the need to get behind those projects which help with climate to support the Committee for Environment & Infrastructure and stop blaming the processes before looking at our policies.

2605 I can only repeat my support for those words and that the Development & Planning Authority stand ready to help. I am reassured that P&R have just confirmed they will ensure the DPA input to the recovery strategy and assist with what planning processes are involved and to enable early consideration of any required adaptation to our processes. Unless we are in the loop all of those myths about barriers and the planning process will perpetuate.

2610 Sir, I have literally just been dealing with issues raised by an architect at lunchtime to confirm again what our processes are and what we cannot do or rather what the planners cannot do during lockdown and to try to identify precisely what the issue is.

We have tried very hard to carry on but we are as everyone is restricted on certain things we can do. However, we continue to do our best or rather the planners continue to do their best to provide a service during this difficult time for which we and I am grateful.

2615 On that note, sir, I think it worth responding to a couple of comments on Government processes as this is the time to have a discussion on what needs to change. It really is important to start as we mean to go on so I am also keen to hear from P&R on this as was Deputy Fallaize.

I asked for direction on a five year review debate when we asked for it to be paused and again on amendment 3 and wish to address it further here albeit briefly.

2620 Deputy Ferbrache says we should review our planning processes as a matter of urgency. I challenge him to come up with how to change our planning that does not infringe on people's rights, that still takes account of the environment and climate change such as drainage and flooding and also social needs such as health care infrastructure. He did give an indication in his speech when he spoke about how our financial regulator when he said amongst other things that the GFSC must regulate in a judgemental way. I hope that no-one including the regulator or any person makes a decision in a judgemental way but instead does so in a non-judgemental way. It may be a slip of the tongue but I do not think that that was worth stressing because by not showing bias takes account of all the relevant facts and by applying natural justice is the right way to go. If we change the way we make decisions and we will be going backwards on all the achievements made over the last 50 years or so that enable us to live in a place where people have opportunities.

2630 Deputy Ferbrache also mentioned the red tape group that was set up by Economic Development Committee during my time and reviewing planning processes was one part of it. It is interesting to note that the result of that review was that there was little further to be done as the DPA have resolved the issues by improving communication through our action plan. We remain listening we remain willing to improve.

2635 Deputy Fallaize talked about changing the processes we impose on ourselves in Government to get any money to reallocate staff or budgets. These do need to be considered and I would hope as Deputy Green said his Committee's report will be of benefit.

2640 It is also ironic to note that given Deputy Ferbrache's view on looking at planning that despite the many stages of approval of business cases it was at the planning stage that the main concerns over the one school model came to light.

I believe we should focus on projects and not on changing processes. I agree we should look to Leale's Yard and housing allocation sites, sites ready or almost ready from our planning perspective to go ahead.

2645 From an economic perspective an Eden project is certainly a great idea one I put forward to at the Tourism Forum in 2018 and to which I received a great level of business support at the time. I hope Economic Development Committee have followed up on that idea as I believe it shows a way to combine aspects of committees' mandates, environment, tourism, health research and planning.

2650 On that note I challenge the rest of the Assembly and the rest of the committees to look to their own mandates and see if that is where the barriers really lie, to remove them and then come back to the table to start collaborating. Come back to the table where the DPA already sit.
Thank you, sir.

2655 **The Bailiff:** It is just after four o'clock. I propose that we rise have a short break and resume at 10 past 4.

*The Assembly adjourned at 4.02 p.m.
and resumed its sitting at 4.10 p.m.*

**COVID-19 Pandemic – Funding of Financial Response –
Debate continued –
Propositions carried as amended**

The Bailiff: Welcome back everyone. Are we ready to go Greffier?
Greffier? Perhaps we are not ready to go.

2660 **The States' Greffier:** Here we are, sir, no, very much ready.

The Bailiff: Thank you very much.
I think Deputy Brehaut is the only one waiting to speak. I will call Deputy Brehaut.

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

I never anticipated this debate would run for three days so I will be brief.

I had Deputy Ferbrache's speech in mind, well the speech he made when he was discussing an earlier amendment, when he said that the economy was picking up and things were until very recently good for most countries but certainly very good for Guernsey. Our Town was vibrant, we were expecting more cruise passengers, the bus service was thriving, and things were picking up.

2670 Actually it reminded of when I suppose I started in politics 20 years ago when I was a non-States' member on the then Housing Department or Authority, whatever it was at that time, and we had this commodity that I have not seen ... well we had this commodity at the time and it disappeared not long after and that commodity was money, and it meant that we could invest in social housing, we could have partnership schemes, we could do seed funding for things such as the GHA. Then of course we had this dual shock: we had Zero-10 followed by 2008, and of course it meant that we had ... that led in turn to the Financial Transformation Process and this epic effort I think to save, never use the word cut of course but it certainly felt like that but the pressure on committees to cap and to save money, to cap their budgets and to save money was immense.

2680 So I think it is really important that we do not go into this with our eyes wide shut because you cannot loan a penny and keep the bun, and the lessons are all there. I think that experience that short lived experience I had at the Housing Authority and that has been closer to the environment we have lived more recently, it was a transient thing and I think we need to reflect in deciding to loan such a colossal sum of money what the reality will be.

2685 It will be savings targets it will be capped budgets. I think people need to be honest here, because people hedge their bets, I think, colleagues at times whereas they say we could look to redundancies we could look at the Civil Service; we could look at Civil Service reform; and we can look at tax rises.

2690 Well actually, we have not been able to do a great deal of projects because we have not got the staff. Committees are even changing the days they meet to ensure that the few staff that they have because we are aware they cannot be in the same place at the same time, two different places at

once then, that we have pared down the Civil Service to the extent that at times we are not able to progress the projects that we want to do.

So we need to be honest with the community when we refer ... Deputy Parkinson both Deputy Parkinson and Deputy Ferbrache have referred directly to taxation and that needs to be a much bigger part of the conversation post all of this. Because I think that we need to be clear that we cannot begin to pay back sums of money like this with this *faux* argument, discussion around the size of the public sector regulation, throwing it all off and expecting to find such a rich vein, because I do not think it is.

Other than Proposition 3, sir, I support the proposals like everyone I think with a heavy heart but we realise in making these decisions that things are going to fundamentally change for Islanders, and for politicians and it will take us quite some time to recover from this.

Thank you.

The Bailiff: Thank you.

Does anyone else wish to speak before Deputy Trott replies?

No. I see nobody asking to do so; oh sorry, Deputy St Pier.

Deputy St Pier: Yes, thank you, sir.

I will be relatively brief and just pick up on a couple of points.

Deputy de Sausmarez was asking about the timing of the recovery strategy and I think somebody else mentioned that I had touched on this in some of our recent public comments.

The expectation at the moment is that we are working towards a May debate of that strategy now clearly there is much to do and not much time to do it in, and that does also require some thought as to the input, how best to obtain input from the other committees of the States and that is a conversation that I began with a number of Presidents at the Political Executive Group meeting earlier in the week.

But to directly answer Deputy de Sausmarez's question, May is what we are presently targeting. It is a strategy therefore it will be high level and from that strategy which I think the best way to describe the way we are anticipating it is that it will in essence be the Policy & Resource Plan for the remaining year of this States and from that there will need to be developed a number of different recovery programmes and we have touched on some of those, economic, social, and environmental.

But also importantly dealing with Deputy Fallaize's question the reform of Government as well and we should seize this strategic opportunity to push on and expedite some of the transformation of Government that was, if you like, already in the pipeline and we should be progressing that as part of our ... as one string to our recovery bow. I hope that gives Deputy Fallaize some comfort and indeed others who have spoken on that issue of the system perhaps being gummed up in a number of different ways.

Deputy Tindall expressed some understandable concerns in relation to both Propositions 2a and 2b and was looking for some reassurance as to P&R's view in relation to this and, sir, I think P&R's priority has been certainly since we laid our amendment, amendment 3, has been in relation to securing the States' agreement and authority in relation to the use of the Core Investment Reserve £100 million dealt with in Proposition 1 and then in relation to the revolving credit facility dealt with in what is now Proposition 2a.

Yes, in the original Propositions which Deputy McSwiggan referred to when she was speaking yesterday, clearly we were seeking for much greater authority and flexibility to be able to push on and act as we saw fit, but we have obviously accepted the need for greater limitation hence the presentation of our own amendment. But given the direction in which the debate has gone and all the rest if the amendments that have taken place, I think that does change Policy & Resources' view in relation to the real value that 2b brings.

But first of all to perhaps speak to 2a which is perhaps the immediate concern and certainly Deputy Tindall has concerns about it in relation to the limitation of two to three years which she spoke to in the amendments that sought to deal with that point.

2745 So I think Policy & Resources' view is that 2a does give us the authorities we need to push on with that urgent piece of work to ensure that we do retain, we can obtain the credit we need so that we do not have a cash flow problem that would require the sale of assets at a time that may be most propitious.

2750 Now clearly if in negotiating the facility under 2a we think that in any way it is too restricted because of the way 2a is phrased if it becomes a Resolution, then clearly it will be incumbent on us to do something about that in terms of returning to the States to seek any variation in authority if that was appropriate.

2755 So I think to answer Deputy Tindall's question whilst I think we would perhaps have shared her reservations which is why we obviously voted for greater flexibility in relation to 2a we accept the majority of the Assembly's view that in the way that it has been limited and if it does become a problem Deputy Tindall can have our reassurance that we will obviously return to the States to advise them and seek fresh authorities to act as appropriate in those circumstances. So I hope that gives her the reassurance.

2760 Deputy Smithies said that he would be voting against 2b. He may be surprised to learn that Policy & Resources will also be voting against 2b. The majority of the States may feel none the less that they wish to continue to support it. We simply do not feel that it really adds a great deal at this point as I have indicated when I was speaking before, sir.

2765 The reality is, the practical reality is, that this will be overtaken by events. 2b will be overtaken by events in the sense that we will have the recovery strategy that will develop the recovery programmes, that will develop our thinking on the amount of money that is required, by which time we will have a better idea of what assets can be liquidated.

2770 We will be returning to the States at that time anyway with greater detail seeking the authorities which are not in any of the subsequent Resolutions 2b or beyond as we have always made clear we do not have any authority to go beyond the revolving credit facility so we would need to come back anyway and in doing so we will effectively have Resolutions that to all intents and purposes will overwrite 2b and obviously will do so with the approval of the States at that time, with information at that time.

2775 That will include questions about sources of funding and how it interacts with the so-called Guernsey Together Bond and what the terms of that Bond might look like and what the term of any other lending might look like and how it might be repaid and all of those things.

So all of that detail will follow with subsequent policy letters and Propositions for States' scrutiny and debate. So 2b really frankly does not assist at all and therefore Policy & Resources is reluctant to support Propositions which serve no purpose or value at this point.

2780 We have what assuming the States support Proposition 1a, sir, 1 and 2a, we halve what we need from this States' debate in the sense that we have I think ascertained a reluctant majority of which we are part to potentially to enter into more borrowing if required on the back of further detail.

2785 There are clearly a number of Members but they are only I would suggest in a minority that do not want to enter into any further lending, borrowing under any circumstances. That is enough information for us to proceed with the preparation of a recovery strategy on the assumption that if we need more funding to secure recovery then there is a will in the States to support that albeit it is not over joyous will but it is a recognition of the reality and the detail will have to be presented at that time to the authority at that time.

2790 So that is really where Policy & Resources are supportive of 1 and 2a and not supportive of 2b, sir, and with that I will certainly leave Deputy Trott to respond to the substance of the general debate, sir.

The Bailiff: Thank you very much. I do not see anybody else wishing to speak, so I will call Deputy Trott to reply to the debate. Deputy Trott.

Deputy Trott: Thank you, sir.

2795 Sir, I need to start with a correction because I may have inadvertently misled the Assembly. In an intervention earlier I said that at the time of Zero-10 our economy grew at over 7%, that was not correct, it was under 7%. In fact it was only 6.7% and I apologise for being 0.3% out, because for someone like me that is not acceptable and it will not happen again.

2800 Now, sir, just before lunch Deputy Inder stated that we have to be careful not to talk ourselves into recession. He is of course quite wrong, we are already in recession, what we need to do is ensure that we do all we can to enable us to exit recession and return to economic growth as soon as possible.

2805 Deputy Lester Queripel quoted Jack Kennedy; I will too. In the first interview President Kennedy gave from the Oval Office to a *Washington Post* newspaper journalist he was asked, 'How are things, Mr President?' to which he replied: 'The problem I have got is that things are every bit as bad as I said they were.'

Now my job, sir, P&R's job, our job, is to be honest and that includes –

2810 **The Bailiff:** Deputy Inder has a point of correction, oh no, he is sorry, he has withdrawn that, so please carry on.

I would ask that Members really refrain, if possible, from making points of correction so that Deputy Trott can speak uninterrupted unless there really are some important points of correction that need to be made.

Deputy Trott.

2815

Deputy Trott: Thank you, sir.

Sir, my job, sir, P&R's job, our job, is to be honest and that includes our prospects for a speedy recovery which with the right investment remain very positive.

2820 Some people have raised an eyebrow as to the fear that there could be 2,000 people unemployed as a consequence of the crisis, and some have foolishly accused me of attention seeking, although Deputy de Lisle was not one of them. Because he warned of shrinking GDP falling property prices, falling wages and potential inflation, and he was right to talk of these things. But wrong to suggest that Guernsey does not need to borrow to navigate this crisis.

2825 Sir, let's deal with some facts, the latest weekly report advises that the following claims have been approved to date: 1,093 people are on income support; 270 have claimed from the hardship fund; 666 are on sickness benefit; and 304 are on unemployment benefit. More than 3,000 are on the payroll co-funding scheme with that number anticipated to rise throughout this month. The cost of providing these benefits which does not include the payroll co-funding has been increasing week on week since the beginning of March. After six weeks the total increase in weekly costs amounts to an estimated additional £371,000 a week, and will of course continue to rise. I repeat, 2830 sir, that does not include the payroll co-funding.

The cost of these benefits is divided between General Revenue which is 66% and the Guernsey Insurance Fund which is 33% and as time progresses the cost balance has shifted further towards General Revenue via income support claims.

2835 Technical issues with management reporting systems mean that official counts of unemployment numbers are not currently available but estimates suggest the total number of registered unemployed has more than doubled since the beginning of the year. The week commencing 20th April 2020 so just 10 or 11 days ago saw an increase in the weekly cost of providing unemployment benefit of £32,000 an increase in the weekly cost, the largest weekly 2840 increase since the crisis began. Regrettably, sir, things are going in one direction.

Deputy Green asked a number of questions with regard the payroll support scheme. First of all he suggested it was a furlough scheme it is not, it is a payroll support scheme and still applies when people are working.

2845 He asked where is it funded from? Well initially P&R relied on the £30 million approved by the States from the General Revenue Account Reserve to initiate the schemes both payroll and grant,

but that was insufficient to fund the full length of the scheme, and as set out in the policy letter the £100 million sought from the Core Investment Reserve would now be used to fund these business support schemes moving forward.

He also asked about an emergency budget, why there has not been one, others did as well. It is helpful that Deputy Green gave more clarity as to what he means by an emergency budget which I think is like a high level review of the material impact on revenues as a result of Covid-19. But this policy letter in front of us sets out such an impact to the best of our knowledge at this stage. I give him an assurance that P&R will continue to refine the assumptions driving the modelling and updating the analysis which will be provided to States' Members of course.

He also asked about the capital programme well we are currently reviewing the processes around capital investment specifically to ensure that we can act as nimbly as possible for and during the recovery phase.

However, there is a critical balance to be struck between having sufficient measures in place to ensure that we select the right projects and deliver them in the right way that deliver best value, and Scrutiny would not expect any less. That does of course have to be measured against speed. P&R, sir, welcomes the long awaited report with recommendations from the Scrutiny Management Committee on this.

The policy letter sets out at paragraph 6.9 that the £250 million is to provide the necessary short term liquidity to fund business support measures; replace income lost as a result of the Covid-19 pandemic; service cash flow requirements as payments to the States are deferred; and make overdraft facilities available to trading assets to finance losses and support their cash flow.

The States are today being asked to provide the funding for £100 million of that £250 million by allocating the rainy day fund. Now, the FAQs sent out on Monday made clear that it would be a matter for the States to decide at the appropriate time and with full information whether the 2020 effect of Covid-19 should be funded from reserves or through longer term borrowing, putting in place a short term borrowing facility or facilities now means that this decision can be properly considered once there is more certainty with respect to the likely 2020 and future years' position and in light of the recovery strategy and plans and resulting implications for States' finances.

So, sir, part of the £250 million will be used to provide liquidity/overdraft facilities to our unincorporated trading assets and social security, it is not all from General Revenue. Which did, if I am honest, sir, make me grin when I heard parts of Deputy Smithies' speech.

Deputy Lester Queripel – sir, I think my friend Deputy Lester Queripel is confused and I understand that, so I will take him and others if needed through the Resolutions to date.

On 18th March the States resolved firstly to delegate authority to the Policy & Resources Committee to approve measures that give direct financial assistance to companies or individuals and a maximum cost of £30 million to be funded from the General Revenue Account Reserve. So this is what P&R used as the authority to commence the business support measures and the hardship payments. The £100 million is in addition to this with the £100 million used for business support and the £30 million for individuals.

Secondly, the States decided to increase the existing authority with Policy & Resources Committee to make available a temporary overdraft facility to Aurigny or guaranteeing external facilities by £27 million to a maximum of £52.7 million in the calendar year 2020. This is authority to give a financial guarantee, it is not expenditure. Although those that will consider it that it is almost definite to become expenditure at some point, I think would be accurate, sir, but not at this stage.

Thirdly, to delegate authority to the Policy & Resources Committee to undertake such negotiations as may be necessary to facilitate loan guarantee schemes for additional loans only and to provide on behalf of the States of Guernsey underwriting guarantees of up to 80% of lending effected pursuant to the scheme in respect of Bailiwick businesses up to a maximum of £40 million. Now, sir, again this is a guarantee, it is a contingent liability for the States, and at this stage it is not an expense, and indeed may never be.

Members may be interest to know, sir, that the figures that I was updated with this afternoon suggest that there has been action deployment and significant pipeline deployment, in other word very likely to material of somewhere around £3 million and the view is that that is likely to increase quite substantially during the month of May for a number of reasons that will be obvious to States' Members.

Deputy Queripel has added up the value of these schemes although on this occasion not very well because they come to £97 million not £102 million, and he has tried understandably to compare that to the £100 million now being sought. It is erroneous to do so, sir, because the £100 million being requested is in addition. If the States approve the £100 million today and I strongly believe they will, the States will have approved that a total of up to £130 million can be spent on dealing with the crisis.

Deputy Lester Queripel ended on a very sensible note, sir, when he stated drastic measures need to be introduced to get us out of this crisis and he is spot on there, sir.

Deputy Mark Dorey's analysis requires an unusually high degree of correction, he appears to be so fixated on not wanting to borrow that his attention to detail has suffered materially, and hopefully temporarily, because Social Security has asked for liquidity and that may be needed ahead of July. He mentioned that there was going to be some additional liquidity in July, there may well be, sir, but Social Security may need it earlier.

The Aurigny impact in the policy letter is the likely impact for us, this is different from the guarantee for Aurigny and not a double count, because we are going to have to pump funding into Aurigny at some point as they are effectively grounded and not will recover the lost business.

Deputy Dorey appears to be mixing up the income and expenditure position and the cash position. We need to borrow as we will run out of cash shortly, certainly within a month, probably earlier, and would have to liquidate assets we do not replace with borrowing through the revolving credit facilities.

So Deputy Dorey may wish to see the short term borrowing as an overdraft facility I think many States' Members find it easier to imagine it in this regard. The short term borrowing is an overdraft facility rather than borrowing *per se* because we have the assets we need the cash. Right now the States is asset rich and cash poor. The policy letter clearly says therefore:

In order to enable the Policy & Resources Committee to determine the most appropriate and advantageous time to liquidate investment assets of existing Reserves ...

He also says that we have a rainy day fund and we should be using it. We are, our Core Investment Reserve or rainy day fund will be depleted by 50% as a result of the decisions made today and will be spent as we all know over the next few weeks and months.

Now, sir, Deputy Merrett asked a question around the approximate loss on investments if they were sold versus the cost of a two or three years' revolving credit facility for £250 million.

Sir, we cannot possibly know what the cost of selling our assets would be as it is dependent on market conditions. This very week, sir, I think it was on Wednesday Deputy Ferbrache remarked not attempting to predict future market movements at all, he remarked that FTSE had had a fairly good week. Well yesterday, sir, it fell by nearly 5%. The volatility at the moment is quite extraordinary. It is not a good time to sell as between making a decision to sell and actually selling assets markets could have moved against us and quite significantly.

But for example and I know Deputy Merrett will want an example so for example, so for example, the sale of investments would compared to the position at the end of 2019 crystallise a loss of somewhere between 7% and 10% and any sale is subject to market conditions which as I said could move materially very quickly.

By comparison an RCF revolving credit facility for three years at a rate of 1.7% which is the top end of our estimate would cost approximately 7% over three years. Of course there is no guarantee that investments will recover, but a forced sale now takes away the potential of benefiting from the recovery in the markets.

2945 As long as our investment returns exceed the interest paid and the fees of the revolving credit facilities over the period, it would be *[inaccurate]*, if I can use that word, sir, to have an RCF instead of selling investments now, and I genuinely believe that most Members see the logic in that. After all this is good Treasury management, at least it was during my 11 years in that environment. Sir, we will take a facility for what is needed and no more, and the most flexible with the least cost options will of course be utilised.

2950 Sir, there were a number of positive comments during general debate and I think that they are worthy of repetition. Deputy Parkinson said, and I believe he is right, Guernsey will emerge from the crisis as a beacon of stability in this world.

2955 Deputy Gollop thoughtfully said I am very bullish and positive about the way forward and I support the approach we are taking.

Deputy Green prophesised that Guernsey's best days are ahead of us. I also believe he is right.

I would like to add my plaudits certainly to Deputy Hansmann Rouxel who I thought gave a very thoughtful speech. She reminded us that action is more important than platitudes, and I absolutely agree.

2960 So, sir, having said that I can move towards my closing remarks. Our economic recovery will be driven by our fiscal response to the Covid-19 pandemic. We need to invest in our future. There is an absolute need for the States to play a decisive and active role in facilitating the economic recovery.

2965 I have said this before, twice before in fact, but I think it is right to say it again, as the world has shown there is no alternative to Government financing of the economy and the community during this period of enforced economic inactivity. Guernsey is no exception I wish it was but it is not. The overall problem is that we face a loss of our own revenues at the same time as this requirement this obligation to fund our economic recovery.

2970 Funding of our economic recovery is likely to require funding of structural changes to the economy. Funding measures that increase competitiveness and deploying funds to economic development that hitherto would not have been even contemplated by the Assembly. This is the paradigm shift that this crisis has brought about and it is, as others have said, and I agree a real opportunity to set a new vision for our future.

2975 But, sir, all of this is going on right now whilst we are funding higher social spending from lower resources. Others have made the point that raising taxes in such conditions is economically counter cyclical it will hinder our competitiveness and will hit hard working families hardest. In short we are going to need all the flexibility we can get for financing that can only come through borrowing both short term and maybe long term if the States are so minded when the opportunity presents itself.

2980 No-one has a heavier heart about the need to take this step than me, but this is the time to think not with our hearts but with our heads rationally. We can only borrow what we can afford, that means we will only borrow what we can afford to service, and as part of the recovery work and in line with the previously agreed fiscal review, there will be a need to fundamentally review all aspects of our revenues and taxes and that will be the States' role and I am certain it will do it well, sir.

2985 Putting in place borrowing facilities now means that long term decisions can be properly considered whilst there is more certainty with respect to the likely 2020 and future years' position and in light of the recovery strategy and plans that will follow along with the resulting implications for States' finances.

2990 The development of a recovery strategy as we heard just a moment ago from Deputy St Pier and plan by the States is a priority and is a critical component, as is the availability of funding for focused Government interventions, whether they are broad based fiscal stimuli designed to promote wider economic recovery or targeted measures specifically for those industries and businesses particularly impacted by the pandemic.

2995 There will also be a need for Government to play a key role in facilitating economic recovery through prioritisation some of the things that we think we are going to do we will not do any more and the acceleration of certain public sector capital investments that the States considers have the maximum economic benefit.

Guernsey's recovery would be very different if the ability to borrow was not one of the key tools in this box. This would inevitably see the States having to increase taxes substantially and introduce austerity measures at a time where investment will be in the best interest of the Island's economy.

3000 Find me an economist that would disagree with that statement and I will show you a fool. The question is not whether we can afford to borrow to fund our route through this crisis although the answer to that is yes, we can. The real question is can we afford not to do this? Can we afford not to do this? No, sir, we cannot. I think after three days of debate most States' Members understand that.

3005 Thank you, sir.

The Bailiff: Thank you Deputy Trott.

That brings us to the vote.

3010 The amended Propositions have all been circulated and I hope everybody has those to hand. There have been quite a number of requests to take them separately. So I think the easiest thing is if I do go through and take them separately. So I will take – sorry is somebody trying to say something or is it just echo. Is somebody trying to say something? No.

3015 Well I am not quite sure how many separate votes we have had requested and how many recorded votes we have had requested. But I will take Proposition 1 first. Does anybody wish to have a recorded vote on Proposition 1? No. In that case I invite you to vote –

Deputy Lester Queripel: Sir, please I will have a recorded vote please, sir –

3020 **The Bailiff:** Deputy Lester Queripel would like a separate vote on Proposition 1 the Proposition that authorises £100 million to be funded from the Core Investment Reserve.
Greffier.

There was a recorded vote.

Carried – Pour 39, Contre 0, Ne vote pas 0, Absent 0

POUR

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
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Fallaize
Deputy Inder
Deputy Lowe
Deputy Laurie Queripel
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint

CONTRE

None

NE VOTE PAS

None

ABSENT

None

Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

The Bailiff: I think everyone voted in favour, didn't they?

3025 **The States' Greffier:** That is right, yes, that is what my sheet says.

The Bailiff: So that is unanimous: 39 votes in favour. I declare Proposition 1 carried.

Next I think we have had a request for separate vote on Proposition 2a. Does anyone require that to be a recorded vote on Proposition 2a?

3030 **Deputy Lester Queripel:** Yes please, sir.

Deputy St Pier: Yes please, sir.

3035 **The Bailiff:** Yes separate vote on Proposition 2a.

There was a recorded vote.

Deputy Lester Queripel: Sir, while the vote is being counted could I have clarification, please?

Carried – Pour 35, Contre 3, Ne vote pas 1, Absent 0

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

Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

3040 **The Bailiff:** Let me just declare the result of the voting on Proposition 2a, Deputy Queripel. There were 35 votes in favour, with 3 against and 1 abstention. I declare 2a carried.
What clarification would you like, Deputy Queripel?

Deputy Lester Queripel: It just seems a bit odd to me, sir, that 2 –

3045 **The Bailiff:** Is this a speech or a clarification?

Deputy Lester Queripel: I am asking for clarification but I am explaining what I am in need of clarification of: 2d and 4 are very similar.

3050 **The Bailiff:** We will get to those. You are right, they do duplicate each other, but we will get to those in a moment, Deputy Queripel.

Deputy Lester Queripel Thank you.

3055 **The Bailiff:** Proposition 2aa, the £50 million. Can we go *aux voix* with 2aa?
(Interjections)
We will have a recorded vote on 2aa, the £50 million offer.

There was a recorded vote.

3060 **The Bailiff** Members, whilst those votes are being counted I have been asked to pass on a message from the production team to remind you only to turn your microphones on and off when it is approaching your turn to vote, otherwise there is some background noise which is making it difficult for them to be certain as to exactly how some people are voting. So please just turn your microphones on and off when it is approaching your turn to vote and after voting.
Thank you.

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

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Ferbrache
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy Le Pelley
Deputy St Pier
Deputy Stephens

CONTRE

Deputy Lester Queripel
Deputy Merrett
Deputy Inder
Deputy Smithies
Deputy Dorey
Deputy De Lisle
Deputy Langlois
Deputy Oliver

NE VOTE PAS

None

ABSENT

None

Deputy Meerveld
 Deputy Fallaize
 Deputy Lowe
 Deputy Laurie Queripel
 Deputy Hansmann Rouxel
 Deputy Graham
 Deputy Green
 Deputy Paint
 Deputy Le Tocq
 Deputy Brouard
 Deputy Dudley-Owen
 Deputy McSwiggan
 Deputy Soulsby
 Deputy de Sausmarez
 Deputy Roffey
 Deputy Prow

3065 **The Bailiff:** The voting on Proposition 2aa was 31 in favour with 8 against and no abstentions. I declare 2aa carried.

Now Proposition 2ab. Can we go *aux voix* on 2ab? Yes I see –

3070 **Deputy Lester Queripel:** Recorded vote please, sir.

The Bailiff: A recorded vote on 2ab Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

There was a recorded vote.

Carried – Pour 36, Contre 2, Ne vote pas 1, Absent 0

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

Deputy Dudley-Owen
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Deputy Prow
Deputy Oliver

The Bailiff: On Proposition 2ab there were 36 votes in favour with 2 against and 1 abstention. I declare it carried.

Which brings us to Proposition 2b and there has already been a request for a recorded vote on 2b. The additional tranche of a maximum of £250 million.

Sorry, is somebody trying to say something? I have either got some bad feedback or somebody was trying to say something. No.

Go ahead please, Greffier.

There was a recorded vote.

Deputy Ferbrache: Sir, can I just apologise, it was me that uttered an expletive, I apologise.

The Bailiff: Thank you Deputy Ferbrache. I think that is a good example of why it is better if people turn their microphones off as soon as they have voted.

Deputy Trott: Sir, I missed it, what did Deputy Ferbrache say?

The Bailiff: I am not going to repeat it, Deputy Trott. I am sure you have never heard the word before.

Carried – Pour 20, Contre 19, Ne vote pas 0, Absent 0

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

The Bailiff: Well, Members, the voting on Proposition 2b was 20 in favour with 19 against and no abstentions. I declare 2b carried.

Which brings us to 2c. Does anybody require a recorded vote on 2c? No. We will go *aux voix* then on 2c. If you could vote through the chat column.

There is an abundance of votes in favour. In fact I do not think I have seen anybody voting against, and a sufficient number have come through that I can declare 2c carried.

Now Deputy Trott, as Deputy Lester Queripel tried to point out a moment ago there is a great deal of similarity between 2d and 4. Proposition 2d and Proposition 4 in fact I think there is probably only about one word of difference between the two of them. Do you have a preference as to which one Members should vote on and which one perhaps we just decide to put aside?

Deputy Trott.

Deputy Trott: Yes I am just looking at it on the screen myself, other Members of P&R may interject if they disagree but I think it would be best to keep Proposition 4, sir. Keep Proposition 4.

The Bailiff: Keep Proposition 4. In that case we do not need to take a vote on 2d. I think it is only about one word difference between them.

So we will go next to Proposition 3 and there has been a request for a recorded vote on Proposition 3.

There was a recorded vote.

Carried – Pour 25, Contre 13, Ne vote pas 1, Absent 0

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

The Bailiff: Well, Members, the count on Proposition 3 is 25 votes in favour, 13 votes against, and 1 abstention. Proposition 3 is carried.

Now Proposition 4. Does anybody wish to have a recorded vote on 4? No. I see nobody requesting that. So please therefore vote through the chat column.

I can see lots of votes coming through in favour. I do not think I have seen any against. So clearly that is carried by a majority. And for the very last time it falls to me to say I declare the Proposition carried.

That brings an end to this debate and indeed an end to my career as Presiding Officer, which I have very much enjoyed.

**Tribute and thanks to retiring Bailiff and Presiding Officer,
Sir Richard J Collas, Kt**

3120 **Deputy Lowe:** Sir, if I may speak now, please.

The Bailiff: Deputy Lowe, yes.

3125 **Deputy Lowe:** Sir, it is strange that we are saying goodbye to you remotely from your house and not from the Royal Court Chamber, which for you as for your father Advocate Peter Collas has always been at the heart of your life as an Advocate, as a Judge and as a Presiding Officer.

On looking back at your time as Deputy Bailiff in 2005 and then Bailiff since 2012 you have presided over many States' meetings and seen many changes in membership and the system of Government.

3130 The States now has a large Rules of Procedure file for you to have to deal with; technology has arrived in the States' Assembly with Members using electronic devices and currently whilst working remotely we have seen how easy and quick Members can use the system to vote on Propositions; *Hansard* has been introduced and right at the end of your term we have our first States' Greffier.

3135 As Presiding Officer you have seen the first Mother of the House, the first woman Law Officer and the first woman Clerk. I am now going to add some other firsts, sir.

You are the only Bailiff in modern times not to have come to the office via St James' Chambers; you are the first Bailiff since Sir Charles Frossard who has been awarded an Honorary Doctorate in Law from Caen University; you are the first Bailiff [*inaudible*], and, sir, you are the first Bailiff to preside over a sitting of the States of Deliberation at St James'.

3140 Sir, it is really impossible to set out here all the good work you have carried out during your time as Bailiff and as Presiding Officer of the States of Deliberation. You have a reputation that is the envy of most; you have a reputation as somebody who can clearly be trusted; you are talented, respected, kind and gentle and yet firm. A lot of the boxes to tick, sir, and you tick them all.

3145 For an unassuming man of action who has always thrown himself into any situation you only have to look at all the photos on Google and they show the vast amount of activities and events you have attended, thousands, sir, from completing the Boxing Day swim, around the Island walk including on that other Island across the water and I do not mean Herm or Sark but further afield.

3150 Zooming down a high level zip line from a tree at St Peter's Church, switching on the lights on the top of the Tree of Joy; laying wreaths; lighting beacons; yachting and so the list could go on and on.

You are a man who smiles wherever and whenever you can. You put people at ease with your gentle manner, but whatever you are doing, you do so always with gravitas and seriousness when the moment requires.

3155 Each November on Remembrance Sunday when laying a wreath is one of them that I know has been extremely important to you during your time as Bailiff, reflecting on those who lost their lives to give us the freedom we have today.

It has been a privilege working with you as a States' Member and as Acting Presiding Officer, the honour and privilege falls to me, sir, as Mother of the House on behalf of the States of Deliberation to thank you for all you have done to assist us in the last eight years.

3160 You have done this, sir with humour, coping with repetitious speeches rather than use the Rules to stop Members, patience like no other I know. You have been very special and we all thank you and wish you a very happy retirement, *à la perchoine*, sir.

I ask Members to turn on their mikes and give you a round of applause and thank their Bailiff and Presiding Officer. I wish you a happy retirement. (*Applause and cheering*)

3165 **The Bailiff:** Deputy Lowe and Members, thank you very much indeed for those very warm generous, and indeed over generous, comments and for all the messages that have come through on the chat column.

3170 May I add another first to your list of firsts: you are the first Mother of the House to speak from her garage in the midst of birdsong.

Deputy Lowe: It is not even my garage, sir; it is our son's garage because my internet will not work so I have been in the road all day and now I have come into the garage to use his internet.

3175 **The Bailiff:** Well, wherever you are, yet another first. So thank you very much.

Members, it is sad to be retiring and it does seem a very strange time to retire in the midst of a pandemic but of course the date was fixed a very long time ago. Had I known, I certainly would not have chosen this as the right time to go.

3180 It has to be remembered that some time ago, sometime last year, my successor and indeed his successor as Deputy Bailiff were both selected and appointed so they are waiting in the wings. They will be a very capable and able team and it is right that this old codger after 15 years as an appointee steps aside to allow them to take over and to help to guide you through what I am sure is going to be an extremely difficult 12 months. As we have heard many times during the last three days there are some very difficult decisions to be taken.

3185 If you will indulge this old codger just for a few minutes I would just like to offer you my best wishes for the difficult times that lie ahead for you and also to offer you a few words of encouragement.

3190 I would just like to remind you all that you are each and every one of you a Member of our Government, you are elected to govern, we do not have a government and an opposition you are the Government each and every one of you. It is your collective duty to govern this Island and I really do urge you to do that collectively.

3195 You have elected the people who sit on the Committees and hold the presidencies where many of the decisions are going to be taken, you entrusted them with their responsibilities and I now ask that you make sure that you keep your trust in them, give them the support and encouragement they are going to need in these difficult 12 months that lie ahead.

There will be as I say difficult decisions, there will be challenges to them, there will be some unpopular decisions, so they will need your support, they will need your encouragement, they will need your help. Please make sure that you give it to them generously.

3200 That is not to say that you should not challenge the decisions that they make, scrutiny is all a part of your role, and scrutiny can be done in a positive constructive way, it does not mean saying no and trying to block things, it means asking the constructive, careful questions bringing to bear your experience, your knowledge of the issues facing Islanders here, in Alderney and in Sark throughout the Bailiwick, good scrutiny helps to sharpen and enhance and improve the decision making.

3205 So as Deputy Trott said in his closing speech, he is confident that the States will discharge its duty well, I am sure you will, I wish you well and I will be watching from the side-lines and if it may be that I occasionally nod off in my armchair at least you will not notice that I have done so.

3210 Can I just add a few personal reminiscences. Deputy Lowe a moment ago very kindly mentioned my father, who incidentally was always known as PRC and sometimes when I hear people referring to PRC in the States' context I get a little bit confused.

3215 But I have been very proud of the fact that I am the third generation of my family to serve the States, both my father and my grandfather were elected Members. I never knew my grandfather he died as a sitting Member in about 1930 but when been sitting in the States' Chamber where we normally are I have always felt great pride to think that they had stood there as elected Members and sometimes I think when I hear a Member addressing the Assembly I think well that could have been my father. I hope I have always tried to treat Members the way that my father and my grandfather would have wanted a Bailiff to treat them. I have always tried to treat you with the respect I know occasionally and there have been instances I am afraid where I have snapped at people and I apologise for that.

3220 But the other thing that has really guided me in the Chair are some words that were spoken to me by a very experienced Presiding Officer of an Assembly in another jurisdiction who spoke to me when I became Deputy Bailiff 15 years ago. He said always remember you are the servant of the Assembly, they are the elected ones, it is their Assembly, and that has really always guided me.

3225 A bit like Deputy Ferbrache I have an aversion to rules I do not like having too many rules I think they can be very restrictive. Yes there are some Rules that always have to be obeyed and I know I have annoyed some of you at times by giving inconsistent interpretations of other Rules, but that is because I feel that some of the Rules allow a degree of flexibility, and what I have tried to do is to interpret them with common sense. That expression we have heard quite a bit of over the last two weeks. So that does mean that in different contexts I have sometimes interpreted the same Rule in different ways, and perhaps that has confused some of you, but as I say I have always done it in a spirit of fairness in trying to assist the smooth running of the debate because that is what I think the Rules should be doing, I think they should be guidelines to try to facilitate debate not a straitjacket that should restrict debate.

3230 I hope I gave got it right more often than not. I hope I have done, and if I have done I am pleased and I hope that my father and my grandfather, if they are looking down on us, perhaps they would look down on me with pride to think that one of the blood and flesh has carried out this role. I know they had huge respect for some of the Bailiffs that they knew and served with.

3235 But I could not have done it without the support of a very able team and I would just like to thank the Greffiers, all the Deputy Greffiers, all the Greffe staff, the Sheriffs, the Deputy Sheriffs, the CSOs, the security officers, the ushers, all the staff in the Bailiff's Office, all the civil servants. There is a huge team of people who support the running of the States, and as I say, I could not have done my role without their support and I do thank them enormously. I also mention the media whose broadcasting and publishing of our proceedings is such an important part of the operation of our democracy.

3240 After this virtual meeting it would be remiss of me not to thank the IT people who have done a magnificent job. I do thank you all for the way that you have embraced the technology it would have been a great shame if the States had not been able to meet over recent weeks and we certainly could not have met safely in a physical meeting, so I do thank you for the way that you have adopted as I say adopted the technology.

3245 That brings me to thanking you all, and all the States Members who have served over the 15 years when I have been Presiding Officer or Deputy Presiding Officer you have all treated me with enormous courtesy and respect. You have not always agreed with all of my decisions I know that, but nevertheless that has never stopped you showing respect for me and I am extremely grateful for that, you have certainly made my job an awful lot easier than it might have been.

3250 On behalf of the community I would like to thank you. Thank you for being prepared to step up and being prepared to take the responsibilities that you now carry to make the decisions that you are making. I suspect there has never been a Guernseyman who has not thought sitting in his armchair, or standing in the pub, that he could do a better job than a States' Member but very few of them put themselves forward. It is thanks to people like you that we do have an operational democracy.

3255 I thank you for all that you do for the Island I wish you all the best in the very difficult decisions that lie ahead and I will be watching, but I am sure you will do an excellent job and I wish you all the very best, and the one not very last thing I would ask you to do before I invite the Greffier to close this meeting would be to show your appreciation for all the essential workers and all the key workers who are working so hard at the moment tirelessly and selflessly to keep this Island functioning, to keep us safe, to keep us healthy, to keep us alive and to keep the Island going. That community spirit is what is so special about Guernsey. Guernsey Together, please show your appreciation for all of them, and thank you very much for everything that you have done and for all the support you have given me.

3260 Thank you. *(Applause and cheering)*

The Bailiff: Well, Greffier, as always the last word is yours.

The States' Greffier: Thank you, sir.

3275

The Bailiff: Thank you.

Thank you very much, bye-bye.

The Assembly adjourned at 5.26 p.m.