



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 10th September 2021

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Present:

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Law Officers

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

People's Deputies

S. E. Aldwell	D. J. Mahoney
C. P. A. Blin	A. D. S. Matthews
Y. Burford	L. J. McKenna
T. L. Bury	C. P. Meerveld
A. Cameron	N. G. Moakes
D. de G. de Lisle	Deputies R. C. Murray
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S. P. Fairclough	C. N. K. Parkinson
S. J. Falla	R. G. Prow
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S. P. Haskins	G. A. St Pier
M. A. J. Helyar	A. W. Taylor
N. R. Inder	L. S. Trott
J. P. Le Tocq	S. P. J. Vermeulen

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and
E. A. J. Snowdon

The Clerk to the States of Deliberation

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

Absent at the Evocation

A. H. Brouard (*relevé à 9h 33*), H. L. de Sausmarez (*relevée à 9h 33*),
A. C. Dudley-Owen (*relevée à 9h 33*), A. Kazantseva-Miller (*relevée à 10h 13*),
M. P. Leadbeater (*relevé à 11h 05*)

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCAATION

The States' Greffier: Billet d'État XVII, Article 4, the continuation of the debate.

The Bailiff: Well, good morning, Members of the States.

5 Now, three of you have arrived at somewhat of a rush and almost, in some instances, made it in time, but not quite. So Deputy Brouard, Deputy de Sausmarez and Deputy Dudley-Owen, is it your wish that your presence be recorded and you are relevéd?

10 **Deputy Brouard:** Please, sir.

Deputy Dudley-Owen: Yes please, sir.

Deputy de Sausmarez: Yes please, sir.

15 **The Bailiff:** Very much so we will mark the three of you as present, so it is just two Deputies left still to arrive if they are coming.

I can clarify, when I said yesterday that jackets could be removed, that they could be removed anyway, for those who have quite properly kept them on for roll call.

COMMITTEE FOR EDUCATION, SPORT & CULTURE

4. Secondary and Post 16 Education Reorganisation –

Debate continued –

Propositions carried

20 **The Bailiff:** So I am going to see if anyone still wishes to speak in general debate on these Propositions, and if not then I will turn to the President.

Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

25 Education is for improving the lives of others and for leaving your community and the world better than how you found it. A recent quote I read resonated heavily with me. I could not agree with it more, and I believe we should all be proud of what we are deciding upon here today.

30 Sir, I commend the Education team for putting together the policy letter and delivering what they promised they would do. We have been elected to make a decision. The people of Guernsey put their trust in all of us and we need to deliver a decision. Crucially, we need to stand by that decision. In running for election as a People's Deputy, I wanted to make our community a better place and achieve a decisive outcome to end the uncertainty that was engulfing Islander life. If there was one issue that Islanders wanted a conclusion on, it was indeed Education.

35 Guernsey's reputation also hangs in the balance here. We need to be open for business and for professionals to want to relocate to Guernsey to help grow our economy, which is much needed, and we must have an attractive Education offering.

Sir, in my manifesto I strongly supported the three-school model with a separate sixth form. This is, of course, I believe this will offer the best breadth and dedicated resource needed to have a vibrant and successful sixth form college.

40 Now, we can focus on the number of buildings until the cows come home but very clearly, in my mind, it is not about the bricks and mortar that matters, but what happens in those schools. Many teachers I have met, and some of my own, have been the most inspirational, and in many instances have not had the benefit of a shiny new building or a perfect system, but have treated their position not only as a job but as a vocation. Some say to teach is a calling. I hope, whatever the outcome of today's debate, we will *all* work together to deliver this solution to provide the best possible education for our young people and future generations to come.

45 Sir, I will be voting in favour of the proposals and if they are successful we should be humbled and proud that we will be making a moment in history here today, setting the wheels in motion for generations to come to receive the best education Guernsey can offer. We will be giving our youngsters the breadth and quality of opportunities they deserve. After all, sir, the world really is their ormer

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

55 I will not be voting in favour of the policy letter from ESC for the very simple reason that it does not offer any improvement in education over the *status quo*. Sir, since this debate has at times been quite fractious, I would like to assure Members that my decision has got nothing at all to do with personality politics or party politics, or any kind of oppositional politics. It is quite straightforwardly an assessment of the facts as I see them. That is, in this case, comparing the proposals with doing nothing at all.

60 There is a temptation to compare the proposals with those that have been included in amendments that have been debated and lost, or not debated at all, or with past proposals that were not on the agenda for debate this time. But this is general debate and the choice is between this and nothing. What we have now at the moment is an education system that works reasonably well but offers no choices to parents and has imbalances in the provision at different schools. For example, the former grammar school at Les Varendes is able to offer a wide curriculum with many options whilst La Mare De Carteret is a very good school with good community spirit and great results in an excellent, almost ideal location, but simply with buildings that are in need of modernisation or rebuilding. There is some overcapacity across the system and there are differences in the size of each school.

70 Many of us, if not most of us, or even all of us, were elected on a mandate that included sorting out the mess in Education following the decision to end selective education. All of us were elected to control spending, cut waste and inefficiency and manage Government services and investment wisely.

75 So what does this proposal actually do? Well, first of all the standout change is to move a sixth form centre that we have already got, has already been built 16 years ago at considerable expense, to move it half a mile down the road. It is a duplicate, a facsimile, a copy of exactly the same thing, just in a slightly different location. And what does that achieve? Well, nothing at all. You might as

80 well go to our bankers, ask to withdraw £40 million in cash, not including any interest foregone,
withdraw it in £50 notes, pile it on a fire and set fire to it. (**A Member:** Hear, hear.) It does not
achieve anything at all, except move a building we have already got and put it down the road. (**A**
Member: Hear, hear.)

85 We have all been elected and promised to spend other people's money carefully, and here we
are voting on a proposal to spend millions of pounds moving a building we already have and is not
very old or in poor condition –

Deputy Taylor: Point of correction, sir.

90 **The Bailiff:** Point of correction, Deputy Taylor.

Deputy Taylor: It may be splitting hairs, but the building is not being moved, a new one is being
built.

95 **The Bailiff:** Well, Deputy Matthews to continue, please.

Deputy Matthews: Well, that really is very much splitting hairs. It is moving a facility from one
building that is reasonably new to a new building! And we are moving it because we have decided
we do not like where it is any more and we would prefer it to be a bit further down the road!
(*Laughter*) In fact, it is much worse than that, because as well as spending millions of pounds to
100 achieve nothing at all, it introduces inefficiencies that were not there before.

Some of us went up to the Grammar School to sit down and listen to staff patiently explain to
us about how their day works. Currently, most sixth form teachers cannot fill their whole working
day teaching A-level, so they make up the remaining time teaching the same subject at GCSE, which
works well because they are all in the same building so they can timetable it and arrange to have a
105 GCSE class lined up and waiting so that when one class finishes another one starts fairly smoothly
afterwards. They will not be able to do that from another building because there is going to be a
10- or 15-minute trudge through the rain to switch buildings. They will have to introduce gaps to
take that into account on both sides or more likely just simply not do that type of backfilling because
it is too impractical. So we are introducing inefficiency and waste and additional spending where it
110 was not there before.

And it goes on, because the site that the building is set to be built on is not huge, it is already
fairly crowded with the Guernsey Institute, so we have to squeeze this new copy of the established
Sixth Form Centre into the planned build for the Institute. We already know there will not be enough
space for parking and it will all be a bit cramped. That is before we even talk about traffic.

115 Now, we all know this is going to create traffic chaos. We can pretend because we have not had
the traffic impact assessment that we do not know, but it is plainly obvious that it will cause gridlock.
(**A Member:** Hear, hear.) The roads around St Peter Port are tiny. When it was built as a school many
years ago, many children used to walk to school from the surrounding area, but now we are going
to ask every single 17- and 18-year-old in state education in the whole Island to get to one place
120 at the same time every morning, along with many other staff and others students and maybe some
that are older and some that are younger. We know that is a recipe for disaster. People will wonder,
as they are stuck in traffic trying to get through thinking, 'Why did we do this?' The answer will be
'For nothing!' We have moved all the post-16 education to one site with poor infrastructure for no
real reason at all. This is almost the definition of bungling Government, wasting money, achieving
125 nothing, creating inefficiency.

If throwing away £40 million for no good reason was not good enough, there is more, because
the Committee's proposals have not finished meddling with our education system just yet. The next
flagship proposal is to close a school. Not just any school, but one secondary school that has
improved the most in recent years, that gets excellent results that is at the heart of its community.
130 It is in fact in an almost ideal site in which to locate a secondary school. Many UK authorities would

135 give their eye teeth to have a school as well located as La Mare De Carteret. It is surrounded by housing within easy walking distance and much more within a short cycle ride. It has large playing fields that cannot be easily redeveloped for housing because they are low lying and marshy and it has a coastal location that is one of the British Isles' most sought-after areas on the west coast of Guernsey.

140 Usually schools are closed because they are performing poorly or they have become poorly located over time as development happens in other areas that changes the rationale from when it was originally conceived. But La Mare De Carteret was built in the 1970s because that is where housing was being built, around it and on the west coast. So it sits in the middle of it. It is a town planner's dream. You have all these pockets of development dotted all the way down the west coast. L'Islet, Port Soif, Grandes Rocques, Cobo, Vazon. So where do you locate your school? In the middle of all of that. They knew something about where to place schools to make them easily accessible back when they built the secondary school. We seem to have forgotten that.

145 We have heard impassioned pleas to keep it open because it works so well. It needs refurbishment or rebuilding of course, which we could do. But we are not going to do that. We are going to take one of our best performing secondary schools and close it! It is not as if there were not options on the table or could have been options on the table that retained La Mare De Carteret as a location for a secondary school.

150 If you look at a map of Guernsey and where the housing is and where the population centres are, it is obvious where the three main centres are: Town, St Sampson's and the west coast. So if you ignore the buildings, where would be the three locations that would be best for a three-school model? Les Varendes is the closest location to Town, if you discount the nearby St Peter Port school site, St Sampson's obviously for the north and La Mare De Carteret for the west coast and south. The location that is not in that list is Beaucamps. Now, I know that area, I used to live nearby, my sister was a Beaucamps student, and when I was young it was the fifth school in a five-school system that served the country parishes, and that is what it is. It is a small rural school in Guernsey's less populated country area. There is nothing much nearby.

155 Sorry.

160 **Deputy Oliver:** Sir, thank you for giving way, Deputy Matthews.

But what about St Martin's? That is one of the largest primary schools of 500 and that is not in one of those areas.

165 **Deputy Matthews:** Yes, I included Town and the south-east really as one unit. (*Laughter and interjections*) There is St Martin's as well. (*Interjections*) Yes.

170 It is one of the few areas that is not densely populated in Guernsey. There is a big steep hill to walk down, or walk up if you are coming from the coast, and nothing much else in any direction. What is near Beaucamps? Cows and fields. There is no housing nearby. There is a zoo, but that is there by accident, (*Laughter*) built on farmland, and you have to walk a long time to get to anything. The bright lights of L'Aumone, which our Planning Department designates as a local centre, are a petrol station and a doctor's surgery; not even a village, really.

175 So Beaucamps is not a good location for a school. It might be quite a good location for a sixth form centre, if you have to have a sixth form centre, and the building happens to be about the right size for that. I did discuss with Deputy Owen at some length about doing that, but that was in the context of an upcoming review which did not happen, and subsequently an amendment which she did not wish to debate. Indeed, the proposal is to squeeze a third of the Island's secondary students into a small rural school that it was never built for or intended for, for a catchment area of that size.

180 I am disappointed because the Committee seemed to start out quite well, with an intention to look into many options, not just educational, but for the community as a whole; to take advice and feedback from elected representatives and teachers before presenting those options for final decision. What we have instead looks like a simple levelling-down exercise to meet the lowest common denominator of a set of guiding principles derived from surveys of teachers in a hope that

185 this would meet their approval, but who now oppose the result. Instead of many options to choose between, we have one that shows little merit over the *status quo* and appears rushed through, not thought through. For these reasons I will not support the Propositions in the policy letter.

Thank you, sir. (*Interjections*)

The Bailiff: Deputy Meerveld.

190 **Deputy Meerveld:** Thank you, sir.

Ever since joining the States I have tried to maintain a policy of only speaking in debate when I have to. I am not one for long, rehearsed speeches written well in advance to get my voice heard on record, even in subjects such as education where I am incredibly passionate, so put an incredible amount of effort into it. But what I do find myself on occasion is driven to my feet by other people's speeches, on this occasion Deputy Matthews which, whilst very passionate, I could refute on *many* points.

200 But before I get there, I would like to say I take my hat off to Deputy Dudley-Owen and her Committee. They have taken on the poisoned chalice of Education, they have worked incredibly hard in this term, they have battled against a deluge of misinformation, and unfounded personal attacks in some cases, to try and derail the process of bringing this back to the States. They have gone through days now, spread over months of debate in which they have had to rebut many ill-conceived amendments and amendment of, in my opinion, ill-intent. And reading the tea leaves, their policy letter is going to be passed today and with a resounding majority.

205 Talking about misinformation, and this is one of the things I think that Deputy Matthews ... One of the cornerstones of the attacks in a lot of the publicity recently is the '£40 million to move a building 500 m!' I suppose it catches people's imagination, but it does not stand up to *any* analysis at all, any logic, any common sense.

210 Under the Paul Le Pelley plan, you are going to repurpose the Grammar School site as the Guernsey Institute and rebuild La Mare to a much larger size, a capacity of 880 students, because you are going to take 600 secondary students from the Grammar School and move them to the La Mare site. In the current policy letter you are going to knock down La Mare, approximately 450 students, and move them to the Grammar School site. Ah, where are you going to put them? The Sixth Form Centre has a capacity of 450 students. You are not wasting money moving a building, you are building the sixth form on a different location so you can accommodate the displaced students from La Mare on that site. If you did *not* rebuild a separate building, you would have to do extensions at Beaucamps and St Sampson's to take the extra students. You would have to build extensions on existing buildings to give you a capacity of 450 students in the system.

215 So whilst this makes a great headline, it is misinformation. (**A Member:** Hear, hear.) It fails basic common sense. You are knocking down a building with no capacity, you have got to accommodate them somewhere else. Now, you will do that in this scenario, in the plan from the current ESC by building a new building, in my sense perfectly logically, on Les Ozouets site, next door to the other institution providing post-16 education, so you have students of all the same age group, all going to advanced education in a specific location. All of that makes sense. And you utilise the existing Sixth Form Centre as that extra capacity required. So please, let's not get blinded by nonsensical soundbites and headlines designed to distract from the realities.

220 Now, let's look at the realities. The fact is – sorry, I will not be giving way – that the current Committee has come up with a practical, pragmatic and deliverable plan for rebuilding the real estate required to accommodate our education system. Now, this does not mean it will not provide improved outcomes, be aspirational or progressive. All of those things will be done by, I am sure, the Education Committee with their officers within those buildings. Time and again ... For instance, 230 La Mare De Carteret. I have incredible respect for what they have done. They have had incredible achievements and they have done it in some of the worst, in *the* worst school facilities in the Island, in as far as what they have had to work within. I was horrified the first time I saw the inside of La Mare De Carteret School after joining the first ESC Committee. But teachers have told us time and

235 again, 'We can deliver education, we will work around whatever you give us.' Again, when was the last time Elizabeth College was demolished and rebuilt? Their facilities are 150 years out of date and yet they deliver excellent education.

240 There has been this massive hang-up in this whole process of the Education debate about buildings, when in fact it has been more about ethos and philosophy and ideology has been what has been driving the choice of buildings. I am hoping today we finally make a decision on buildings and then the *real* work can begin in delivering a truly progressive and forward-looking education system for our young people. I have absolute confidence that the new Committee will deliver that once this Assembly gets out of their way and lets them get on with it.

245 Now, there is one more thing to add before I sit down and that is the cost of democracy. We need to have this central in our minds as we go into the tax debate. We have basically come full circle. Deputy Sillers' Committee in the term before last proposed a four-school federated model, which ironically Deputy St Pier changed to a three-school non-selective model. That plan was brought through by former Deputy Paul Le Pelley who delivered exactly what this Assembly had both expected and confirmed that they wanted in the subsequent debate about whether or not to rescind selection at 11. Then came the two-school model – the two-school diversion out of the blue – which proved to not tick the boxes of being practical, pragmatic or deliverable and was roundly rejected by the electorate, as seen in the last election.

250 Now, that diversion, I went back and checked my things, La Mare De Carteret – if we had have gone ahead with the original Paul Le Pelley plan – would have been completed and the students would have been in there now for, I believe it is two years. It would have been done. That plan was £108 million all-in. That is post-16, secondary, primary, everything in, rebuilt La Mare Primary. That included an advanced, enlarged sports hall to county standards and a community centre for the Genâts Estate area. It included £11.4-million-worth of flood defences, all in for £108 million. But because of politics and the inference of this Assembly, in the previous Assembly, deciding to go on that diversion – for two schools – we have run the bill up by at least £20 million. We have lost four or five years. We have done incredible damage to our teaching professionals with the increased uncertainty and the difficulties we created. We have now come full circle, we are going back to that three-school model, we are going back to –

265 **Deputy Queripel:** Sir, point of correction.

The Bailiff: Point of correction, Deputy Queripel.

270 **Deputy Queripel:** Sir, Deputy Meerveld misled the Assembly early on. He said Elizabeth College have not had to rebuild their school and they continue to provide first-class education. Within the last 20 years they built a new extension to their school and they have also just purchased a large office block next door to the school because they cannot cope.

So he has misled the Assembly, sir.

275 **The Bailiff:** Deputy Meerveld to continue.

280 **Deputy Meerveld:** Let me see. Their original building I think was built in 1869. It is still there as their primary building, and yes they can expand and improve their facilities, but my point was that their classrooms do not meet the international standards or the English standards now for classroom sizes, they do not meet all these criteria that we are trying to build to, and the facilities we will provide in our newly built schools are better than the College currently enjoys. They will continue as a commercial entity to expand and improve their offerings to compete, but I do not think that is really going to the heart of what I have been saying.

285 Right, costs of a diversion. The current total cost, including primary, secondary etc., presented by the existing Committee is now £120-odd million. We have lost £20 million, we have lost four or five years in this two-school diversion, and also people rant about, 'Oh, the £40 million for moving

290 a sixth form down the road!' People have very short memories. Eighteen months ago we approved the two-school model – this Assembly, the previous Assembly – at £154 million, all in, *and* gave delegated authority to P&R to proceed with it. So the fact is what is being proposed by today's ESC is considerably cheaper but we have still, in my estimates, lost 20 –

Deputy Roffey: Point of correction, sir.

295 **The Bailiff:** Point of correction, Deputy Roffey.

Deputy Roffey: I really do not want to stand here as a defender of the two-school model that is not here any more, but Deputy Meerveld knows that that £157 million contained all sorts of other things, like IT systems across all schools and the rebuild of La Mare De Carteret Primary School. It was absolutely nowhere near that for the secondary sector.

300 **The Bailiff:** Deputy Meerveld, I think at the moment that, as Deputy Matthews pointed out, it is a choice between supporting the Propositions that are before you or rejecting them. The history is the history and most Members understand what has happened, but it is this choice today now.

305 **Deputy Meerveld:** Yes, sir. I am trying to give that perspective to justify *why* this Assembly, sir, should proceed and endorse this and let the Committee get on with it.

So going back, the £157 million yes did include another few extras, but the £108 million and the £126 million, I think, total for the Committee also includes the rebuild at a primary and a lot of that work as well. This is the total package cost.

310 But finally, anyway, my point is this Assembly, by taking that diversion, has cost the taxpayers of Guernsey at least £20 million. In fact I may submit some questions to ESC under Rule 14 to find out the exact amount. But I believe, I am estimating about £20 million for the cost of that diversion, that delay. Also look at the disruption and anxiety that has created in our pupils, our parents and our teachers. As we go into the budget debate, as we raise taxes, we should be all cognisant of the fact that we have *got* to stop doing this. We have got to start acting in a more business-like way, and I know people will tell me the States is not a business, but we have got to, in future, take less politically, ideologically driven diversions, look at the facts, be practical and pragmatic and proceed. That is why I wholeheartedly support – although I regret the loss of the La Mare De Carteret – ESC's plans and encourage everybody else to vote for them.

320 Thank you.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir.

325 Yesterday Deputy Ferbrache mentioned my name in conjunction with Deputies Bury, de Sausmarez and Kazantseva-Miller. Now, I have known Deputy de Sausmarez for at least a decade and Deputies Bury and Kazantseva-Miller for around about a year, and what I know about all three is that they are genuinely, fiercely intelligent women (*Interjection*) and extremely independently minded, and although I do not vote the same way as them on every single issue – the primary review is just one example that springs to mind – I am honoured to be named in their company. If we do vote often in a similar manner, it is because we have reviewed the evidence and come to a similar conclusion, in the same way as others who also do that, I am sure.

335 In that vein, I suppose the acid test for anyone minded to support this policy letter is to ask themselves, would I still be supporting it if, for example, Deputy St Pier was bringing it to the Assembly? I raise this because I still frequently hear that we must trust a Committee to do what they think is right and let them get on with it. But I truly believe that misunderstands and rewrites the role of this Assembly. It is the role of this Assembly to question, to scrutinise and to challenge. None of that implies a lack of trust in any colleague's ability, but Committees are servants of the States

340 and there seems to be a new tendency in some quarters to just hand over matters, and at the same time one's elected responsibility as a Deputy, to a small group of Members and let them get on with it. And as a Deputy and as Scrutiny President, I find that quite concerning. But on to the matter in hand.

345 We will have all seen the recent vox pops on the local TV news, where some of the members of the public exclaim about education, 'Just get it done! Make a decision!' And in fairness I think that sentiment is shared amongst a few in our community. But at the same time this States more than any other has set itself up as the States of action. We have a States PR machine, something that was absent the last time I was in this Assembly, which reinforces that action message and barely a States' Meeting goes by without that stance being further underlined. So to pass the Committee's proposals today could be seen as an easy win to improve the standing of this Assembly and its leadership in the eyes of the community. But at what cost and for how long?

350 With all due respect to the people interviewed, we do not know what knowledge or interest they have in education. It is unlikely that they have read the policy letter and their response is understandable and easy. But what is not at all understandable to me is the view of those in this Assembly who subscribe to the same mantra of 'just get it done', given the longevity, importance, financial implications of this decision. I find that stance quite shocking.

355 It has been said that any model will work if you throw enough money at it. Well, maybe so, but we are not at a place in history where liberally shoring up things with money for a generation or more is an option. More than ever there is an onus on us to get this right, rather than get it done. It has also been said that we should just get the buildings done, that the buildings are not what determine the outcome of education. Well, if that is true then there is no harm whatsoever in sticking with the buildings we have right now rather than voting for a different set of buildings with a hefty capital price tag just to be seen to get things done.

360 I have said many times that I am not wedded to any particular model, which is why I repeatedly called for the like-for-like review that stemmed from Deputy Dudley-Owens' Requête to be finished so that this Assembly could make a decision based on evidence. I believe the ship has sailed on completing the original review but that does not mean that truly comparable evidence has become in any way unnecessary; and I am afraid that the so-called side-by-side comparison issued by ESC in no way even begins to replace a proper independently overseen like-for-like analysis.

365 While I am not wedded to any particular model, I do know that the evidence shows benefits of 11-18 schools and that voting for ESC's proposals today will be the death knell for 11-18 schooling in the state sector for a generation and more. I find that quite appalling. Can you imagine the three private colleges getting together to move sixth forms out of their individual schools into one combined standalone sixth form elsewhere and then rebranding themselves as 11-16 institutes at secondary? No, neither can I. I have a child who has just entered the sixth form. Sixth formers have the opportunity to mentor the younger students. It is beneficial for both cohorts; it is hugely valuable. It is just one of the many things that will not be possible in an unusually small, standalone sixth form college.

370 During the debate it was clear there is good support for maintaining traditional tried and tested 11-18 provision in the States' academic secondary education sector and while we may have moved past completing the original review, partly due to the desire to unmoor any review from the two-school model, a proper review including various 11-18 options in a true three-school model is still sorely lacking. Only with that information before us could we have been truly satisfied that the States had thoroughly considered and debated this crucial issue and established whether or not three 11-16 schools with an unusually small, some may say experimental, sixth form centre was the right choice.

375 It seems likely that although the Committee will get its proposals through, this vote will be reasonably close, and that is nothing new in this Assembly or in previous ones. But what is different here is that the tipping balance in favour of the Committee is largely made up of those Deputies who are, to say the least, lukewarm supporters. Several Members have expressed reservations in one way or another about these proposals and although they may pass today there is no ringing

endorsement. This has troubled me and I spent a while trying to work out why anyone would spend £40 million on something they had *any* reservations about.

395 And I started to think about the political consequences of this policy letter being rejected. History would tell us that failing to get a flagship policy letter through leads to the fall of the Committee and I have to wonder if that is not, consciously or subconsciously, what some of this Assembly are also striving to avoid, a situation made even more charged by the alliances and allegiances that we see. Well, let me be clear. If this policy letter fails I will not be calling for or supporting any motion of no confidence in the Committee. I think it would be a mistake to dispense with the experience that these five Members have gained over the last year. I might, indeed I do, disagree with them
400 profoundly on the conclusion that they have come to, but that does not mean I think they should be replaced. I have said already that I have respect for Deputy Dudley-Owen's ability and the incredible amount of hard work that she has put in.

You see, I am puzzled by Members like one colleague who some months ago in this Assembly expressed his belief in 11-18 schools, and he is always head of the queue in his desire to avoid
405 unnecessary spending, but who has now said that he will support these proposals. We have another Member who has said with passion that whatever comes forward must have the support of the teaching profession or they can forget his vote, but who has now said that he will support these proposals. Yet another Member has said that this is the wrong solution, but he has now said that he will support these proposals. We have another Member who admits that this model will require
410 injections of cash in an ongoing fashion at a time when revenue spending is creaking at the seams, and we are going to be taking more money from the pockets of hard-pressed taxpayers, but who has now said that he will support these proposals. Remarkable.

About 18 months ago I wrote an article for the *Press*. In it I said that parties, official or unofficial, would lead to people voting for things they did not believe in. That day has arrived.

415 Another thing that has surprised me since the publication of this policy letter is how very left wing this proposal is. It is the sort of proposal that I would expect from somebody like Jeremy Corbyn. 'Not everyone can have the benefits of 11-18 education, so to make it equitable, no one shall have them!' (*Laughter*) And we shall throw money at it to make it work, year in, year out. This model is not a trial but it is an experiment – a £40-million, 40-year experiment. We cannot
420 turn back, we will be locked in. I urge Members who will be voting whilst holding their noses to reconsider and allow us to continue with the current model for the time being.

Before I finish, I would like to make a brief comment on so-called 'parity of esteem'. It is true that there has been little parity of esteem between academic and vocational paths to date, but this is primarily because the provision for vocational courses has been significantly compromised. That
425 will be addressed when the new Guernsey Institute Building is erected at Les Ozouets and that is somewhere where a little bit of action this day would not go amiss.

Sir, because of the lack of evidence, the untried concept, the capital price tag and the outright rejection by the teaching profession, I will be voting against the Committee's proposals. I am making a decision today. I am making a decision that it is better to continue with the current model, at least
430 for the time being, rather than to embark on this flawed path in the name of action this day. The Chief Minister said in his speech that teachers' views are very important, but seemingly not important enough to be listened to.

Sir, we are not here to be popular, we are not here to be partisan, we are not here to get bored with issues, we are not here to be re-elected, we are not here to live up to snappy action soundbites.
435 We are here to do the right thing. (*Interjection*) To be prudent with States' finances. To make decisions based on sound evidence, having examined all of the evidence. To do the best for the people of this Bailiwick including, and perhaps most especially, its children and young people.

Several Members: Hear, hear.

440

The Bailiff: Before I call the next speaker, Deputy Kazantseva-Miller, is it your wish to be relevéd?

Deputy Kazantseva-Miller: Yes, sir, thank you.

The Bailiff: Thank you very much.
Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

I will be extremely brief and the reason I am going to be brief is because I had the opportunity in the Cameron amendment to nail my colours to the mast and support the proposals that ESC have put forward. I congratulated them on the paper and so I made it clear then.

But in general debate I have heard very many repetitive speeches really going back over old ground that we have already discussed in the amendment. This is where I actually agree with Deputy Burford because she says 'Our role is to question, scrutinise and challenge.' And she is absolutely right. Well, we have had over five days of that around the policy letter and in that process we have discussed and debated many amendments, *all of which were lost*. And one of the issues with the whole debacle which has gone on for 20 years, and was outlined very graphically by Deputy Ferbrache, is trying to design an education system on the floor of this Assembly. So we have done that. We have done the questioning, we have done the scrutiny, we have done the challenge and now we have come to the point where we need to make a decision. I *strongly* urge this Assembly to support the Committee that we voted in, after an election where we had all heard what people said to us on the doorstep, we all understood the challenges, we came here as an Assembly and we elected a very able Committee. That has been endorsed by a lot of people on both sides of this argument. I urge this Assembly to support all the Propositions in the ESC letter.

Thank you, sir.

The Bailiff: Deputy Cameron.

Deputy Cameron: Thank you, sir.

I will keep this brief as I do not have much more to add to Deputies Burford's and Matthews' excellent speeches, but I thought I would clarify one point. Colleagues are confusing moving the sixth form to the Guernsey Institute with something aspirational. The planned build of the Guernsey Institute is already aspirational. Yes, we desperately need apprentice electricians and plumbers, and other trades. Hopefully a brand new Institute will attract them. One thing is for sure: adding a further 400 academic students is not going to improve enrolment or parity of esteem.

I was on board with this model until staff engagements when I realised that experts consider this model operationally impossible to deliver efficiently. It levels things down rather than levelling things up in order to address equity. I would like to say whatever is decided by the Assembly I will get behind; but, in reality and quite simply, I cannot support a model that is so needlessly expensive whilst being so destructive toward our post-16 education and does so little for equity or improvement in our 11-16 schools.

Every single Member of the Assembly needs to commit to saving money. We are threatening our community with additional taxes, yet some Deputies would rather choose to squander taxes on things that are nice to have. This expensive proposal most definitely is not on the 'nice to have' list. It is unpopularity with the teaching profession is unprecedented. (**A Member:** Hear, hear.) So please, take some time and ask yourself: are you an expert in education? If your answer is no, then please do not support this proposal, because 87% of the experts do not.

Thank you, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I had the privilege last week, thanks to Deputy Ferbrache being indisposé, to sit on the panel for the recruitment of a new Director of Education, and it was absolutely fascinating. Indeed, there was

495 a strong line up, and delighted that we were able to select an internal candidate. But it was
fascinating because every single candidate had to make a presentation as part of the interview
process and one of the candidates, they were from off Island, used their time to begin their
presentation just going through the recent history of what we have been going through in
secondary education. And I have to say what really stuck out for me was that it was a real tale of
woe. Unremittingly, totally depressing. That came across in the person who was presenting it ... and
500 bringing out the media points at the time: 'This has tanked', 'That's bad', and how everything ...
They had just googled it and that is what they had seen. It was depressing.

But it brought home to me about all the time we have spent just looking at buildings, the money
down the drain. And we are talking about, 'Oh, if we approve this it's an expensive model'. It has
been a *very* expensive process! We have wasted tens of millions of pounds already. And also the
505 impact on other parts of ESC's mandate. For me, I think it has been absolutely scandalous. The fact
that we are even thinking about 'We can't make a decision now because we've got to get it
absolutely right'. I think that is absolutely scandalous, because there is no absolute right in this
whole process and that has been obvious whilst things have been going on for so long. There is not
the perfect model. (**A Member:** Hear, hear.) There is not baby bear's porridge; there is not that 'just
510 right' model.

We have let down, not just one generation of children, but two! Two generations of children?
We are talking about two decades we have been going on here. We have people who have been
promised new buildings that have not arrived, time after time. We have had years and years of
talking about 'How many schools do we need?' Where to put how many schools it is we eventually
515 decide if we want to put anywhere, and then what type of school: 11-16 or 11-18, as if it means
much in this small Island of ours. We dominated '11-16 is not as good as 11-18', but the same
people who are saying that want to keep everything as it is, where we have got some 11-16 schools
and some 11-18 schools. But it is as if there is one right and one wrong answer.

I know my husband did not go to any 11-16 or 11-18 school, in fact we had long arguments for
520 many years until I actually got into politics that the schooling he went to is actually not the standard
form of education, he went to a middle school. So he went to juniors ... They had infant school,
middle school and then a senior school – completely different from anything that we have been
talking about, and it does not even seem to have entered anywhere. There are parts of the UK, there
are parts of the world where that is a standard. But we do not bother with that, why should we?
525 I mean, really, we have focused so much on these aspects of things.

I know I have had a bang on the head, actually – I have, and I am suffering a bit of delayed
concussion, so hence the glasses are coming off and on and not focusing right – but actually I did
think that Deputy Matthews' speech summed up all that has been wrong about what has gone on
over the last years. So talking about schools being 'In the middle of nowhere!' Nowhere in Guernsey
530 is in the middle of nowhere! (*Laughter*) Deputy Parkinson made that very clear in his speech the
other day. If you want to know where the middle of nowhere is, my school, the grammar school I
went to in the UK, that was in the middle of nowhere, and we had a rather narcissistic games teacher
who took pleasure in making us go on long-distance runs to somewhere! (*Laughter*) It always
seemed to be ... It was at the top of a hill as well, so you went down but afterwards you are puffing
535 all the way back up, usually down to the coast and back. But to be honest, I actually enjoyed that,
but then that is the sort of daft person I am.

We say we need more detail and this has come through a lot, and a lot. But do you know, I was
out in the library just yesterday, I was listening to [*inaudible*] and I thought I would just look at the
Billet, and I traced it back to La Mare De Carteret Schools. It was when we were having the debate
540 on La Mare and whether we should build it or not, and I got to the Billet 1970. Do you know how
big that policy letter was when the decision was made to build a primary school and a secondary
school? Two sides of pages that are smaller than A4, and that decision was made. Now, I have read
policy letters in the last nine years, and each one definitely has not been over 100 pages. This one
is 120 pages and we have had reams and reams of supporting documentation, and it has felt to me
545 like the more and more information we have had, more and more we have got into an *Alice in*

Wonderland world. Things have got curiouser and curiouser. We take different aspects of each one and find ourselves going around and around into a vortex of nowhere.

We worry and deliberate about buildings, but where has the focus been on what has been going on *in* our schools? This is my biggest frustration. We talk about equity and we talk about parity of esteem, but what will really create equity and parity of esteem is that all our learners experience consistently excellent teaching. All we have done is spent time on the buildings, but still we do not know where we are in terms of what is being delivered in our schools. We have not had inspections for some of our schools for over six years, and we need to know: are we giving our children the best education they have? Buildings might be part, and we talk about 11-16 or 11-18 but it is the quality of the teaching that really does matter, and the curriculum and how things bed together and how we are teaching our children. That is what interests me.

All the time spent on buildings means we *still* do not have a new Education Law. The current one has lasted since – and I am not the only one – that has been in place before I started school. We have got a Director of Education, the interviews we had, I was chairing the panel because it is an appointment, a statutory role that Policy & Resources have to make! They have to make the decision. Well, that is daft! Why are we making the decision? Surely it should be something for Education and for those within Education to determine who should be needed. But that is done because it is in the Law: it is a statutory position in the Education Law.

So more delay means more distraction and less focus on where it is needed. Am I happy with everything in the Education model? No. I did vote for the Cameron model. On balance, I find it difficult, but on balance I could understand the arguments for the Cameron model, and I thought, maybe, that was the right model. I did think about the 11-18 model and I thought Deputy de Sausmarez talked about how the ESC model is a transitional model, but I did seriously think about the three 11-18 schools, because I know that if you had that, as the school numbers go down, it is quite obvious that would be the route to two 11-18 schools. But I thought that was unfair on our current generation of children, the ones coming through, who would have to go through the three-school 11-18s and there was too much of a compromise for me to be able to support it.

But no, all these, and I have said this before, they are all for me a compromise. I still believe the two-school model was right, I suspect more teachers than not supported it. It was more that the community did not like it for various reasons – it being too big, and the traffic again, it is always about traffic. But clearly that is a model that I would still prefer. But we have not got it and some of us just need to pass and understand that that time has gone, and accept it and move on.

I cannot look at the *status quo* and say 'That's fine'. Because I have been in the States for all that time and every single Committee, every successive Committee has said we have got an inequitable system, it is not fair on all children, we have got to change it. So how can I now say, well, I do not like this model but it is better to keep everything the same because it is ... I just cannot. Every Education Committee has said the current model is not fit for purpose, and it was not fit for purpose under selection, and by goodness it is not acceptable now when we have not got selection.

So I do have concerns but I do think that they can be overcome. Look, we have seen what we can do over the last 20 months – some really big stuff. Contact trace, stuff we did not even know we could do this time last year – well, 20 months ago anyway; and that includes what Education has done in that time, what teachers have achieved and the management have achieved in creating online learning and supporting children away from school, and the care that has been put in and the extra mile that they have gone in supporting children, and making schools responsible for COVID. Amazing things that they have been able to do.

I do think that all the concerns and the issues, and there are limitations, I absolutely understand the limitations, that we can get over, and I think we *can* make it work. We have been told by union reps at the Castel Douzaine. They said that they can make it work. I know the people there and I know and I trust them that they will because they are professionals and they will make it work. I say we all have a duty to make it work.

I have heard some of the speeches today and they sound very much like they have been written so that they want to be able to say in a year or two's time, 'Well, I told you so.' (**Two Members:**

Hear, hear.) But I cannot do that. It could have been easy for me to be like that as well because this is not the model of my first choice. (*Interjection*) But this has gone on too far, the *divisions* have gone on too far. This has been a scar that has come across the States for too long and I think it has perpetuated some of the divisions and it has been unfortunate seeing them coming through this week. I am disappointed. I was hoping we would not have that, and it is not what I want to see. I

I do not want to see it to continue and I hope it will not continue now if we can reach a conclusion today, because we now all need to come together and vote for this school model and make it happen. Thank you, sir.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

Engineers build bridges. Artists make paintings and sculptures. Scientists make rockets. But teachers, they make them all. This is why this decision is so important. For a long time we have been making it harder for teachers to teach. We started down one path with no idea where we were actually going, which was totally irresponsible. Teachers and their students have been stuck in limbo for the last four years, half being selected, half not, and this has been going on longer than that, with the States being told, with models being designed and the States saying it would happen, only for it to fail further down the line.

I want to apologise to all the teachers and the students for the States' inability to choose a model. Change is hard and it is one thing that the ESC have always said: there is no silver bullet. It is so much easier to pick a model apart than try to build it up. (**A Member:** Hear, hear.) As Deputies have said, this model may not be perfect but you will not find a perfect model. (**A Member:** Hear, hear.) Because what is suited to one person might not be for the other. People are all different and we all want different things, but this model ticks the majority of boxes. This model is not perfect because there is always room for improvement. I do think for some this model, staff, it will be a huge change. But if I know anything about teachers, they will always step up to the mark.

Now, I do have a few questions for Deputy Dudley-Owen. Last term there was a £21 million bill that was floating around which needed to be spent on La Vardes, which is why it could not be considered for various schools. I could not find anything really in the policy letter about this. So first of all I wanted to know is that figure mythical and it does not need to be spent on La Vardes?

Secondly –

The Bailiff: Deputy Oliver, I think it is Les Varendes.

Deputy Oliver: Oh, sorry, Les Varendes. My pronunciation is awful. I will put it down to I am dyslexic.

My second question is we have had a lot of seminars and I just want to be absolutely sure that with the Sixth Form Centre, and everyone being different, you have consistently said that this will give them independence, which I do not disagree with. However, some 17-year-olds can be quite little 17-year-olds, if that makes sense, and some could be put them into the workplace and they will absolutely strive. Will there be the correct protection in place for those? That is one thing that I have had a few emails on, so I just want to get that out.

That is it, so thank you, sir. But I will be supporting the model.

The Bailiff: Deputy St Pier.

Deputy St Pier: [*Missing audio*] ... told Deputy Cameron and myself that she had marked our homework and found that our amendment only paid cursory adherence to the new Rule 4, followed by an undisguised [*inaudible*] change before the ink is even dry on the current version. The irony of this is not lost on me when this whole policy letter has only paid cursory attention to good policy-

650 making. The policy letter certainly is long on ambition, it is long on principles, it is long on vision, it is long on words – in fact it is long on long words – but it lacks any substance.

Now, as Deputy Ferbrache knows, I am much keener than he is for a good vision. I can buy into vision, I can buy into ambition, but at some point in actioning your vision, in actioning this day, you have to flesh out the *how*. The how I was looking for in the policy letter but cannot find is: how are you defining your objectives for this project? That has to be the starting point. In other words, what
655 are the outcomes you are aiming for beyond some worthy but nebulous concepts around parity of esteem and meeting the future needs of learners and the community, about which obviously no one can disagree?

Paragraph 9.6 of the Finance and Investment Plan of the Government Work Plan Phase 2, approved only in July, sets out that expectation in relation to capital projects. Scope, goals and objectives. Now, as Deputies Trott and Parkinson made clear in laying their amendment yesterday, this policy letter would not pass muster in any commercial organisation or business as a foundation on which to sanction any spending, let alone £43.5 million. (**A Member:** Hear, hear.) Now, this
660 Assembly can of course dispense with their advice and eight years combined experience as Treasury Ministers, if they wish. We know that we are all sick of experts, like the teachers. But if they do so, it will be irresponsible, *highly* irresponsible, for this Assembly to approve this policy letter with so little detail, which is all just airily dismissed as operational matters on which this Assembly need not concern itself.

We have no real idea of the financials, particularly the annual operating cost of this model. Deputy Ferbrache, when he spoke yesterday, said that additional funding might need to be found
670 in some areas. Well, what areas? And how much? And where are those funds coming from? If this Assembly is really so pig-headed as to vote through plans based on such thin financial gruel, please do not come, cap in one hand and begging bowl in the other, asking for my support to raid taxpayers' back pockets to pay for this folly.

Yesterday the holder of the longest speech in the States award, Deputy Ferbrache, lectured us on verbiage and the need to cut through process. But good process, like laws and regulations, are
675 there for good reason and need to be adhered to. They are what protect taxpayers. They are what helps manage a problem like how to sack your Chief Executive. This Assembly was happy in July to tear up the rule book on good governance around capital projects, replacing it with some flim-flam that even then it did not want to apply to this project yesterday by the adoption of the Trott-Parkinson amendment.

Deputy Haskins yesterday threw down a challenge to those Members elected under the Guernsey Partnership of Independents' banner. Would we, he asked, honour the pledge we made to respect the decisions of this Assembly? Speaking now, for myself, of course, I will. I am not going to lie down in front of the bulldozers. This is a democratic process. As Deputy Ferbrache has
685 frequently reminded us, Members are free to be wrong. If the majority of the Assembly makes the wrong decision by supporting these Propositions then of course I accept that decision. The Committees directed must go away and get on with the implementation, and I will give them the time and space to do that. But my pledge to respect the decisions of this Assembly was not to sycophantically support decisions of this Assembly. We are not the Democratic Republic of North Korea quite yet.

Will it mean I will accept that the Assembly got it right and I got it wrong? No, of course not! No more than Deputy Ferbrache accepted the Assembly got it right when it elected *me* as President of Policy & Resources in 2016 – a very wise decision, by the way. I will of course continue to question and scrutinise the Committee's delivery, just as Deputy Dudley-Owen did unrelentingly of her
695 predecessors when she thought they had got it wrong. I will of course continue to advocate for and articulate on behalf of those who have concerns about these proposals, whether those be students, their families or their teachers. That is what I have been elected to do in our representative democracy: to represent those who elected us. That is why Deputy Queripel does and that is what he does when asks questions expressing the concerns of the minority of the community about the

700 COVID vaccine. We may or may not agree with those views, but he is absolutely right to represent them in this place.

So when the wheels start coming off, much though, like others, I hope I am wrong, I believe they will, this will manifest itself I fear in a host of problems which ultimately will require more money to be thrown at them in order to solve them, then yes of course, whilst respecting the democratic will of this States, I will not sit on my hands and stay silent. The overwhelming lack of support from those expecting to deliver this change, the principals and head teachers, is staggering. If it were a virus it would be of global pandemic proportions, like COVID-19. In contrast, the profession's questions and concerns for the two-school model, which seemed so serious at the time, with hindsight seem to have been the viral equivalent of a localised outbreak of Ebola.

710 I want to conclude by quoting a passage from one email I received by chance late last night as I was preparing for today. It is from a teaching household who does not wish to be named. It reads: 'The real issue here is that these plans focus on Key Stage 5, ignoring Key Stages 1 to 4, and do not address the restructuring and the support that is needed following the removal of selection. As children move into secondary schools, it's becoming apparent there are many who have been neglected by the system and need urgent learning support. Our secondary schools are at breaking point. They are desperately trying to assess children who have not received the right level of support through their primary years. Learning difficulties resulting from both medical and social issues can result in a range of behavioural problems. And the ESC's answer is to increase class sizes? This will not resolve the situation. It will merely increase stress and impact the well-being of both teachers and pupils. Deputy Dudley-Owen often recounts to the media that a teacher told her at one of ESC's meetings, "I can easily teach class sizes of 32 or more." But what she never includes is the first part of the sentence: "If I have a class of able students without learning difficulties or behavioural issues." Obviously selective hearing. In short, ESC should be looking after the Education system as a whole. Instead it is tinkering with an area that currently works whilst the foundation that supports and feeds into it is crumbling away. If the primary and secondary up-to-16 sector does not receive urgent funding and support, there will be very few students who will be able to make use of the new facility. Taxpayers' money needs to go where it's needed, not wasted on ill-conceived ideology.'

725 Taxpayers' money has to go where it is needed, not wasted on ill-conceived ideology. Dare I say it? A vanity project.

730 **The Bailiff:** Deputy Fairclough.

Deputy Fairclough: Thank you, sir.

735 I have to admit I am torn when it comes to voting on ESC's proposals and rightly or wrongly they are all that we have left in front of us following hours and days of debate – years of debate even. I do agree with some aspects of the Committee's plans, the aspiration, the opportunities made available to come of our youngsters, and even the vision for education we have been afforded through various webinars.

740 I disagree with others, as you will have heard, on the closure of La Mare De Carteret, larger class sizes, a co-located Guernsey Institute and Sixth Form Centre, potentially 1,200 students on a site, one of the key arguments against the two-school model proposed by the previous ESC. And even if co-locating TGI and a sixth form centre is the most desirable model, I am totally unconvinced that Les Ozouets (**A Member:** Hear, hear.) – I hope I got that right, Deputy Le Tocq – is the site to do it. Not so much kicking the can down the road as moving a facility down the road, *and* at great cost.

745 I question other aspects, not least the cost, educational outcomes and, crucially, whether our highly valued and skilled teaching profession can support and work effectively in this model. I do hear and have listened to the concerns of those staff who will be expected to deliver within the model this Assembly approves, of course I do, and I have not had one current or former member of the profession contacting me urging me to support ESC's proposals.

750 In response to comments made in debate yesterday, the local district of the National Education Union for the Bailiwick of Guernsey took to social media to state:

It is entirely correct that the majority of secondary staff and leaders DO NOT support ESC's flawed model. Such disdain of our teachers' professional opinion and expertise.

I noted last night the suggestion by a teacher that they would be leaving the state sector if ESC's proposals were passed today. Are we supposed to simply ignore such concerns? The few comments I have had in support of the plans are people saying we have to make a decision and just get on with it. Well, if that is the ultimate logic behind supporting a model and the design of an education estate that has to last this Island decades, then it worries me. What I am looking for is the best quality of education possible for the Island's youngsters. Incidentally, I do not believe there is anyone here who is not. So let's not make this personal. But the only choice before us now is to vote for the Propositions, vote against them or abstain. I acknowledge there will never be schemes before this or any Assembly, as my colleague Deputy Oliver has suggested, on which all Members can fully agree. But as I have throughout this debate, I will continue to support the best model that we have before us. Ultimately, but unfortunately, I am not convinced enough that what is proposed is better than what we have today.

I might have taken comfort from the fact that the project would come back to the States at a later date but the majority of Members rejected that option yesterday. That is democracy, but was a mistake, I believe. So reluctantly and with a heavy heart I will not be voting for these plans today. But if they are approved, I *genuinely* hope a success can be made of them in the interests of all our students, and I will do whatever I can to make that happen.

Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, I, too, shall speak briefly. I think my views are pretty well known. What may not be known though, is that I have been fortunate to do two terms as a director of Elizabeth College, so my time serving on that board in aggregate is just over 11 years now, and there is no denying that that school is a centre of excellence, as anyone who has served on that board, like my friend Deputy Falla, will espouse. It has a very simple governance model. It is not groundbreaking. The secret of that outstanding establishment's success is that it adopts a collaborative approach with its teaching staff – a collaborative and consensus approach with its superb teaching staff. That, aligned with good overall governance from the board, who bring with them a collection of skills, is why that school is in my view the success it is.

Now, contrast that with that we have in front of us, which is unprecedented opposition from public sector teachers. I am the first to recognise that public sector teachers are an intelligent bunch and it is on occasion like herding cats. But Deputy St Pier, in a typically robust, and in my view dispassionate speech, gave an interesting analogy between the extent of COVID and Ebola. Those are emotive words, but the point is the opposition to the model proposed by the previous Committee from the teachers was miniscule by comparison to what we are facing today.

In addition we have got a situation where – and it is unprecedented and quite ludicrous – the Assembly will not see the matter again. Now, Deputy Meerveld mentioned that that was also the case for a time with the previous Assembly *vis-à-vis* the two-school model, but I managed to persuade my colleagues on P&R that it was entirely inappropriate for that matter to be dealt with exclusively by P&R, and the decision was taken that the matter would be brought back to this Assembly for final sign-off. Now, I do not regret that approach in the slightest and it is an example of how I try to be consistent.

Now, Deputy Soulsby, interesting comment from her, because she said that she had been with some union reps and they had said that they can make this work. Well, let's be honest, most things can be made to work. It is no surprise that humans dominate the planet. We are usually a fairly bright bunch and can find solutions to problems. But of course they go on to say yes we can make this work, that is the sort of people they are, but it is an incredibly inefficient model that is being proposed, it is resource inefficient and it is expensive. In short, it is suboptimal. That is the message that we have been hearing ringing in our ears for many weeks now.

805 Now, I have said this before, and I think Deputy Murray, sir, and his colleagues have done as good a job as they feel they could, but I do distinctly remember my first introduction to Deputy Murray was not as Deputy Murray or even as candidate Murray, but as somebody called Bob who took out a half-page advert saying that he was *determined* to keep the States out of people's pockets. And yet just a matter of a few months later, he is proposing a model that is both inefficient and one of the most expensive. Now, that is a legitimate comment to make, and Deputy Murray has not spoken, and I have deliberately spoken before him in general debate so that he has an opportunity to respond to that.

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The Bailiff: Deputy Trott, Deputy Murray spoke yesterday afternoon in general debate.

Deputy Trott: Oh, did he? I am sorry. Well, I would gladly give way to Deputy Murray.

815

Deputy Murray: Point of correction, sir.

Deputy Trott: Well, you do not need to make a point of correction, I will give way to you now! (**Deputy Murray:** Please do.) There you go!

820

Deputy Murray: I think I do have to clarify a few points, a few mistakes. It was actually a page, it was not half a page; however, the thing that I am most concerned about is this continual nonsense about £40 million to build a sixth form. That £40 million actually comprises £7 million to £10 million being reinvested in Les Varendes. Very necessary investment which it requires. It also includes £3 million of decamp money that the previous ESC did not apply to the budget that they requested for TGI. There are a variety of costs in there, in fact the cost pertaining to the sixth form itself is about £19 million, in that order, plus of course we our bias that we have to add to that.

825

So I do have to correct the assumption that we are spending £40 million on a secondary school. That is not actually what we are doing. There is also £1 million that goes into the CAS Base at Beaucamps School. It is a variety of costs. It is not just for the sixth form at the end of the day. So I do want to correct the record to explain the background to that, because I think somebody has to because this has been bandied around long enough at this point in time.

830

So consequently let's please try and stick to facts rather than the embellishments and some of the nonsense that has actually been extrapolated from some of the information that actually you contend because I think we do have to make a decision based on factual data, not on the assumptions or the interpretations that are put by people.

835

None of us in this Assembly, at the end of the day, are educationalists. We take the best advice that we have got. Similarly, and in response to a comment that was made early in the debate, the capital costs, revenue costs that we work to are exactly the same ones that all the amendees have had applied. It is not as if we have got a different set of accounts that we actually work with, or a different set of accountants that come up with this. These are the same base figures used by all of us. So if they are wrong for the amendees they are wrong for us as well. We are not working to two different systems here, which is the assumption somehow. I may not agree that the capital costs could possibly cost anything like that – that is my assumption, that is my view – but actually it is the same set of assumptions that apply to all of the suggestions that have been made as alternatives at this point.

845

So there is no hypocrisy here. We are working towards the same set of goals with the same set of circumstances and I think we just really have to try to accept you may not agree with the direction of travel, that is always going to be case, we completely understand that. We may not agree that the destination is where we hope it may get to, but we are going to try to get there because we believe this has got to be resolved.

850

So consequently let's keep the personalities out of this at this point in time. (**A Member:** Hear, hear.) Let's just stick with the facts on the table and try and achieve an objective that the Island can move forward with. I think what Deputy Soulsby mentioned in terms of this has gone on long

855 enough. Of course nothing that we come up with will ever be perfect – it will not, it cannot be. We
cannot please all of the people all of the time. What we can try to do is to fashion a future for
Guernsey's economy in which people can participate and can be prepared for, and that is what we
are attempting to do with this. At the same time they get the opportunity to move beyond into
whatever areas or continents even that they wish because they will have sufficient capability to do
860 that. But in the end if we do not prepare our young people for the future of Guernsey's economy,
we will lose everything. And I believe that this is the best solution for that. So please, can we stick
to the facts; can we keep personalities out of it and move forward?

Deputy Trott: I am sticking to the facts. I did not mention in that speech the £40 million and of
course I did not mention it because the numbers are significantly higher than that. But the point is
865 that you are trying to – through you, sir – Deputy Murray is trying to justify the fact that these
numbers do make sense. But as I explained, they do not, because they are suboptimal in almost all
educationalists' minds, and there is a reason for that.

What that intervention showed though was a particularly relevant sentence and that was that
870 none of us are educationalists. Well, of course none of the people on the Committee *for* Education,
Sport and Culture are. There are some educationalists in this Assembly, including of course
Dr de Lisle, who is a fairly high profile opponent. But none of you are educationalists and that really
is the point. I do not deny you are doing your best –

Deputy Dudley-Owen: Point of correction, sir.

875

The Bailiff: Point of correction, Deputy Dudley-Owen.

Deputy Trott: The point of correction being that none of the –

880 **The Bailiff:** Just a minute, I will hear the point of correction first, Deputy Trott.

Deputy Trott: Well, this will be interesting, won't it, sir?

The Bailiff: Deputy Dudley-Owen.

885

Deputy Dudley-Owen: The political Members of the Committee may not be but we certainly
employ at great expense extraordinarily expert educationalists who have been teachers and who
have spent many years building policy and designing education systems.

890 **The Bailiff:** Well, it is not strictly a point of correction, Deputy Dudley-Owen, on the basis that
what Deputy Trott was saying was to refer to what Deputy Murray had said: that no one in this
Assembly is an educationalist. It does not matter about those who serve any Committee or any
political grouping.

So Deputy Trott to continue, please.

895

Deputy Trott: Yes, that is exactly right, sir. Deputy Murray said none of us are educationalists. I
accept that none of the elected Members of ESC are, we do however have others in this Assembly
who have experience of teaching.

900 The unprecedented opposition, as I say, is really quite astounding. Now, I liken it to, if I wanted
advice on public relations or marketing, marketing in particular, I would not hesitate in going to
Deputy Murray. And this is not personality politics, this is a fact; he is clearly very good at what he
does. I am told that he was extremely highly regarded within his specialism when he was
undertaking another career. That is fine, that is his area of expertise. Now, sir, if I wanted legal advice,
I would go to someone like Deputy Ferbrache – I mean, I would not go to Deputy Ferbrache, but I
905 would go to someone like him. *(Laughter)*

The Bailiff: There is no one like Deputy Ferbrache!

910 **Deputy Trott:** One would want sound advice and at the prices that Deputy Ferbrache used to charge. One would also want value for money.

No, look, the point is this: that you can look at the likes of Deputy Parkinson and I as veteran has-beens if you wish, but I give this advice because I want you to succeed. I want everyone who is doing these various roles within this Assembly to succeed. That is the sort of chap I am, I have a glass half-full, optimistic approach. But I think the chances of success are slim, and they are slim because the starting point is extremely unsecure. There we are, we are where we are.

915 Now, yesterday, sir, Deputy Haskins I think gave me an entirely legitimate challenge. He said, look, this is what the Guernsey Partnership of Independents said, and I signed up to that. *(Interjection)* The Guernsey Partnership of Independents. No, indeed. The Guernsey Partnership of Independents. He said that 'You pledge to get behind States' Resolutions.' Now, of course, he is absolutely right. We also pledged to ensure that there would not be yo-yo decision making. Now, a classic example of yo-yo decision making is that I supported a review and I think it was the very able Deputy Burford who once again said we needed an independent, like-for-like analysis. Of course we did and that is why I supported it. But one of the very first things that happened was that fell away, that fell by the wayside, and it is the catalyst for the mess that we find ourselves in today.

920 **(A Member:** Hear, hear.) It really is as simple as that. It was an extraordinarily foolish thing to do and one that will haunt I think my friend Deputy Dudley-Owen for some time to come.

925 So what trumps, can I get behind this States' Resolution, or these Propositions which will become Resolutions later on today? The answer is I would love to and I will certainly do nothing to undermine their chances of success. I would hope that most people will recognise that in me. But I will not be voting for them and will not be voting for them because I do not think they will succeed and my days of gambling on something as important as this are long gone.

930 So I hope that made some sense, sir. It did to me, I hope it did to you. And there we are, on we go.

935 **The Bailiff:** Deputy Leadbeater, is it your wish to be relevéd, before I forget?

Deputy Leadbeater: Please, sir.

940 **The Bailiff:** Thank you very much. Greffier will mark Deputy Leadbeater as present. Deputy Blin.

Deputy Blin: Thank you, sir.

945 So we have now spent hours, days listening to all the amendments. They have been rejected systematically. I am coming to the point where I, like everybody in this Assembly, knows that there is no magic bullet, there is no simple solution, there is no way. I love the amendment by Deputy Leadbeater about the Mare. I have been in recruitment for many years and every time a CV passed across my desk from La Mare I always knew that there would be someone who had worked hard, they had aspired, they had done well. So I totally get that. But the damage, the changes where the Mare was in trouble started many years ago and the decision that ESC had to make on that particular side was part of that bigger plan.

950 So it is tragic, it is very sad that the La Mare goes, but there will be other benefits and changes in the future. So that means the teachers cannot all be happy with the situation here. It is just not possible. There is always going to be disgruntled teachers. I am in a very privileged position in the sense that I come a family of teachers. My mother was a teacher for 35-plus years, my sister has just finished 25 years at the Grammar School and now teaching at Elizabeth College, and I do not get in my family and other friends who are teachers screaming, shouting, upset, determined that this is

going to be a failure. But I do get lots of points that do not work. Things that should be changed and altered.

960 But I am extremely aware that if the ESC policy is voted in today that it will be an ongoing task. It is not signed, done, dusted – it is the beginning. We always knew it would go on for a long time. I think what has made me feel like I really have to stand up is the feeling that I understand, for example, with Deputy Trott saying that he cannot support this because he feels it has got the smallest chance, the weakest chance of success, and other Deputies have said the same thing. However, if we take that approach, then we go back to that stance of no action at all, no movement
965 at all. I cannot face my constituents and my family and my friends saying, 'D'you know what? We're just going to wait for another two years or a year or six months (**A Member:** Hear, hear.) until we start another plan to start to get everyone happy.' And, as was correctly pointed out by Deputy Trott, we are not educationalists but the educationalists are behind the ESC model who are paid and focused on the plan we asked them to do. (**A Member:** Hear, hear.)

970 So I reach this point now where I truly urge you, that it is not the perfect model, it is not perfection. But teachers are an amazing breed of person. They have an attitude. They do not focus on their popularity, or their drive, or their gain in the eyes of society – they are so altruistic. What they care about is looking after their children and they are at the proudest time when they see aspiration and children who have grown into fine adults and their children come through. That is
975 what teachers work for. They are not happy with a lot of this going on now but they will come behind us if we come and rally together to help them do it.

The world has changed. COVID, Brexit, you see in the news right now, I can see problems happening in France right now with the economy, I can see the Brexit situation, employment. Part of this aspirational model of the ESC simply talks about getting people together, giving chances for
980 vocational education. We are not losing GCSE, we are not losing A-level, we are not losing vocational, we are looking at it in a different way and it truly is a change now.

So if you truly believe that this is such a useless scheme, totally awful etc., then we none of us should be here. In fact, ESC should not be here, there should be no one here. But they have worked
985 tremendously hard on this and I have watched this whole period. So I truly do urge that even if you have some doubts at least step forward to say that we can work together to carry this through so this does turn into the future for the next 40 years. I am going to stand by it.

The speech that inspired me was Deputy Le Tocq where he has worked at the 11-18, he tried to put the views of the whole Island which he was seeking to find and actually at the end of it he does
990 say, 'Well, look, I will stand by with what we are doing and what we've got.' That I respect hugely. And Deputy Gollop, who had a similar approach, saying he will look at it to give it a chance.

So I urge that we all try because I know if this is approved I will be standing behind it. I will also be talking to teachers, I will also be saying give us the space and time. For everybody listening into
995 the Assembly, day after day, hour after hour, it is very frustrating. We all know this. And can you imagine if, today, nothing happens? Can you imagine the reaction of everyone in the Island looking at the future from now on? So please, this is my first term standing in this Assembly, and I would like us to be doing something. And if it cannot be exactly the right thing, at least heading in the right direction and working together to make it work.

Thank you, sir.

1000 **Three Members:** Hear, hear. (*Interjection*)

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

1005 I have not really got much to say. I just want to set the record straight on some of the reasoning for my vote when it eventually comes down to it. I will admit straightaway I am a hypocrite. I voted against the Harbour plans on the grounds of the lack of information balanced against the level of investment, and I will agree, I think the policy letter could have more detail in it. But actually, based

1010 on the information that is there and the amount of money requested, I have faith in it. So I can see that is slightly hypocritical, and I am going to admit I am hypocritical before anyone else accuses me of it.

1015 A big thing that seems to be coming up, I do not know ... I have written 'fear' of 11-16. I was educated through 11-16, I am going to quote I failed the 11-plus and I was educated at an 11-16. I really do not see the problem with it. I did not really like school, but I cannot blame the education system that I went through. The teachers, some of them are great, as I mentioned in the Cameron amendment, some of them were great, some of them were not so great, and that went straight through when I did my ... well, attempted my A-Levels at the Sixth Form Centre – some of the teachers were good, some of them not so good – and same through my apprenticeship scheme. Throughout, there were very few teachers there, so I will not say whether they were good or bad.

1020 I have got another note here about I think it was mentioned, 30% of children are educated privately. (**Deputy Trott:** Slightly more.) Slightly more, give or take, fag packet maths. Around about 20%, I am guessing, educated through the Grammar School – I have not got the exact numbers – which leave the remaining 50% of children are educated 11-16, and I think they are all turning out pretty well as it is. I think we have got a great load of children in the Island that go through and they go into great jobs and they do the Island really proud as it is. So I do not think we should be too afraid of 11-16. It may be that 11-18 is the better solution, but I do not think I have heard anything compelling enough to *really* switch my vote in that direction.

1025 Another thing that has been mentioned is 'the opposition'. It has been very emotive in terms of the *opposition* to this. I believe Deputy Trott's word was 'unprecedented'. Now, I can only take his word for that. He seems like a man of integrity. I can only take his word for that because I have not been in the States long enough to know what the level of precedent is for people objecting to a policy letter, but I can hand on heart say that I can count the amount of emails of representation *against* this policy letter on two hands. And actually, most of them have come ... No, that is genuine. Someone can come along and they can check through my email inbox to see the emails of objection that I have had and I even raised it that this has come ... There was an email I had that arrived at the start of August, and I had to apologise because I only replied to them on I believe Monday when I was on the ferry back from England, because with the benefit of that extra time to reply, it is actually quite interesting. They were strongly against this and saying the teaching profession is *strongly* against this. But actually, with the benefit of that extra time, I thought, well, I have not had those emails. I do not deny that there has been a survey that has raised two-thirds of the teaching profession are against this, but I personally have not seen it.

1030 So I am relying on this information as being correct, but I personally have not seen it. Hand on heart, any member of the public who wants to read – no, I will not go that far – any Member of the Assembly who wants to flick through my deleted emails I can prove I have not just deleted them. Thank you, Deputy Cameron. (*Interjection*)

1035 So I am kind of dispelling that unprecedented level of opposition. It may come, I accept that it may come when more detail arrives further down the line. Where I am really chuffed – I give way to Deputy Trott.

1040 **Deputy Trott:** I am grateful, because it is an important point.

I have certainly seen more opposition over the last 20 years from our community. What is unprecedented though is the level of opposition from within the public sector teaching staff. That is genuinely rare.

1055 I also said yesterday in a debate on an amendment that I believed that the opposition from the community will come later, because they are genuine late engagers. Our community engages late, they are busy and all the rest of it. But I am grateful to Deputy Taylor for giving way, sir.

Thank you.

1060 **Deputy Taylor:** Sir, and I am grateful for Deputy Trott clarifying that, and I do accept normally the complaints do come later in the day, but there has to be an element ... If they have not complained, can I make this decision based on whether I think people will be complaining in four months' time, marching on the streets? My personal belief is, and I am prepared to be wrong here, but I do not believe that will be the case.

1065 Sir, a part that came out before giving way was that parity of esteem, and Deputy Burford referred to it as 'a Jeremy Corbyn-esque dumbing down', in that if we cannot all benefit from 11-18 we will have to all *suffer* with 11-16, but then goes on to suggest that we do not support this and we stick with the *status quo* where, as I mentioned, 50% are already suffering, struggling in the 11-16 system. So I am not saying this is a decision that we need to vote this through today just to get stuff done. In fact the emails that I have had have mainly been saying you cannot vote this just because it is voting it to get it done. I am actually really – no, that is a bit strong – I am quite annoyed
1070 at Deputy Ferbrache for using the phrase 'action this day' because it feels like it is just *constantly* coming back that any decision that is made is only being made to push through action this day. For me that certainly is not the case. I cannot speak for other Members here but I believe the parity of esteem under this policy letter is the best option when compared with all the amendments that have been put forward today.

1075 So I am quite happy to vote in favour of this. I would ask, and I hope it will be the case, that once a decision has been made in either direction that, as an Assembly, we can work together and offer full support. Not digging up all the old stories – part of me did think Deputy Ferbrache was going to end up wishing his granddaughter a fifth birthday at the end of his speech whilst he was going through the whole history of education. I am hopeful that we can just put that behind us and we
1080 can all actually work forward and come together and actually, if there are bumps in the road, make it work instead of taking pop shots at each other. So I hope we will get this through today and I am confident that it will be a successful model. Whilst Deputy Parkinson has claimed he will be voting against it and he will have his conscience clean if it fails, I will be voting in favour of this and I will be very happy when it is succeeds.

1085 Thank you, sir.

The Bailiff: Well, I now do not see any other Member rising, so I will turn to the President of the Committee, Deputy Dudley-Owen, to reply to the debate.

1090 **Deputy Dudley-Owen:** Thank you, sir.

I will just approach summing up in a way that does not try Members' patience in terms of going line by line through the commentary. I am aware that we have other business to go through today as well, but I do want to make some remarks around Members' comments, mindful of the fact that this probably will be repetitious because a lot of these comments that I make no doubt will have
1095 been made, or definitely have been made, in speeches made by the Committee against other amendments throughout the debate. So I do apologise if there is any tedious repetition and I do expect that, sir, you will pull me up on that if I stray into that repetitious area. But I know that some Members will appreciate me commenting in response to their closing speeches.

So thank you for all of the contributions made throughout this debate. Deputy Gollop for your support, Deputy Dyke, all those speeches made in support. But I think that it is quite important just to point out, Deputy de Lisle, when you spoke, you were talking about the constriction of the sites but actually the Les Ozouets site – thank you, Deputy Le Tocq – is not as constricted as the Varendes, it does have plenty of space. And I will talk about the class size and tipping point and that myth will be busted. We know that the Committee's model provides absolute certainty and stability for the
1100 future and will not see any need for any changes in the long term; and yes we understand that there will be some anxiety in the short term about delivering the changes. But that is not a reason to vote against this particular Proposition, because the support and the will and the commitment of the Committee and the resourcing to ensure that change management is effected well and properly is there.

1110 Deputy Parkinson's comments around the sixth form, it is simply not true to assert that those in
the Sixth Form Centre will be part-time or forced to teach outside of subject specialisms. The specific
job of the Secondary School Partnership is to ensure that this model is successful and actually we
are building on the Partnership as it exists today, and it will be those leaders in our schools who will
determine the most appropriate deployment of staff and make best use of staff skills. If we are
1115 looking towards moving towards a governance model where we hand more autonomy to our school
leaders then surely this is the right thing to do? To start to empower our leaders, no disempower
them by constantly telling them what to do via the Education Committee from what happens in this
Assembly. Our Assembly's job here is to ensure that we have the strategic direction mapped out
and to empower our educationalists and school leaders and their staff to do their jobs.

1120 I really am grateful for Deputy Parkinson's candid comments, but I am confident that we can
prove his bones wrong on this occasion.

Deputy Ferbrache was quite gallant, actually, in defending me, I felt, against some really quite
odd remarks that came through from the writer in the *Press*, verging on misogynistic on occasion,
but I would not like to dine out on that, but I did not enter this job in politics, like I am sure any of
1125 us did, to be popular. I entered the job to do the best for the Island and if that causes some members
of our community who have the benefit of having a platform in the *Press* to make reviling comments
about me, then so be it. I am not there for their benefit.

In regard to Deputy Queripel, thank you very much for your comments. I do value those
comments but I will redouble my efforts to demonstrate the benefits of the Committee's model
1130 hopefully if the States approve the implementation. It is disappointing that we will not be getting
your support today and I do absolutely respect and value that we have different views in this
Assembly. But I do hope that Deputy Queripel will also redouble his efforts to support the
Committee in the model going forward if we support it in our final vote.

The same comments to Deputy Kazantseva-Miller. We have to respect the democratic process
and we all have different opinions. The Skills Strategy that she leads, together with Deputy Haskins,
is *immensely* important and this education model does align to the aspirations of any skills strategy,
whose aim must be to ensure that they are sufficient skills to the workforce. Any skills strategy
coming through with the detail will have that as its common purpose and this education model ...
1140 and actually let's look bigger than the education model, which I am really trying to get Members to
do, and look at the education strategy, which must feed in and funnel into any skills strategy in the
future. So I am encouraging Deputy Kazantseva-Miller to look bigger and broader than just the
detail of the model and forward to the education strategy, feeding into the Skills Strategy that she
and Deputy Haskins are leading to our future workforce and community needs.

Now, it is an interesting comment that she and others have made about TGI and some
1145 insinuation that that has been delayed. Well, actually, what delayed that was ... Actually there has
been no delay in the background; we have been pushing on as far as we can, and continuing work
on that project at pace. However, the Government Work Plan, like application to any bank for a
mortgage, released the funding for that and also the amendments, some of them, sought to delay
the Guernsey Institute, maybe not by intention but that would be the effect of them. So of course
1150 we have had to be slightly more tentative in the run-up to this debate about where we commit
funding, just in case an amendment won that actually put the brakes on it. So it has not been
stopped in any way, shape or form as a result of the secondary and post-16 modelling that we have
undertaken.

Deputy Le Tocq. Thank you very much to Deputy Le Tocq for his challenge and also for his
1155 support. I do recognise that ... Oh, apologies, I will sit down and Deputy Queripel would like to
interrupt.

Deputy Queripel: Sir, I am grateful to Deputy Dudley-Owen for giving way.

1160 I did ask in my speech for a response to two issues. I realise she has been inundated with
questions and other issues. I wonder if she could respond to my two issues. I can remind her what
they were. There was the issue of, I said in my speech, that as regards what the children actually

want, I do not recall them ever being asked but I stand to be corrected on that. So have the children ever been consulted to establish what they actually want? (*Interjections*)

1165 The second one was in relation to the teacher who had an article in *The Guernsey Press* from Les Beaucamps. She was saying 'ESC have been careful not to use the word consultation during this whole process. Instead they use the word "engagement". This is because consultation is a two-way process. Their engagement has simply been a case of presenting their preferred model to us and trying to reassure us it is the best model.' I would like a response to that, please, as well.

Thank you.

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Deputy Dudley-Owen: Thank you, sir, and to Deputy Queripel for reminding me of his specific questions. Engagement activities did indeed take place with young people but we have not wanted to politicise those young people in the course of this debate, but certainly their views have gone towards informing not just the model but also very importantly the wider education strategy, and that is ongoing work.

1175

In regard to individual teachers and their comments, I am not going to be making comments on specific rhetoric gone into the newspaper. I am not seeking to politicise staff members. We have undertaken a significant amount of communication with the key stakeholder group, the staff. That was started very well under the previous Committee and that has also been very well evidenced and well documented.

1180

So to continue working through some of the comments from colleagues: Deputy Falla, thank you for comments in this general debate. Just to make sure that you understand that during the course of this model and the Propositions that we put on the table, Members are not being asked to decide on larger class sizes. That is an Education Committee policy decision; and this goes to the point I think that Deputy de Sausmarez was talking about in her summing up speech, and I will go into a little bit more detail about this in a couple of remarks that I think are worthy of pulling out later. But that is implemented operationally in consultation with our Education officers. So that is not a matter for the States to be deciding on today.

1185

Deputy Gabriel, thank you for your comments. You talked about being torn in two directions and can moving the Sixth Form Centre do it? Absolutely. This is not just about moving a Sixth Form Centre, this is about starting to build a new future for Guernsey's education system. But it is also about the logistics of fitting children into a building from a school that sadly looks to close underneath our Propositions. But I will talk in more detail about that.

1190

Now, Deputy Bury has called into question the commitment of staff and I do query, because is she seriously suggesting that senior educationalists within the office of Education, who between them have in excess of probably about 150 years of experience, not just in front-line teaching but also in policy design, but also in system design, would have advised the Committee that this model was workable ...? Would she seriously suggest that they would have advised us, if that was not the case? Our officers, and actually this has been a bit of a narrative and a rhetoric in this education debate, that *maybe* officers are not impartial, *maybe* they have been leaned on. Actually, many of these officers worked in the previous Committee's model –

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Deputy Bury: Point of correction.

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The Bailiff: Point of correction, Deputy Bury.

Deputy Bury: Thank you, sir.

I think that Deputy Dudley-Owen knows very well that I was referring to the teaching staff in the schools in terms of opposition to the proposed model and was not inferring what she is implying.

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The Bailiff: Deputy Dudley-Owen to continue, please.

Deputy Dudley-Owen: Thank you.

1215 We know that there will always be concerns about change and that is what is manifesting itself in regard to staff concern, and it is absolutely right that we should hear that. But we have to take advice from those who have the experienced votes absolutely key in terms of systems design in this instance, and we will be working very hard with our workforce, as I have stated in pretty much every speech around the amendments where that concern has been brought out.

1220 ... [*Inaudible*] to secondary post-16 education debate has to end today and we have to be decisive now.

Deputy de Sausmarez made comments specifically about sixth form travel ... Also I am very keen to learn more about what questions have not been answered to date and I think that really the opportunity, the open door that we have demonstrated at the Committee for Education, Sport and Culture, Deputy de Sausmarez has spent quite some considerable time with officers during the lockdown to talk to them a bit more about certain policy decisions, and I invite that for any Member of the Assembly to knock on the door, to say 'I've got a question' – because actually the door is not closed to them. When they knock, it will be open already. Any Member who has not so far engaged in the webinar series, they may have other time commitments, or they just do not think they will learn anything new. Please do look back at the webinar series that you may have missed already, look back at the links made already available to you and join in the future webinar series. Come to our engagements. The door is always open to you. So please do continue to challenge but please do not say that questions have not been answered where you just do not like the answers that you have been given.

1235 In regard to investment in secondary education and the rebalancing of the budget, which is so important because building from the bottom up in this instance, in terms of building on the firm foundations of early years education is so important and that is where we need to build for our children. I will be fighting tooth and nail – I hope that is not too aggressive a term – to ensure that any reductions in annual costs are ploughed back into the education system and not put back into the central pot. I will be making very strong cases to P&R in order that that happens so that those monies are not relinquished to other areas in other spend.

1240 So potentially other Committees, I am afraid, could be missing out because I will be ensuring that any reductions, or trying to ensure, that they come back to Committee. Because I believe strongly that good education, an excellent education for any one of our children can reduce Government spend in other areas, such as Health, such as Justice, such as benefits, such as other areas where we know that social impact, where we are spending a lot of money in other areas to sticky tape over issues that have arisen through bad or failed education for individuals in our community.

Thank you to Deputy Vermeulen for his support today, yes, this morning, when he spoke.

1250 Deputy Matthews: I understand his frustration, sir, that his amendment was not approved by the Assembly and obviously wanting to speak over the benefits of the suggestion that he had put forward. But again the focus of his speech was very much around the buildings and the logistics and the sites; and it is more than that. We need to move on from this particular model and move onto the bigger picture with the Education Strategy. It is really disappointing, from some of the comments that he made, that maybe he did not really catch an awful lot of what we were saying because certainly it was evidenced within his speech he did not understand an awful lot of the engagement that we put through and the plans, and the broader and the bigger picture about where we want to go with education. So again I invite Deputy Matthews please to come back to me, let's have a conversation and let's get you in front of some of our education experts so that you do understand and can get behind the model.

1260 Deputy Meerveld, thank you for your comments; and it is interesting, Deputy Soulsby also spoke about the comments that you alluded to as well around other work that the Committee has to do which has been brought into this debate about educational outcomes. Well, the educational outcomes are not determined by the model. Yes, the model can put barriers in the way of education outcomes, but let the Committee concentrate on important work, such as governance, such as the educational, such as the Education Strategy which will seek to retain and attract staff through really

excellent working conditions, looking at performance and development and aspiration and innovation within our schools. But no, we are constantly being dragged back just by this one issue of the model, which is just part of a much bigger picture. So I was grateful for comments from him and Deputy Soulsby seeing that bigger picture.

1270 Which is where my comments to Deputy Burford ... Please, let's get together and start looking forward as an Assembly, not constantly harking on about the 11-18 versus 11-16, which quite honestly is just literally an organisation of children into different age groupings, paying no heed whatsoever to the quality of teaching and what goes on in the schools – and not voting today because we think the *status quo* is better. Can we really, honestly, hand on heart say that the inequity
1275 that we know exists within our current education system, which is a hybrid selective/post-selective oddity, completely unique in the British Isles, and we know it is inefficient, we know curriculum cannot be delivered as broadly as it could be, we know that there are financial inefficiencies ...

Is that really okay? Is it really? I do not think it is.

1280 So anyone who is voting against the Propositions today on the basis that they think the *status quo* is better, Members – through you, sir – you are sorely wrong. Very, very wrong. So please do not think that voting down this Proposition because the *status quo* is better, is okay, because you are doing a great injustice to many of our young people today who are not getting the quality of facilities that that deserve and the broadness of curriculum that they so *desperately* need in order to succeed in the next few years in what will be very, very difficult circumstances (**A Member:** Hear,
1285 hear.) for them in our economy.

Deputy Cameron, thank you for your comments as well. Just looking at TGI, the College of Further Education is not specifically about trades and the broader understanding is helpful that TGI offers creative courses, healthcare courses, sports courses. Those are so important as well to our young people's education. The trades are just one aspect of the curriculum. And the moving of the
1290 sixth form, this is not just a nice to have, this is absolutely essential for us to springboard off on to the next chapter into Guernsey's future.

Deputy Oliver, you ask specifically two questions about the £21 million to be spent on Les Varendes. I remember hearing that at the beginning of this term and the figure actually is less than half of that – much less than half of that – and is included in the policy letter. I think that that came
1295 over from the two-school model and there was some rhetoric going round on social media which was picked up by *The Guernsey Press* and pushed out as fact. Actually, it is fiction. So I will look at those costs in my comments in a minute.

Also, in regard to pastoral care, which is what you were talking about, and support, we absolutely acknowledge that 16-, 17- and 18-year-olds, whilst they are adults in training, the bit that we need
1300 to focus on is 'in training'. They are not there yet, and we need to be not only ensuring that they have that aspiration or push on to become independent, but actually it is finely balanced against making sure that they have got the *best* support as well, and that structure around them that they can succeed. Yes, we know that the teenage brain works in weird and wonderful ways and all teachers, that is their bread and butter. Teachers in our system have seen oh so many more young
1305 people in their professional capacity than we have in this Chamber, despite the amount of children that we have between us, and they know that that care, that fine balance between care and support, but also giving sufficient leeway to allow these young people to flex their wings and to be able to mature into young adults, is so important. That is why quality of staff is so important and the culture of the organisation under capable and able leadership is also so important, and that will be essential
1310 going forward.

Obviously we have a new Director of Education, who the Education Committee are thrilled about, and under his leadership, stepping into that leadership role and the culture that he will look to instil amongst all of our education sector, that is also so important.

1315 Now, Deputy St Pier, I am afraid I had to step out just very quickly of the Chamber for the first part of your speech, but I caught the second part where he spoke about the email from a teaching family. It is very interesting because the Committee has actually addressed exactly the challenges of student literacy in the primary settings by changing the tipping point so that we can reinvest the

1320 funding into literacy development and SEN support. So this is this virtuous circle. And, Members, it
might be a little bit difficult to understand but in rebalancing the budget, exactly the issues that are
being spoken about, and highlighted so ably in the email that was read out, are going to be
1325 addressed. Senior schools are very much aware of this and extra literacy is put into the Year 7s
and 8s, literacy support is there, to ensure that students are able to access the lessons in every
subject. Because unless your literacy skills, your reading and writing skills are good, then it is going
to be difficult for you to access the content for a geography lesson or a history lesson if your ability
to be able to convey, or express your learning and what you have got out of it, is not there.

1330 So that is so important but it was beneficial for you to read out that email because we are acutely
concerned about the facilities at La Mare de Carteret, which is why the whole model is being
reorganised, to ensure that students are no longer learning in buildings that quite honestly are unfit
for purpose.

1335 I would rather not give way to Deputy de Sausmarez at this point because I know that we have
a lot to push on, so we can speak later, thank you.

1340 Deputy Fairclough, thank you for your comments. Disappointing that you will not be voting for
the Committee's model and it was interesting because his opening comments were, 'I'm torn when
voting', but actually did not give any benefits of why he was torn because normally when you are
1335 torn you would give a balanced view as to that being torn. But he did not, unfortunately, have
anything positive to say in his summing up.

1340 I am also grateful to Deputy Trott for his comments that he has recorded his commitment that
if our proposals prevail today, which I hope they do, that he will do nothing to undermine their
success. I really hope that that sentiment is emulated by others in the Assembly and I can get the
reassurance from the whole of the Assembly on that: that they will give us their support.

1345 So just wanting to really sum up generally, and I will not spend long on this, but there are two
areas here that I really do need to be very clear on. Tipping point. Now, the class tipping point is
not the same as actual or average class sizes. The policy change to a new tipping point, which was
changed actually from a range of between 24 and 26, which is why Deputy de Sausmarez is often
1350 confused about that. When considered at a theoretical level from September 2021, that would have
resulted in only three year groups having larger class sizes than the current tipping point of 26.
However, in reality it has only affected one year group and this is because the principles – and this
is really important, and this is where leadership really counts, and this is where the Secondary School
Partnership really comes into its own. Because the SSP have the flexibility to make adjustments
1355 within their schools, with the current methodology of staffing and budget allocation, and this is
what they have done. That is the sort of empowerment that we need to be devolving down to our
school leaders.

1360 We will continue to empower leaders to make these kinds of operational and budgetary
decisions. (**A Member:** Hear, hear.) The theoretical impact of the change of tipping point further
into the future demonstrates that over the first 10 years of the new system class sizes in Key Stage 3
and Key Stage 4 for core subjects will average between 25 and 26 students. Across *all* subjects, class
sizes would more often be lower because of the lower numbers required in the subjects such as DT
and the additional option subjects running at GCSE. So I hope that that clears that up for Members
and puts that on record, because we have had an awful lot of rhetoric and scaremongering and
misinformation coming round about this.

1365 Now, in regard to the sixth form, I must thank Deputy Dyke for his comments in seeking to clarify
this point because Deputy Gollop raised this and so has Deputy Burford and so has Deputy
de Sausmarez and others, and really I have found in this general debate there has been a lot of
sweeping statements, negative statements again which are misinformed and misunderstanding the
policy proposals. Deputy Burford specifically asked a question of Deputy Ferbrache the day before
yesterday, and I am paraphrasing here, so apologies if I have not got it specifically right, but she
asked whether we should be spending £40 million moving the sixth form down the road, whether
we could afford it and indeed even if it is necessary. In his response Deputy Ferbrache was clear

that our plans were worth the investment, and I *totally* endorse that – they are worth the investment.
1370 That we need a forward-looking education system with aspiration and inspiration.

This Assembly is getting more than its bang for its buck, and so are taxpayers. Taxpayers' money
being stretched to its optimum. It is not just about investing in the future and getting a return on
that investment in the form of young people who have got that parity of esteem, that confidence,
1375 the skills and the content and the knowledge to take this Island forward, it is also about the logistics
of fitting in children from a school that under our proposals will sadly be closing. They need
somewhere to go and that in of itself will cost money. Members need to be under no illusion that
the closure of a school, sad as it is, is also costly. Deputy Meerveld very helpfully spelt that out. So
please, Members, Members in this Assembly must stop the misinformation that this is just about
moving a facility down the road. It really is not.

1380 Our proposals cater for the student population peak later this decade without overpopulating
any of the schools we propose to use, and they ensure that once the peak has passed there are
approximately 630 students on each of the 11-16 sites, which also allows for growth should the
population projection's decline be reversed. And really, when we look at our population projections,
I think that for the sake of the Island's prosperity, we hope that those are not going to manifest
1385 themselves.

I will just dig in a little bit more to the figures before I close, because included in the headline
of £43.5 million are the construction costs, programme costs, decamp costs, transport. So the total
capital is £43.5 million, with an optimism bias of £10.5 million on top of that, which obviously
1390 reduces over time but is there also to mitigate any risks. But let's just dig in, that included in the
headline figure is the repurposing of space at the Les Varendes, the Grammar School site, to
accommodate the Music Service, the Youth Commission and the SHARE team, and also substantial
investment in essential work at that site. Also included in that site is a new purpose-built
communication and interaction and autism base at Beaucamps, and that is much needed, not least
1395 because our primary school with a CAS base feeds into this secondary school. But Members need
to look at section 8 in the policy letter because that is where the facts and the figures are clearly
outlined.

Just to go into my closing now. Simply reshuffling seats, replicating the system we have today,
does not plan for the future. A lack of vision and short-sightedness from this Assembly will not allow
us to go forward and lead the Island of Guernsey as they have asked us (**A Member:** Hear, hear.) to
1400 do. It has been disappointing to hear that from some of our colleagues during this debate. We have
been elected to make strategic decisions on behalf of this community. Let's be visionary politicians;
let's be can-do politicians. Please support the Committee in creating an education system, not just
for today, but one that is flexible enough to cater for tomorrow. (**A Member:** Hear, hear.) We cannot
go on as we are. We have debated this subject *ad nauseam* over many years. And we are at a
1405 crossroads now because we cannot be certain of the future, but we know that circumstances in the
last 20 months have changed the world of work forever. The pandemic has shone a light on that
and we need to position the Bailiwick so it can punch above its weight as it has so often done.

For those concerned about the investment in our 11-16 students, please remind yourself, and I
will remind you of the work that we shared with you via our webinars, our Education Strategy is
1410 equally aspirational and equally deliverable. It is forward thinking and it is joined up. Via that
Strategy we will ensure that we have an education system where every child is known by name and
need, and wherein those needs are met.

Sir, those here today can attest that the Committee has already demonstrated its commitment
to communication and engagement activities with States' Members. We have engaged frequently,
1415 not just with Deputies but with school staff on our proposals, in person, via videos, via infographics.
We have a change management team working hard to keep staff informed and involved as we
develop TGI and we take a similar approach to the whole programme of work. As I mentioned
earlier, working with our school leaders the Business Change Team will ensure that best practice for
change management is in place through a wide range of activities to support staff and students
1420 during the course of the programme.

Staff will require different levels and kinds of support depending on how they are adjusting to change and how close they are personally to it. Needs will change depending on the stage the programme is at. We want to take staff with us, and assertions that levels of opposition are unprecedented are just plain rhetoric. They are not based in fact. The change team will be working with school leaders, staff and union colleagues to determine the best and most appropriate support strategies. There will be robust engagement with stakeholders and stakeholder management strategies to ensure that staff understand what is happening, why it is happening and when and how they can contribute to that change, as well as student and parent groups.

We know that Deputies are an integral part of our Stakeholder Engagement Strategy and I enthusiastically encourage Members to come with us on the journey and to respond positively to invites for future engagement sessions. My pledge here to you today, and to our school communities in the wider community is that we will take you on this journey with us. We will keep you informed. Where there are details to be agreed, we will always try to agree them with you – doing *with*, not doing *to*. I have already said in this debate that the hard work starts here. I am not afraid of that hard work, neither are the Members of the Committee and neither are the officers who work tirelessly – and here I want to acknowledge their dedication and commitment as well as their exemplary approach to their work and their objective professionalism. We will all continue to work tirelessly to implement the model we agree here today. I am *passionate* about this model and I hope that that has been conveyed to the Assembly.

I am also passionate about our education system and I will do everything within my gift to make this model as successful as I know it can be. But I ask something in return, sir. I ask for support, and challenge, but make sure that it is constructive challenge, not destructive challenge. I also ask that it is recognised that our children and our young people deserve the certainty that will follow the decisions that we make today. I ask Members please to be decisive. I ask Members to support the proposals of this Committee.

Thank you, sir.

But before I close – (*Interjection and laughter*) I am really sorry! Before I sit down, there is just a small technical matter that I have to raise and for this I do need expert advice, sir, and potentially HM Comptroller may be able to give that to me. If he could give Members his opinion about the wording of the Propositions before us, given the timing that when the Propositions were drafted, we were before the GWP debate, now the decision is coming to be made, we are post-GWP debate and it is just a matter of wording to reflect that. Maybe HM Comptroller could give us his advice, sir, please.

The Bailiff: Mr Comptroller?

The Comptroller: Sir, yes. The issue really is I am not sure that Propositions 3 and 4 need be put to the States. I think they fall away. Members will recall that on 23rd July they approved various Propositions relating to the Government Work Plan, and I think Deputy Dudley-Owen referred to the relevant one, which actually – and I dug out the Resolutions, that the States provided:

To agree the assurance and approval pathways for capital projects set out in ... the Funding & Investment Plan at Annex 5, [of the policy letter that the Members considered] including delegating authority to the Policy & Resources Committee to approve the opening of capital votes for all schemes in the capital portfolio ... subject to the overall capital portfolio being delivered within a total of £568 million.

And, sir, within the capital portfolio in what is referred to as the delivery portfolio, the first three items there are the Guernsey Institute, 'Transforming Education Digital' and 'Secondary Education Model'. So in effect, the States have approved already those matters that they are being asked to approve in Propositions 3 and 4. So I suggest they simply fall away.

1465 **The Bailiff:** Thank you. Is that the position of the Committee, Deputy Dudley-Owen? That effectively we are looking at Proposition 1 and Proposition 2 only because Propositions 3 and 4 have already been determined?

Deputy Dudley-Owen: Correct, yes, sir.

1470 **The Bailiff:** Members of the States, in those circumstances, unless there is anyone who is desperate to vote on Propositions 3 and 4, then what I was going to do was to take votes on Propositions 1 and 2 discretely, because that has already been requested.
Deputy Trott.

1475 **Deputy Trott:** Yes, sir. I would have liked to have voted separately on Proposition 4. There was an amendment that was the closest of all amendments that was placed which dealt specifically with the issues surrounding Proposition 4, and it seems to me that under those circumstances it is entirely appropriate that the substantive Proposition is in fact voted on.

1480 **The Bailiff:** The oddity of course, Deputy Trott and others, is that the wording of Proposition 4 as it stands is now a bit meaningless because it was supposed – in the order of events that were to take place – to proceed the debate at the end of July on the Government Work Plan where it would have been dealt with there. But if Members want simply to be able to vote in respect of
1485 Propositions 3 and 4, can they be taken together, because they are really interrelated in any event? Then I will put those to you at the end.

But the most important decisions for you, Members, will be Proposition 1 first, Proposition 2 second, I imagine that there will be a request for a recorded vote.

Deputy Queripel.

1490 **Deputy Queripel:** Yes, please, sir.

The Bailiff: So what we will do is we will take Proposition 1 first and discretely, and we will have a recorded vote, please, on Proposition 1, Greffier.

There was a recorded vote.

Carried – Pour 23, Contre 16, Ne vote pas 0, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy St Pier	None	None
Deputy Taylor	Deputy Trott		
Deputy Vermeulen	Deputy Brouard		
Deputy Aldwell	Deputy Burford		
Deputy Bliin	Deputy Bury		
Deputy Dudley-Owen	Deputy Cameron		
Deputy Dyke	Deputy de Lisle		
Deputy Ferbrache	Deputy de Sausmarez		
Deputy Gollop	Deputy Fairclough		
Deputy Haskins	Deputy Falla		
Deputy Helyar	Deputy Gabriel		
Deputy Inder	Deputy Kazantseva-Miller		
Deputy Le Tocq	Deputy Matthews		
Deputy Leadbeater	Deputy Parkinson		
Deputy Mahoney	Deputy Queripel		
Deputy McKenna	Deputy Roffey		
Deputy Meerveld			
Deputy Moakes			
Deputy Murray			
Deputy Oliver			

Deputy Prow
Alderney Rep. Roberts
Alderney Rep. Snowdon

1495 **The Bailiff:** Members of the States, in respect of Proposition 1, there voted Pour 23, Contre 16, and therefore Proposition 1 is declared duly carried.

We turn swiftly to a recorded vote on Proposition 2, please, Greffier.

There was a recorded vote.

Carried – Pour 22, Contre 17, Ne vote pas 0, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy St Pier	None	None
Deputy Taylor	Deputy Trott		
Deputy Vermeulen	Deputy Brouard		
Deputy Aldwell	Deputy Burford		
Deputy Blin	Deputy Bury		
Deputy Dudley-Owen	Deputy Cameron		
Deputy Dyke	Deputy de Lisle		
Deputy Ferbrache	Deputy de Sausmarez		
Deputy Gollop	Deputy Fairclough		
Deputy Haskins	Deputy Falla		
Deputy Helyar	Deputy Gabriel		
Deputy Inder	Deputy Kazantseva-Miller		
Deputy Le Tocq	Deputy Leadbeater		
Deputy Mahoney	Deputy Matthews		
Deputy McKenna	Deputy Parkinson		
Deputy Meerveld	Deputy Queripel		
Deputy Moakes	Deputy Roffey		
Deputy Murray			
Deputy Oliver			
Deputy Prow			
Alderney Rep. Roberts			
Alderney Rep. Snowdon			

The Bailiff: Members of the States, in respect of Proposition 2, there voted Pour 22, Contre 17 and therefore I declare Proposition 2 also carried.

1500 Can I simply put Propositions 3 and 4 to you aux voix? I know, Deputy Queripel, you have said let's have a recorded vote but, frankly, do we need it? They are not strictly needed. So those in favour of Propositions 3 and 4; and those against?

Some Members voted Pour, others voted Contre.

Deputy de Lisle: We need a recorded vote, sir, please! *(Laughter and interjections)*

1505 **Deputy Meerveld:** I would like to request a recorded vote.

The Bailiff: Members of the States, quiet please. On the volume levels, I am going to declare both of those lost, whatever that means, and therefore there is –

1510 **Deputy Mahoney:** Recorded vote, please, sir.

The Bailiff: – going to have to be a recorded vote. So Propositions 3 and 4 ... Sometimes the short cuts are never the speediest way.

There was a recorded vote.

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

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy Trott	Deputy St Pier	None
Deputy Taylor	Deputy Brouard	Deputy Kazantseva-Miller	
Deputy Vermeulen	Deputy Burford	Deputy Leadbeater	
Deputy Aldwell	Deputy Bury		
Deputy Blin	Deputy Cameron		
Deputy Dudley-Owen	Deputy de Lisle		
Deputy Dyke	Deputy de Sausmarez		
Deputy Ferbrache	Deputy Fairclough		
Deputy Gollop	Deputy Falla		
Deputy Haskins	Deputy Gabriel		
Deputy Helyar	Deputy Matthews		
Deputy Inder	Deputy Parkinson		
Deputy Le Tocq	Deputy Queripel		
Deputy Mahoney	Deputy Roffey		
Deputy McKenna			
Deputy Meerveld			
Deputy Moakes			
Deputy Murray			
Deputy Oliver			
Deputy Prow			
Alderney Rep. Roberts			
Alderney Rep. Snowdon			

1515 **The Bailiff:** Members of the States, in respect of Propositions 3 and 4 on the recorded vote, there voted Pour 22, Contre 14, there were 3 abstentions and therefore Propositions 3 and 4 are also declared duly carried.

**Procedural –
Order of business**

The Bailiff: Now, before we turn to the next item of business, Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

1520 I rise just to make the Assembly aware of the fact that our Committee, should we not finish business today, would like particularly item 17 to be brought forward because it is time sensitive. I think probably item 14 might be as well but it is a policy letter that is not from our Committee.

1525 **The Bailiff:** I suppose the real question, Members of the States, at this stage of this Meeting is do we start reordering the business now to do those that need to have priority and be dealt with before we get to half past five? Or do we just push on to the next item which is Interim Amendments for the Tariff Regulation for Guernsey Electricity and see where we get to?

1530 I am looking at Deputy Roffey, as States Trade and Supervisory Board President, those who are moving the amendments to it, SACC's President on General Election – that has been hanging around for a while – but we do then have the legislation and we have a handful of other bits of business.

So is it your wish, Deputy Le Tocq, that we simply start prioritising at this stage?

1535 **Deputy Le Tocq:** Sir, as far as item 17 is concerned, I do not believe it will take very long to do, but it will be very serious if we do not manage to do it. So if others are going to take longer, I would rather that was taken immediately.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Sir, there is also some time sensitivity on the Aggregate's policy letter.

1540 **The Bailiff:** Deputy Ferbrache.

Deputy de Sausmarez: As there is on the Electricity. *(Laughter)*

1545 **Deputy Ferbrache:** Sir, it is the Regulations under Rule 18. I do not think they will be contentious and, if at all possible, could they be done as soon as possible?

The Bailiff: Okay, well – Deputy Meerveld.

1550 **Deputy Meerveld:** Yes, sir. I have not consulted with the Members of SACC but I am sure that our policy letter can be put back. *(Laughter)*

The Bailiff: We hope we will get to it by 2025 on this basis! *(Laughter)*

Deputy Gollop: I want to discuss the elections, it has been put off for five months!

1555

The Bailiff: Can I put a motion to you, then, Members of the States, that we take the Rule 18s next? They are Urgent Propositions, they have been accepted as such, they may fill up between now and lunchtime and then we take stock and we consider where we go for this afternoon. Those in favour; those against?

Members voted Pour.

PROPOSITIONS LAID PURSUANT TO RULE 18 OF THE RULES OF PROCEDURE

The Civil Contingencies Authority Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) Regulations, 2021 approved;

The Emergency Powers (Coronavirus) (Vaccine) (Limitation of Liability) (No. 10) (Bailiwick of Guernsey) Regulations, 2021 approved

1560 **The Bailiff:** Well, let's move to Rule 18 and I will ask the Greffier to call them. We will take both of them together as we have been for a number of Meetings, and allow people to find the relevant place in their electronic versions.

Greffier, the two Items, please, under Rule 18.

1565 **The States' Greffier:** Propositions laid pursuant to Rule 18 of the Rules of Procedure: the Civil Contingencies Authority Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 10) Regulations, 2021.

The Bailiff: I invite the Chairman of the Authority, Deputy Ferbrache, to open debate.

1570

Deputy Ferbrache: Thank you, sir.

1575 Dealing with the vaccine limitation matter first it will please, I think, every Member, and particularly perhaps Deputy St Pier, that in relation to that the Ordinance inserted a new part into the Medicines Law to make provision equivalent to the vaccine regulations has now been made. Assuming it is approved by the States of Alderney and the Chief Pleas at their forthcoming Meetings on 22nd September and 6th October that Ordinance will then be commenced throughout the

Bailiwick to have effect from the expiry of these Regulations, meaning that these *should* be the last vaccine regulations that the Authority is asked to make.

1580 In respect to the General Provision Regulations, they are in large part the previous, the No. 9 Regulations, incorporating the amendments into the two sets of amending regulations by the Authority with some necessary renumbering. In addition, they incorporate two further changes. First, as agreed by the Authority at its last Meeting, the backstop position of 21 days self-isolation for arrivals who will not undergo testing has been reduced from 21 days to 14 days. Secondly, the provision in relation to the regulations providing for restrictions and requirements to be challenged
1585 in the Royal Court, Regulation 14 in this particular version, has been reworked to take account of lessons learnt in relation to recent applications, particularly the Bridgman case, which received some publicity.

On that basis, sir, I ask the Regulations be endorsed.

1590 **The Bailiff:** Deputy St Pier.

Deputy St Pier: Sir, I am grateful for Deputy Ferbrache for clarifying that the vaccines regulation will probably be the last one. It is encouraging too that the general regulation in relation to the backstop date is obviously reduced; as he and many others of course said, the imposition of such
1595 constraints on an individual's liberty are extremely serious so the opportunity to reduce that backstop has obviously been taken by the Authority and that has to be welcomed.

I rise, only briefly, to say having raised this issue when these Regulations were debated in July and again in my question to Deputy Ferbrache on Wednesday, I am anxious that this Assembly should be putting in place a permanent legislative framework for this environment, rather than
1600 relying on the use of the Authority and its regulatory-making powers. I am concerned that the Assembly is unlikely to be able to achieve that, in accordance with the Government Work Plan, to legislate and implement by the end of this year and I think the pressure does need to be maintained on all of those delivering that objective to deliver that objective in accordance with the timeframe that was set in July.

1605 With that in mind, this is probably the last set of general regulations that I will support. That will make very little difference because I am quite certain that the Authority will be able to garner the majority that it needs for future regulations as they come down the track, but I think it is important to set a signal that we do need to deliver on that commitment to move to a permanent legislative framework, and the only way I personally can do that and influence that is through the use of my
1610 vote on this Rule 18 motion. So I simply make that clear so there are no surprises in a month's time. I hope that everybody involved can indeed deliver that permanent legislative framework as quickly as possible. It is essential in the name of good governance.

The Bailiff: Deputy Gollop.

1615 **Deputy Gollop:** Thankyou very much.

Yes, public opinion does change and float about and react to news, and because I do still meet people who would love to see Deputy St Pier back presenting the broadcasts. But there you go, that is how it is.

1620 I agree there does seem to be a greater number of people contacting me or making their views that they are vaguely dissatisfied with the CCA Regulations continuing although we know, actually, we have had very wise and very measured use of the Regulations, especially in the last three months.

I suppose three points that slightly puzzle me about the vaccination issue are initially we were only offered two vaccinations against the virus, AstraZeneca and Pfizer, and there have been others
1625 that have come since. Some customers or clients or Islanders would perhaps prefer a choice.

The second point would be that I am not myself entirely clear on where we stand with young people aged between 12 and 18 who may need the vaccine, not necessarily for health reasons but simply to travel with their families, and that type of situation.

1630 My third point is: why do we assume that this is perhaps the last vaccination piece of legislation when it is possible that a booster of some kind may be required, and if not exactly mandatory be strongly advised, and given to the entire public or vulnerable people or workers, between now and January?

But I will support the proposals.

1635 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Thank you, sir.

1640 Colleagues and the community are aware I have had concerns about CCA measures put in place since March last year, when Deputy St Pier headed up the CCA. I have expressed those concerns in debates and I have asked questions in debates as well as Written Questions. Not only that, but I have submitted my own suggestions in relation to those measures, all of which I am sure were considered but all eventually were rejected. I am the only Deputy who has consistently challenged and asked questions, which surprises me, actually, and concerns me greatly because it seems that no one else shares my concerns in the Assembly and the previous Assembly. But there are those
1645 out in the community.

So we only get to these measures laid in front of us retrospectively. So we either vote in favour of them, or against them, or we abstain from voting. Unless there is a recorded vote, of course, no one knows who has voted whichever way they voted. So I ask for a recorded vote on this occasion, sir, please.

1650

The Bailiff: Is that on both sets of Regulations, Deputy Queripel?

Deputy Queripel: Sorry, sir?

1655 **The Bailiff:** Both sets, discretely?

Deputy Queripel: Yes, please, sir. Yes.

I do have a concern about the latest measures that have been put in place regarding the focus being put on schoolchildren to be tested. This will not come as a surprise to colleagues I am sure.

1660 Bearing in mind that discrimination has now reared its ugly head out in our community and has caused a divide – irrespective of whether colleagues want to argue against that or not, it has caused a divide – between those who have been vaccinated and those who have not. I am wondering if discrimination will rear its ugly head in our schools, with children saying to their friends, ‘My mum and dad say I can’t spend any time with you any more, because you haven’t been tested.’ In fact, I have had two reports of that actually happening this week. I have asked those two people who wish
1665 to, at the moment, remain anonymous to express their concerns to the whole of the Assembly and not just to me. It just comes over then, it is anecdotal, and I can be accused of making this all up, which I have been on occasion. So I do hope they express their concerns to the whole of the Assembly, sir, because I am fed up with being a lone voice in this Assembly. It is pretty futile because
1670 nothing is going to change, except my conscience is clear.

Sir, I would ask Deputy Ferbrache the following in relation to those concerns which I have also expressed, several months ago, as I have consistently expressed concerns since last March, 2020. How are we, as a Government, going to deal with discrimination in our schools? Do we put a policy in place to deal with it or do we just leave it to the children and their teachers and parents to deal with it as it arises?

1675

Also, sir, I ask Deputy Ferbrache: I did submit, as you are aware, sir – because you ruled them out of order – three questions to the CCA for Question Time. You ruled that I should have submitted them to HSC. So I did not get to ask them, but I respect your ruling; I am not arguing against your ruling. Deputy Ferbrache may not be able to answer this question. How much autonomy do HSC
1680 have regarding the measures that have been put in place?

Deputy Ferbrache: Sir, could I raise a point of order?

The Bailiff: Point of order, Deputy Ferbrache.

1685 **Deputy Ferbrache:** Sir, you have already ruled previously that these questions are not a matter for the CCA, therefore if Deputy Queripel asked them again, that will be the same response. But equally the task of the States now is either to approve or not approve these Regulations. The wider issues are for another day.

1690 **The Bailiff:** That is a valid point of order, Deputy Queripel, so I am going to direct you that you cannot continue with this particular line in your speech relating to issues relating to the children because that is not something that is being done by the Civil Contingencies Authority. It falls outside of the terms of the Regulations that you are being asked to approve or not approve, and therefore any speeches in this debate must be about the contents of the Regulations and not wider issues
1695 relating to how things are being managed.
Deputy Queripel.

Deputy Queripel: Well, in that case, sir, I am totally confused because CCA make the rules.

1700 **The Bailiff:** The rules are in the Regulations, Deputy Queripel. If it is not in the Regulations then the CCA have not made those rules. That is all that is being debated at the moment, so please can you confine your speech to the matters that are found in the Regulations?

Deputy Queripel: Sir, indeed. So clarification, sir, does the first question I asked fall outside, the
1705 one about discrimination in our schools?

The Bailiff: It does, yes.

Deputy Queripel: Can the CCA answer that one?

1710

The Bailiff: No.

Deputy Queripel: No? In that case, sir, I think that curtails my speech somewhat. Yes, so I cannot
1715 continue under those conditions.

Thank you, sir.

The Bailiff: Thank you.
Deputy de Lisle.

1720 **Deputy de Lisle:** Sir, I think it is wrong to state that nobody else has been asking questions with regard to COVID, to the Chief Minister, because I have done that several times and I would like to just make a couple of points here.

1725 First the numbers of infections have risen over the recent month or so despite vaccinations increasing, and so on and so forth, and more people are becoming concerned about the numbers of infections. I would like to just assure the public that all people arriving at the ports are tested for COVID and I would like to ask the Chief Minister: am I right, and are the public right, in thinking all are tested as they come into the ports from outside? I think that is what we need from now on so that that assurance is given to the public.

1730 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

1735 I am just picking up Deputy St Pier's point about Regulations. He is right, we need to get on a firmer footing and not being reliant on the Emergency Regulations, and I know this is something I am not speaking out of turn in saying what the CCA are saying, but I think everybody on the CCA wants that to happen. Of course, things have been happening across the whole of this year but work has progressed on that from a legal point of view. We also need to think about who goes forward with any new regulations that are brought in.

1740 Of course it is not saying we need to stop regulations, it is saying we need to stop having emergency regulations. So there are two aspects of this: what those regulations need to be; and, secondly, who can issue those regulations. There are two difficult parts. You think, well, what should that structure be? And these are things going through my head in terms of, well, we have got the right people around the table, so do we create another Committee to deal with it, which is more or less the CCA in itself? So it is those thought processes going through.

1745 Work has started, it may be that we can get there by the end of the year, I do not know at this particular moment in time. So we are taking it seriously but I do think there is a lot of confusion. There has been a lot of confusion from the very start about who is responsible for what. Certainly in the first lockdown everybody thought it was the CCA dealing with getting out of lockdown. It was not, it was HSC. That changed for second lockdown earlier this year when it was the CCA, but still there is confusion. We had Deputy Gollop talking, standing up and saying about ... but he was talking about everything that just falls under the mandate of HSC. And that is what we do. A lot of COVID can now be done through various different Committees as BAU. Deputy Queripel talking about schools. Well, that is clearly within the mandate of ESC, and CCA has nothing to do with how schools have organised themselves and worked on how they manage COVID responsibly.

1750 Just to talk about Deputy de Lisle's comments about infections are up. Yes, we knew that infections would be up. We had the real doom and gloom at the start of when we did open up and people thought we would have thousands of cases in a fortnight and we were too early to open up and we would be like Jersey. But that has not proven to be because we had the mechanisms in place to manage that rise. Absolutely, expect infections to go up, but we need to stop looking at the number of cases and focus on the number of serious cases making people go into hospital and deaths, which give us a better idea about whether it is a serious situation. Because we are now coming into a point where we are not in an emergency situation. We are learning to deal with COVID as an endemic rather than a pandemic response. So one of those things would be the booster programme and understanding who needs to have a booster programme and who does not.

1760 That is where we are at, and it all ties in and we are getting to that place and that is why –

Deputy St Pier: I cannot resist the point of correction –

The Bailiff: Point of correction, Deputy St Pier.

1770 **Deputy St Pier:** – which is clearly we must be in an emergency, otherwise we would not be debating ...

1775 **Deputy Soulsby:** No, and I did not mean right now. I was saying we are moving to an endemic situation which is why we are looking at changing the Regulations so we can do that and we are not reliant on the CCA. But yes, Deputy St Pier is right, and so I would question why now, if we are still thinking it is an emergency, he could not then support future regulations from the CCA through Rule 18, because if we are still saying it is an emergency, which we are at the moment, then that is our only mechanism. So it works both ways, Deputy St Pier.

1780 **Deputy de Lisle:** Sir –

The Bailiff: Deputy de Lisle, you have already spoken, so can you resume your seat, please?

Deputy de Lisle: I did not get an answer to my question, sir.

1785

The Bailiff: It does not matter because the Chairman of the Authority –

Deputy de Lisle: It certainly matters to the public, sir.

1790

The Bailiff: But the Chairman of the Authority has not replied to the debate yet.
Deputy McKenna.

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Deputy McKenna: A question to the Chief Minister. If you could confirm for me, please, Chief Minister, if you would agree with me, do we still have the world-leading authority and specialist Dr Brink, who actually is a virologist? It is such a rarity in the world to have a virologist leading your team.

1800

I can only but compliment the CCA and yourself, Chief Minister, if you do not mind, in saying we are doing a fantastic job within our community; **(Two Members:** Hear, hear.) any death that we have suffered is too many but what we have done to contain this pandemic is a wonderful achievement from the previous CCA and the current CCA. So I take great comfort, through you, sir, if Dr Brink is still leading the charge. I and other Facebook scientists will sit down and take our lead from Dr Brink and the CCA.

1805

The Bailiff: Well, Members of the States, I am going to crave your indulgence and suggest that we complete this and we work out what is going to happen after the luncheon adjournment before we rise for lunch because otherwise we are just getting nowhere fast. Is it your wish to continue? Those in favour; those against?

Members voted Pour.

The Bailiff: Thank you very much.
Deputy Kazantseva-Miller.

1810

Deputy Kazantseva-Miller: Thank you, sir.

1815

In August this year I made the last-minute decision to go and see my family, which I had not seen for a very long period of time and the hoops I had to go through to travel from Guernsey, via the UK to a third country was quite tremendous. So the barriers at each point, the travel trackers, the tests you have to do, are extraordinary. So no wonder no one wants to come to Guernsey to work, because to be honest to figure out the hoops to actually get there are quite impossible. Because the country was on the red list, I could not come back to Guernsey, I had to stay in the UK – it became a tremendous trip just to see my family who were really suffering from not having seen myself and the kids and stuff like that.

1820

So I think the point I am trying to make, and also I had the chance to stay in the UK, I thought the atmosphere there would be actually much more restrictive because they have not had the full freedoms we have living here. But actually I was surprised how relaxed everything generally was in the UK. So I think the point I am trying to make is that as we are really coming to the stage of living responsibly with COVID, we really have to start considering the proportionality of all the measures that we are taking. This is also in relation to vaccinated versus non-vaccinated, because I do agree with what Deputy Queripel also has been saying in terms of this discrimination and how this, whether you are vaccinated or not, can get now disproportionately magnified, because if you are not vaccinated it is much stricter restrictions if you want to travel anywhere. I think we are really starting to have to look at this from the proportionality of human rights, from the proportionality of the cost of these families not being able to reunite with families elsewhere and the actual cost to the economy of people not being enabled to travel here to work.

1830

1835 So I really think these are the type of questions we should probably have the opportunity to debate as an Assembly and I would like the CCA to consider how we do that as an approximate opportunity, because we are moving from an emergency to actually much bigger existential questions and I think we will need to have a chance to discuss them more openly.

Thank you.

The Bailiff: Deputy Haskins.

1840 **Deputy Haskins:** Thank you, sir, and I will be brief.

One of my concerns is also around proportionality but I know this area is looked at extremely carefully by everyone on the CCA, but I do worry about the disproportionate nature of the criminal convictions, especially given we have community seeding and are learning to live with and we have much –

1845 **Deputy Ferbrache:** Sir, point of order.

The Bailiff: Point of order, Deputy Ferbrache.

1850 **Deputy Ferbrache:** Criminal convictions are not a matter for the CCA, they are matter for the courts.

The Bailiff: No, I think Deputy Haskins' point is the Regulations include criminal penalties for certain activities. So that is what he is addressing, I think.

1855 **Deputy Haskins:** Yes, sir, I think it is Part I of –

The Bailiff: He can say that.

1860 **Deputy Haskins:** – the provisions that allow for the CCA to make criminal offences. It might be a moot point, because it is just the allowance to make. I would just like some comment from the President around the proportionality of the criminal sanctions.

The Bailiff: Deputy Oliver.

1865 **Deputy Oliver:** Sorry, sir, I was not going to speak but I just have to say I have had a number of visitors over and I do not want people to think coming to Guernsey is really difficult to get in. It is a really simple process, filling out the travel tracker and they are given their swabs and they do it in their own time. It is not a difficult process.

1870 **Deputy Kazantseva-Miller:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

1875 **Deputy Kazantseva-Miller:** Yes, it is for people who are vaccinated and coming from a blue corridor. Anyone coming from outside, there are many more restrictions, especially if you are not vaccinated. I think it is not quite a correct point Deputy Oliver is making.

1880 **Deputy Oliver:** But that is not Guernsey, that is the UK saying that you have got to stay in the UK. Guernsey is not saying that.

The Bailiff: I do not see anyone else rising so I will invite the Chairman to reply to the debate.

Deputy Ferbrache: Well, sir, that was a longer debate than I expected.

1885 In relation to Deputy St Pier's point, he makes a very valid point, and I think he would accept –
because I have said it before and I will say it again now – that no one on the CCA wants to hold the
power to themselves. With the leave of you, sir, we will make an application next time and obviously
after discussing it with my colleagues, we should have an update as to where we are with the
legislative process. So at the next States' Meeting, if you give leave, I will make a statement saying
1890 where we are with the legislative process. What I can say is it is under review, we are getting a paper
from St James' Chambers again very shortly. I cannot remember if it is next week or the week after,
but certainly very shortly. So he makes a very valid point and I accept that completely.

Now, I think I can take Deputies Queripel and de Lisle together because they both made points
consistently in relation to their concerns about the vaccines. I will also deal with Deputy de Lisle's
question. I fully accept that and I have said to Deputy Queripel publicly and privately that the points
1895 he makes are valid ones he makes on behalf of a section of the community, and he must continue
to raise them. I say that.

As regards Deputy de Lisle's question, we have got a policy and that can be changed or
regulations can be changed. Not everybody is tested at the borders. We have PCR tests, we have
lateral flow tests, we have regulations in relation to those. So I am not going to say, because that is
1900 not the position, that everybody will be tested at the borders. If people want to change that then
the Regulations will have to change.

Deputy Gollop raises various points that will be considered and have been considered by the
Authority. I am not going to say anything further today, not out of disrespect to Deputy Gollop but
because they are not issues that I think are material now.

1905 I am very grateful Deputy McKenna said that. Aren't we lucky to have Dr Brink? Aren't we so
lucky, right person, right place, right time, right temperament, right ability. We talk about how hard
people work in this Assembly, nobody has worked harder than her over the last 20 months. And
she just comes up with a cheery face, she gets benign and ridiculous questions from people like
me, she pretends they are from people of intelligence (*Laughter*) and she answers them so nicely.

1910 Deputy Kazantseva-Miller makes a very good point. Proportionality: we cannot make a decision
without it being proportionate. Changes are being made, changes will be made, and indeed we
have that under consideration. The kind of points that she has made we have got under
consideration – when I say now, I mean in the foreseeable future. Very well made.

As regards Deputy Haskins, I disagree with him. There should be criminal penalties. It is a matter
1915 for the court then as to ... First, you have got to be guilty of the offence before you can receive the
penalty, but if you are convicted or plead guilty it is a matter for the court. It is a matter of
proportionality for the court. They can decide on the facts of a particular case. I think there should
be sanctions because I think the people still need protection.

As regards vaccines, there was a point of Deputy de Lisle's that I did not deal with, we have got
1920 far more people vaccinated now. There will be more people thus who are vaccinated who will have
and do have COVID, because the vaccine does not protect you completely against COVID. So you
can still get COVID. What it does is it reduces – again, generally – the effect of the illness, it reduces
its transmissibility. But thankfully we have got I think about 90% of our adult population now fully
vaccinated. (**A Member:** Hear, hear.) What a remarkable record for a tiny jurisdiction.

1925 Again, Deputy Oliver's point about generally how well it works, I would like to commend – I have
said it before, but I do not make any apology for repeating it – all those who make the system work
so very well indeed. We would bow our knee to nobody in relation to how we – and I am not talking
about the CCA, I am talking about the Bailiwick of Guernsey and its officers and its people and its
medical staff and everybody else that has been involved – in the way we are dealing with the
1930 pandemic. Deputy St Pier was right to correct my able colleague, he asked a question about that
just a day or so ago: we are still in a pandemic situation. Hopefully we will soon be in an endemic
situation.

1935 **The Bailiff:** Well, Members of the States, there has been a request for a recorded vote. So the first recorded vote will be in respect of the Proposition asking whether you are minded to approve the General Provision No. 10 Regulations.

Greffier.

There was a recorded vote.

Carried – Pour 37, Contre 2, Ne vote pas 0, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Soulsby	Deputy Taylor	None	None
Deputy St Pier	Deputy Queripel		
Deputy Trott			
Deputy Vermeulen			
Deputy Aldwell			
Deputy Blin			
Deputy Brouard			
Deputy Burford			
Deputy Bury			
Deputy Cameron			
Deputy de Lisle			
Deputy de Sausmarez			
Deputy Dudley-Owen			
Deputy Dyke			
Deputy Fairclough			
Deputy Falla			
Deputy Ferbrache			
Deputy Gabriel			
Deputy Gollop			
Deputy Haskins			
Deputy Helyar			
Deputy Inder			
Deputy Kazantseva-Miller			
Deputy Le Tocq			
Deputy Leadbeater			
Deputy Mahoney			
Deputy Matthews			
Deputy McKenna			
Deputy Meerveld			
Deputy Moakes			
Deputy Murray			
Deputy Oliver			
Deputy Parkinson			
Deputy Prow			
Alderney Rep. Roberts			
Deputy Roffey			
Alderney Rep. Snowdon			

The Bailiff: Well, Members of the States, in respect of the General Provisions No. 10 Regulations, there voted Pour 37 to approve them, Contre 2 and therefore that is declared duly carried.

1940 Can I suggest a modification on the recorded vote this next time, just to say that because it looks like there is going to be a majority who are going to support it, that we simply ask those who wanted to have their opposition or their abstentions to stand in their places, a bit like we did sometimes in the last Assembly?

So can I move to that motion or that way of dealing with things on this one, please? Those in favour; those against?

Members voted Pour.

1945 **The Bailiff:** In that case, we will assume that everybody wants to support it, accept those who wish to stand in their place. This is the Vaccine Limitation of Liability Regulations. Is any Member wishing to have their opposition to it recorded? So it is Deputy Queripel and Deputy Taylor once again. Are there any Members who wish to abstain from approving those Regulations? (*Interjection by Deputy Gollop*) Deputy Gollop will abstain then. So we will make sure that voting record reflects that 36 Members supported the Vaccine Limitation of Liability No. 10 Regulations, 2 Members voted against and 1 abstained. That might have been a bit quicker.

**Procedural –
Order of business**

1955 **The Bailiff:** Now, Members of the States, before we rise for lunch, I am going to put to you the motion that after lunch we tackle P.2021/82, which is item 17 on the Agenda which is the Bailiwick's Participation in UK Free Trade Agreements, just to make sure that that goes before Item 5, which is Guernsey Electricity Interim Amendments for Tariff Regulation, so just so you know what you are coming back to deal with.

Those in favour of reordering the business that way; those against?

Members voted Pour

The Bailiff: I will declare that motion duly carried.

1960 Now, there is an amendment 2 in respect of the multi-Committee proposals on Guernsey Electricity's Interim Amendments for Tariff Regulation that will be in your places when you return after lunch. Is there any desire from anyone to shorten the lunchbreak to before 2.30 p.m.? No? Deputy Inder. (*Interjection by Deputy Inder*) (**A Member:** Pour!) Let me just see if there is any appetite to rush your lunch and come back at two o'clock so that we get a little bit longer this afternoon. Those in favour of returning at two o'clock; those against?

Members voted Contre.

1965 **The Bailiff:** I will declare that lost. We will adjourn until 2.30 p.m.

*The Assembly adjourned at 12.46 p.m.
and resumed at 2.30 p.m.*

POLICY & RESOURCES COMMITTEE

**17. The Bailiwick's Participation in UK Free Trade Agreements –
Propositions carried**

Article 17.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'The Bailiwick's Participation in UK Free Trade Agreements', dated 25th June 2021, they are of the opinion:

1. To agree that the Guernsey's participation in any Free Trade Agreement ("FTA") (or other trade arrangement) should –

a) meet Guernsey's needs, while respecting the constitutional relationship with the UK through the Crown and Guernsey's domestic autonomy; and,

b) be underpinned by the principles of relevance, proportionality, and practicality, taking into account the island nature of Guernsey, its size and population, and unique needs arising out of the same.

2. To note the intention to establish a process to enable effective consultation between the Bailiwick authorities in relation to participation in any FTA (or other trade arrangement).

3. To direct the Policy & Resources Committee to maintain efforts to ensure that Guernsey's interests (and, subject to the necessary authorisations from Alderney and Sark, the Bailiwick's interests) continue to be represented to the UK during negotiations in relation to any FTA (or other trade arrangement).

4. To authorise the Policy & Resources Committee, subject to the necessary authorisations from Alderney and Sark, to agree to the Bailiwick's participation in UK FTAs (or other trade arrangements) and signal that agreement to HM Government.

5. To endorse the process and approach (set out in Paragraphs 2.5-2.7 and 2.18-2.33) regarding Guernsey's (and the wider Bailiwick's) participation in UK FTAs (or other trade arrangements).

6. To agree that there shall be implemented such measures (including legislative measures) as the Policy & Resources Committee thinks fit for the purpose of ensuring that Guernsey may comply and remain in compliance with obligations that arise from participation in any UK FTA (or other trade arrangement).

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

The States' Greffier: Article 17, Policy & Resources Committee – The Bailiwick's Participation in UK Free Trade Agreements.

The Bailiff: I invite, is it Deputy Le Tocq who is going to lead on this?

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Deputy Le Tocq: Thank you, Mr Bailiff.

I am going to be brief because I think the policy letter says it all, but I am very happy to answer any questions that there might be afterwards. Free Trade Agreements, as the policy letter says:

... are agreements which, according to international law, are created between two or more nations with the aim and purpose of removing trade restrictions and barriers to stimulate and encourage economic growth.

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The policy letter sets out a framework for decisions on whether and how Guernsey, and indeed the Bailiwick, participates in UK Free Trade Agreements with other jurisdictions. It was the case, sir, that when the UK were members of the European Union that because of the nature of the European Union there were *very few* free trade agreements. It was largely a closed bloc. There have been a few more in recent years but now the UK has made it its explicit aim to enter into as many as possible. It is obviously far busier than it might have been, both for them and for us.

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In fact I do not know how many times I have heard people say, well now that Brexit is done it must be a lot easier. Actually, no. But of course with the challenges – and the policy letter highlights some of those challenges – comes opportunity as well. And we must not miss out on those opportunities. Many of those opportunities arising now are connected to the UK's withdrawal from the EU and its developing appetite for global trade. Guernsey's Government Work Plan recognises that managing the effects of Brexit and Guernsey's international obligations are one of the four main priorities for Government in this political term.

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The UK's FTA negotiations are fast-paced and there are different negotiations happening at the same time. The Bailiwick's interests therefore are being taken into consideration by the UK government. But given the speed and unpredictability of negotiations, there is a need to be able to react very quickly and decisively to meet condensed timelines. Therefore this policy letter sets about a new framework which we hope will help us to do that, because our current frameworks are not geared in that direction. So it is very important, sir, that Guernsey – and indeed the other Islands of

the Bailiwick – decide for themselves which of the UK's FTAs that they want to participate in and the extent of that participation in each FTA before the UK ratifies these FTAs.

1995 I was in London on Tuesday before the Justice Committee and obviously FTAs, alongside the
representatives from the other Crown Dependencies, are a big part now of our international focus.
Sir, this policy letter will enable us to act nimbly and certainly to be able to work alongside our
neighbouring jurisdictions and the other CDs to facilitate the best possible opportunities for
Guernsey in the future. So, I encourage Members to support it and I will answer any questions that
2000 arise.

The Bailiff: Deputy Inder.

Deputy Inder: Yes, sir.

2005 I am quite happy to have gone after Deputy Le Tocq. He has done a very fluid speech. He has
explained it very easily, with great flow. Unfortunately mine is a little bit more formulaic and pre-
prepared. So I will try and cut some of it out. But I think of course we concur and support the work
that his Committee has been doing.

2010 Now, the policy letter along with the Propositions represent a significant step to ensure that
Guernsey's international trade interests are taken forward following the UK's withdrawal from the
EU. This will help us secure the best trading arrangements possible for Guernsey. This is as well as
making sure Guernsey, and the entire Bailiwick, remains an internationally attractive and secure
jurisdiction for global enterprises to invest and do business.

2015 The analysis being prepared is required in order to demonstrate and assure international trade
partners of the Bailiwick's compliance with the FTAs. This work is very detailed and covers a wide
range of Government areas such as health, education, digital and professional services, financial
services, state-owned enterprises, agriculture and fisheries. It will also take into account the interests
of Alderney and Sark, as I said earlier.

2020 Now, as a Government we will need to ensure that any inclusion with FTA trade partners is the
right one and that we can balance the new market opportunities and reduction in trade barriers
that Guernsey will benefit from against any obligations that may be required. Of course, trade
partners is not always about just goods and services. I am sure Deputy Trott will agree with me, it is
also about financial services as well. I would rather be selling financial services to Japan than cheese
and milk.

2025 The policy letter being debated today allows us the ability, agility and the time to consider our
participation in the FTAs carefully. This ensures the moves we make will be the right ones for the
long-term prosperity of the Island.

2030 Once the Islands are included within the UK's new comprehensive FTAs, that will ensure that we
are able to maximise any benefits from preferential market access and opportunities that the
agreements provide and that we have not previously enjoyed in new trading countries, alongside
the UK, Isle of Man and Jersey. This will mean that we may need to invest in promotion in these new
markets for local businesses and I am looking forward in the future, as a Committee, to working
again with Guernsey Finance to leverage off that.

2035 Market access opportunities are not just limited to direct trade benefits or to private security
around financial investment which is critical to supporting trade. This means the agreements can
provide a platform for attracting new investment.

2040 It must be remembered also that the terms of the FTAs reciprocal with those new trading
countries are also being able to benefit from preferential market access into Guernsey and the wider
Bailiwick, where applicable. One of the big ones is Japan. Japan is the UK's 11th largest trading
partner and the market access opportunities are interesting for us, particularly in relation to new
and existing service sectors, all of which will offer potential new market opportunities for Guernsey.
We are already seeing interest from Guernsey industry to seek professional trading access to Japan
and beyond. It is anticipated that our analysis in relation to Japan could be used as a template or

2045 policy baseline, in fact, for services as referred to in the policy letter for future negotiations with the likes of Australia and New Zealand.

We are indeed, post-Brexit, in a very different world but with greater opportunities. We are going to have to work harder for our buck but it is just a more interesting world indeed.

2050 Now, the 11 signatories have combined economies representing 13.4% of global gross domestic product. At approximately 13.5 trillion USD and making the CPTPP one of the world's largest free trade areas by GDP. The UK's accession to the CPTPP does not specifically require FTAs with Australia, New Zealand or Japan, but of course it will assist greatly as these countries form part of the wider CPTPP membership, and accession to the same must be approved by all members. It is this trade agreement which will potentially open even further trading opportunities for Guernsey and the wider Bailiwick, along with the UK, Jersey and the Isle of Man, whom we work very closely with in relation to our international trade interests.

2055 The opening offer for full participation in the Japan FTA is still to be considered by the Trade Policy Forum, established by the Committee and relevant committees in due course. It is still very much a live workstream, which you would hope to make significant progress by the end of this year. The Trade Policy Forum, which includes Members of the Committee for Economic Development and Members include Deputy Moakes, one of our non-States' members, Mr Mancini, representing GIBA, Committee for Home Affairs, Policy & Resources, as well as key leads with international business and regulation, as well as representatives from Sark and Alderney, as required. This is all critical for helping ensure that decisions we make for the future are the right ones for the Islands.

2060 Now, I would like to take the opportunity to also thank members of the TPF who will support this essential work. And, sir, through you, I very much see the Islands developing their international trade identity, alongside Jersey and the Isle of Man as an essential and critical economic enabler for the future. If the Islands' interests were not included within the UK FTAs, the Islands would not be afforded any preferential market access or trade security and would face complex trade barriers when trying to access new trade partner countries, which would put the Islands' trading interests at a significant disadvantage. I am sure we would benefit from these agreements, providing we are willing to embrace this new place in the world and invest in our participation.

2065 I very much support the policy letter, as does the Committee, and I would encourage Members of this Assembly to do the same. Again, I must thank the work, and a lot of the background work that we do not see, from External Relations; the work that Deputy Le Tocq does, Deputy Ferbrache, Deputy Moakes and NSMs and those people who are trying to keep Guernsey's economy going in what is a very new world indeed. So I would ask all Members to support this policy letter.

2070 Thank you.

The Bailiff: Deputy Falla.

2080 **Deputy Falla:** Thank you, sir.

I understand that Guernsey businesses supplying the United States have to pay a 30% withholding tax. One businessman that I spoke to during a drop-in that I organised at the Chamber of Commerce told me that he had formed a UK company in order to avoid this tax but would rather that Guernsey received the 20% tax benefit of his business transactions. I am aware that there have been informal discussions with the US in the past, but I wonder if Deputy Le Tocq – and I fully understand if he is not able to answer this at this point – is able to advise whether there is any progress on developing a double taxation agreement with the United States.

2085 Thank you.

2090 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Thank you.

2095 In many ways, I rather envy Members like Deputy Inder and Deputy Le Tocq and Deputy Ferbrache and, of course, Deputy St Pier and Deputy Trott, who have a mastery of these matters.

2100 Because, whereas the public are often more concerned with more insular or parochial matters from, I do not know, seawalls to dogs who are naughty or whatever, this is actually the really hard area that justifies our society, our independence, our economy, and without this we would be pretty much nowhere. This is the real core of work as a States' Member and I think the Members of Economic Development too, like Deputy Moakes and Deputy Falla, etc., are very much aware of that and I very much support it.

2105 Of course we will maybe one day see more of this free trade get-it-done philosophy applied to immigration when we need it as well. And I would point out that it is interesting, what Deputy Inder said about Japan, because I think, from my legislation hat point of view, Japan was one of the first places we did an effective double taxation agreement with and I know Deputy Inder lived in Japan and, possibly, Deputy Dudley-Owen is our first Education President who actually has a university degree in Japanese. So there you go. We already have a capability to make effective contributions I think with our Japanese parliamentary colleagues and commercial interests.

2110 What I would say though is that you have to be a bit cautious with Free Trade Agreements. I would personally like to see, when we get on to the taxation debate, as compensation for businesses and retailers here to compete on a more level playing field that if we did introduce more indirect taxation – or even if we did not – we could look at the realities of an importation charge on objects that can be sold in a retail context in Guernsey. But I was told by somebody, who I think was pretty learned, that we were not allowed to do that under various Free Trade Agreements. So one has to look at the detail carefully here.

2115 Free Trade Agreements hopefully will overcome protectionism. But as I understand it from the policy letter and the speeches, we have the ability to opt out where a Free Trade Agreement would not work for us and there might be circumstances with digital or finance where that might be the case. Nevertheless, I think the fact that Guernsey has made such progress in this area and is working extremely well with contemporaries and with the United Kingdom government post-Brexit is good news for the future. But as I say, I do have one or two warnings about our own circumstances and, by definition, we may ourselves need to protect certain areas such as our milk yield, for example.

2125 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Thank you, sir. And I thank the Policy & Resources Committee for the paper.

2130 I am, I have to say, slightly torn. On the one hand I can see obviously the benefit of joining Free Trade Agreements if they are on the right terms for us and in particular if there could be double taxation elements in it. I am not sure that is possible, because the UK itself already has double tax treaties with all of these countries, whether we could muscle in with double tax treaty elements which would, for example, deal with withholding taxes. If we had a double tax treaty with, say, America that dropped the American withholding tax, that would be a massive benefit for us with the withholding tax on dividends and interest. There could be major benefits.

2135 But on the other hand, and this applies to all of these international treaties that we enter into, once we have entered into them, we will probably never be able to change them. So, one does have to be very careful. Over past years we have entered into a lot of international agreements, some of which on reading I actually find quite terrible. But we have signed up, we cannot change them. There is nothing we can do.

2140 Obviously, I have great faith in the Policy & Resources Committee to deal with these things. Indeed, I voted to give them authority over £500 million of the Government work programme and borrowings of £200 million. I voted in favour of that because I have great trust in them. But this Assembly, if it changes its mind on that sub-delegation, it can stop it and cut it and end it whenever it likes. With these treaties, we cannot. Once we are in them, we are stuck.

2145 So my question is: is there really such a hurry that the Policy & Resources Committee really cannot come back to us? The UK is not entering these treaties *that* quickly. They have been talking about Japan, Australia and New Zealand for a very long time.

2150 I would just remind the Assembly of what the policy paper says: the obligations and commitments can be wide-ranging. 'For example, they could include commitments and obligations ensuring equal and fair market access, environmental standards, labour laws and procurement,' all aimed at achieving the benefits of free trade. They 'may also include obligations regarding equal access to financial services, digital and e-commerce sectors ...' And that economic side of things, which can only really be a benefit to us.

2155 My point is these things *can* be very invasive. And I wonder if they should not actually come back to the States, in some way, before we enter into them and whether it really is truly impracticable to do that. Perhaps the Committee could answer that in summing up.

Thank you.

The Bailiff: Deputy Prow.

2160 **Deputy Prow:** Thank you, sir.

I shall be exceedingly brief. I just rise to say that the Committee *for* Home Affairs fully supports the policy letter and the opening remarks of Deputy Le Tocq and also the remarks of Deputy Inder.

2165 Home Affairs is represented on the Trade Forum and that is important because, if you look at 2.23 and 2.27 of the policy letter, there is some customs involvement in it. So I am very pleased that Home Affairs has been included in the Trade Policy Forum.

I urge this Assembly to support the Propositions.

Thank you, sir.

The Bailiff: Deputy St Pier.

2170 **Deputy St Pier:** Thank you, sir.

In studying this policy letter, my approach was to start with the Propositions. Propositions 1 to 3 are sort of largely motherhood and apple pie in terms of setting the scene for the background to this area. The heart of the Propositions really are in 4 and 5 which is authorising P&R to go away and get on with it. And then the approach in Proposition 5.

2175 Sir, my view is very much that – and to some extent addressing Deputy Dyke's concerns about whether P&R need to be given this authorisation, or if matters need to come back to the Assembly – from my own experience I do think it is necessary that P&R have the discretion to be able to move quite quickly. As Deputy Le Tocq indicated when he spoke in opening this debate, and certainly from my own experience, these things always move far faster than anyone would wish. There is never enough time. Everybody intends that there should be but there is not and certainly in paragraph 2.20, on page 11, it refers to the UK and Japanese agreement. Certainly, that was handled by the UK with very little time for us to adopt a position.

2185 So I think we need to create a mechanism that allows the maximum flexibility and I think this policy letter very much does that. Proposition 5 refers to setting out and endorsing the process in paragraphs 2.5 to 2.7 and 2.18 to 2.33. So for me that really is very much the heart of this policy letter. Now, inevitably those paragraphs are quite high-level and, in making that observation, I am not being remotely critical of the Policy & Resources Committee. I think it is inevitable at this stage in the development of a new policy area for us – a new policy area for the first time in 40 years, four to five years after the UK has left the EU – that actually being able to understand and develop the process is going to take time. So it is going to be an iterative process and therefore I am not being critical by saying that it is high-level at this stage.

2190 But I think, and again Deputy Dyke quite rightly drew attention to the fact that these agreements can have quite wide-ranging implications, and paragraph 2.31 draws attention to the fact that it might require the Bailiwick to adopt certain population management measures, for example, to align with mobility requirements for certain professional, skilled and experienced workers. So, these are very broad and impactful agreements. And again, I will draw attention to the experience that I certainly had in relation to intellectual property, where the dispute mechanisms which the UK were

2200 seeking to have were ones which did not necessarily meet our requirements and it took quite a bit of negotiation to find a route through that.

So all of this stuff has to be dealt with quite quickly. It has to be dealt by a relatively small group of people and it is not appropriate that it can be handled on the floor of this Assembly in accordance with this Assembly's timeframes. So all of that I think makes sense and therefore I absolutely endorse Deputies Inder, Prow and Le Tocq when they encourage Members to support this policy letter.

2205 My one question which I would like Deputy Le Tocq to answer really revolves around paragraph 2.21. If you consider that our economy is primarily a services-based economy, to the extent that we are trading in goods – we are largely an importer of goods rather than an exporter, that is not exclusively of course the case and I know that Economic Development are doing everything they can to diversify our economy so that we are a greater exporter of goods, but the
2210 reality is that we are largely a trader in services – then actually the provisions that deal with services in this policy letter are particularly important to me in reviewing it.

In 2.21 it talks about how the process would also have specific scrutiny requirements for participation in FTAs in respect of services. And I would really like Deputy Le Tocq to address that when he responds to explain what the current anticipation is as to what the process would be in
2215 relation to those specific scrutiny requirements. As I said, I do expect this to be an iterative process but I think it would be very useful to have on the record what the Committee's current expectations are as to what 2.21 currently means in practice. I think that would help give some colour as to the scrutiny process for the most important sector of our economy, namely services.

Thank you, sir.

2220

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir. I will keep this quick.

2225 Sir, as a Member of the Trade Policy Forum, I cannot emphasise how important Free Trade Agreements are for this Island's future prosperity. Sometimes there just is not time to debate issues and then there is always a risk that we could miss an important deadline, which could actually have quite unintended consequences. As a result, sir, I urge this Assembly to support this Proposition.

Thank you.

2230

The Bailiff: No one else is rising. I will turn back to Deputy Le Tocq to reply to that debate then, please.

Deputy Le Tocq: Thank you, sir.

2235 There have not been that many questions but I will try to address – and some have been already addressed by Deputy St Pier actually and probably are not that surprising. But Deputy Falla was the first to raise the issue of the USA withholding taxes. The fact is, sir, that it is very rare for FTAs to include taxation. So that will be a separate issue under DTAs and we are always seeking to extend that where we can. I get regular lobbying from Deputy Brouard, for example, for us to own a DTA
2240 with France. I use that as an example of the likelihood of us quickly achieving a DTA as a jurisdiction with a zero-rate of corporation tax is actually very slim, particularly with the larger jurisdictions. Whilst that might not be fair, particularly in the case of the USA, it is a fact. Nevertheless we will continue to try as far as we can to do so.

2245 Deputy Dyke, I think he touched on that as well, but he was particularly concerned about the delegated authority effectively to P&R. But it will not be P&R alone because, first of all we have to, on all of these, work very closely with Economic Development. But also the FTAs, depending on the nature of them, will involve other Committees, such as E&I, for example, and HSC could easily be involved in some of those in the future. We co-ordinate on their behalf and external relations obviously have to work very closely depending on the nature of those things. But when Deputy
2250 Dyke said surely it is not necessary for such speed, we have made it very clear, and I made it very

clear before the Justice Committee on Tuesday, that one of our difficulties, being a small jurisdiction – and that is in common with all three CDs, but perhaps particularly more so here in Guernsey – is that very often the decision is not just of this Assembly but we need the States of Alderney and the Chief Pleas of Sark to agree as well before we can sign up.

2255 Whilst we have made it clear to the UK that we need as much advanced information as we possibly can, on regular occasion we are given very few days' notice. In fact, there have certainly been two occasions where we have been given less than 48 hours' notice and one particular occasion where a decision was needed on a particular aspect if we were to join in with only an hour's notice. That is something outside of our control and nobody has asked here but people have asked
2260 outside: why we cannot enter into our own FTAs where possible? We are not a sovereign state and that is the primary reason for it.

 We certainly, on another workstream, would like further entrustment and that is something we would be keen to do because there might be some particular agreements that we would like to enter into that are different to the UK's. But what we are talking about, aligning ourselves currently
2265 in this system, the policy letter, I believe, and the Propositions, give the best possible structure for us to make that decision as rapidly as we are being asked to. And that is really vitally important.

 All of the FTAs that we enter into, just to give reassurance to Deputy Dyke particularly, include a disapplication clause. So that a future Government can choose to withdraw if Guernsey wants to
2270 from such agreements if circumstances change. So, just to give him reassurance on that, that is something that we always seek to include, as indeed do the other Crown Dependencies.

 Finally, sir, I think Deputy St Pier –
I will give way.

Deputy St Pier: Sir, I am grateful to Deputy Le Tocq for giving way. He made reference to the
2275 fact that one of the reasons we cannot participate in or negotiate our own FTAs is because we are not a sovereign state, but it was really just to make a further additional point that, perhaps a practical point, is the reality is that we are just simply too small to actually be able to negotiate any of these things. We will simply not obtain the attention span of any of the major economies that we are likely to want to reach an agreement with. We are simply too far down the pecking order and I am sure
2280 Deputy Le Tocq would confirm that.

Deputy Le Tocq: Absolutely. That is a very helpful intervention, thank you.

 But just to go on to Deputy St Pier's point, particularly in the scrutiny process between Guernsey and the Department for International Trade, for example, our officials and theirs are in regular
2285 contact now. We have dedicated people involved in that and it relates to ensuring that our compliance aligns with the UK's and the rest of the world's commitments because there are obviously – as Deputy St Pier has alluded to – things that, because of our diseconomy of scale, are not going to be possible to do. So we want to focus in on those that are relevant to us and ensure that we understand the costs and the benefits from those particular things.

 We are sharing information with the UK like we did, as Deputy St Pier knows, on the WTO issue; and to develop particularly a negotiating narrative, indeed a framework, for the UK. Because what
2290 we would like to get to is a position where the UK enter into future FTAs with an agreed position as far as we are concerned and, indeed the Crown Dependencies as a whole. Once our negotiating position is developed, the UK will on our behalf therefore enter in with this sort of framework. In
2295 fact, it is the sort of negotiating position that I understand countries such as France that have a number of small dependent states enter into when they deal in similar matters like that. But also New Zealand as well. I hope that goes some way towards answering his questions.

 Sir, I have got nothing more to say except that there are seven Propositions, I think, before the Assembly and I ask the Assembly to support them all.
2300

The Bailiff: Members of the States, there *are* seven Propositions. I have not got the impression that anyone wants any of them put to you separately. I think we will ignore the fourth word in the

first Proposition which seems to be unnecessary, but we will not worry too much about the formality of an amendment.

2305 So, those in favour of all seven Propositions; and those against?

Members voted Pour.

The Bailiff: I declare all seven Propositions carried.

**POLICY & RESOURCES COMMITTEE,
COMMITTEE FOR ECONOMIC DEVELOPMENT
AND STATES' TRADING SUPERVISORY BOARD**

**5. Guernsey Electricity –
Interim amendments for Tariff Regulation –
Propositions carried**

Article 5.

The States are asked to decide:

Whether, after consideration of the policy letter 'Guernsey Electricity – Regulation', dated 18th May 2021, they are of the opinion:-

1. To agree that the Guernsey Competition & Regulatory Authority's current responsibilities for determining the tariffs and prices charged by Guernsey Electricity Ltd for the supply of electricity should be transferred to the States' of Guernsey, acting by and through the States' Trading Supervisory Board;

2. To issue a States Direction to the Guernsey Competition & Regulatory Authority that, in undertaking its responsibilities under the Electricity Law, 2001, it should ensure its actions and decisions are consistent with and support the implementation of the States' extant Energy Policy and Electricity Strategy and, in particular, reflect the Energy Policy's focus on: establishing targeted competition to support establishing on-island (including off-shore) renewable energy; and, facilitating a competitive energy supply market using shared critical infrastructure;

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

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

The States' Greffier: Article 5, Policy & Resources Committee, Committee for Economic Development and States' Trading Supervisory Board – Guernsey Electricity – Interim amendments for Tariff Regulation.

2310

The Bailiff: I invite the President of the States' Trading Supervisory Board, Deputy Roffey, to open debate on this matter.

Deputy Roffey: Thank you, sir.

2315

I am afraid I am going to have to be slightly lengthier than I would have liked because this policy letter has probably been subject to rather more misinformation and distortion in the run-up to the debate than any other in recent history. Let me make clear, I do not blame those with a clear commercial interest for lobbying for a policy which supports their particular business model. It is the most natural thing in the world. It would be strange if they did not.

2320 It is rather odder, though, when sections of the written media seem to become the herald for that particular financial interest. I very much hope, sir, that such commercial considerations will not in any way guide the decision of this Assembly, which *must* approach regulation of the energy market from first principles and what is right for Guernsey.

2325 I think we all want to embrace on-Island renewables as quickly as possible. I think it is equally good that GEL imports nothing but electricity from renewable sources from Europe. This certification comes at virtually zero cost, because the cost of generating renewable energy on a large scale is now thankfully comparable and often becoming cheaper than generating it from non-renewable technology. And before anybody quibbles, yes, I know no electrons are traced from the Rance barrier to Mrs Le Page's freezer, but they can only certificate the amount of energy that is being from renewable resources that is being generated and put into the system from renewable sources, so the more people like Guernsey who demand such certification, the more renewable energy has to be produced.

2330 So the choice is not between locally generated renewable energy and imported non-renewable energy, rather it is a choice of where we source our renewable energy. That said, I would still far prefer for a large amount of it to be generated locally, for a range of reasons, some logical, some strategic, others frankly more emotive. So I personally very much want to see more on-Island renewable energy generation and I want to see a choice for consumers of where they source their energy. They should be able to generate it for themselves, they should be able to buy it from GEL or from a range of other energy generators. In my view, it should be a mixed, competitive, local, renewable, electricity-generation market.

2335 I know that is the view of STSB, I think it is of the States and most of the community and, by the way, I think it is the view of GEL. I do not think anyone wants to see that company given protected status or maintained as a market dominant force by dint of regulation. *But* – and here is the crucial point – to move to that mixed economy, which would drive our energy transition and stimulate on-Island green generation, we clearly need a level playing field.

2340 Now, that is not just my view. It is the clear and stated view of this Government. It is one of the main principles of the existing States' Energy Policy. So unless and until that Policy is changed, it is a clear direction to all of our Members and our Committees. That Energy Policy states categorically that all tariffs must reflect the real costs involved in providing that particular service or product. Now, I am sure that that principle will also lie at the heart of any new system of energy regulation that Economic Development is going to bring forward in due course to meet the needs of the new diverse energy market, which we all know is around the corner.

2345 And rightly so, because any deviation from such an approach is an invitation to a supplier to distort the market in a way that does not provide fair competition. But, sir, sadly we are a long way away from that position in the provision of electricity at the moment. That is both for historical reasons and because, what started back in 2012 as a regulatory lacuna – sorry, my papers are blowing in the wind, to quote Bob Dylan – then grew into a regulatory vacuum.

2350 So, those who say that the current system of price regulation should simply continue until we put a new regime in place are labouring under a complete misunderstanding. There is no system of tariff regulation in place now and there has not been for the last nine years. That is because, back in 2012, this Assembly decided that the tariff regulation system in place for both post and electricity was wholly inappropriate. It was deemed to be too expensive, too burdensome, too over-the-top, more fitted for the UK situation and often did more harm than good.

2355 Effectively, when we commercialised post and electricity back in, I think it was 2002, we imported a UK-style system of regulation which, within really a couple of years, everybody realised was absolutely unfit for purpose and was far too burdensome. That was decided by the States in 2012 to be so over-the-top they wanted to rid of it and, I have to say, that Assembly was far less of the ethos of 'Let's get rid of the red tape, let's have a small government' than this one is. So I am sure if you were to experience the way it was operating before as an Assembly – not you, sir, but through you, the Assembly – they would be absolutely horrified. The last thing we want to do is bring it back.

2375 Anyway, the decision was taken to get rid of it. Actually, the law is still in existence for multi-
various and strange reasons. It should really have been scrapped years ago. The last time it was
going to be scrapped was when we discussed the Energy Policy and at that time it was decided not
to get rid of it completely because we would need a new system of regulation for the new market
that was coming. That bit was right, but there was actually no good reason for not scrapping the
previous regulatory system, because it was never going to be that one that was used. But, we are
where we are. Sorry about that expression.

2380 So, if GEL made an application for tariff restructuring tomorrow to the office of the regulator,
there would be no one there to deal with it and, if they resurrected that function, they would only
be resurrecting a process deemed by the States to be completely unfit for purpose. They could not
do it in a different way. They could not say 'No, we're not going to do it as we did back in the
1990s' – or the noughties – 'we're going to do it completely differently'. Because the only Law, which
even though it has been dormant for nearly a decade, that could be resurrected to allow it to happen
is that old Law. And you would see all of those burdens returning. It would be a ludicrous situation.

2385 So, sir, we are in a perfect nonsense of a situation, because GEL has technically not been free
from regulation. But equally, for the last nine years, there has been no system in place for it to use.
That is why there has been no proper review of the tariffs that they charge since 2012. They are
exactly the same today as they were nine years ago.

2390 **Deputy St Pier:** Sir, point of correction.

The Bailiff: Point of correction, Deputy St Pier.

2395 **Deputy St Pier:** Sir, Deputy Roffey keeps referring to the regulation having effectively been
turned off in 2012, nine years ago. (**Deputy Roffey:** Yes.) The policy letter to my recollection – which
is probably what I was going to speak to when I spoke in general debate – itself says at
paragraph 2.2.1 that that decision was in 2015. So, whilst he is continuing in the theme I think it is
just to be accurate.

2400 **The Bailiff:** Deputy Roffey to continue.

Deputy Roffey: That is correct. It was not used between 2012 and 2015. So there has been no
active regulation since 2012, but there could have been in those three years and then before it was
absolutely turned off. I apologise for my technical error.

2405 As I say, the tariffs are now exactly the same as they were nine years ago. Not in real terms, in
cash terms. Yes, there were a couple of what is called 'look-throughs' – (*Interjections*) 'pass-
throughs', exactly, yes; I get mixed up, side-by-side, like-for-like, what expression to use – where
things like foreign exchange variations or the failure of the cable, there was allowed to be short-
term surcharges. But the basic tariff structure has remained unchanged since 2012 and has not been
able to be changed since 2015.

2410 That vacuum cannot be allowed to continue for several reasons. Firstly, as I have said, it has
prevented the implementation of that central principle in the States' own Energy Policy that tariffs
just *must* reflect the real costs involved. A company we own is in breach of our own clear policies
and there is not a thing that we or they can do about it. And that breach is a massive one. The
standing charges levied by GEL come nowhere near, nowhere *remotely* near, covering the costs of
the infrastructure required to maintain electricity supply in Guernsey.

2415 But by contrast, the unit charges being levied are *way* above what is commercially justifiable in
terms of the variable costs involved in either importing or generating that energy. In other words,
users are paying for their connection to the grid by way of their unit charges. Now, does that matter?
2420 Well, it is probably not fair, and it goes against good commercial practice and against this
Assembly's clear Energy Policy but frankly, historically it did not really matter that much. That was

because we only had one electricity supplier and if they indulge in some cross-subsidy between different customers, probably for well-meaning reasons, it was not the end of the world.

2425 But, once the local energy market, or local electricity market, is opened up further, as we know it will be and it should be, that sort of market distortion is impossible to maintain. It throws up ludicrous situations, so much so that an editorial, which frankly read more like an advertorial, last week from the *Guernsey Press* trumpeted that: 'Free green energy is something worth fighting for'. What utter rot. That green energy is not free. It is just being paid for by somebody else.

2430 Now, if somebody wants to go completely off-grid, invest not just in renewable generation but also in storage and everything else that will be required to go completely off-grid, then I suppose fair enough. It will mean that the cost of maintaining the grid and the security of supply for those who cannot afford that very heavy investment, would have to be split in fewer ways, but that is life. But what is patently unacceptable is for those of us who can afford to be relatively early adopters of renewable technology – and this is 99% of us I think – but still want to maintain a connection to the grid as a backup, to be cross-subsidised by Mrs Le Page who cannot afford that sort of investment.

2435 Now, even someone like me, sir, who has been passionate about renewables for decades, since I was wearing sandals – no, I was not wearing sandals, actually, but wearing flares, anyway – back in the 1970s you were being laughed at for pushing renewables as being the future of energy generation. Even I can see that that is not acceptable. It is just not fair. But, I suppose you would ask, what if somebody else would put in that technology for Mrs Le Page for nothing? And not just for Mrs Le Page but for every household who wants it? Isn't that just too good to be true? Yep, of course it is. Because who then will pay to maintain the grid and the security of supply?

2440 Now, all of those households will want retained as backup. Fewer and fewer people, until it is completely unmaintainable and fails. This is really some sort of variation of a Ponzi scheme. It is a fantasy. And the situation must be fixed before the energy market is opened up as we all want it to be. Now, there are different ways in which it could be fixed. It could be, for instance, that under the new system of regulation that Economic Development is working up for the future energy market, that instead of just one supplier having the public service requirement to maintain the grid and the backup capacity, that cost is split between all of the various suppliers.

2450 I think that route will make it a very complex set of regulations, fiendishly complex in fact, but it is probably feasible in principle. However, until that new regulatory regime has been drawn up and implemented – probably a few years in total – the only way to avoid such market distortion is for tariffs to be adjusted to reflect genuine costs, just as our own Energy Policy requires. But what will this mean in practice? Will Mrs Le Page's bill go through the roof? No, it will not. Extensive modelling has been done that shows that there are ways to introduce such proper allocation of cost which will have very little impact on modest electricity users.

2460 What about those on low incomes? Well, there is no reason to think that they will be particularly badly impacted by revenue-neutral rebalancing of electricity tariffs either. Some of them will benefit. But I know that discussions have taken place between Guernsey Electricity and officers at ESS in case some sort of social intervention is needed in specific circumstances. Will it increase the cost to those who only use the grid as an adjunct to their own electricity generation? Yes, it will. Will it therefore make the payback periods on installing domestic renewables longer? Yes, it will.

2465 Now, in many ways that is unfortunate, because we all want to encourage as rapid a transition to renewables as possible. But it is also unavoidable, because what it will mean is that those payback periods will become *genuine* payback periods based on the true cost of electricity through the grid. Unit tariffs from GEL will rightly come down and, as a result, the savings on one's electricity bill, by installing renewable technology, will be rather more modest and the payback period rather longer.

2470 Of course it will not stop the welcome transition to on-Island renewables. Not just actually domestic on houses but also, hopefully, larger-scale arrangements as well, which are even more efficient. It will not stop that because those costs are falling all the time, but it will extend the respective payback period. Now, if we do not like that and we want to give encouragement as a Government to people to transition as quickly as possible, let's have a transparent subsidy coming

2475 from Government, if that is what we want. Heaven knows how we are going to afford it, with the debate in three weeks' time, but that would be the honest way of doing it. Not expecting the person in the next road to be subsidising your installation and your continued connection to the grid.

2480 Sir, what it will also mean in future is that, as I say, that payback period will be a genuine one. Because at the moment, people are being sold a pup. They are investing under a false prospectus and that is not only unfair on the householders who are investing on a false premise, it is actually also very unfair on companies building business models on a patently false premise. Because the idea that the current situation could go on indefinitely is clearly madness. Members, through you, sir, just think about it for a moment.

2485 In no way do I want to protect GEL from competition. But if they also carry the sole obligation to maintain the grid and the backup capacity and if the costs of so doing is mainly coming as it is now from the sale of units of electricity at inflated prices, and if as a result they are outcompeted and sell fewer units of that overpriced electricity, then clearly the cash available to maintain our vital electrical infrastructure in the Island would dwindle and the whole system eventually fails. It really does not take an Einstein to work out the fatal flaw in the model.

2490 The only way to fix it is to make sure that the various tariffs properly reflect the costs involved before the market opens up (**A Member:** Hear, hear) and, subject to an amendment, the next stage of that could be only a few months away. Anything else is a recipe for disaster and luckily that policy is already the policy of this Government in its own Energy Policy. We just need to find a way to let it actually happen. Hence, this policy letter from Policy & Resources, Economic Development and the STSB.

2495 Sir, there are at least two other reasons why the current regulatory vacuum must be brought to an end, and quickly. The first is that the current inability of GEL to ask *anybody* permission to adjust its tariffs is actually costing Guernsey as a whole a lot extra for the electricity that it buys from France. How so? Because there are times of day and times of the week when it is much cheaper to import energy from Europe. If GEL could adjust its own domestic tariffs to encourage Islanders to use their electricity consumption at *those* times it would mean the overall bill paid by Guernsey customers for imported energy would drop. But sadly we cannot do that right now because there is simply no active price regulatory function which they can apply to, to do it. It is nonsense.

2500 Lastly, but most importantly, as the reasons for turning off and getting rid of this vacuum, and as I pointed out several times in this Assembly, the freezing of the GEL tariffs in cash terms for nine years has driven this publicly owned utility deeply into debt. You do not need for me to go into great details because you have all read the papers for this meeting and you have read the accounts of GEL that we will be discussing – I doubt later today, but at some stage in the next few weeks.

2510 It is not surprising. Over that period, GEL has invested more than £115 million in the Island's electrical infrastructure and yet its tariffs have been consistently falling in real terms. As a result, it is now £44 million in debt. And just think about this, Members: the first £2.6 million paid to the company by its customers – the public of Guernsey, every year – is swallowed up in simply servicing that debt. Even worse, GEL is now running dangerously close to its bank covenant. As a result, it is having to, as we speak, severely limit its investment in Guernsey's electrical infrastructure.

2515 We are heading for a cliff, here. We genuinely are heading for a cliff. And if nobody is in place to consider dispassionately GEL's proposals for avoiding plunging over it, then we are in trouble. So while in theory – and I am going to be completely honest here – it is quite possible to rebalance GEL's tariffs in a completely revenue-neutral way, I would be dissembling if I did not say that I think there probably *is* a need for the company to increase its overall revenues. They have been steadily eroded by the States' regulatory vacuum for the last decade.

2520 I do not think that global increase will need to be that great, but some modest incremental increases will almost certainly be required to keep GEL a going concern while allowing it to invest in Guernsey's electrical infrastructure. How great that increase is likely to be, I am not going to speculate on, particularly if STSB might be called upon to be the stopgap regulator of tariffs. But it would be naïve to expect no increase at all. That way lies collapse.

2525 So what would happen if the States say no today? Well, I think, for the sake of its survival, GEL would have no choice but to immediately put in an application to alter its tariff structure under the extant but dormant legislation, knowing full well that no structure or personnel are in place to even consider that application. Now, I guess, under those circumstances, the office of the regulator, together with Economic Development, would have to try and crank up that function from its current
2530 state of dormancy. They would have to go out and recruit subject-expert regulators to consider the application.

In other words, a lot of time and money to resurrect a system of tariff regulation which was shot down by a previous Assembly because it was considered excessively expensive and not remotely fit for purpose. More importantly, it would be a massive distraction for Economic Development just at
2535 a time when its real focus should be on working up the new system of regulation to cater for the new world of open and competitive energy market. Now, that is a massive task, and I do not envy them that, and it is going to take two or three years to complete anyway even without the distraction of trying to resurrect the previous set up, abandoned years ago, as some sort of stopgap.

So that is why P&R and Economic Development are suggesting that the STSB takes on the role of tariff regulator in the short term, just until ED completes the task of drawing up the new system of regulation for the new world order that we all know is coming. So, are we the right people to do the job? It is probably inviting the wrong answer, isn't it? But I think we probably are as good as any. I have seen the headlines – 'Don't let the owners of GEL become its regulator!' – that is a
2540 fundamental misunderstanding.

The STSB does not own Guernsey Electricity Limited. The people of Guernsey own GEL through this Assembly. The STSB's only role is to carry out the shareholder function. We represent the interest, not of the company, or its board or its management, but of the shareholders. And, in the case of GEL, those shareholders are each and every Islander. So our motivation will be to keep tariffs as low as possible. Of course it would not be in the shareholders' interest for GEL to go belly up due
2550 to their unrealistically low tariffs. But beyond that, our focus will be unswervingly on making sure costs and tariffs are as low as they possibly can be.

In fact, I suggest our motivation will be even greater in this respect than a remote regulator. Why? Because, unlike them, we will be held to account politically. *And it is not new.* Before we actually commercialised post and electricity, back in I think 2002 – although in some fear I look
2555 down to see if I will be corrected by Deputy St Pier – who controlled electricity prices? It was the Electricity Board. They were held politically accountable. Their whole focus was on keeping down tariffs. I mean, there was a really strong record of doing just that. In fact, I think they probably did a far better job of it, at a fraction of the cost, than the imported English-style regulation that we imported afterwards.

So it is not new. How would we go about it? Well, we would publish any proposed tariff changes for public consultation; we would ensure that any tariff charges took into account all the relevant States' economic, social and environmental policies; and, yes, we would employ outside experts to help provide assurance that GEL was performing against proper benchmarks. The cost of that would
2560 be funded by GEL and the way they would fund that is out of the proposed reduction in their current £180,000 a year licence fee to the GCRA.

Now, and this is important, does this mean that the GCRA will no longer have any independent controls over Guernsey Electricity Limited and its behaviour in the market place? Not at all. Guernsey has a competition law. That competition law is operated under the auspices of the GCRA and it will still be in place. They will be able to prevent any player from practising any predatory prices or any
2570 abuse of market dominance. That will not be removed in any way, so that third party insurance would still remain fully in place.

Would what is being proposed here be something new for the STSB? No, it would not be anything new at all. In fact it is not really that revolutionary. We currently agree and regulate tariffs in all sorts of areas, from Guernsey Water, to ports – well, there is a whole list of what we do. It will
2575 be one more in that category. Is it a job we will cherish and want to keep? Not at all. Quite clearly

it is an interim role and it would come to an end as soon as a new system of regulation, currently being worked up Economic Development, is fully up and running.

But, sir, that will take a few years and the current situation simply cannot be allowed to continue for that long. Even less so if the electricity market is to be opened up next year.

2580 One final important thought. If we open up the Guernsey electricity market without allowing GEL to rebalance its tariffs first to properly reflect costs, if we force them to continue to charge well over the odds per unit of energy in order to maintain the Island's electrical infrastructure, who will be the main beneficiaries of this unlevel playing field? Who will be the main beneficiaries? I think many Members are assuming – and I know one company does not like this term but I will use it anyway –

2585 that it will be the small, cuddly Guernsey-based energy providers that may be waiting in the wings.

Actually they are fairly split on whether or not this is a good idea. One has been campaigning against it. I think one of our longest serving providers of renewable generating infrastructure has actually written to us all saying: 'Please go ahead with this – to avoid chaos this is exactly what we need'. And I think that they have probably thought a bit more deeply about it than the first one,

2590 because there are plenty of big, predatory external energy companies who could really exploit the market distortion we have at the moment to make an easy killing, frankly, in Guernsey.

Actually, they would be daft not to. Here is an Island which opens up its electricity market and it does not expect new players to pay towards the cost of the grid or energy security. 'Don't worry, the incumbent will do that.' What is more, it will insist that the incumbent pays for that by overcharging per unit, making it completely uncompetitive against any newcomers. Frankly, any outside energy provider would be daft not to exploit such surreal market conditions. Certainly, if I was the director of Jersey Electricity, I would be salivating at the prospect.

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In the meantime, if we expect GEL to maintain the network out of artificially low standing charges, then another warning I will give you – which is very relevant given the debate in three weeks' time – is that before too long they are going to need a massive injection of cash from the taxpayer to be able to keep doing so. Because two and two does not equal five, however much we would like to wish that it did.

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So, the choice really is one for Members. If we do not sort out this unbalance before opening up the market, if we do not bring in a level playing field first, the structural damage will be done. The genie will never go back into the bottle. We really do have to get our ducks in order.

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The choice is one for Members. Accept these proposals, which are a pragmatic workaround for the next few years. STSB was not looking for this job, P&R and ED said 'Are you able to do it?' And we *are* able to do it, we do it in other areas. It is a pragmatic workaround for the next few years to get this sorted. Or else say, no, and then we are really heading for a train crash.

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The Bailiff: Now, Members of the States, Deputy de Sausmarez, you have submitted two amendments, numbered 1 and 2. My understanding is that amendment 1 will not be laid. Is that right?

2615 **Deputy de Sausmarez:** That is right, sir.

The Bailiff: And that you want to pursue amendment 2.

Deputy de Sausmarez: Yes please, sir. Although I am not sure if the original policy letter has been seconded yet, but I might be wrong. (*Interjections*) Oh, right. Sorry, sir. I think we had better get on with it before I lose my mind completely.

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The Bailiff: It is time to lay your amendment if you want to:

Amendment 2:

To delete Proposition 2 and replace with:

"2. To:

a) Instruct the Committee for Economic Development to take the necessary steps required to recommend to the States, by December 2021, that a direction be given to the Guernsey Competition & Regulatory Authority which provides for the exclusive licences issued to Guernsey Electricity covering conveyance and supply activities to continue, subject to any exemptions granted to be extended until the electricity strategy and review of licencing is completed, providing clarity on the direction of the electricity market, and to revert to the States with a review of the position at the December 2024 meeting should the strategy and licencing reviews not be completed;

b) Subject to the Committee for Economic Development recommending the direction outlined in 2a; Direct the States' Trading Supervisory Board to issue a shareholder direction to Guernsey Electricity that, for the period of its supply and conveyance licence exclusivity, it will cease new activity related to the installation of renewable energy systems, except where directed by the States Trading Supervisory Board as an installer of last resort, and to negotiate appropriate Power Purchase Agreements with owners of local renewable energy systems who wish to sell electricity;

c) Instruct the Committee for Economic Development to take the necessary steps required to recommend to the States that a direction be given to the Guernsey Competition & Regulatory Authority to revise the regulatory licensing requirements for central dispatch "merit order" to prioritise the dispatch of renewable energy, including:

- pre-committed energy production, prioritising on-island renewable generation, is placed ahead of flexible dispatchable production; and
- a "relevant price" is set for this electricity, (which means the marginal cost at which the licensee is able to procure the generation and delivery of electricity into the Conveyance System, allowing flexibility around the average electricity price);"

2625 **Deputy de Sausmarez:** Right, yes. Thank you.

The reason for substituting amendment 2 over amendment 1 was simply a legal technicality and I thank Her Majesty's Procureur for bringing that to our attention. So, the effect is the same but, really, the difference between the two is that the emphasis moves away from directing the GCRA directly and to its proper function under the Committee for Economic Development. So, the amendment and the explanatory note are quite long. Members will be pleased to hear that my speech is going to be relatively brief.

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The policy letter deals with the interim period between where we are now and where we need to get to. In other words, where we have a fit-for-purpose regulatory framework that enables a competitive, low-carbon energy market including local renewables.

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This amendment seeks to add more detail to Proposition 2, which relates to the Energy Policy and Electricity Strategy, both of which sit under E&I's mandate. The purpose of the amendment is to guard against unintended consequences that could arise between the time Guernsey Electricity's exclusivity and the conveyance and supply market expires and the States deciding the new electricity strategy and regulatory regime. Because the States would not have yet set out how the market should function from a policy perspective, there is a risk of a policy void and, in that circumstance, it would then be down to the GCRA, as the current regulator, rather than the States, to determine how the market develops. This could lead to developments that are difficult to reverse.

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One such unintended consequence of this policy void could be the creation of competing or parallel grid networks. Through the energy policy, the States have agreed that we should have a single, shared grid that enables competition in the supply market on a level playing field, as opposed to multiple competing grids owned by different entities. If Guernsey Electricity's exclusivity and the conveyance and supply markets were to expire before we had agreed the market structure and regulatory framework, competitors would be able to set up a private grid designed to supply

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2650 electricity self-sufficiently to consumers in a discrete geographic footprint, such as perhaps a large business premises.

This situation would go against the Energy Policy's focus on facilitating a competitive energy supply market using shared critical infrastructure, which is a sensible policy on a number of levels, not least the minimisation on roads that might potentially need to be dug up. It would also create problems in terms of future market structure and may well mean that we have to try to design our system around them. A case of the tail wagging the dog.

2655 So, the first part of this amendment aims to avoid that situation by asking Economic Development to undertake the necessary steps to extend the current exclusivity arrangements prior to the expiration of the existing exclusivity period, maintaining market stability while the States considers and decides the optimum market structure and licensing arrangements. That debate will involve some pretty fundamental questions, such as security of supply standards and who is required to deliver them, market structure and energy independence.

2660 The second part of this amendment, which is engaged only if part (a) is approved, encourages the uptake of local renewable energy through entities other than Guernsey Electricity in this interim period, as it will be directed to not compete in renewables over this period and to negotiate appropriate power purchase agreements with the owners of local renewable energy systems that wish to sell electricity.

2670 Finally, the third part of this amendment asks for Economic Development to undertake the necessary steps will effectively revise what is known as the merit order, to prioritise the dispatch of local renewable energy, which again supports the sector during this interim period. We are bringing this amendment to close what would otherwise be a loophole with a potential to disrupt the market at the very time we would be trying to design it for the better. This amendment will, therefore, help manage a smooth transition into whatever the States decide is the optimal arrangement in the future without destabilising the market or potentially undermining our ability to fulfil one of the core aspects of the Energy Policy and our transition to a greener energy economy.

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

Deputy Haskins: Yes, I do. Thank you very much.

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The Bailiff: Deputy Inder.

Deputy Inder: Just briefly, sir.

2685 There is a matter that has been given to the Committee, but do not panic, I am not going to find an excuse not to do it. I think the Energy Policy is far too important and it is far too serious to make light of and, as we head towards the renewable sector, I do not think it is unreasonable to relook at it again, year-on-year-on-year, as technologies change and efficiencies are made and different things come around the corner.

2690 Only two years ago, I was less sure about windmills in the sea off L'Ancrese. Two years on, I am not too sure if that is not actually one of the solutions. We are in fast moving market and what we thought yesterday may not be what we think today and it may not be what we think again tomorrow. So, in that regard, assuming – and I have not heard from STSB – that STSB are comfortable with this amendment, I am more than happy to take up the task.

2695 Of course, if Deputy Roffey, Deputy Moakes and Deputy Parkinson, reject it in any way, then of course I am going to go with them. It is entirely up to them. For the first time in my life, I am at their whim.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

2700 I am obviously going to speak to the amendment but I find it quite difficult to speak to the amendment without alluding to the main policy letter. If I stray into general debate, sir, I give up my right to speak in general debate, because my speech is really a question.

I can actually be brief. Despite the policy letter being complex and technical, and this is because my objections are narrow but fundamental, I was very interested to hear Deputy Roffey's opening
2705 speech and I have read the policy letter a couple of times, and I think Deputy Roffey, quite rightly, points out some very real issues. I am not taking issue with those at all, and I will make it clear where I really need to make up my mind as to whether the amendment is the right way to go or in fact the Propositions do allay my concerns.

Sir, deregulation and joined-up Government, with three Committees signing a policy letter, what
2710 is there not to like? Unfortunately, for me, the policy letter has actually endorsed why some sort of independent regulation – and I will say that again – some sort of independent regulation is necessary; and the dangers of a publicly owned Guernsey Electricity net being able to lead us right by the nose.

Sir, the case for removing Guernsey Electricity away from the regulator, however flawed it is –
2715 and I accept the points that Deputy Roffey has made – and to replace it by a cosy, internal, non-independent mechanism, so the very States' Board charged with oversight of public shareholding. I am not sure that this is made out, and I am not sure how much the amendment actually helps me there. So it is not the 'why', very ably outlined so far, it is the 'how' that I have a question mark around. I would just like to tease out what perhaps some of the uncertainty that has been raised is
2720 all about.

So, Guernsey Electricity have been able to change their tariffs, apparently, since 2012 but it has
not necessarily come out of the independent regulation to change their tariffs. My understanding is that there is no regulatory vacuum, there is no uncertainty and that there is a framework. The
2725 policy letter replicating the expertise of a regulator which will be at the taxpayer's expense when an independent and sub-States regulator already exists, the GCRA.

Independent regulation was a founding principle of Guernsey Electricity and to have STSB, the
representatives of the shareholder, do it: is that appropriate, sir? Can the monopoly mark its own
2730 homework? If the STSB is to set pricing of electricity tariffs, the States of Deliberation *will* be responsible for prices and not an independent regulator. Price setting should be kept away from politics and all that influences it.

Sir, if there is a need for a tariff change, the mechanisms to do this, I believe, may already exist.
Therefore, the policy letter only serves to deliver one thing: remove independent oversight of tariffs
on behalf of the people and businesses of Guernsey. What has motivated this desire? I am sure we
2735 have all read about the challenges in the media, which come from an emerging private renewable energy company. They perceive, and I can see why, they look at the energy policies resolved already in this Assembly and are in the market to competitively enable Islanders to be able to access renewable energy in an affordable way.

The aspiration for every house in the Island to have solar panels installed was actually mentioned
in the Assembly in this very sitting. But as we delve into the policy letter, we understand that
2740 Guernsey Electricity wants, to some extent, to meddle with the ratio between the connection charge and the unit charge of electricity and Deputy Roffey has explained that to some degree. So, what is wrong with that, sir? Considering households across the Island, if a larger connection charge is considered with lower tariff rates, lower income households who are likely to use relatively less electricity will actually be worse off with a 50/50 split; and those of high energy usage will be better
2745 off. And, sir, if any green-thinking household wants to borrow money or use saving to invest in solar panels, when this formula disincentivises this, they will be charged the 50/50 installation charge when they will use far less off the grid, therefore making it an unattractive or unviable investment.

I am sure that those supporting the policy letter will explain about the cost of electricity
infrastructure, and Deputy Roffey has already done that. But how is that balanced without unfair
2750 competition, is where a regulator and some sort of regulation comes in.

While I first found the policy letter informative and useful, sir, I am finding it difficult to support the Propositions which introduce, I think, a question of unfair competition and damage the independent renewable energy companies, disincentivise solar panel installation and potentially increase costs to some customers.

2755 Thank you, sir.

The Bailiff: Hon. Members of the States, if other Members are struggling, like Deputy Prow perhaps did, to divorce this amendment from the original Propositions and wish to speak generally on a single speech, rather than trying to divorce this amendment from general debate, then you are all free to do that. Anyone who does not want to do that but wants to speak in general debate after we have taken the vote on this amendment obviously is also able to do that as well.

Deputy Ferbrache, sorry to keep you.

Deputy Ferbrache: Thank you, sir.

2765 I was going to speak just on the amendment but I will align both speeches into one. In relation to the amendment, well put by Deputy de Sausmarez, I will be influenced – and I think P&R will be influenced – by what Deputy Roffey thinks particularly in relation to this. I am very disappointed by Deputy Prow's speech because, with considerable respect to a man of his intelligence and ability, he has not grasped the main issue. To use an analogy used or a metaphor used by Deputy Helyar in a different context, we are at the end of the runway.

2770 Guernsey Electricity, I know because I held the office that Deputy Roffey held for two and a bit years, is a very well run public utility. It has a very able Chief Executive. Deputy Roffey has referred to the £115 million that has been invested over the last nine years or so – it is a capital-intensive business. Even forgetting the £100 million which may or may not be spent on the cable link to France. On the Island, it constantly needs capital expenditure. Every year there is a significant sum that has to be spent on capital products and there is the revenue cost as well.

2780 No business can effectively run and keep its costs the same as they were nine years ago. Deputy St Pier was absolutely right with his intervention about 2012 and that it did not come into force effectively until 2015, it says that in the policy letter and that is absolutely right. But, whether it is six years or nine years, it is a long time. I know the difficulty there was with the regulator. The regulator, with considerable respect, was not up to the mark in relation to electricity tariff costs regulation. They just could not do it. A cost of £180,000 per annum.

2785 This could have been written, in part at least, by Deputy de Sausmarez, but it is written by somebody who has been in the green and renewable energy sector in Guernsey for *many* years. That is somebody who, if I mentioned the name, which I am not going to, would be extremely well known to at least half of this Assembly, possibly more. This person sent me this email this morning and he said 'Humanity is in code red. The United Nations recently issued its sternest warning yet regarding climate change and every jurisdiction, every individual, every government, every business and every politician has to act soon, act decisively. Collectively we can make a difference.'

2790 Those words were not written by my good friend Deputy de Sausmarez. They were written by this particular gentleman and I am sure she would have written to him if she had had the opportunity. He goes on to say, 'That is why I am urging you to: (1) please support the P&R, Economic Development and STSB Proposition; and (2) please support the de Sausmarez/Haskins amendment.' That was number 1; and number 2, as we have heard, has just been changed for a technical reason. Carried together, they forge important goals for the short and long-term maximised renewable energy delivery. And he goes on: 'For Guernsey to be effectively successful, we need to maintain the States of Guernsey Electricity grid in the hands of the States. We need to bolster and enhance the role of Guernsey Electricity and enable it to work as a service to the citizens of our Island. The grid as a service will do just that. This concept needs, in our view, to be fully part of the upcoming electricity strategy.'

2800 To get a working strategy out of the box, to get Islanders to fully embrace solar energy and storage as part and parcel of their ordinary lives, the States really needs to protect its assets. The

States' own GE and can direct it to set tariffs and set strategies to encourage solar and storage. These two things – solar and storage – are important to a no-wires investment strategy. This type
2805 of strategy, costing the GE and the States little, allowing the private sector and property owners to maximise their assets, make investments thereby helping GE and the States. We need to work together.

Clean energy is growing exponentially here and across the world and that growth is not going away. It needs encouragement. Pursuing a complete grid would mean chaos, confusion and
2810 reduced take-up of solar by all. There are many inventive ways to incentivise solar energy and allowing GE to undertake this work on behalf of the States. Directed by the States is one sure way. The Island and the States needs a full and open transparent discussion about the role of renewable energy in all of our lives and how we are going to embrace it.

The electricity strategy will do that for us. I do not agree with everything that is contained in the explanatory notes and the amendment and I do not agree with certain aspects of our Energy Policy, but I do agree that the amendment guards against the unintended consequences, giving us all the
2815 time to properly nail down our clean energy direction.'

You would not expect somebody like me to necessarily support that but I do because, when I read, obviously it was part of the policy letter, my little note for myself was 'What a mess'.

What a mess we had got ourselves into, the States in 2012, when it decided to change the regulatory framework, started something in 2015, carried it on in 2016 and never got anywhere. It
2820 just left it as we do with so many things in a vacuum. I know that Deputy Taylor referred to my history lesson in relation to the education system earlier, and I am going to give him and others, sir, through you, a history lesson in relation to how public utilities used to work.

From 1994 to 1997, I was a board member on behalf of the States at the States' Telecommunications Board. From 1994 to 1999 I was a member of the Post Office Board. They were then completely States' entities in the sense that they were regulated by the politicians. The
2825 politicians were on the Board. Deputy Roffey has given the example of how it worked until 2002 when the Electricity Board, or Council, or whatever it was then called, I think under the patronage of Deputy Meerveld they used to decide every year that the electricity went up by 2%, or 1%, whatever it may be.

It was exactly the same with telecoms, it was exactly the same with the Post Office Board. I can remember that, now the late, Deputy Mike Burbridge, who was President of the State's Telecoms Board when I was on it, saying we cannot put up the monthly tariffs that you pay for your line
2835 because it is coming up to Christmas and people will have bills to pay. That was the kind of consideration that politicians of that era considered. It was not an economic thing, it was, 'This is not right because people are going to buy Christmas presents.'

That was the guiding principle and, it might have been naïve, it might have been innocent, but it worked and it was fair. I know under my presidency, and I know under the previous president, and
2840 I know under the current President of the STSB, the ethos in relation to all the trading entities and all the public utilities that are controlled in one way or another, certainly under the ownership of the States, that the overwhelming ethos given to every utility and every company was 'Don't maximise your profits, provide a good service, invest for the future and make sure that the public get a good service at a good value.' In fact, really less than a commercial value because we are the
2845 States of Guernsey, we are not seeking to maximise profits.

As Deputy Roffey said, when the system was imported in about 2002, as we do in other spheres as well, we brought in the English system. No idea how that was going to work. It was completely impractical and it collapsed around its ears in a relatively short period of time. Now, it is headed ...
2850 I thought I was going to be like one of those winning judges in the Court of Appeal after I heard Deputy Roffey's speech, which is where you hear the judgment by the leading judge and you say, 'I've heard the judgment of, in this case, Mr Justice Roffey and I have nothing to add' – because I agree with it. Well, I do agree with it but I have something to add in this particular context.

When you consider what is a relatively brief policy letter, it is headed Guernsey Electricity *Interim Arrangements for Tariff Regulation*. Interim arrangements. Deputy Roffey started without actually

2855 going to those words because he shared his speech with me last weekend and my words were 'Very good, but very long' and I think that... (*Laughter*)

Paragraph 1.4:

Historically, GEL has been subject to sector specific economic regulation by the Guernsey Competition and Regulatory Authority (GCRA). This policy letter sets out the regulatory vacuum that has existed in the electricity market following a review of that historic regulation which began in 2012. As a result, there has been no comprehensive review of GEL's tariffs since that time, even though it has invested over £115m in Guernsey's electricity infrastructure over that period. The regulatory uncertainty is likely to continue until the States puts in place the aforementioned new system of licensing for the ...[regulatory model]

And it goes on.

2860 In relation to that, Deputy Prow's comments, that is fine. I look out of here – and I know we have got the blinds up, but even on a day when we have not got the blinds up, I cannot see any money trees. So, if the money is not *generally*, gently increasing relation tariffs, because Deputy Roffey was as usual very honest in relation to that, there will need to be some increases. That is the reality of the world, where you have not got any prices significantly except in one regard for a number of years.

2865 If that does not happen the money has got to come from somewhere, because Guernsey Electricity ... Mr Bates used to say to me when I used to go along in a capacity of Deputy, 'Our banking covenants are just about up – we are in real trouble, we have got to go and see the bank tomorrow, next week, we have got to negotiate something further'. It has obviously not changed in the last 11 months, in fact, it might have even got a bit worse. So, what do we want them to do, 2870 when £2.6 million is spent every year in paying interest payments. They owe £44 million: £33 million to commercial lenders, £11 million borrowed under the bond. That money has got to be repaid in due course. Banks do not give you money and the bond, if you remember, was lent on the basis that it has got to be repaid over a period of time. So, that is money that has got to be repaid. It is not like Aurigny where it can be written off.

2875 A bank is not going to write off £33 million of debt and the States cannot afford to write off £11 million-worth of debt that is owed by the Electricity Company. It is dead easy to say 'Oh this is terrible, it is unfair etc., etc. I am not going to approve this system, I am not going to trust STSB' – who I completely trust – 'I am not going to ...'.

2880 We have got to have some different form of regulation, says Deputy Prow. He did not give one sentence of who that regulator is going to be, so that means it must be the Regulatory Authority which has not done its job – I am not going to give way – and which wants £180,000 a year for not doing that job.

2885 You have got to have regard to the practicality of the world and how it [*inaudible*]. Also, I would commend to Deputy Prow – and I mean no disrespect to any of them, of course – review of regulation begins at paragraph 2.2 on page 6 of the policy letter and runs over the next couple of pages. That sets out the sorry position that we are in in relation to all of these matters. The work that is being done is not a piece of work that can be done in two weeks or two months. It is going to take a period of time.

2890 The Energy Policy, we all enacted ... The previous States, we agreed an Energy Policy at the end of the previous term and it was going to be effective management of Guernsey's energy needs over the period 2020 to 2050. Electricity was seen as the foundation of all of that. They will come along, as Deputy Inder has said, all the other renewables which hopefully will overtake and add to the energy needs of this community going forward for the next 30 years. But we have got to get from where we are now to that position.

2895 We can have all of the theory in the world and people go along here, 'I have protected the Guernsey taxpayer, I have protected the people of the Electricity Board'. You will not have protected anybody. All you have done is shift is from here to here. Because those bills still have to be paid. Do we want an electricity system which could grind to a halt because it has got insufficient capital investment? Do we want an electricity system whereby eventually, when there is a couple of years 2900 on, as Deputy Roffey has indicated, we have the review and all of sudden the prices go up by a

great big whack? Because they would have to. Unless the States of Guernsey decides it is going to allow a subsidy of that going forward.

2905 And where is that money going to come from? It cannot come from money tree one because Deputy Prow has already looked at that in relation to the capital investments. So it will have to come from money tree two. Perhaps we could find some of these trees, I have got a nice big garden and you could plant some in that garden. If not, what Deputy Roffey said is the only way forward.

2910 In relation to the ... Sir, I will take up your very kind comments in relation to the direction in relation to the regulation. Guernsey Electricity will still be subject to the provisions of the competition regulations, including its provisions on the prohibition of pricing practices that are either anticompetitive or an abuse of a dominant market position. The policy letter also includes proposals, and Deputy Roffey has referred to those, for States' directions to be issued to the regulator to ensure that current regulation of the electricity market is consistent with the Energy Policy following the end of GEL's licensing exclusivity in the supply and conveyance of markets at the end of January 2022.

2915 I am informed that there were discussions on whether or not the period of exclusivity for Guernsey Electricity should be extended but it was felt that, after consultation with the industry through the Energy Forum, that that would not be the right step and that is why the States' direction is in the policy letter. That is why it said that we could oppose the amendments put forward by Deputies de Sausmarez and Haskins. But really I think, I – and I assume my Committee Members on Policy & Resources – will be guided by the view of Deputy Roffey in that regard, and if he says 'Well, we can let the amendment go' we will vote for it, if not we will vote with Deputy Roffey's recommendation.

2920 Thank you very much.

2925 **The Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

2930 I will try to speak to the amendment specifically and then also speak a little bit in general debate. Judging by the details of this amendment, I was surprised then not to see that a committee for Environment and Infrastructure is not actually party to this policy. Because clearly judging by this amendment, Deputy de Sausmarez and Deputy Haskins are the ones that actually know the minute details of how the electricity market works. So, I do appreciate their insight and value in bringing it.

2935 Obviously, it is a highly complex matter and I absolutely get the gist of what the policy letter is trying to do in terms of the importance of the rebalancing and restructuring of tariffs. I absolutely accept that and will support that. I think my issues come in to what we have in terms of the substantive Propositions because, actually, having looked at them again and again, I think they basically, fundamentally do not address to the full extent what we are trying to achieve with the policy paper.

2940 It sounds like the amendment is trying to improve, obviously, on those Propositions. So, I completely get 2(b), which is in terms of, in that interim period, preventing competition from Guernsey Electricity in generating renewable energy and I think hopefully that goes a long way to help the local renewable companies to appreciate that move. I think I am quite clear and supportive of that. But then, and this is where I would like perhaps more clarity from Deputy de Sausmarez with regard to (a) and (c), and especially (a).

2945 I guess this touches upon the critical part that currently Guernsey Electricity has exclusivity in terms of supply and conveyance markets, which expires in January next year. And this is what we also need to protect in order to prevent the micro-grids from generating. I guess, for me, this is the part that is currently actually missing from the original substantive Propositions. I just want Deputy de Sausmarez to confirm that this is my understanding, that we actually *need* this Proposition which relates to extending the exclusivity of conveyance and supply because otherwise we will have that grid perforation. It just seems that it is an omission. I think the policy letter very much intends to do

so, but it seems like it is an omission in terms of direction of action. So I just want to clarify that that is my understanding.

2955 In terms of 2(c), this is where I am not sure I quite understand what it means, but in terms of what the implications will be – and it feels like that is something that should also link to the electricity strategy that is obviously coming next year. I just wonder whether 2(c) is relevant at this stage or whether that is something that could just be delayed and conducted as part of the electricity strategy exercise.

Thank you.

2960

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

2965 I am going to speak only on the amendment. I have a couple of issues or questions related to the amendment which I hope Deputy de Sausmarez will be able to assist me with. They relate to 2(b) and 2(c). Under 2(b), STSB is supposed:

... to issue a shareholder direction to Guernsey Electricity that, for the period of its supply and conveyance licence exclusivity, it will cease new activity related to the installation of renewable energy systems, except where directed by the States Trading Supervisory Board as an installer of last resort ...

2970 I am not quite sure what circumstances Deputy de Sausmarez envisages STSB would issue those directions. But my problem with this is a problem in principle related to the potential for installation of what could be called macro renewable energy projects, grid-scale renewable energy projects. This is actually at the moment rather an academic concern because the reality is that Guernsey Electricity has no money to invest in anything very much. In practice, I do not think Guernsey Electricity will be trying to invest in macro renewable energy projects.

2975 But as an example of what has been done in the past, Guernsey Electricity put solar panels all over the roof of Envoy House, the Post Office building, and generates a quantity of renewable electricity from those solar panels, which feeds into the grid. That scale of investment is possibly something that Guernsey Electricity would be better placed, or more accurately the States as a *whole* would be better placed, to enable than any private sector renewable energy company.

2980 Another project which Members may have seen mooted in the past, is that we could put solar panels all across the car parks at the airport. It would have various benefits. One would be that people returning to their cars after a busy day in London would find that they are relatively cool having spent the whole day in the shade. But the other is of course that there is a large area up there which could, if covered with solar panels, generate a useful contribution to Guernsey's electricity supply. I do not think that these renewable energy companies that are complaining to us about the terms of this policy letter would be in a position to make that kind of investment, even if
2985 they could get States' permission to do it on States' land.

2990 So in principle, and I do stress that in *practice* I do not think Guernsey Electricity has the money to do this sort of thing, but in principle I do not want to be legislating to say they cannot. I think, actually, for Guernsey Electricity to be able to invest in macro grid-scale renewable energy projects would be a very good thing for Guernsey and it would be something I would want to see them do and I would want to encourage them. I do not want to put a blanket ban on them to prevent them doing this sort of thing. So that is my concern with 2(b).

2995 Under 2(c) I think actually there is just a lack of clarity about what the proposer and seconder of this amendment mean. I think I know what they mean and I think I know why they have evaded saying what they mean. Essentially, the key words it seems to me are the last few words of the second bullet point:

... allowing flexibility around the average electricity price

Obviously, Guernsey Electricity does provide a feed-in tariff, so that people who have solar panels on their roofs, or other renewable, generally microscale renewable energy projects, can sell the surplus electricity they produce back into the system at a price.

3000 As Deputy Roffey has explained, that price is probably artificially high because the whole Guernsey Electricity market is structured so that the fixed charges are artificially low and the unit charges are artificially high – I will come back to that in general debate. But there is a feed-in tariff and people can sell electricity back into the grid at the feed-in tariff. Where the amendment asks that the regulatory licensing requirements for central dispatch merit order should prioritise this dispatch of renewable energy.

3005 Now, to set the background there, at the moment, at Guernsey Electricity there is a general direction to them to use the least cost source of supply. In practice they prioritise the cable over on-Island generation because our on-Island generation is very carbon-intensive. If the Island is to achieve its targets for reduction of greenhouse gasses and so on, we must try to avoid switching on those engines. In fact the price of electricity imported down the cable is very competitive, so there
3010 is not a great deal of tension between that. There can be moments when the oil price is extremely low, which does happen from time to time, when it would be cheaper to turn on the diesel engines.

But in general, Guernsey Electricity tries not to despite the instruction from the States to use the lowest cost source. There is a kind of element of fudge going on there. Obviously if we get to a position where Guernsey Electricity is directed to use renewable energy wherever possible, and therefore to displace what would otherwise be energy coming down the cable from France, then
3015 there will be cost implications for that and the amendment says,

... allowing flexibility around the average electricity price

And I think what that is code for is 'Even if you have to pay a bit more for it'. The realities of that are that obviously, to the extent that the cost of electricity to Guernsey Electricity goes up, that will either result in increased pressure on prices to the consumer or ... At the moment of course, as has
3020 been explained by others, Guernsey Electricity really has not been able to put its prices up for nine years and the result is that the accounts are going into the red. Ultimately, if that is not sorted out, the cost will fall on the taxpayer. I think we need to be pretty clear-headed about this – I will give way to Deputy Inder.

3025 **Deputy Inder:** Thank you, Deputy Parkinson.

When I responded to this amendment, I made some assumptions. One, that the proposers, both and both Deputy de Sausmarez and Deputy Haskins, had spoken to STSB about these amendments. But what I am detecting – and I was expecting Deputy Roffey when he summed up, to say that we as a Committee have discussed these amendments in some way and are behind it or not behind it,
3030 and that would have determined my support for this amendment and the work.

So I think what I am detecting is that Deputy Parkinson, as an important member of STSB, seems to be sliding away in the first instance from certainly 2(b), by the looks of it, potentially. I think when Deputy Roffey does sum up he needs to seek some clarity on what discussions he has had with his Committee and he will do, he is nodding in that regard. I would like to hear from Deputy Moakes
3035 as well, actually.

Deputy Parkinson: Well, no doubt when Deputy Roffey stands he will explain what communications, if any, he has had with Deputy de Sausmarez. As far as I am aware this has not come to the Committee. So I do not think the Committee has taken a view to support or oppose
3040 this amendment and I am not at this point purporting to speak on behalf of the Committee. I am simply uttering *my* concerns with what is being proposed.

I think we just need a bit of clarity, and perhaps Deputy de Sausmarez will be able to provide that when she responds to the debate on her amendment, about what actually do we mean by this 'allowing flexibility'? Bearing in mind that GEL is under a general direction to purchase electricity at
3045 the lowest possible cost, a direction which at the moment is flouted to some extent on rare

occasions. But if we are saying to Guernsey Electricity you must buy local micro-renewable energy regardless of the cost and if you are being offered local micro-renewable energy you must pay for that or you must purchase that at, presumably, your feed-in tariff, even if you could acquire electricity cheaper elsewhere, then this amendment needs to say that *very* clearly.

3050 Because the Assembly needs to understand that we are directing GEL to put its costs up and we must accept that in doing that we are agreeing implicitly that those costs can be passed on to the consumer; or that the pricing structure will have to allow for those costs to be passed on to the consumer; or the Assembly could theoretically resolve that the taxpayer will foot the bill. But I think we do not live in a land of money trees, as Deputy Ferbrache refers to. The reality is that these sorts
3055 of privileges, which this amendment would seek to confer on local micro-renewable energy generation, will have to be paid for somewhere unless by some miracle the cost of micro-renewable energy is cheaper than grid-scale energy or energy imported down the cable.

I think the Assembly just needs to be very clear about what that Proposition means and needs to take responsibility for the consequences if, as I fear, it means we should be prepared to pay more
3060 for local micro-renewable energy than we would have to pay in the market.

That is all I have to say on this amendment, sir.

The Bailiff: I am going to call Deputy Roffey next –

3065 **Deputy Inder:** On the amendment, yes?

The Bailiff: On the amendment only.

Deputy Roffey: Thank you, sir.

3070 I was going to wait and speak just before Deputy de Sausmarez but I think it might be helpful if I did come in now. I think that the genesis of this amendment came from – although obviously E&I will know better than me the genesis of this amendment – but I think it came from, partly, a discussion that we had when we had a joint meeting when STSB went to see E&I and we discussed, amongst other things ... Because do not forget STSB is not a policy-making body but we obviously
3075 like to inform the policy making body in this area which is E&I, so we meet with them from time to time.

I think they took some of our concerns and have tried to embody them in this. I think also being the policy-making body, they speak to all of the main players and I think that they probably spoke – I know they spoke, amongst other people – to Guernsey Electricity. And Guernsey Electricity were
3080 painfully aware that it would be alleged that, if they enjoyed some sort of protection for a little bit longer waiting for the electricity policy to come to this Assembly, there would be commercial operators who would say they would take advantage of that, they would use that period of time to try and steal our market place to move into the domestic market and try and take that business.

I believe that the company said, 'Well, if need be even put in a thing saying that we are not able to do that ...' Because, to be honest, they were not looking to do it for the reasons that Deputy
3085 Parkinson set out. But Deputy Parkinson is right in other areas ... I think we must not get ... I really welcome, homeowners in Guernsey that is their asset, their roof is their only means of actually generating their own electricity. But Deputy Parkinson is right. Actually it is far more efficient to do it on a larger – I do not know if 'macro' is the right word when you see some of the things in the Saudi Arabian desert or whatever – but in a Guernsey context it is a slightly more macro scale. Not
3090 only because of the economies of scale but because photovoltaic cells, for instance, on roofs tend to be fairly static, whereas if you have these days a larger array then they actually follow the sun, they absolutely make sure they maximise their efficiency. Therefore I do not believe anything in (b) would stop them if they had the money – and I do not believe they do at the moment – and they
3095 were looking to do something on a scale, which is not able to be done by other companies in Guernsey, they must come to STSB and say, 'Can we do this?'

But it is complicated. We think about the array on Guernsey Electricity's roof. My understanding is that was installed by The Little Green Energy Company, so it is not a question of Guernsey Electricity find a be-all and end-all. They are a facilitator.

3100 I am going to support this amendment, and it is in three parts, obviously. Part (a) I think is saying let's have – through instructions issued by Economic Development, and they will be responsible for the detail of those – some sort of protection against unintended consequences until this Assembly, quite soon, discusses the electricity policy that it wants to put forward. Because, as Deputy de Sausmarez said in her opening, we could have really perverse outcomes with competing grids, inefficient and all sorts of things. So I think it just makes sense to be able to have that degree of protection for that short period of time extended.

3105 For (b), I absolutely take my Vice-President's view. I think we have to interpret it in a way that does not ... I am not going to allow that to be used in a way that stymies Guernsey moving forward if it can on installing medium-scale renewable technology, and I believe the STSB would sign it off in those circumstances as this amendment allows.

3110 Obviously it is an E&I amendment. We felt that we were not going to address these sorts of issues in the policy letter itself because we wanted our focus to be really quite laser-like on the question of interim – and I will come on to the interim when I reply to the main debate – but on interim price controls and who should do that in the short-term in order to stop the train crash I was talking about at the beginning. But actually, on balance, I think that this amendment does add to things and I would encourage everybody, including my Vice-President, to have faith that the idea is not ... I fully take his point that, read boldly, it could actually look as if it is trying to stymie things that we want to happen. I just think that we are in control and we will not allow that to happen.

3120 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Sir, can I ask a question? I do not want to make a speech.

3125 Parts (b) and (c) to me are so vague as to be incomprehensible and I do not see how we as a legislature can vote on it. Deputy Parkinson has made a lot points on the questions and difficulty. I do think (b) and (c) of this thing are just incomprehensible.

Is there a point at which it is impossible to vote on something because it is so unclear as to what it actually is?

3130 **The Bailiff:** Let me just clarify that for Deputy Dyke's benefit. At the moment it is simply going to be a vote as to whether it is the original Proposition 2 or the amendment Proposition 2. If the amendment carries, if anyone prevails upon me to enable separate votes on (a), (b) and (c), I *might*, but I will not necessarily allow that to happen, depending on where we are to.

So, at the moment, on the amendment, it is do you want to retain the original Proposition, or do you want to replace it with the amendment Proposition?

3135 Deputy McKenna.

3140 **Deputy McKenna:** Sir, again it will be more a question that may be in the summing up ... I think Deputy Roffey, as normal, always speaks extremely well. Once Deputy de Sausmarez got up, she really always grabs my attention, because I know how passionate she is to the environment, and when my good friend Deputy Prow got to the floor, my ears pricked up.

3145 I have read this so many times and I have to admit that I am really not qualified to have an opinion, unfortunately. I would like to hear from my good friend Deputy Moakes, only because we all know the Guernsey Electricity grid is no longer fit for purpose – that is not my words, that actually comes from a director of Guernsey Electricity – and what worries me is, in the conversation of talking about putting a new cable for Guernsey Electricity to France at £108 million where, again I hope my good friend will rise and agree with me, if we did look at a private-Government partnership with the private paying, of course, 11 of the windmills would pay for all of our electric.

3150 There are costs, but I am saying that I would like to hear from my good friend Deputy Moakes on that one. But just in the summing up, if we could just go through that again because we have to vote for one or the other and if someone could just give us that bullet point to maybe sway us one way or the other, that is all. I think everything was put brilliantly, I understand what the Chief Minister said but I would like to hear from Deputy Moakes.

3155 **The Bailiff:** Deputy Blin.

Deputy Blin: Thank you, sir. I would like to speak to the policy.

3160 I have looked at this several times, I have spoken to fellow Deputies and I have just got a number of questions. The opening speech of Deputy Roffey, especially when it came to the elements of finance and concerning finance, has a *[inaudible]*. But I just kind of want to go back a bit. I would like to go back to where we initially came from and when we look back historically, so in 2001 States' Trading Companies were formed on the basis that they would be overseen by an independent regulator.

3165 In 2005 this position was reinforced by the National Audit Office in the report entitled 'Review of Commercialisation and Regulation in the States of Guernsey' and it is all about being essential to protect the consumer. It went on to say that: 'The regulation is necessary to prevent Guernsey Electricity from abusing its dominant position and to provide the incentives for improved efficiency and quality of service that would normally exist in a competitive market.'

Here we find ourselves on the cusp of, not of a competitive market as the UK National Audit Office mentioned, but the small green shoots of one beginning.

3170 Deputy Roffey just reminded me and something was noticed when he spoke on the radio talking about the small, cuddly, local renewable companies and then Deputy Parkinson spoke about the solar arrays that are on the Guernsey Electricity and the Post Office. And as Deputy Roffey confirmed, this was actually put there by one of these small, cuddly companies. So we need to understand the capabilities of our small businesses because, if we do not, they might go elsewhere and work on other areas as well. I am just nervous that sometimes it may seem like we are belittling some of these businesses. (**A Member:** No.)

3180 We, or myself and a number of fellow Deputies, have had a really insightful presentation by the CEO of Guernsey Electricity and during that presentation I learnt a lot about the challenges faced as a utility. It is an impressive organisation, it is fulfilling an essential role and all of that is very clear. Furthermore, impacted by the conversation from Deputy Ferbrache and Deputy Roffey about the finances, which puts me in a situation where here I am talking about just the fact about regulation, but now I am understanding as well that actually if we do not do something about this and support this policy we are going to have huge financial implications, which is seriously concerning that it has come down to this.

3185 Now that we have this emphasis on this, we understand this cost needs to be recovered there needs to be rebalancing of the tariffs, and it is essential to maintain the security and supply of electricity and the structure of the network. All of that, I fully understand. But if we go back to the policy letter in 2.2.5, and confirmed by Deputy Roffey:

... there has been a regulatory vacuum since 2012 for all key stakeholders, most especially GEL and the GCRA. This has inhibited and/or delayed a number of key operational and strategic decisions that need to be made by GEL, most notably in reviewing its tariff structures.

3190 That was in that letter. This statement at best for me now feels like it is misleading. I am very careful, I am not ... We are all on the middle Guernsey sort of support, but it does not seem to be correct. The reason I can say that is just a few days ago when there was the newspaper article and it was by the Chief Executive of the GCRA where he said the following:

Key facts on which the [deregulation] proposal is based are, however, inaccurate, in particular the basis for the policy proposal is to allow GEL flexibility to restructure and reconfigure its tariffs ...

And he went on to say:

GEL has in fact had the ability to restructure and reconfigure its tariffs for almost a decade and is not currently prevented from doing so under its regulatory price control.

3195 So it strikes me that the keystone of this entire policy letter seems to be on an assumption which I do not understand is true, that GEL must come out of regulation to balance their tariffs. They do not, and the regulators confirm that. So the question is: why the policy letter at all? GEL have been able to change their tariffs for those last 10 years so all the policy letter delivers is to remove independent oversight of those tariff changes and it feels like the deregulation of a State monopoly but through the back door.

3200 The arguments I have heard in support of this policy letter and added, required to cover the cost of GEL's fixed cost and they need time to do that or the smaller renewable energy companies could unfairly compete, or they could cherry-pick – this is something mentioned at our presentation – the larger clients of GEL and give a false cost – unfair, let's say, because they are not covering of the capital expenditure. In effect, it is not really the case if they can change their tariffs now and, if deemed reasonable, then the independent regulator GCRA –

Deputy Roffey: Point of correction, sir.

3210 **The Bailiff:** Point of correction, Deputy Roffey.

Deputy Roffey: Whatever it may have said in a press story, and I have to say I have heard nothing directly from the regulator, please believe the three Presidents that wrote out with the advice of their staff and the CEO of GEL, when we say it has *not been possible* to adjust the tariffs. Please do not disbelieve us.

3215 **The Bailiff:** Deputy Blin to continue, please.

Deputy Blin: Just to clarify, if I could respond obviously to that comment, I am trying to believe everything I can from what I see and from what I read, and I also want to make sure we protect our assets and other parts there.

3220 But let's go back, because Deputy Roffey did mention that actually there has been a situation where change went – and I think I was about to refer to it, so it is the same one – it was the pass-through you referred to that was in quarter 2 of 2019 and it was granted by GCRA. So I take it that is why that situation happened. But it does demonstrate that it had happened, they have demonstrated that it is possible, they have demonstrated that the regulator was efficient in that case, as they did it through documented evidence and it was made almost immediately.

3225 But the policy letter also proposes that a new regulatory function of sorts is established within STSB. I appreciate that those costs that we would save from GCRA it could be as much as £180,000. That strikes as very beneficial for us. Although there may be more subsidies or money required for STSB to undertake that function.

3230 We do have an organisation already set up. I am hearing from the various speakers here that maybe it is not the right way. But the point that I cannot really get around is the States of Guernsey want to vote to remove an independent oversight on behalf of the people of Guernsey, voting against the recommendations of the National Audit Office and end up having a less regulated environment than Sark. It just seems –

Deputy Kazantseva-Miller: Point of correction.

3240 **The Bailiff:** Point of correction, Deputy Kazantseva-Miller.

Deputy Kazantseva Miller: Thank you, sir.

I think the proposals are for interim arrangements for just removing the price regulation. The oversight over anticompetitive behaviour and consumer protection is still very much in place, so that oversight remains.

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The Bailiff: Deputy Blin to continue then, please.

Deputy Blin: Nevertheless, I just feel the fundamental principle of the policy letter is not right. GEL *can* rebalance and change their tariffs and have been able to do so. GEL does *not* need to come out of regulation to change these tariffs to meet the objectives of the Energy Policy and, for that reason, I cannot support it.

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Just adding a couple of other notes, from various Deputies, the renewable competition in Guernsey is tiny. I am afraid I cannot remember which Deputy mentioned that there is the risk of a Jersey competitor or a very large competitor coming in, but I do not see that likelihood of coming in or stepping in, and the amount of renewables we have on the Island or the maximum coverage would maybe be a small percentage. So it just leads, from the perspective of looking at us as an Island, to be telling our people we want to take the utility business out of independent regulation, I just find that it is not acceptable in essence.

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Thank you, sir.

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The Bailiff: Deputy de Lisle.

Deputy de Lisle: Sir, I find the amendment complex. But the fact is I also find it anticompetitive in terms of the fact that (a) is protecting Guernsey Electricity until a new system of licensing for the electricity market comes in. So it means that, to a large extent, new companies are going to be prevented from coming into the marketplace through that protection for Guernsey Electricity. Now, that is anticompetitive.

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The other point is that I would like to see the thrust being to encourage production of locally grown, clean electricity as quickly as possible, because we have got way behind in this whole area, behind the UK, other countries and so on and so forth. It is about time we get a move on and we should be encouraging ... This actually will prevent Guernsey Electricity itself from getting into installation of new renewable energy systems. So, on two levels I think we have a problem here and I cannot support this particular amendment.

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Thank you, sir.

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The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

This is another one that I was not intending on speaking on but, oh well. I am, in past life, a businessman and an entrepreneur and I have a desire and attraction to free markets and generally do not like monopolies. I do not like monopolies if they are privately owned. I do not like monopolies if they are State owned. Because they distort those free markets and often become inefficient and can become very protectionist.

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Having said which, the issues raised by Deputy de Lisle, when we look at a State-owned utility that is part of our key infrastructure, Government does have to have an involvement in protecting that. Having said which, we also need to make sure that that monopoly does not get inefficient or exploit its monopolistic position to raise tariffs and exploit the market. I was one of the Deputies that Deputy Blin referred to earlier that he spoke to, and I also spoke to Deputy Dyke, and I also shared the concerns of Deputy – my mind is going blank today.

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I share those concerns about the idea of removing an independent regulator and effectively one of the principal shareholders taking over that oversight role. But I have been reassured by several things. Firstly, it is an interim measure and it is in the process to move towards something better. But also, ironically, by the people that are actually proposing these motions, my issue with a

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3295 monopoly and the fact that it may exploit the monopolistic position to raise tariffs and tax consumers.

I cannot think of any Member here who would fight harder to prevent that happening than Deputy Roffey. And, as far as promoting the market for renewables and making sure that market in itself is sustainable for that sustainable energy, I cannot think of anybody in this Assembly who would fight stronger for that than Deputy de Sausmarez. So, whilst we are often on opposite sides
3300 of debates, I do recognise their strengths and I am reassured by what has been said and I am going to support both this amendment and the original policy letter because of that.

Although, as I say, I did originally have the same reservations that have been raised by several people. I am suitably reassured. It is an interim measure and it is something that, if I think it starts going wrong, we as an Assembly and as individuals within this Assembly can bring something back
3305 to the Assembly to address it.

Thank you, sir.

The Bailiff: Deputy Moakes.

3310 **Deputy Moakes:** Thank you, sir.

You will have to forgive me because I have just been scribbling notes down, I was not going to speak about this. But I felt that I should do because my wonderful colleague Deputy McKenna asked me to do so, so thank you for that.

You asked two questions I think, really, one was around future renewables and the other one
3315 was about the current situation we find ourselves in with GEL. So let me cover off the future renewables first.

I think renewable energy is the future for the Island. I do not think anybody in this room would disagree with that and I am constantly annoying colleagues on my Committee with my mad ideas for generating green electricity, not just on the Island but in the sea around it as well. Deputy
3320 McKenna has referred to my discussions about using windfarms on certain segments of the sea around us. After all, we are in one of the best places on the planet to generate both wind and sea power.

I think we should do wind, sea and solar power as a matter of fact. Solar probably on land, wave at some point, but I am not 100% sure that the technology is quite there yet. Whereas I know that
3325 wind technology is there already. If you do some research into places like the Thames Array and scale that down, you can pretty much work out what the costs are, how many wind turbines will I need and what the infrastructure would look like.

As I say, I probably talk about it too much but the technology is there. We are located in the world's best places and as I say I am talking about ... But I do not think it will affect the discussion
3330 we are having at the moment because what we are talking about currently is micro-production of renewables.

What I am talking about, building a windfarm, is not industrial I would say but it is certainly much larger than micro. So I do not believe, really, that this will interfere with that *were* somebody to come along and say they wanted to do it, or should the States decide to do it. But, yes, we should
3335 be getting on with it and we should planning for it because the rest of the world is doing so and I suspect we are probably lagging behind.

The second point you raised was about the current very real issues we faced with Guernsey Electricity and I can see that it is something ... First of all, I think that I was confused by what I read about GEL's ability to raise tariffs and I read all of the articles that you have written already in the press, etc. However, I think all three Presidents have now confirmed that they would not be able to
3340 actually change the tariffs without these proposed changes. All three Presidents have confirmed this. I am comfortable if all three Presidents confirm in this Assembly to us all that that is the case.

I can see that it would have some unintended consequences, too. We have heard about some of the companies who have perhaps mentioned this but they are very short term. As long as we do

3345 what we need to do to introduce things to replace them, then we can move out of this quickly and return to the *status quo*, I hope. So it is incumbent upon us to do that.

I hope that has answered your questions but it is my personal opinion.
Thank you.

3350 **The Bailiff:** Deputy Dyke you have already spoken, so you will have to sit down again, please. Deputy Helyar.

Deputy Dyke: Sir, I only asked a question.

3355 **The Bailiff:** That is still a speech, I am afraid, under our Rules. Deputy Helyar. (*Laughter*)

Deputy Helyar: Thank you.

3360 Hopefully I can start by helping out Deputy Roffey in terms of perhaps explaining the difference between the price of a unit of electricity and the tariff structure, because there seems to be some confusion between the two things and they are very different.

If you have a standing charge, that is assessed; if the regulator was to review that structure, that requires a very detailed consideration of the costs over a period of time. It requires detailed analysis of the accounts.

3365 In my understanding – Deputy Roffey, for those listening on the radio, is nodding – the difficulty that the regulator has, is my understanding, is that they are not geared up to do that kind of analysis. Deputy Parkinson said that there had not been any price rises in electricity for nine or so years. The tariff rate actually, in other words the rate per unit that you paid for, did go up by 4.8% last year and that was to cover the – I will give way.

3370 **Deputy Roffey:** Yes, I think it has been mentioned already that they have been allowed to put through pass-through costs.

Deputy Helyar: Yes, that is correct. That was in connection with oil price fluctuations, I understand, as a result of the cable breaking.

3375 I do have problems with this amendment. I have to say that, firstly, I do support entirely the principle that we should protect the grid. We should not carve it up into small pieces or allow people to cherry-pick the market generally so as to disadvantage what is a national asset. I do understand that. So I would generally be in support of some kind of prevention of the extension of conveyancing-type activities.

3380 However, the first part 2(a), the first thing I find really disappointing is that the time limit is three years. Why does it take so long to do this? The market deserves us to move fast. The public, I think, are crying out for there to be more renewable generation in the Island. I am sure Members all generally would agree that is a good thing. On-Island generation gives us more energy security. It means that we are having a direct contribution to the reduction of CO₂ emissions.

3385 I was also pleased when Deputy Roffey stood for the first time that he was able to say that there is no categorisation of electrons coming down the pipe from France; and 90% of the electricity generated in the region next to us is nuclear. We are not getting electrons from the Rance Barrage, we are paying for an offset certificate to say that we are effectively quasi using, in place of the French, that electricity. It makes no difference whatsoever to net-carbon emissions for us to do that.

3390 I would suggest – it is not my place to do so necessarily – but one of the ways in which GEL could generate greater margins on the electricity which they sell to the consumer is to buy the cheapest they can possibly obtain down the pipe from Europe. That involves not just talking to the French, because you can buy electricity from other countries across the European grid, it would be possible to save money and to grow their margins by doing that.

3395 Public consultation was one of the things that was mentioned in connection with this. If I look at the second part of the amendment, the devil is in the detail again. At what price were these

negotiations settled at? If we do not know the prices, and there is no regulator to interact, how will we know when making a decision today whether that is going to be to the benefit of the consumer?

3400 I do have a conflict here and I should mention it because I have solar panels. So, some of the prices and buy-back rates and so on that are mentioned in these documents are directly relevant to me. The thing I found very unusual about Guernsey Electricity's last consultation on the changes to the tariffs – and I do support the fact that there needs to be a larger standing charge, I am not sure 50/50 is the right point to set it at, but I do support that as a principle.

3405 When GEL advertised for members of the public to attend the public consultation – and I was a member of the public then rather than a Deputy – there was a screening exercise carried out. So, you contacted them and then somebody from the UK, a PR agency, was tasked with screening those who wanted to attend the public exercise; and if you answered the question that you had solar panels, you were not entitled to attend the public meeting. Now, that is *not* public consultation. That is clearly intended to produce a specific result. I have never seen the results of that particular survey but I was really unedified by the whole process. It cannot surely have obtained a fair result and I am saying it because it happened to me. It is not a member of the public complaining about this, it actually happened to me. I was *very* surprised that a public utility should conduct itself in that way. And, unfortunately, ever since then I have been suspicious.

3410 That is what led to my suspicion of the policy letter when I first saw it because I thought well, I fully understand the reasons why it is not geared up to do this analysis, but it seems to me that, if a public utility has had, we were saying since 2015, the opportunity to raise these issues and to do things about its pricing structure and it has not done any of it and it has not approached the regulator the regulator to try and change the structure, then that begs the question: is it because what you would suggest to the regulator, if they were able to do it, something they would say no to? Something which is not in the public interest; something which might be anticompetitive; something which might set high rates? That is just a question. I do not know the answer to that question and I hope it will be addressed in response to the debate.

3415 I agree with Deputy Parkinson's analysis of 2(c). It is hazy as to what that means, but I am sure that the implication that we would have to pay a bit more for renewables is contained within that. So, whilst I have every sympathy for the desire to protect the grid, which is contained within these proposals, I cannot support them in their entirety.

3420 Thank you, sir.

The Bailiff: Deputy Dudley Owen.

3430 **Deputy Dudley Owen:** Thank you.

This is undoubtedly a really complex area. I spent four years on the Committee *for* Economic Development last term and I must say that areas concerning the regulator always made me have to sit up and listen very carefully, and as I have had to do during this debate because it does get very technical and I am inclined to bow to superior knowledge of the STSB Presidents, present and past, of which we have three in the Assembly today.

3435 However, I *am* confused, and I do need some clarification and, sir, my comments will definitely stray into general debate here because it sort of links from the amendment also into the policy letter. What does 'interim' actually mean? Because going through the policy letter and then going into the amendment, has Deputy de Sausmarez inadvertently fixed the interim period at December 2024? Did we actually mean in the policy letter that it was the Committee *for* Economic Development that would dictate the interim period ending, when they have completed their part of the review in relation to the Energy Policy and the licensing framework there? It is just really not clear what 'interim' means and that would assist me in being able to make my decision as to how short-, medium- or long-term this arrangement would actually be *in situ* for before we actually get to a more satisfactory position.

3440 The other concern that I have is the urgency with which Deputy Roffey has pushed – well, has alluded to within his opening speech – that I seem to be blissfully ignorant of. It could be because

3450 there have been lots of other things going on and my attention might have been elsewhere.
However, I did, as I say, sit for some period of time on Economic Development and, yes, we did
discuss the regulator and, yes, we did look at the role, yes, we did have conversations with them as
well as GEL coming in and looking at that area of the market. But, given that we have had since
2015 and we have almost had this hiatus, suddenly it seems to have hit us now that it has got to be
done now. We are at a cliff edge, I think Deputy Ferbrache said, and we have got to make the
3455 decision now. Well, why did this not come in nine months ago? A year ago? In the previous term?
I would really appreciate some explanation around that. I know that Deputy Roffey has spoken now
but in the summing up, and any comments that Deputy de Sausmarez might make in relevance to
my comments as well during her would be really helpful too.

Thank you.

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The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

3465 I will just begin under the Rules by declaring an interest as an owner of a grid-connected
photovoltaic array. I will be impacted by these, both the amendment and the Propositions. In light
of that, sir – I realise that the Rules do not require me to do so but I am going to choose to do so –
I am going to abstain on the amendment and the substantive Propositions and would ask for
recorded votes in order that that can be recorded as such.

3470 I am going to speak on the amendment and will speak briefly in general debate as well, but
begin by thanking ... I am assuming it is the Committee *for* Environment and Infrastructure, it has
been brought by the President and Vice-President, and the President is nodding, so I think it is
helpful to know that this has been brought on behalf of the Committee.

3475 I think Deputy Dudley Owen has raised one of the questions I was going to raise which is this
definition of 'interim'. Deputy Moakes talked about it being very short-term. (*Interjection*) He, of
course, is a relatively new Member of this Assembly and I suspect his expectations of what is
achievable may be somewhat unrealistic; and I think Deputy Ferbrache, when he talked about some
of the history of this, which I will perhaps address in general debate as well.

3480 But I am concerned that we have a very poor record of delivering in any kind of expeditious
timeframe, which I think was Deputy Helyar's point. So I think understanding the true meaning of
'interim' is a matter that does need to be addressed in relation not only to this amendment but also
the policy letter as well.

3485 I think Deputy Dyke certainly raised the question about the meaning of the suggested
Propositions 2(b) and (c) and I just wish again to raise some further questions in relation to that.
Deputy Parkinson noted the challenge about whether it would impede Guernsey Electricity
embarking on grid-scale macro projects; whilst 2(b), if it became a Resolution, would it constrain
that? My question really is around, the amendment talks about an 'installer of last resort' and the
explanatory note seeks to explain that that would only happen when there has been a market failure
and the STSB so directs. That all sounds terribly reasonable –

I will give way.

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Deputy Roffey: Can I just suggest to Deputy St Pier actually I do not think – I cannot speak for
all three Committees, I only speak for STSB – we would not have any difficulty if this Assembly
decided they did not like (b) and removed it. Because (b) is in there to try and provide some
assurance that GEL would not act in a way that would take advantage of continued controls and
3495 actually try and get a leap on their rivals. I do not believe they are going to anyway. If people are
uncomfortable with (b), we would be ambivalent if, at the end the Bailiff is willing to put them
separately, that got voted down.

3500 **Deputy St Pier:** I think that is a very helpful intervention and clarification because I think the
questions around what we mean by 'market failure', who is going to determine that, suggests to

me that it does open up the possibility of quite a lot of grit being thrown into the process, which would mean a greater elapse of time as we all work out what on earth we ever meant by an 'installer of last resort' and 'market failure'. Particularly when we are all acknowledging the need to move quickly in relation to achieving climate change targets.

3505 I think I would like to thank Deputy de Sausmarez, when she opened, I think she very clearly explained the rationale for this amendment in trying to ensure we do not have competing grids. Clearly that is one of the challenges that has been created in the telecoms market where we have created competing networks, and I know that is one of the things which the Committee for Economic Development in its previous guise and no doubt the current Committee have been seeking to
3510 address as they consider the telecoms strategy. It is how we deal with the successor problem we have of competing infrastructure and therefore the logic in a small Island such as ours of insuring we do not have competing grids certainly makes a lot of sense.

The explanatory note – and again picking up on Deputy Dyke's point as to what 2(c) means – I turn to the explanatory note and the last paragraph in particular. I have read it several times. I did
3515 A-Level economics, I understand marginal costs, I understand the first sentence:

Marginal cost is an established economic principle linking incremental cost to incremental quantities of production.

So far so good. I understand the last sentence:

This means the cost of renewable electricity would have a zero-rated marginal cost, so an appropriate price is required.

I have no idea what the bit in between means. So if perhaps – I will give way. (*Interjections*) Okay, I would be grateful if perhaps Deputy de Sausmarez could address that when she sums up.

I think that completes my contribution for this part of the debate.

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The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I think I am happy to support the amendment as far as it goes because it seems environmentally supported and sensible. But I think maybe I am uncomfortable about
3525 supporting the whole package because it is a very complicated subject and one that I think we could have benefited from perhaps more workshops and views on. But I am a survivor of the former consumer group that was a statutory body in Jersey, but was not in Guernsey.

It always seemed to me that consumers, especially small to medium ones, have not had a very good listening ear with the utilities. Indeed, I remember when I first entered the Chamber, we had
3530 an Electricity Board which had five politicians on it; and maybe that was a better model in many ways. I know Deputy Roffey was nostalgic for a period where there was certainly a cheaper model. But we moved into the regulatory model. The irony of the 2012 debate, that I think at the time Treasury and Resources were very keen on, was that the next Commerce and Employment Board that came in was not interested in implementing the Resolution, so we kind of went into limbo.

I think if you start from the position that I am in, which is probably closer to Deputy de Lisle than many other Members, you look back and see that Guernsey has not taken full advantage of our
3535 potential, as Deputy Moakes outlined, for wind and wave energy. We have not had quite the hub of energy businesses. We have not seen really competitive prices. We have not seen the innovation at the scale we want. We have got a burgeoning energy consultancy market and we are somehow
3540 favouring – and I might sound a bit right-wing here – producer interest and State interests over consumer interests and competitiveness and innovation. The whole thrust of this triple-decker policy letter approach is really to protect a nationalised industry and to not necessarily make the changes that it needs to make in order to give us greener energy, cheaper energy and better energy. So I am not particularly a strong believer in the whole thrust of this but I do agree that we need to
3545 consider the environmental issues from climate change to enhancing energy.

On the point particularly that Deputy Helyar raised about the energy workshops, I had other meetings, I remember they were held at the Cotils. I wanted to go but I was booked to another

meeting because they were having a slap-up dinner and everything. But I did get the impression you were not allowed in unless you were on a mailing list and you were probably not allowed if you were a serving States' Member, for example, but you were allowed in if you were a retired vicar, for example. There did not seem to be a lot of logic to it. And I just felt that perhaps we need something a bit more rigorous in testing consumer and public opinion than that.

I think our whole model, our working of energy, is very flawed. We would be much better off with a ministry for energy to come under a Department. And yet again, for a small Island, we have complicated things enormously through expensive regulators, boards under boards, a political committee that is not a political committee, a State industry that is not directly answerable to political direction to a certain extent. We need reform. I support Economic Development in their efforts but I am very much a sceptic at this stage.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

I shall be brief but I felt I had one or two things that I needed some clarity on. But I want to say first of all that I genuinely cannot remember the last time I have found a debate on a Friday afternoon quite as fascinating as the one we are having this afternoon. It has been very interesting indeed. I thought Deputy Roffey's opening speech in particular was illuminating.

A couple of comments around the regulatory journey, if I may, because one of the benefits of being around for a little while is that one remembers the evolution of the office of utility regulation and the challenges that existed between that entity and the GEL Board as it was being commercialised. One of the challenges was that the Guernsey Electricity Company had had one or two hiccups. I think it had invested £5 million, or more accurately deposited £5 million, with the Bank of Credit and Commerce International just before it went – I almost said a completely unparliamentary expression there, sir – before it collapsed. That is it! Yes, that is what I meant to say. Phew!

Fortunately that money was recovered. But the relevance of that was that, in those days, Guernsey Electricity accumulated fairly significant amounts of cash. It had a policy whereby it saved to spend. As a consequence, the tariffs were higher than they needed to be and it accumulated cash which it *then* invested into infrastructure. Along came the OUR and said, 'No, that is not the right model, you need to run down your reserves and you need to invest from borrowing.' A more conventional method of balance sheet construction in the UK context.

One of the things I found really quite surprising was when Deputy Roffey advised us that there was now, I think, £44 million of debt and that they were getting close to breaching their covenants. That surprised me. It surprised me because I had no idea that the number was that large. But the question I need to ask is: is that as a *consequence* of investment in infrastructure, or is an element of that – and, if so, what percentage? – a result of deficits? In other words, are deficits being funded from borrowings or is it exclusively infrastructure investment?

The other question I had – and I used to know this because we were quite careful to analyse this – is what the relationship is these days between tariff increases and inflation. Inflation is becoming an increasing problem and if there were to be tariff increases over the next few years it would be nice to know what effect they have on headline inflation in Guernsey, because the consequences of that are material for pay settlements, as we all know.

The other point I wanted to make is really in relation to comments that Deputy Moakes made around the developments in the technology. As he rightly said, we are not quite there yet with tidal technology and the sooner we are, the better. But I learnt a statistic the other day – and one of the things I do when I am not being fascinated on a Friday afternoon in the Assembly, sir, is to be involved with a private equity business that invests in commodities. One of the statistics that came before us is that for one unit of electricity generated from gas, the amount of resources needed to generate initially the same amount of unit electricity from wind, is nine times. So the amount of stuff you have to suck out of the earth to create a wind turbine is nine times more than gas – and

3600 that is the gas that is scrubbed in a way that is not environmentally damaging. It is one of those interesting facts around renewables that we should bear in mind.

But the main thrust of the speech really was to ask: how did *they* get to £44 million-worth of debt? And just how serious is a potential covenant breach? Because clearly that is a here-and-now matter that this Assembly needs to be very clear on.

3605 Thank you, sir.

The Bailiff: Deputy Burford.

3610 **Deputy Burford:** Sir, just to say to the extent that it is relevant, I do have solar PV on my roof at home, as an expression of interest.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

3615 I was going to speak about the general debate and this but I think I will just do this amendment in the hope that we can try and get a vote on amendment 2 and then move into general debate. I am a bit confused about a few of the matters that we have spoken on, specifically in the case of amendment 2.

3620 Substantively, a large chunk of what is contained in amendment 2 was originally in the policy letter that was put before P&R and, to my mind, and I stand to be corrected, P&R rejected and had it removed. I am surprised to hear the Chief Minister saying that the P&R would support – I beg your pardon, he was speaking on behalf of himself – but he certainly cannot speak on behalf of all of P&R because having removed this when it came to us at Committee, I certainly cannot support it now that it has been put back in as an amendment. That would seem somewhat odd to do so.

3625 Secondly, just a small point that I would like to make. Amendment 2 speaks to, and indeed warns us against, the set-up of multiple supply grids – they are apparently going to spring up everywhere if we do not do anything – but this is despite the apparent exorbitant costs of even *maintaining* the current grid. So those two things do not add up to me.

3630 On the one hand, we seem to *pretend* to be saying that we are encouraging alternative options by putting in a non-compete clause but, by the way, payback time will be much longer and therefore much less attractive to anyone wanting to do it. As I say, I have more to say in general debate but I just wanted to say those two things about amendment 2.

3635 **The Bailiff:** As no one else is rising, I will turn back to the proposer of the amendment, Deputy de Sausmarez, to reply to the debate on the amendment, and then we will move after the vote into general debate.

Deputy de Sausmarez: Thank you, sir.

3640 I am not sure what the best way to do this is. Whether to go by individual speaker-by-speaker and address questions, or whether to try to pick out some of the main themes. Or, in fact, whether to just go through the amendment and try to explain it according to those themes. I think, although my notes are probably in quite a bizarre order, I will try going through speaker-by-speaker just to try to make sure I do not miss anyone.

3645 Deputy Prow did have some questions but they were more for Deputy Roffey really, I think, than relating to the amendment itself.

3650 Deputy Ferbrache, I think, made a really helpful speech because he managed to pinpoint what is at the absolute essence of this amendment in his speech. He is quite right. We have reached the end of the runway and there is no EMAS there or anything. But he made the point that the grid itself should not be competitive. And that is what is at the absolute heart, that is the *raison d'être* of this amendment. So, really, if anyone believes that we should have shared critical infrastructure in this respect, if we believe that we should have a single grid with an open, level playing field which

enables a complete market, rather than competing grids, then this is the amendment for them. But, yes, Deputy Ferbrache homed in on that and he was quite right. That is the absolute core point of the amendment.

3655 Deputy Kazantseva-Miller was correct in her understanding. My notes are slightly too shambolic to recall them with any great accuracy, but I will go through the amendment anyway afterwards to make sure. Really, I think her questions were on 2(a) and really that is just to make sure that we have something in place before the exclusivity clause expires, which is why the date of December 2021. I think that addresses Deputy Dudley Owen's point as well, and that talks to the urgency that she
3660 queried. Part of the urgency is the exclusivity expires in January 2022, so we would like to get this in place before then, hence the December 2021.

Then (c) talks about ... I will come on to (c) when I talk about Deputy Parkinson's point.

But really that is the other theme that came up repeatedly, and I hope I can explain it, is this phrase 'interim'. It is an *interim* until such a time as we have established the new market structure.
3665 So the order of events is that we will bring forward an electricity strategy no later than, I think it is quarter three of 2022, so next year. We will bring it forward as soon as we can, but that is the first step. From there, or following on from that, will be the piece around the market structure and the legislation. So those are the iterations.

Deputy Dudley Owen and others queried 2024. Well, the answer is that that is when the officers
3670 across the Committees are confident that they can do that bit of work. I would say it is in the GWP and we will of course – to whoever, I think maybe Deputy Helyar, was saying why so long? – we will do it as quickly as resources will allow. Absolutely, no one wants to hang around on this. And the quicker we can get to – (*Interjection*) So maybe, if Deputy Helyar would not mind giving us some more resources, we will do it even quicker!

3675 But hopefully that explains the interim period and the reason for that. These proposals are specifically to cover the time between where we are now, which is a bit of a dog's breakfast, and where we want to get to, which is the absolute opposite. So it is specifically *that* interim period and I hope I have managed to clarify some of the steps in getting there.

Deputy Parkinson, I think Deputy Roffey addressed some of the points about 2(b); and really
3680 2(b), just as Deputy Roffey has explained, is really just to try to make sure that Guernsey Electricity do not act in a predatory way and it is there as a bit of a supporting impetus to the local renewable market. So that is its purpose.

The really important point which Deputy St Pier also raised was around the relevant price. I am
3685 happy to say that Deputy Parkinson had actually misinterpreted that. I can understand that, it is really confusingly drafted. I am sorry, it is not an easy thing to get clear. The setting of the relevant price is the first step and that is the bit that prevents, or guards against, any forced, expensive purchase. So that is step (a), the setting of the relevant price. The reference to allowing flexibility is actually around allowing flexibility to adapt to the market say, for example, if prices go up or down. So that is what the flexibility is.

3690 But I can give him more assurance than that – and this also comes back to a few points that other people have raised – if we look at the wording of this, we are actually instructing Deputy Inder's Committee, the Committee *for* Economic Development, to recommend the necessary steps and bring it back. So, if there are any details that people are concerned about, we have got time to set those straight in what the Committee *for* Economic Development will bring back. So, if anyone
3695 is worried about ambiguity and vagueness, this is not the final sign-off. The States *will* have opportunity to see, debate and potentially amend these again. Hopefully that provides a degree of reassurance on those points.

That addresses Deputy Dyke's question as well. The directions would come back to the States. So there would be more detail in that and we would have a chance to debate, amend and approve.
3700 (*Interjections and laughter*)

Deputy McKenna says he needs swaying. I hope colleagues have done that.

Deputy Blin, I hope will take the assurance of Deputy Moakes and others about the factual situation, which is not necessarily as it has been reported in the media. So hopefully that will give him the assurance that he needs.

3705 Deputy Meerveld, I think his best speech of the week. (*Interjections and laughter*) But he is quite right. Deputy Meerveld, I was grateful for his speech actually because he did explain the reasons why, intuitively, he might not have been particularly minded to support the policy letter or amendment, but actually he understood the logic. It is not a logical situation that we are in at the moment, this is the point. We are starting from a very distorted base and so I appreciate Deputy
3710 Meerveld pointing out that this is about our critical national infrastructure and it is indeed about the fact that it is an interim measure.

I thank Deputy Moakes for his contribution and, yes, I would just reiterate his comment that all three Presidents have confirmed that the tariffs could not have been changed. And, to be honest, that is just logical because who on *earth* would bring a policy letter that they did not need to bring, especially in a week like this? I think the facts speak for themselves, there is just no two ways about it.

So, yes, well, Deputy Helyar – I give way to Deputy Inder.

Deputy Inder: I think this was just a bit of clarification on all three Presidents confirming, if that
3720 is on the advice given. I think that is a reasonable end to that sentence, that all three Presidents have confirmed, because this is on the advice given in consultation with the GCRA back in May.

Deputy de Sausmarez: Thank you. I give way to Deputy Ferbrache.

Deputy Ferbrache: Only to make the point that it was not only the advice given in my context, because I had experience of that as President of Economic Development, as President of the States' Trading Supervisory Board and as President of Policy & Resources. So, unequivocally, unreservedly, there were the difficulties that have been asserted.

Deputy de Sausmarez: Thank you, sir.

I, like Deputy Helyar, will declare an interest for what it is worth. I do have PVs on my roof as well.

Deputy Helyar, I was very pleased to hear that he supports the principle that we do need a single grid and that we should not have multiple grids because, really, that is what this amendment is all about; and I very much hope that, with that in mind, he will support it. Because I could not really understand any other arguments against it. He had some comments about the policy letter more generally, perhaps, which I am sure Deputy Roffey will answer.

We have addressed the issue of three years, we have explained the steps, so hopefully that is clear and, absolutely, if he would like to give us more resources, we will do it in double the time, probably. But we certainly are keen to really press on and we will do it as quickly as resources allow.

I think I am treading out of the territory of my amendment if I talk about the guarantees of origin. I will let Deputy Roffey deal with that.

Deputy Dudley Owen, I hope I have addressed her points. She is nodding, so I hope that is fine.

Deputy St Pier, was there anything outstanding? Yes, I will reiterate the point that this would come back to the States with more detail.

Deputy Gollop, thank you. I will thank Deputy Gollop for his support, although I am sure Deputy Roffey will pick up on some of his points. I fundamentally disagree with his analysis, actually, that we are favouring the producer interests over the consumer – I give way to Deputy St Pier.

Deputy St Pier: Thank you, sir.

Given that Deputy de Sausmarez was asking whether she had addressed all of the points that I raised. The one point that I was hoping she would address, was the question of who would determine 'market failure' and 'the installer of last resort' in 2(b)? And perhaps while she is also

3755 considering responding to that, who is going to negotiate appropriate power purchase agreements?

Deputy de Sausmarez: This is not legislation that we are dealing with here. This is a direction, I believe, that is the STSB in terms of determining whether ... I think, as Deputy Roffey has pointed out, that it is unlikely that this situation would arise anyway.

3760 What was the second part of the question? I am really sorry ... (*Interjections*) The power purchase agreements. Really again this is just to ensure that the other energy providers can compete and that they are not outcompeted by Guernsey Electricity. This is what this all about.

3765 As Deputy Roffey has already explained, I think it would be very unlikely that a situation would arise when the last resort clause would have to come in, but none of this is bound and I am sure we would take it in a very pragmatic manner.

3770 Deputy Mahoney described himself as confused. I think he did conflate the high cost of grid maintenance with the issue of whether micro-grids might eventuate. I think Deputy Mahoney perhaps misunderstands the situation. It is a very attractive situation, actually. If we do not do anything to address it, it is an incredibly attractive situation at the moment for the reasons Deputy Roffey explained. Because once the exclusivity falls away, competitors might be competing with Guernsey Electricity's rather high unit price for generation; and, of course, the costs that Guernsey Electricity bear are the costs of the whole grid, which is a significant feat. But most importantly, it is the cost of security of supply which is very considerable indeed. So those, as I understand it, are the main cost pressures that Guernsey Electricity is shouldering and to which at the moment none of the other energy providers are required to contribute. So I think Deputy Mahoney has conflated a couple of issues there.

3775 I do not think Deputy Trott had any questions for me. I see Deputy de Lisle did, because he is on his feet, so I will give way.

3780 **Deputy de Lisle:** Thank you, Deputy.

It is just with regard to the fact that I had mentioned anticompetitive protection of Guernsey Electricity and you did not mention that particular point. And the fact that that is going to exist until, presumably, the new licensing legislation comes in and also the market structure that you were talking about. I understand that that will not be in until 2023 or 2024. We have already got some new industry applying for licences now and I think given provisional licence to come in and compete with the grid. (*Interjections*)

3790 **Deputy de Sausmarez:** Yes, Deputy de Lisle did talk about those things and there is a difference between generation and what they can do in conveyance and supply markets. I think Deputy de Lisle's logic works on the highest level. I can understand why he is asking these questions and I think they are fair enough, but I think Deputy Roffey did explain in his opening speech – and they are probably more for him to address – why the situation does need to be stabilised until such a time as we have got a solid market structure.

3795 Because the current market is not reflective of the true cost. It is, therefore, already distorted, but it is distorted in a way that creates a very high unit cost for electricity, which means that people coming in, once the exclusivity falls way competitors will be able to outcompete without having to contribute to any of the costs of security of supply. What this means is that, if there is cherry-picking that takes place, there is an increased cost pressure on the shoulders of, ironically – anyone who has *not* been cherry-picked, it is a bit of a sort of Royal Mail, DHL, TNT kind of situation here. That cost pressure will increase if it is allowed to develop and that will put more cost pressure on those, including those who are least able to afford it. So, that is one of the problems.

3800 Basically, I think, at its most fundamental level, we absolutely can aim to have a completely open and competitive market from this particular point in time from this slightly – well, very weird – market structure we have got at the moment, or this inadequate market structure, this regulatory structure we have got at the moment. But we would then be distorting it further, opening it up to

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exploitation. We would be opening up loopholes and opening ourselves up to unintended consequences and I really do think it would be cutting off our nose to spite our face. I really do think that what we need is a period of stability rather than further and probably increasing market distortion at the very point in time where we are trying to establish what the future market will look like.

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So it is all about that transition from the market structure that Deputy Roffey gave us the history of, to where we want to be in the future. I think we are all agreed – and this is a really good point to bring out and maybe to close on – is that we are all agreed on where we want to get to. I have not heard anyone argue against the principles espoused in the Energy Policy that we want to be in a place where we can use our shared critical infrastructure and use that to enable and facilitate an open, competitive renewables market. That is where we are trying to get to.

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We do think we need to take these steps in order to prevent unintended consequences in the interim. We have put 2024 down as a backstop. We are very keen to do it sooner if we can. Really, no one wants this interim period to stretch any longer than possible. We really do want to crack on. And, on that note, I think I will just ask Members to support this amendment and the policy letter.

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Thank you.

The Bailiff: Members of the States, we come to the vote on the amendment proposed by Deputy de Sausmarez and seconded by Deputy Haskins to delete and replace Proposition 2. Those in favour; those against.

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Deputy St Pier: Sir, I did ask for a recorded vote.

The Bailiff: Did you really? Well, we will have a recorded vote on this amendment then, please, Greffier.

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There was a recorded vote.

The Bailiff: Well, Members of the States that is going to be carried. I will announce the result in a moment.

It has just gone half past five. At this time on a Friday, normally, we would just turn to the Schedule for Future States' Business and everything else gets deferred. But I am going to put to you the motion that we continue sitting to conclude *this* Item and everything else that needs to be done to properly conclude the meeting today. Those in favour; those against.

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Members voted Pour.

The Bailiff: I am going to declare that carried.
General debate, Deputy St Pier.

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Deputy St Pier: Sir, just very briefly in general debate, I said I would speak a little bit about the history. Deputy Ferbrache spoke a little bit about it. I can fill in the gaps when he was not in the assembly and the background to the decision in 2012 when regulation was effectively turned off. I am sure this will bring a wry smile to Deputy Ferbrache's face.

In a piece of action of its day, former Deputy Kevin Stewart and I, in our respective roles as the Treasury and Resources Minister and the Commerce and Employment Minister, decided that regulation really had not served the community terribly well in its first 10 years and, therefore, it should be effectively turned off. The regulator, seeing the writing on the wall, decided it was probably best not to push the point too much and so decided not to do too much over the next few years until 2015, because of course it was not quite possible to produce the policy letter in a year, as was intended. Things intervened. Deputy Ferbrache will be familiar with that. In 2015, the decision of the States was taken, the baton was then handed on, of course, to Deputy Ferbrache

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who was the President of the Committee, for the new Committee States' Trading Supervisory Board. From there, the history goes on. So, the mess – as he describes it, and with which I do not disagree – is a complicated one on which there are quite a few sets of fingerprints. I hope that little bit of colour is a brief interlude that fills in some of the gaps for some Members.

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My main point in rising though, sir, is to address this question which I thought Deputy Roffey did quite well in his intervention in the previous debate to explain why the States' Trading Supervisory Board rather than the GCRA should be the interim price regulator. I thought the logic of that made sense.

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However, my concern – and I do wish to highlight it because, as I say, I will be abstaining for the reasons I said earlier on the final Propositions. But I do think it is relevant for others to perhaps consider it in the context of Proposition 1. I think there is a fundamental difference or fundamental *challenge* over the next few years of this interim period – however long the interim period is going to last, and I have already expressed my concerns about that possibly being extended – compared to the era that Deputy Ferbrache described when the President, of whichever Board it was, decided that the price rise should not go forward ahead of Christmas, which really highlights the politicisation of some of these decisions.

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I think in the context of a major decision to 'rebalance' tariffs between standing charges and a unit charge, I think it will be a highly politically charged decision that the community may not yet have engaged with. But they certainly when it comes forward. Actually, the depoliticisation of that by the reinvigoration of the GCRA, would be one way to remove it from the political remit because a crystal ball could possibly foresee that it suddenly becomes an issue possibly at some time in the political cycle with a requête being brought forward, and then history will produce even more of a mess that Deputy Ferbrache referred to. I understand the logic of what is being suggested. I really just want to highlight that concern for Members who will be voting on Proposition 1 as to whether that is a risk that could come to pass. With that, sir, I will sit down.

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Carried – Pour 28, Contre 5, Ne vote pas 1, Absent 5

POUR

Deputy Soulsby
Deputy Taylor
Deputy Trott
Deputy Aldwell
Deputy Brouard
Deputy Burford
Deputy Bury
Deputy Cameron
Deputy de Sausmarez
Deputy Dudley-Owen
Deputy Fairclough
Deputy Falla
Deputy Ferbrache
Deputy Gabriel
Deputy Gollop
Deputy Haskins
Deputy Inder
Deputy Kazantseva-Miller
Deputy Le Tocq
Deputy Matthews
Deputy McKenna
Deputy Meerveld
Deputy Moakes
Deputy Murray
Deputy Oliver
Deputy Parkinson
Deputy Queripel
Deputy Roffey

CONTRE

Deputy Vermeulen
Deputy Blin
Deputy de Lisle
Deputy Dyke
Deputy Mahoney

NE VOTE PAS

Deputy St Pier

ABSENT

Deputy Helyar
Deputy Leadbeater
Deputy Prow
Alderney Rep. Roberts
Alderney Rep. Snowdon

The Bailiff: Well, Members of the States, the voting on amendment 2, proposed by Deputy de Sausmarez and seconded by Deputy Haskins, was that there voted Pour 28, Contre 5, 1 abstention, 5 Members were absent, and that is why amendment 2 was declared carried.
3880 Deputy de Lisle.

Deputy de Lisle: Sir, I find it difficult to take the arguments that were proposed with respect to the regulator, in that surely GEL's owner cannot be its regulator also. This would mean that Guernsey
3885 Electricity is regulated by its own shareholders, not by an independent regulator of the GCRA.

I think the complexities going forward as such, with respect to all these changes that are coming forward, that it requires a regulator. I do not see that STSB has the skills, other than to go out and get consultants, costly consultants, to do the work, to challenge Guernsey Electricity in the way that the GCRA does. I prefer an independent oversight of Guernsey Electricity from now on.

3890 I think it is critical for determining fair tariffs and prices. The fear is out there, quite rightly, that tariffs and prices could be adjusted to make it financially unviable to have independent renewable electricity generation on Island, from others wishing to get into the marketplace, and scrapping independent regulation could cost Islanders the chance of cheaper power.

I also feel that there is an issue with regard to the consumer, because Guernsey Electricity has already indicated its strategy to move from pricing based on per unit of electricity consumed, to a
3895 50/50 fixed charge and a variable linked to electricity use. Now, this would cost you and me more and be against consumers' interests, and we would pay half of our bill before using electricity. We need impartiality to champion consumer rights and encourage competition, not to discourage it. This business of waiting three years in order to protect Guernsey Electricity until the Government
3900 brings in new licensing legislation, and we know the sort of time that could take.

A new market situation, at least to 2023: are we expecting the private industry who wants to come in here, to wait around for another three or four years while all this is being finalised?

The thrust must be to encourage production of locally grown, clean electricity quickly now, and the quicker the better. I guess you could argue that these companies can go out there and do their
3905 solar on individual buildings, connect up, provide that service to people, charge them for it, and also have a few generators that they can use for those periods that they cannot get the solar energy generated. But that is another matter. That is up to them.

I think we need to go ahead as quickly as possible with not only solar, but water and wind generation, to just keep up with what is going on elsewhere; because we are sorely behind and we
3910 cannot possibly wait for the Government to bring in these measures and protect Guernsey Electricity until they come in. So I am very concerned that we might not see any major developments in renewable energy for another three years; and I think that surely is something that we do not want to support.

Thank you, sir.

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The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I am somewhat torn as to whether this is a dog's breakfast or a dog's dinner. (*Laughter*) I do not
3920 quite know where to start. (*Interjection*) The matter is brought to us on the basis that we are at the end of the runway and it is Code Red. So could I ask why we were not talking about this before?

Like Deputy Trott, I am somewhat surprised to find that the electricity company is £44 million in debt, but more surprised that we are on the breach of breaching bank covenants. I do not quite understand how that has happened and we are now told about it. Then, these issues are conflated
3925 with the apparent need to move regulation from the independent regulator to the States' Trading Board itself.

To be honest, I do not understand the position regarding the existing regulator. The law seems to be in place. The regulator, in the newspaper, tells us he exists. Apparently for nine years we have been paying £180,000 a year for his services. (*Laughter*) So who audits this? I do not know. And we

3930 have just passed amendment 2 which itself refers to referring a matter to the GWCA. We have just passed that. So presumably we assume he exists. I do not know. But I will take it as read that there is an issue with how he performs. Perhaps that is it. But that is one issue. We should work out, or we could fix how he performs, what he does, how he is instructed, how he is backed up with auditors or analysts, or whatever the problem is. That is one issue.

3935 The other issue is obviously if the Electricity Board is about to breach its bank covenants, is some urgent action required to capitalise it up to a point, or to get rid of that issue for the time being until the rates are changed? I agree absolutely with Deputy Roffey's analysis regarding the *need* to change the fee structure. That is clear. The analysis is clear and it must be done. The question is: how quickly? And does it need to be done so quickly that we just sort of follow a *non sequitur* that we get rid of the regulator and then regulate almost in-house?

3940 I am not suggesting anything against the *bona fides* or the competence of the Trading Board but I just do not see it is the right entity to be regulating its own subsidiary. It is a bit like saying 'Oh, we need to regulate cigarettes. Who shall we ask? Ah, what about Imperial Tobacco?' It does not seem logical to me. So, what should we do?

3945 I feel I should say, 'Make a suggestion as to what we should do.' Would it not be possible *not* to pass this but to focus immediately on what is wrong with the current regulator? The structure does appear to be in place, from everything I have heard, albeit not the functionality. Could we not quickly deal with the functionality and get this done? Or, if we do have a huge urgency to get this done, could we legally – and I think we could legally – have a proposal put to this States for a one-off change, which will be a rough-and-ready change that would get it moving. And then we get the new regulator in place and the new regulator reviews what we have just done in one or two-years' time, whenever he is up and running. That might be a better bet. Then going forward that would leave us with an appropriate independent regulator in place. I just do not see any alternative to an independent regulator.

3955 As these private companies come in with their ideas to feed into the system with solar panels, with tidal turbines, wind turbines, wave turbines, all the new things that are coming up – hydrogen storage. All of these things are going to be coming along, one after the other, hopefully. Everyone is going to involve a price friction with our own electricity company, and that friction is going to have to be dealt with completely independently.

3960 So I would not vote for this Proposition and I would try, if a really quick fix is necessary, then I would go back and come up with that. But with a view to working to keeping the independent regulator in place and functioning properly.

Thank you.

3965 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Thank you.

I am hoping to be able to assist Deputy Dyke a little bit. Having been previously a President of STSB and also President of Economic Development, I have been involved with these discussions for quite a long period of time and I am aware of the history, although I was not in the Assembly when the 2012-16 States decided to dispense with or to put into abeyance the then system of regulation.

3970 The issue is not that we do not have a regulator: we do, and he gets paid £180,000 a year, as Deputy Dyke has rightly said. The issue has been that once basically the Post Office and Guernsey Electricity were taken out of the scope of regulation in 2012 effectively, confirmed in 2015, the regulator stood down all of the staff they had to undertake the type of regulation they were undertaking. The further problem, or the more substantive problem, was that the style of regulation they were undertaking was wholly unsuitable for the Island of Guernsey and the size of these enterprises. It was a very intrusive, bottom-up re-auditing of all the financial statements and it took an *enormous* amount of resource, not only in the regulator but also in the regulated entities, to supply the regulator with all the information he or she required, because from time to time it has been a female regulator. Effectively, what the regulator was doing was second-guessing

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management and saying what they *should* have done and, therefore, what the prices *should* have been. This style of regulation was just massively inappropriate for the scale of these businesses and for the Guernsey environment.

3985 We are now in a position where we can all see that there needs to be regulation in a new
landscape, a landscape where there is a single grid on the Island which needs to be maintained and
balanced by Guernsey Electricity. But there will be a plethora of generators. Ten years ago, there
was only one generator. It was Guernsey Electricity. But today we are in a world where there will be
multiple generators. Guernsey Electricity will not have a monopoly over generation in the future.
3990 What we need is regulation that manages the market, not regulation that second-guesses the
management of GEL. It is a different economic function. Now, that regulation is not in place. The
law is still in place, it is just in abeyance.

To address Deputy Blin's earlier comments – and I have had the benefit of advice from H.M.
Procureur on this – to change their tariffs, Guernsey Electricity would need the consent of the
3995 regulator. And it is *not* true to say they could just go and change their tariffs. They can only do it
with the consent of the regulator, and the practical problem is the regulator has had no staff to do
this for years, because they stood them all down. So, the practical reality is that the regulator could
not do that job and, actually, it is not the job they should be doing. The new version of regulation
needs to be about managing the market.

4000 Now, Guernsey Electricity fundamentally performs two economic functions which it – and only
it – can perform, and which are valuable economic services. The first is it maintains and balances
the grid. The grid does not store electricity. Basically, people generate electricity, feed it into the
grid, consumers take electricity out of the grid; and broadly speaking, at any time of day, the amount
of electricity going in and the amount of electricity coming out are the same amount. That is
4005 because the grid is balanced, and the organisation that is doing the balancing is Guernsey Electricity.
That is an essential function.

It does one other thing which is essential and which no one else can do. It is the generator of
last resort. At night there is no solar energy from solar panels and if, for any reason, for example, a
cable goes down or the French cut off the supply from France, GEL *has* to be able to generate *all* of
4010 the power that the Island requires at any time. So it maintains a colossal amount of machinery, most
of which, most of the time, is doing absolutely nothing. In fact it is more than a colossal amount
enough to generate all the Island's needs, they are under a mandate, they are under instruction
from us, the States of Guernsey, to pursue an N-2 policy, which says that they have to be able to
generate all of the Island's electricity needs requirement on the assumption that their two largest
4015 units are out of service. That is what N-2 means. So the redundancy in the power station is colossal.

One of the things we need to think about as a States is whether that policy is still appropriate,
especially as the policy was established before the cable links and realistically, probably, we should
now go down to an N policy. In other words, GEL should be told that they have to be able to
generate the *whole* of the Island's needs, but *just* the Island's needs. (*Interjection*) That they should
4020 not have to build in this extra redundancy. That redundancy, which is there because we have
directed them to do that, to put that in place, costs us all money. There are machines that are sat
up there, and actually the two that get eliminated under the formula are two gas turbines, and so
there are two jet engines sat up there that do practically nothing, most of the time, and they are
only there because we have directed that there needs to be this redundancy in the system.

4025 So, we can take steps in our policies to help reduce the cost of this system. We may choose to
take steps that change other things. As I mentioned earlier, they are under a direction basically to
use the cheapest source of supply. Actually, in the context of our Energy Policy and our
environmental objectives, we might not want them to use the cheapest source of supply.
I mentioned that there can now be situations, if the oil price dips low enough, where it would be
4030 cheaper to turn on the generators, and we do not really want them to do that. So there are other
policies which the States control and which we need to look at afresh in order to give them the
directions they need.

4035 But to fulfil their two essential economic functions – maintaining and balancing the grid, and
being the generator of last resort – those are both very expensive functions, and GEL has to be able
to charge enough money to cover the cost of providing those functions. And they have to be able to
4040 distribute the cost of those charges fairly between consumer and, in effect, other producers.
Because, as has been explained, the standing charges do not cover the fixed cost of the system, and
the fixed costs of the system at the moment are partially subsidised by sales of units. In other words,
the units that we buy are too expensive and the fixed costs of a connection to the grid are too
cheap.

So there needs to be a rebalancing exercise. I think it may need to be phased. It will *undoubtedly*
be quite controversial. Some consumers will be paying less, some consumers will be paying more;
and it will really create a bit of a firestorm when the attempts are made to redress it.

I give way to Deputy Trott.

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Deputy Trott: Thank you, Deputy Parkinson.

I am grateful because I do not think I could pose this question to Deputy Roffey, because the
Bailiff may have ruled that I spoke in general debate when asking him two questions.

4050 So I ask you a question which I know you will be able to consider, and that is: is there now a
developing case for a different ownership model for the grid and the electricity generation
company, i.e. should the grid be in private ownership?

Deputy Parkinson: It is certainly something that we could consider. There is no reason in
principle why the grid should not be in *separate* ownership. It could be in private ownership, but I
4055 think, my guess is, most Members would prefer it to be in public ownership. But it does not have to
be owned by Guernsey Electricity. You could actually break Guernsey Electricity up further and, for
example, create a separate company around the cable. So one of the suppliers into the grid could
be the cable company, alongside a load of other suppliers, including of course the power station.
There are various ways this cat can be skinned, but the reality is the costs at the moment are not in
4060 the right balance and we need to move more towards a fixed-charge system that covers the fixed
costs of the grid and a unit charge which covers the cost of electricity.

Of course, that trend is unwelcome to micro-renewable energy companies because if you
increase the consumer's fixed charge, the investment in solar panels on your own roof becomes less
attractive because you have got to pay the fixed charge wherever the electricity comes from. Even if it
4065 is your own, it is a fixed charge. If you reduce the unit cost of the electricity sold, you are competing
against the micro-renewable generators because they have a cost to generate electricity. In both of
those changes, those will be unwelcome to the industry. Although, as we have heard – and I think
Deputy Ferbrache read out a letter from one of them – many of them are responsible enough to
recognise the problem and understand the position. Hopefully, in an ideal world with advances in
4070 technology, the cost of solar panels will go down, the efficiency of solar panels will go up and
eventually we may find that even with a different tariff landscape they could be competitive.

It is a very difficult area, it will be politically controversial, there will no doubt be angry letters to
the press and to each of us as changes are made. But change has to be made. It can be made
gradually, the impact can be softened, and the Employment and Social Security Committee can deal
4075 with energy poverty issues to some extent. The detail of how we do this needs to be very carefully
thought-out, but there is no doubt at all that the direction of travel is correct.

Until the new regulatory landscape is in place, we just need an interim solution that keeps
Guernsey Electricity in business, does not result in massive costs to the taxpayer, and reaches a
sensible conclusion.

4080

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

4085 I want to address a couple of points, especially the comments from the regulator that appeared on the front page of *Guernsey Press*. I think there was only one quote from Mr Byrne that was attributed in that article which said that GEL has in fact had the ability to restructure and could have done so in the past decade. I was quite surprised to read that front-page news because obviously I am on Economic Development and we are one of the sponsoring Committees and I was sure that when the policy came to the Committee that it was subject to consultation with the GCRA.

4090 I have just checked through those original committee papers that came to Economic Development in May and those papers did say that this policy has been subject to consultations with GCRA. So at this stage I have had no reason to doubt officers' integrity with this policy. From what we see presented to us today, this policy paper should have been subject to consultation with GCRA. We have not received any further comments directly from the regulator himself, so we are really basing the comments around whether we *need* to remove regulation on the pricing from the GCRA at all, based on literally one quote in *Guernsey Press*.

I think in this instance I would probably tend to agree with Deputy Inder that you should not always believe what they say in the press. Whether it was misattributed, whether there was ... I do not know what it is. But I think we need to trust that the right process has been followed and, basically, they have been consulted. In fact, I also attended a very useful tour that Alan Bates and his team organised earlier this week and also last week for the Deputies. I found it very fascinating to see all the diesel generators, the power station and to have a conversation with him.

4100 I also asked him specifically to address that comment from the regulator and he said, 'Listen, we just couldn't have'. He also sent a letter to all Deputies in the last couple of days which basically said the following: 'In a GCRA letter to Guernsey Electricity about tariff reviews, dated 17th July 2018, the GCRA Chief Executive raised concerns over the ability of the regulator to commence any price control reviews within its resource levels, thus significantly restricting any changes to tariffs.'

4105 This is the quote from that letter; and so this is what the GCRA said in 2018: 'Lack of clarity around the future of electricity regulation has been a feature of the current landscape for some time. Because of that, I do not believe the Competition Authority is in a position to commence a price control review given its current level of resources and the need to ensure the Authority fulfils its duties in the existing law appropriately. Your letter highlights the current difficulty but I am afraid I can offer you no commitment that the Authority will give consent to any requests for price changes.'

4115 So, I think this also speaks to what Deputy Parkinson just said. The regulator does not have the resources and Guernsey Electricity have engaged with the regulator over the last five years since the price controls have been removed to try to do something about it. I absolutely believe in terms of the case of the need to restructure and rebalance the tariffs, we are clearly in a transition period and energy transition is highly complex. I think there are a lot pieces that have to come together in the next couple of years. We have talked about the Energy Strategy being one of them, whether we are building another cable or investing in another power station. There are lots of things happening and I think this is an important first step. I am confident in Guernsey Electricity. They have an independent board, they regularly change their directors to provide independent oversight. They are a not-for-dividend business. They have transparent books, we approve them every year, as is on the agenda for this. So I have no reason to believe that there could be any type of predatory pricing and anyway anticompetitive behaviour will continue to be regulated by the GCRA.

4120 So I will be fully supporting these proposals.

4125 Actually, I just wanted to add one more thing. In paragraph 4.10 in the policy paper it says the following:

4130 In exercising its proposed responsibilities in respect of GEL's tariffs, the STSB anticipates that it will need to commission external assurance to assist it in determining the Company's future tariffs. The cost of ... such assurance would, quite properly, be met by the Company.

So again, we are given further assurance that any cost restructuring will have external oversight by professionals. Thank you.

The Bailiff: Deputy Blin.

4135 **Deputy Blin:** Thank you, sir.

Earlier, Deputy Charles Parkinson was speaking and as part of that process he was talking about how we are going to be changing to something but we do not quite know what it is going to be, we have to go through this process. If that is the case, this is a bit like the Education Debate where everyone is nervous that we are changing something where we have got no proof. We also do not

4140 know how long it is going to last, we do not know what all of the effects are going to be.

The whole principle that I raised for this was just the fact of independent –

Deputy Kazantseva-Miller: A point of correction, sir.

4145 **The Bailiff:** Point of correction, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I would just like to say that the Energy Policy was approved last year. So unlike the lack of education strategy, an energy policy that guides the States' decision-making is in place for the next 30 years.

4150 Thank you.

The Bailiff: Deputy Blin to continue, please.

Deputy Blin: So the whole point here is that we need independent regulation. I was just doing a little bit of research just now – and I hope I can find this – there have been various talks that if the independent regulator is not that useful or does not have the right skill to fit it around. But if you look at the skill background of the GCRA regulator, actually it is a remarkable professional going right back to working in electricity regulation in pricing, in tariffs, in international jurisdictions.

The second point that leads to then, is that if this person looks very professional on paper to me reading his profile then I think well, if it is not suitable, who would be suitable? And it just does not seem to fit. But then the other aspect leads to competition. So, if we have to go through this process to remove who is clearly a very professional regulator, who has obviously been too busy sometimes or not had resources to go instead to the STSB creating a panel or board to do this regulation which that has to be put to, that could take time. All of this could take a lot of time and meanwhile the renewable competition does not have a chance to go on.

I can tell you now and that any person who looks in the commercial aspects of business, if they are not able to do anything, what are they going to do? They are going to quit Guernsey. They are going to go and do their business somewhere else. And we are going to lose our chance. I am a great fan of Deputy Lindsay de Sausmarez with her beliefs on the environment and the plan in there, and likewise with Deputy Roffey.

4170 So what confuses me is by doing this, we are going to stop the businesses ... And I understand also Deputy de Sausmarez was mentioning about, if we open up they may cherry-pick some of the businesses. Even at the maximum capacity, it is only going to be a few percent, even if they took some of the larger ones. If anyone could challenge that I would be very surprised. (*Interjection*)

4175 **Deputy de Sausmarez:** I do not really want to extend the length of this debate but I think actually at the presentation that Deputy Blin attended, he was given a statistic – I am not sure if it is a public statistic or not – in terms of the relatively small number of consumers that contribute to a third of the revenue. So I think, actually, and given that we have to pay over the odds for each unit of electricity, it is an open door.

4180

Deputy Blin: Thank you.

Okay, so again, if we are unsure if we can state information we were given at that meeting, I understand but the numbers ... Yes, let's say the number was 40 or 50 business, I am just randomly

4185 giving a number. Of that number, even if they used solar arrays and panels and whatever it was,
they still would not be able to take that business away from GEL. It is really a small amount. But the
bigger message it gives, it is basically stopping competition. How can we then say to any businesses
that want to enter the market that we cannot tell you when, we cannot tell you when we will finish
4190 doing all of the work, but we will get back to you soon. And then of course we are now back to the
drawing board trying to plan everything.

Normally, as far as I know, all of the businesses know all their fixed costs and plans, and if they
do have to go and work harder at it then they should do so immediately, but at least give some sort
of fixed time to not stop the competition on the market.

Thank you, sir.

4195

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

I really did not want to take very much time because it is all getting very late, and really I just
4200 wanted to ask a very quick question which I think Deputy Roffey might perhaps address in his
summing up.

It was really that, because Deputy Parkinson mentioned this and it has been a concern that
people have raised. This really applies more to homeowners who have got their own generation,
that regardless of where the cost is, the more charge that is put on the standing charge as opposed
4205 to the unit charge, makes it less worthwhile to have a solar panel on your roof. I think that Guernsey
Electricity would like to increase the standing charge and reduce the unit charge.

I will be supporting the policy letter, but when this comes to STSB, what will be the approach
that STSB takes to manage that, to balance that? Because if you allow them to increase the standing
charge by a large amount, then it will reduce the finances for having homeowner generation.

4210 So it is really just a quick question for that and what STSB's approach will be during this interim
period where we have a stop-gap solution.

Thank you.

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

4215

The Bailiff: Rule 26(1), Deputy Queripel. Can those Members who are still entitled to speak in
general debate on this matter and who wish to speak, stand in their places. On that basis, I will
ignore that, Deputy Queripel. (*Interjections and laughter*) Not because it was valid but because
nobody stood. So I am going to turn to the President of the Board, Deputy Roffey, to reply to the
4220 debate.

Deputy Roffey: Thank you, sir.

I am aware we have got legislation and things and schedules to get through, so I will try to be
4225 brief. There are a few things that have been said that have to be counted, I think. There are a few
themes. Deputy Prow and, I think, Deputy Blin both reiterated that any time over the last 10 years
GEL could have changed their tariffs.

I do not want to use unparliamentary language here, because ... The three Presidents wrote to
all Members saying that that was not the case. Deputy Ferbrache and I have told the Assembly
today that that is not the case. The CEO of GEL has sent an email to all Members saying that is not
4230 the case. If we are simply disbelieved, I am not sure how much further I can go in summing up other
than to say that that is not the case. So, it is a shame I think that the debate has really come down
to that, but there we are.

Deputy Prow also said that he was worried that the tariff change would hit low-income families.
That is one of my concerns as the President of ESS although, actually, you would be surprised how
4235 weak the correlation is between low-income families and low users of electricity. You look where all
the bar fires are going around in the winter and it does not tend to be in the wealthy households,

it tends to be in [*inaudible*] and places like that. But I think it is a real concern and it is one that we are going to try to tackle as well as we can.

4240 Deputy Blin says we are trying to get rid or we are trying to move on renewable companies. We are not at all. What we are trying to do is have a proper level playing field that allows all generators, whether they are renewable or non-renewable – I hope most of them will be renewable – to actually compete fairly. We are not in a position to do that at the moment and open up the market. The best way to encourage competition is to open up the market, but you can only do that if you create the level playing field first.

4245 I suppose the other common theme was, well, this is a dreadful move away from independent regulation into the STSB doing it. It is actually quite odd, because it is only really in two places, in Post and Electricity that we did that. The STSB are not that deeply involved with those two companies – because that is what they are now, they are companies, they are off to one side, and all we have is the shareholder arrangement.

4250 And yet, those other businesses that we actually direct ourselves, that we are responsible for, like Guernsey Water, like the Ports, you are quite happy for us to set the charges! And yet, if anywhere they should be removed from, it should be setting prices in the undertakings that we effectively run, because we form their boards. So I really do not quite get the logic.

4255 However, I do agree very much with Deputy Dyke that the STSB, going forward, should not do this. Not because GEL is States' owned, but because we are going to get to a position where they are going to be one player in a multifaceted market. That is why we need a form of independent regulation. That is why we are all waiting with bated breath for Economic Development – it is a complicated task – to bring forward, when they can, a new system of regulation for this new world order. And I cannot conceive that the STSB will be the regulator in those circumstances, it is going to be an independent regulator. But it will be under a very different law and a very different set of criteria than the old one which got switched off because it was not fit for purpose. That is the point. There is no point in trying to resurrect that.

4260 The other theme that came out it is how come we did not know, to use a colloquialism, that GEL was a bit of a basket case in terms of its level of indebtedness. Well, I do not know why you do not know. I know when I stood against Deputy St Pier and I stood up here, I emphasised it *really* strongly. I know when I have made update statements on behalf of the STSB, I have really emphasised it. I know you have got a set of accounts to discuss, hopefully in three weeks' time, that really emphasise it. Nobody has been trying to keep it under a bushel.

4270 I am not going to give way, simply because ... I would very much like to give way to Deputy Trott but we need to get on.

4275 We keep saying that they used to have large sums of money accumulating for capital investment. But it has swung to the other end of the spectrum now. It has swung *far* too far and it is mainly through capital investment that they have not been able to recover through their charges. And we are at the point that if there is a new – I know we are not allowed to build a new housing estate anywhere now, because nobody wants any houses anywhere, but they want the housing problem solved. But, if we built a new housing estate and GEL wanted to put a new substation somewhere, they are having to say 'I do not think we can do this. We're going to have to try to manage without. We just do not have the money without breaching our covenant.' That is the point we have reached.

4280 Deputy Dudley Owen said, if that is the case – and she is absolutely right – why was this not brought years ago? I have to apologise that this was not brought several years ago. Not my fault, I apologise generically and vicariously on behalf of the organisation. I joined STSB as a foot soldier 18 months ago and I did not really realise at first that this was the situation, and I became President 10 months ago was the election or whenever it was, nearly 11 months ago now; and, yes, we had to get a tripartite agreement between three Committees to bring this forward. But of course this should have been done. This is a typical States' situation where something has been left far too long. And I apologise to the Assembly that it must look as if they got a gun to ... Well, they do have a gun to their head, but I never wanted it there, it simply *is* there.

I think that is most of the points. Deputy de Lisle, though, said that this was all *anticompetitive* and that there was a fear out there that the tariffs would be adjusted to see off competitors. I stressed in my opening speech that that cannot happen.

There still is Guernsey's Competition Law and it is still under the independent aegis of the regulator. It means that he can step in whenever there is anticompetitive use of tariffs to try and achieve market dominance and squeeze out other parties. So that is quite clear. He said it is *not* – and I think Deputy Gollop was saying this as well – in the interest of the consumer. I will tell you, sir, what would not be in the interest of the consumer. It would not be in the interest of the consumer if Jersey Electricity were to take the top 30 large customers from Guernsey Electricity, being able to use our grid for next to nothing and being able to undercut us therefore in charges. Because they would not want to take Mrs Le Page. So Mrs Le Page would have to pay a darn lot more than she is now for her electricity, because we had failed to protect her from that sort of action. *That* is what is not in the interest of the consumer.

Deputy Matthews, nearly finally, I think, what would be the attitude of STSB. Sadly, the attitude of STSB has to be to implement the policy of this Assembly, which is to have fair tariffs that reflect the costs involved. And it will make the payback periods – I tried to explain at the beginning – I *know* it will make the payback periods on things like photovoltaics on roofs longer than it is at the moment. But for the reasons I explained at great length at the beginning, I do not think that is avoidable.

I do not agree with Deputy Helyar that buying certificated renewable energy does nothing for our carbon emissions. The point is you can only take so much *out* of a pool that is put *into* the pool, in exactly the same way that, if there was a huge array at the airport that Deputy Parkinson wants to see that was fed into the grid, the fact that we would not be able to prove that everything being taken out of the grid was actually from there rather than from somewhere else. It is the amount that it is put in that counts that is renewable, and they can only certify the amount of electricity going out. So I disagree with him over how realistic that actually is.

Sir, I would actually like to talk about lots of things here, but I do not think I can because of the time. But clearly this famous meeting that I do not even know anything about that Deputy Helyar was obviously *very* narked over that he was not allowed to go to ...

Look, it is half past six. We all want to go home, we have got legislation to pass. I think we all know we *have* to do this. And it is actually the right thing to do, and it is a pragmatic way forward. And if the three Committees have looked at this in depth, and we cannot find another practical way to bridge the gap between now with our switched-off system of independent regulation, the need to open up the market, the need to rebalance the tariffs, and when Economic Development comes forward with a new system for the brave new world.

So I really hope that everybody, if they are responsible, will vote in favour of this.

Sorry, just one thing – Shakespeare. I do not do music. 'To be or not to be'. I do not really mind - in the Propositions, that is.

If people feel that that is too much of a restriction on Guernsey Electricity and you do not want to vote for 2(b), we are really easy over that.

The Bailiff: Members of the States, there are three Propositions. Deputy St Pier wants to be able to record his abstention but we might, if you will let me, we will do it how we did it earlier, which is standing in places rather than having particular roll calls. Are you satisfied with that, Members of the States? Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried.

So, who wants Proposition 2 to be subdivided into three sub-Propositions? Any request for that? In that case, in respect of Proposition 1 first, I have a list of those Members who are not present in

the Chamber at the moment, so we will record those 10 Members as absent. Who wishes to vote against Proposition 1? (*Interjection*)

There was a recorded vote.

Carried – Pour 21, Contre 7, Ne vote pas 1, Absent 10.

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Moakes	Deputy Blin	Deputy St Pier	Deputy Leadbeater
Deputy Murray	Deputy de Lisle		Deputy Prow
Deputy Parkinson	Deputy Dyke		Alderney Rep. Roberts
Deputy Soulsby	Deputy Mahoney		Alderney Rep. Snowdon
Deputy Trott	Deputy Helyar		Deputy Bury
Deputy Aldwell	Deputy Taylor		Deputy Cameron
Deputy Falla	Deputy Oliver		Deputy Gollop
Deputy Gabriel			Deputy Inder
Deputy Haskins			Deputy Meerveld
Deputy Le Tocq			Deputy McKenna
Deputy Brouard			
Deputy Burford			
Deputy de Sausmarez			
Deputy Dudley-Owen			
Deputy Fairclough			
Deputy Ferbrache			
Deputy Kazantseva-Miller			
Deputy Matthews			
Deputy Queripel			
Deputy Roffey			
Deputy Vermeulen			

The Bailiff: So that is seven, which means that I declare Proposition 1 ...

4340 Who wants to abstain? I do apologise, Deputy St Pier. One abstention. But that is still carried because there is a majority of Members who have not stood up.

Proposition 2, who wishes to vote against? So it is the same seven Deputies.

There was a recorded vote.

Carried – Pour 21, Contre 7, Ne vote pas 1, Absent 10

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Moakes	Deputy Blin	Deputy St Pier	Deputy Leadbeater
Deputy Murray	Deputy de Lisle		Deputy Prow
Deputy Parkinson	Deputy Dyke		Alderney Rep. Roberts
Deputy Soulsby	Deputy Mahoney		Alderney Rep. Snowdon
Deputy Trott	Deputy Helyar		Deputy Bury
Deputy Aldwell	Deputy Taylor		Deputy Cameron
Deputy Falla	Deputy Oliver		Deputy Gollop
Deputy Gabriel			Deputy Inder
Deputy Haskins			Deputy Meerveld
Deputy Le Tocq			Deputy McKenna
Deputy Brouard			
Deputy Burford			
Deputy de Sausmarez			
Deputy Dudley-Owen			
Deputy Fairclough			
Deputy Ferbrache			
Deputy Kazantseva-Miller			
Deputy Matthews			
Deputy Queripel			
Deputy Roffey			
Deputy Vermeulen			

The Bailiff: And in relation to Proposition 3, which is to direct the preparation of such legislation as may be necessary to give effect to the above decisions. Is there any Member who wishes to vote against Proposition 3? (*Interjections*)

4345 But Deputy Helyar did not stand, is that right? So, thank you very much. And Deputy St Pier do you wish to record an abstention? So we will do Deputy St Pier for 1, 2 and 3.

There was a recorded vote.

Carried – Pour 22, Contre 6, Ne vote pas 1, Absent 10

POUR

Deputy Moakes
Deputy Murray
Deputy Parkinson
Deputy Soulsby
Deputy Trott
Deputy Aldwell
Deputy Falla
Deputy Gabriel
Deputy Haskins
Deputy Le Tocq
Deputy Brouard
Deputy Burford
Deputy de Sausmarez
Deputy Dudley-Owen
Deputy Fairclough
Deputy Ferbrache
Deputy Kazantseva-Miller
Deputy Matthews
Deputy Queripel
Deputy Roffey
Deputy Vermeulen
Deputy Helyar

CONTRE

Deputy Blin
Deputy de Lisle
Deputy Dyke
Deputy Mahoney
Deputy Taylor
Deputy Oliver

NE VOTE PAS

Deputy St Pier

ABSENT

Deputy Leadbeater
Deputy Prow
Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Bury
Deputy Cameron
Deputy Gollop
Deputy Inder
Deputy Meerveld
Deputy McKenna

The Bailiff: I will declare all three Propositions carried but we will make sure the voting record reflects the individual Members' wishes.

4350 Members of the States, if you will bear with us, there are some pieces of legislation that it would potentially be desirable to deal with and then we will do the Schedule for Future States' Business and all the other business will be deferred to the meeting at the end of this month.

LEGISLATION LAID BEFORE THE STATES

**The Building (Guernsey) (Amendment) Regulations, 2021;
The Customs and Excise (Safety and Security) (Bailiwick of Guernsey)
(Amendment) Regulations, 2021;
The Immigration and Social Security Co-ordination (EU Withdrawal)
(Bailiwick of Guernsey) Regulations, 2021**

The Bailiff: So the first thing, Greffier, is can you read the three Items that are being laid?

4355 **The States' Greffier:** The following legislation is laid before the States: number 52 of 2021, The Building (Guernsey) (Amendment) Regulations, 2021; number 61 of 2021, The Customs and Excise (Safety and Security) (Bailiwick of Guernsey) (Amendment) Regulations, 2021; number 66 of 2021,

The Immigration and Social Security Co-ordination (EU Withdrawal) (Bailiwick of Guernsey) Regulations, 2021.

4360

The Bailiff: We will simply note that those three pieces of legislation have been laid before this meeting. There has been no motion to annul any of them.

We are going to skip over the amendments to the Court of Appeal (Guernsey) Law, 1961. But we are going to take the six financial services related items if we could. So, we will call the first one, please, Greffier.

4365

LEGISLATION FOR APPROVAL

POLICY & RESOURCES COMMITTEE

8. The Insurance Business (Bailiwick of Guernsey) (Amendment) Ordinance, 2021 – Proposition carried

Article 8.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Insurance Business (Bailiwick of Guernsey) (Amendment) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article 8, the Policy & Resources Committee, The Insurance Business (Bailiwick of Guernsey) (Amendment) Ordinance, 2021.

The Bailiff: I understand it is going to be Deputy Helyar who is going to open on this but also explain about the other five measures as well.

4370

Deputy Helyar: Sir, thank you.

Apologies, I am going to deal with this in haste because I am aware some Members have somewhere that they need to be very urgently.

4375

Items 8, 9, 10, 11, 12 and 13 are all part of a major revision of our regulatory framework, which commenced – I think the States' Resolution was in 2015 – but it commenced several years before that under the auspices of the previous Director-General of GFSC.

What these amendments do, in effect is to bring together and harmonise legislation across the insurance industry, the fiduciary industry, Protection of Investors Law and the Banking Supervision (Bailiwick of Guernsey) Law. Part of that was to harmonise, in particular, enforcement powers, strip them out and put them into a separate piece of legislation. It enables them to be more amenable to amendment going forward.

4380

It enables us to be more fleet of foot in their amendment and it harmonises, as I said, the provisions for enforcement powers for regulatory oversight and to ensure that these are effectively the same across different sectors. In the past they were very different. The laws were quite difficult for practitioners to apply because the Protection of Investors Law, for example, dates back to 1987 and there have been dozens of amendments of that legislation, in the meantime, very difficult for people to use.

4385

So, I am only with the consent, sir, through you on behalf of Members, going to make one speech, effectively, in connection with all six items because there is really nothing to add. The first two are an amendment by Ordinance of the Insurance Business Law and the Insurance Managers and Insurance Intermediaries Law.

4390

4395 Item 10 is an amendment of the Fiduciary Law, which is a new law brought in by Commencement Ordinance. There will be a technical amendment to that one, which is just being circulated at the moment. That will be brought by Her Majesty's Procureur when we get to that item.

Item 11 is Protection of Investors Law, which deals with the issue of securities and the regulation of administrators and also of investment funds.

Item 12, as I have said, is the area in which enforcement powers have been stripped out of the other parts of the legislation and put into a separate piece of legislation going forward.

4400 Item 13 is banking supervision.

I am happy to answer questions on any of the individual items as we go through them but there really is not much more to say, so I shall sit.

Thank you, sir.

4405 **The Bailiff:** I do not see anyone rising in respect of the item that has been called, which is The Insurance Business (Bailiwick of Guernsey) (Amendment) Ordinance, 2021. It runs to 232 pages. I am simply going to put it to you *aux voix*, Members. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.
Greffier.

POLICY & RESOURCES COMMITTEE

9. The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) (Amendment) Ordinance, 2021 – Proposition carried

Article 9.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) (Amendment) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

4410 **The States' Greffier:** Article 9, the Policy & Resources Committee, The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) (Amendment) Ordinance, 2021.

Deputy Helyar: Sir, I have nothing to add to my former speech, thank you.

4415 **The Bailiff:** Again, I do not see any Member rising. This one is a bit shorter, it is only 230 pages. I am simply going to put this draft Ordinance to you for approval, Members of the States. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.
Next item, please, Greffier.

POLICY & RESOURCES COMMITTEE

10. The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) (Commencement) Ordinance, 2021 – Proposition carried

Article 10.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) (Commencement) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

4420 **The States' Greffier:** Article 10, the Policy & Resources Committee, The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) (Commencement) Ordinance, 2021.

The Bailiff: Madam Procureur, there is an amendment.

[Amendment](#)

In the preamble for "section 70" substitute "section 64".

4425 **The Procureur:** Sir, yes there is. I am happy to read it, sir. It is very short, it simply says:

In the draft Ordinance entitled "The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) (Commencement) Ordinance, 2020" (Article 10 of Billet d'État No. XVII of 2021):

In the preamble for "section 70" substitute "section 64"

It is just a typographical error, sir.

The Bailiff: Mr Comptroller, do you second that?

The Comptroller: I do, sir.

4430

The Bailiff: I simply put that amendment to you, Members ... Deputy Trott, you wish to speak on the amendment?

Deputy Trott: No, I just wanted to rise and apologise to the Assembly for missing it, sir.

4435

The Bailiff: It was not just you. It is the Legislation Review Panel that has missed it. This is an amendment to correct a typographical error, proposed by the Procureur, seconded by the Comptroller. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that amendment duly carried.

4440

Is there any debate on the Commencement Ordinance as amended? No. In that case I will put that draft Ordinance to you as amended, Members. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried. Greffier.

POLICY & RESOURCES COMMITTEE

**11. The Protection of Investors (Bailiwick of Guernsey)
(Commencement) Ordinance, 2021 –
Proposition carried**

Article 11.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Protection of Investors (Bailiwick of Guernsey) (Commencement) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article 11, the Policy & Resources Committee, The Protection of Investors (Bailiwick of Guernsey) (Commencement) Ordinance, 2021.

4445

The Bailiff: Once again, I do not see any Member rising, so I simply put the approval of that draft Commencement Ordinance to you. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.
Greffier.

POLICY & RESOURCES COMMITTEE

**12. The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey)
(Commencement) Ordinance, 2021 –
Proposition carried**

Article 12.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) (Commencement) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

4450

The States' Greffier: Article 12, the Policy & Resources Committee, The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) (Commencement) Ordinance, 2021.

The Bailiff: No debate on this one again. Members of the States, those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.

POLICY & RESOURCES COMMITTEE

13. The Banking Supervision (Bailiwick of Guernsey) (Commencement) Ordinance, 2021 – Proposition carried

Article 13.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled "The Banking Supervision (Bailiwick of Guernsey) (Commencement) Ordinance, 2021", and to direct that the same shall have effect as an Ordinance of the States.

4455

The States' Greffier: Article 13, the Policy & Resources Committee, The Banking Supervision (Bailiwick of Guernsey) (Commencement) Ordinance, 2021.

The Bailiff: Again, nobody is rising. Those in favour; those against.

Members voted Pour.

4460

The Bailiff: I declare that duly carried.

Members of the States, we will defer all other matters on the Billet at the moment, except we cannot defer the Schedule for Future States' Business. So, can we just announce that, please, Greffier.

POLICY & RESOURCES COMMITTEE

18. Schedule for Future States' Business – Proposition carried

Article 18.

The States are asked to decide:

Whether, after consideration of the attached Schedule for Future States' Business, which sets out items for consideration at the Meeting of the 29th September, 2021 and subsequent States' Meetings, they are of the opinion to approve the Schedule.

4465

The States' Greffier: Yes, Article 14, the Policy & Resources Committee, Schedule for Future States' Business.

The Bailiff: There is nothing to add. Any debate on this? I will simply put that ...
Deputy St Pier.

4470

Deputy St Pier: Sir, merely to note that the Schedule does not make provision for anything that might be an appendix report and I believe that something like the Legal Aid Report is potentially an appendix report, which otherwise Members will not be aware of until the Agenda comes out, by which time it will be too late if people wish to have it debated.

4475

The Bailiff: Deputy St Pier, they will see the appendix reports on the face of the Billet when the Billet is published, potentially on Monday now, as I do not think we will get it out tonight. Therefore, there will be the opportunity to consider that and whether there will be any motions to debate before the Agenda actually appears shortly before the next meeting.

If there is no further comment ...

Deputy Gabriel.

4480 **Deputy Gabriel:** Sorry, sir, it might be a point of correction. I am sure I heard the Greffier call out Item 14 and I believe we are on Item 18 on my electronic version.

4485 **The Bailiff:** Well, yes. That is the difference between paper and electronic, isn't it? It is the last item, yes. I am simply going to put to you, Members, the Schedule for Future States' Business and ask whether you are minded to approve it so that we can prepare the Billet. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.

Can I just thank you for rushing through these things at the end. But at least it means there is slightly less to deal with at the next meeting.

4490 I will now ask the Greffier to close today's meeting and wish those who are going to get wet, well. *(Laughter)*

The Assembly adjourned at 6.35 p.m.