



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 25th May 2022

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Present:

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Law Officers

M. M. E. Pullum, Q.C. (H.M. Procureur)

People's Deputies

S. E. Aldwell	J. P. Le Tocq
C. P. A Blin	M. P. Leadbeater
A. H. Brouard	D. J. Mahoney
Y. Burford	A. D. S. Matthews
T. L. Bury	L. J. McKenna
A. Cameron	C. P. Meerveld
D. de G. de Lisle	N. G. Moakes
H. L. de Sausmarez	R. C. Murray
A. C. Dudley-Owen	C. N. K. Parkinson
J. F. Dyke	R. G. Prow
S. P. Fairclough	L. C. Queripel
S. J. Falla	P. J. Roffey
P. T. R. Ferbrache	H. J. R. Soulsby
A. Gabriel	G. A. St Pier
S. P. Haskins	A. W. Taylor
M. A. J. Helyar	L. S. Trott
N. R. Inder	S. P. J. Vermeulen
A. Kazantseva-Miller	

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

Deputy J. A. B. Gollop (*indisposé*); Deputy V. S. Oliver (*absente de l'île*)

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States of Deliberation

*The States met at 9.30 a.m. in the presence of
His Excellency Lt Gen Richard Cripwell, C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

CONVOCATION

The States' Greffier: Billet d'État IX of 2022. To the Members of the States of the Island of Guernsey, I hereby give notice that a Meeting of the States of Deliberation will be held at the Royal Courthouse, on Wednesday, 25th May 2022, at 9.30 a.m. to consider the items listed in this Billet d'État, which have been submitted for debate.

Statements

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

General update – Statement by the Committee for Employment & Social Security

The Bailiff: Good morning, Members of the States.
Without further ado, we will turn to the first item of business which is an update Statement from the President of the Committee for Employment & Social Security. Deputy Roffey, please.

Deputy Roffey: Thank you, sir.
I am going to start with housing, which is undoubtedly the biggest issue facing the Island at the moment, but I will confine my remarks to affordable housing, in line with my Committee's mandate. To clarify, that mandate is for affordable housing in the legal sense. This includes social rental housing, key worker housing and specialised housing, as well as intermediate housing such as the Partial Ownership Scheme. It does not include housing that people might find affordable in the private sector.
At the end of March, well over 500 applicants were on the waiting lists for either social rental or partial ownership housing. And on top of that, there is a predicted requirement of an additional 150 key worker housing units over the next few years. On top of that, we need to build a number of

specialist housing facilities along the lines of the successful Le Vieux Jardin design. Taking all of this into account, we need well over 600 – probably closer to 700 – units of affordable housing just to meet current demands. However, it is obviously prudent to plan to meet the projected housing requirement needs too.

As I have said on a number of occasions, we are going to need at least 1,000 additional affordable housing units over the next five to 10 years. There are no quick fixes. But the Committee, together with our development partner, the GHA, and with financial support from P&R, is working hard to accelerate the development of existing sites and to secure additional sites to create a pipeline of new affordable housing for the future. I cannot give a comprehensive update of all the sites that the Committee is currently actively pursuing, due to commercial sensitivities. But I can update Members on progress in relation to three sites which have already been acquired.

Planning permission has been received by the GHA for La Vielle Plage at L'Islet. This specialist housing development will provide 14 units for adults with learning disabilities. It is hoped that work will start on site in Quarter 3. A planning application for Phase 1 of the development of Fontaine Vinery has been submitted and it is expected that it will be published by the DPA soon. If approved, Phase 1 will provide 91 units of housing. I am really excited by the plans for this site, which place a real focus on improved travel options and amenity value for future residents, as well as making significant inroads into meeting the Island's affordable housing requirements.

A concept design is being prepared for Parc Le Lacheur, which is what Kenilworth Vinery site will be known as in the future. Although the exact numbers have yet to be confirmed, the site has a potential yield of 135 units, plus another specialised housing facility. And I know the GHA is hoping to submit a planning application this summer. In addition, the Committee is working closely with the GHA on designs to infill some areas within existing affordable housing sites, and on estate redevelopment options, and pursuing the acquisition of a number of other private sites, as well as seeking permission to utilise some sites in States' ownership.

ESS and P&R have recently reaffirmed their in-principle decision to transfer Guernsey's public housing stock to the GHA. We have sanctioned further work to be undertaken, including a detailed stock survey and subsequent valuation with a view to developing a business case. Always assuming P&R is supportive of that business case, my Committee will try its best to submit the policy letter for debate before the end of this year. If the transfer goes ahead, I stress that the States will retain full strategic and policy responsibility for housing. GHA would simply have the operational responsibility for housing service delivery.

Moving on, there is no doubt that the current steep increase in the cost of living is causing hardship. While Guernsey has not suffered the massive spike in energy costs which the UK has seen, it is well documented that accommodation here is amongst the least affordable in Europe. That is one reason why I am so keen to see a significant increase in affordable housing. In the meantime, the main way the States can help is through Income Support. It is there to help anyone who is struggling to make ends meet, whether or not they are in work. I urge anybody in any doubt over whether they qualify to apply and find out.

The usual uprating policy for Income Support is to increase requirement rates by RPIX. My Committee intends to propose that again this year, but there are also likely to be some other adjustments to reflect recent research on Guernsey's minimum income standards. The other major way we would like to be able to help low-income households is by restructuring the Social Security contribution system as part of the tax reform package. The introduction of an Income-Tax-style personal contribution allowance would go a long way to ease the burden on the less well off. But this transformational change to a much fairer system really is not affordable as a stand-alone action. It has to be done in the context of a wider package which increases tax revenues in some way.

Moving on to the new Discrimination Ordinance, which is continuing to progress well. Although not a required stage in the legislative drafting process, ESS opted to carry out a technical consultation on the first draft of the Ordinance. This was specifically targeted at people with employment or discrimination legislation expertise, or who had a special interest in the Ordinance, such as those who represent stakeholders who will have specific responsibilities under the Law, or

who represent a ground of protection. In response to calls from other members of our community, the Committee later decided to publish the draft Ordinance in the interests of transparency. I must stress that the consultation specifically did not relate to the policies underpinning the legislation because these had already been agreed by successive States' Assemblies in July 2020 and November 2021. The technical consultation closed at the end of February and proved a very worthwhile exercise. The Committee has now considered the feedback received and has given further drafting instructions to the team at St James' Chambers.

We will be advising various groups of those changes over the next month or so, including a presentation to States' Members. The Ordinance is currently on track to return to the States at the end of September. Our training and guidance partners are getting ready to make training sessions and materials available from Quarter 4 of this year. At the same time, the Employment Relations Service will undergo a soft launch and modest expansion to become the Employment and Equal Opportunities Service. We are also planning to publish a comparison between the Guernsey and Jersey discrimination legislation prior to the Guernsey Ordinance being submitted to the Legislation Review Panel.

Sir, the Committee has been really pleased to welcome and support displaced Ukrainian residents who have now arrived in the Island under the Family and Extension Visa schemes. We have received a handful of Income Support claims so far, which have already been processed, enabling the recipients to access the financial support that they need. Key documents explaining our relevant services have been translated into Ukrainian and our staff are following process flows that have been developed across Committees to ensure that they can signpost Ukrainian nationals to the services that are available to them. My Committee also supports the introduction of a further tailored sponsorship scheme with criteria that acknowledge Guernsey's circumstances to ensure that we can manage capacity locally.

For example, demand on both social and general housing in Guernsey currently far exceeds supply. As such, the Committee has suggested that any sponsorship scheme should be tailored so that Guernsey can support displaced Ukrainians in a way that does not risk increasing those housing pressures. Unemployment has been relatively stable over the last three months, with small reductions seen since February. The number of jobseekers without work as of 30th April 2022 was 292. That is a really positive indicator of the health of our economy after what have been very challenging times. But of course the other side of the coin is that the Job Centre has promoted 469 job adverts on its website this month, which indicates that many employers are still struggling to recruit.

Finally, sir, a word on the state of our funds. The Guernsey Insurance Fund continues to operate at a loss before investment returns, with a drawdown of £6 million in the first quarter of this year. Pressure on the Fund is growing, both because of the rising numbers of pensioners and the need to increase pensions at least in line with inflation. The Long-term Care Fund is currently generating a surplus but that situation is forecast to worsen very significantly if action is not taken. That is exactly why contribution rates for both schemes are currently being incrementally increased. This is absolutely essential, but ESS would far prefer that that money were collected using a fairer contribution system which protected Islanders on low incomes.

Thank you, sir.

The Bailiff: Members of the States, there is an opportunity now to ask questions on any matter within the mandate of the Committee for Employment & Social Security.

Deputy St Pier.

Deputy St Pier: Thank you, sir.

Could Deputy Roffey provide us with an update on the progress and timing for the review and reform of Carer's Allowance?

The Bailiff: Deputy Roffey.

Deputy Roffey: I am afraid I cannot, sir, in the sense that we would – I think it is pretty much the same as the last time the question was asked – we would very much like to be able to do this. Clearly we have been asked to prioritise our workstreams alongside the Government Work Plan. The States will decide at the end of this month what should be prioritised in our workstreams. At the moment, as I understand it, that is not one of the top priorities. But we would certainly, when the resources are available, like to get on to exactly that.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.
I have had concern from the public about the proposal to transfer public housing stock to the GHA. In that the housing has been paid for by the people of Guernsey with rental to the States of £20 million, all of which the public do not want to lose. The question – is the public being consulted with respect to this proposal?

The Bailiff: Deputy Roffey.

Deputy Roffey: Yes, I think there are two aspects to the potential transfer of stock. One is what is in the best interests of current and future tenants. And I have to say that I believe it probably would be. But the other one is what is highlighted by Deputy de Lisle, which is the financial case. We would be losing a significant rent roll – what he has quoted as the gross rent roll, obviously after spending money on the estate, it is less than that – and I think there will be an interesting case for the States to determine whether or not it is a good financial deal for the Guernsey taxpayer.

As for being consulted, as I have said, this Assembly will make the decision. We will bring it to the States. The Billet will be published well in advance in the normal course of events and people, as they can with all big decisions, will be able to lobby their Deputies one way or the other.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.
I have listened to the President's message about social housing and not looking at the private sector. Perhaps it might be an idea to rename the Housing Action Group the Social Housing Action Group going forwards. But how can one make targets for what is needed in building houses on the Island when you do not conduct a census to work out how many redundant buildings there are in Guernsey?

The Bailiff: Deputy Roffey.

Deputy Roffey: Well, sir, there always have been redundant buildings and I am afraid there probably always will be: some of them lost in litigation over who actually owns it after people die, etc.

As for the Housing Action Group only being based on social housing, no, we have explored exactly the sort of issue that Deputy Vermeulen has mentioned, for instance the possibility of some form of penal taxation on vacant properties. That is something that P&R, as one of the players on HAG, will have to consider further.

HAG does not actually take the decisions. HAG is a clearing house for the various Committees involved with housing and that one probably sits more with P&R. But even if we were enormously successful with bringing empty houses back into use, there is no doubt that even on current population projections we have a big demand. And as will be, I think, graphically clear when the housing needs indicator comes to the States, if there is any indication that we are going to go through a big population growth, then the demand will absolutely go off the scale.

The Bailiff: Deputy Inder.

180 **Deputy Inder:** Sir, thank you. And thank you, Deputy Roffey, for your update, sir.

I have got some information from Planning and, effectively, currently in the private sector, the two-year permissions in the private sector, it is about 514 units. If all of the development frameworks come through, we have got 1,071. At the moment we have got the Fontaine and the Kenilworth combined 270 plus a number of infills, say 350. He may have answered the question in the previous
185 response, but might he agree with me that the demand for the private sector is not entirely in the gift of the Housing Action Group and is more likely to be, rather than Guernsey using carrots, it is possible that, in the next budget, Deputy Helyar and the Policy & Resources Committee might have to start using sticks to get some of these moved on. (**Several Members:** Hear, hear.)

Thank you.

190

The Bailiff: Deputy Roffey.

Deputy Roffey: We are certainly keen to see private development come on screen. We do have a degree of control over what happens with sites that are earmarked for affordable housing. HAG
195 met in the last few weeks with private developers to understand what the blocks are to their development and, yes, we can use sticks. I think there are also other things we can do to facilitate. One of the strong messages that came through was under-resourcing at the Planning Department was really holding back private developments. So I think we have to look at how we can facilitate that as well.

200 But absolutely, I regard it as a partnership between affordable housing and the general housing market. They interrelate and they impact on each other. And how we can unlock, as Deputy Inder says, all of those permissions in principle that are there for private housing is absolutely key to solving this problem.

205 **The Bailiff:** Deputy Taylor.

Deputy Taylor: Thank you, sir.

In his update speech, Deputy Roffey mentioned that numerous sites had been looked into for the provision of social affordable housing. I wonder, he did say – it might be commercially sensitive –
210 but I wonder if he could give an indication if any of those sites that had been looked into were in the southern or western parishes or if everything was going to be focused in the main centres or, as it is colloquially known, the north.

The Bailiff: Deputy Roffey.

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Deputy Roffey: Yes, very happy to confirm that some that we are actively pursuing are in the south, others in the centre and others – surprise, surprise – are in the north. So, right across the Island we are looking at sites. But obviously – Deputy Taylor is a Member of the DPA – we are going to be looking at sites that seem feasible to be used for housing under the IDP and, therefore, when
220 we are looking in the south, it tends to be sites that are in the centres because that is where we are permitted to actually build.

The Bailiff: Deputy Mahoney.

225 **Deputy Mahoney:** Thank you, sir. Thank you, Deputy Roffey, for the update.

I think he mentioned it was 500-odd people that were currently on the list for social housing. But even with the unnamed sites, or sites that are coming online, I believe there are about 500 to 600 units already earmarked for social housing on the Island. But that suggests – 500-odd people,

500 units – that we are divvying them up at one unit per person, if we are saying that we still need more units.

So could he provide an update to the Assembly on the number of family units, for want of a better phrase, that are actually seeking social housing at the moment? And he mentions, I think, 1,000 units will be required at some point in the very near future, but that would suggest – taking averages, I guess – 1,500 to 2,000 people that are actually looking for social housing right now. Could he confirm that, please?

The Bailiff: Deputy Roffey.

Deputy Roffey: Just to clarify, when I say that there are between 500 and 600 people on the waiting list – perhaps my language is slightly misleading – I mean that that is the number of applicants there are. Some of them will be single people, some of them will be couples, some of them will be families. That is the number of active applicants that there are on the waiting list. I think it is important not to exaggerate the number of sites that we do have at the moment for affordable housing.

At the moment in States' ownership we have, in phase one of the Fontaine, 91 units as the application. Yes, in the longer term when flood amelioration might happen, we might be able to do the bottom. And we are talking about roughly 135, I think, at Parc Le Lacheur. So we are talking about 225. We are way short of where we need to be, even in the most optimistic view of what the demand is going to be, going forward.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

With the spiralling cost of living and the housing crisis, the prospect of home ownership is actually becoming more and more distant to a larger and larger proportion of the population. So, actually owning a house is becoming out of reach, which places further and further importance on the availability of rental properties and social rental in that situation. Does the President believe we are paying enough attention to the rental and social rental situation on the Island, or whether actually more radical action, including market interventions, is required?

The Bailiff: Deputy Roffey.

Deputy Roffey: Personally, I am absolutely passionate about allowing people who wish to, to actually own their own homes in Guernsey, for several reasons. I think it is socially desirable and I think that it is fulfilling for people who want to do that. We will lose them to the Island if they cannot afford to do it here. Thirdly, as President of ESS, I know that in a generation or two's time, Income Support will be far more burdened if everybody is renting rather than buying, to the extent that I have made quite a pain of myself over the last few weeks trying to promote a new housing tenure which would be a footstep into full home ownership. And I hope that that can be rapidly taken forward under the market intervention work which is due to be prioritised under the Government Work Plan, if approved at the end of this month.

But the Deputy is correct, that the reality is at the moment it is really quite difficult for many people who traditionally could have got on the housing ladder. That is why both social rental, but also the partial ownership scheme, as a stepping stone up is so important and I wish that more Members of the States would realise that actually just saying, 'leave it to the private sector', is not in the current circumstances an answer. We have to provide that affordable housing. It is our responsibility.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, I was extremely pleased to hear Deputy Roffey urge Islanders who are struggling financially to apply for Income Support. I echo what he said whole heartedly. But some people have told me they do not want to do that because they are concerned the process will be too onerous and too embarrassing. My experience of working with staff at ESS over the years is that they are always considerate and compassionate and do their absolute utmost to make applicants feel at ease. So, in turn, would Deputy Roffey echo what I have just said about ESS staff in an attempt to allay the concerns of potential applicants for Income Support?

The Bailiff: Deputy Roffey.

Deputy Roffey: Of course, I do, sir. On top of that, I would say that with the drive to put more services online in the near future, it will be possible for those who choose, who find it easier to do this, to actually make applications for things like Income Support online. There will always be the option for those who prefer the personal contact to do so. As Deputy Queripel says, I believe my officers and staff are extremely accommodating in that respect, but that option will be there and I think that will make it even easier for people to test out whether or not they actually qualify for Income Support.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

I thank my friend, Deputy Roffey, for his update and with average house prices at a staggering 15-plus times average earnings, I know he agrees with me that, with an increasingly large number of families desperate to get on the housing ladder, an increased focus on partial ownership schemes continues to be both a pragmatic and increasingly important initiative. But my question to him is, should we seek to instruct the Housing Association to give a greater focus on that particular aspect of the housing solution?

The Bailiff: Deputy Roffey.

Deputy Roffey: I do not think we need to. I think they are very alive to this situation. At the end of the day, the policy still lays with my Committee, so they do have to take the policy instruction from my Committee. But we have frequent conversations with the GHA and my impression is that they are really alive to this. As I say, I think we are exploring the possibility of another intermediate housing tenure, which might even make it another route towards home ownership, other than partial ownership. But it would be wrong to give too many details of that until it has been explored and compared against other alternatives. I would love to but I keep getting in trouble for trying to push forward one particular option, so I will leave it at that.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

With house prices increasing at such a rate and the current average house price at £573,000 – which looks like a cumulative increase over the last two years of 29% – if rises continue at this rate, will young people ever be able to afford to buy their own home? And should the affordable housing for purchase be part of your mandate, or should it be being given greater emphasis?

The Bailiff: Deputy Roffey.

Deputy Roffey: As I think I have been hinting, I believe it ought to be, yes. Affordable housing in the legal sense covers social housing and intermediate housing. At the moment we have only got one intermediate housing tenure, which is the partial ownership. I believe that, in the current climate

where it is so difficult for people on really quite a good wage to access even the bottom rung of the general housing market, we should be looking at additional intermediate housing tenures that will be a route into home ownership and I absolutely pledge to the Assembly, and as those people on my Committee and other Committees I interact with know, I am absolutely driven by actually trying to do that.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

I think as many people have already identified today, we have got two crises currently on the Island. One is, of course, a housing crisis and the second is a jobs crisis. They are both intertwined, in fact. If people cannot get houses, then they cannot take jobs. If people cannot get their jobs then there are not the houses there; it just goes round and round in circles. So we have got to get a grip of this and start building houses. Businesses, when I meet them, are constantly telling me they are struggling to hire new staff (**A Member:** Hear, hear.) and that is across all sectors.

Every single sector is now affected by this. I hate to think how much tax we are losing because we are not filling vacancies. How much business, shops and restaurants are losing because we do not have people in those positions earning money and spending in our towns. So it is damaging business and it is hurting our economy. Bad news. Just listening to what people have been saying and listening to what Deputy Roffey has also said, it is good that ESS already has a number of sites set aside for social housing and I understand that the Committee wishes to secure additional land to build on –

The Bailiff: Deputy Moakes, I am afraid the time for asking a question has passed now. Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir. And thank you to the President for his update, it was very informative. I have got lots of questions on the housing issue at the moment, as every single person seems to in this Assembly.

Sir, I wonder, given that we are asking deep-dive questions about detail, I have got questions about assumptions that have been made and what projections have been done for the next decade in the building programme. Would the President be able to see his way to presenting to the Chamber, to Members in the near future so that we can have some of that more granular detail that I think would be very helpful to inform Members' understanding of where we are, where we want to be and what assumptions are being used in order to feed the housing aspirations?

The Bailiff: Deputy Roffey.

Deputy Roffey: Well, the Housing Action Group has just done that, albeit it had to be online for strategic reasons. My Committee, of course, could do it in relation to affordable housing but I am aware of my mandate's restriction. It is only for affordable housing, so it is social housing and intermediate housing. And even in that format, with all due respect to my colleagues, I think I would be nervous about talking about some of the sites that we are currently bidding to actually purchase, because land is scarce and we are not the only people that might be interested in those particular sites. But I will take the request away and discuss it with my Committee, certainly.

The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

Given one of the pressures of the cost-of-living crisis is coming from energy, could the President please update the Assembly on the progress on reviewing the very long outstanding piece of work

in connection with the Winter Fuel Allowance and ensuring that it is properly directed to those that need it in a way that is not currently the case?

The Bailiff: Deputy Roffey.

Deputy Roffey: Yes, I can do. We are going to make an initial adjustment, which is a fairly rough and ready one. I think that probably some people will lose out on the fuel allowance with respect to that and I think I am very cautious about going into detail until I am sure that they have actually been informed, because I do not think that they should learn about it through the media. And that will relate to extremely well-insulated homes that have been recently built, possibly no longer qualifying simply because they do not need it. That will loosen up some money for possibly targeting those people who need it more.

The broader piece of work, as I say, I do not want to keep going back to the Government Work Plan but I think it has been highlighted as one of the top priorities to do. Because resource has been the issue in my Department. People think that ESS has got lots of policy officers. We have probably got more than most but just about everything we do is policy and that is why. And we have not had the resource to work on this but, seeing that it is right up at the top in the Government Work Plan, I hope that we will be able to be done really in the next few months.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, just picking up on Deputy Dudley-Owen's question. I genuinely believe that it is so important for the whole Assembly to understand entirely what is going on. There seemed to be a mild rejection from the President of actually putting a plan together. We have heard all sorts of things. We have heard things about high-rise buildings in car parks, we have found out the vineries have been bought, we hear sniffs of other strategic areas which I am aware of and cannot be said in the States.

But would the President agree with me that, through the Housing Action Group, which is only a working party of Policy & Resources, that they are under obligation to give us a through-the-line plan at some point, possibly via the next stage of the Government Work Plan in a year's time? Because what we cannot do is just hear everything via slightly random stuff coming out of the media, like building 13-story blocks in the middle of car parks such as Sir Charles Frossard House, because that is not what this States was expecting.

The Bailiff: Deputy Roffey.

Deputy Roffey: I do not think anybody suggested a 13-story block. But the Housing Action Group no longer exists, they had their last meeting some days ago. (*Interjections*) Yes, well we have not had a chance to announce it yet, it has only just happened a couple of days ago. It is being replaced with a similar group, in a way, but stepping back into the normal sort of inter-Committee relations and meeting on a monthly basis to make sure that they are co-ordinated.

Obviously I am answering aside the scope of my mandate here and I am very happy to inform of everything we are doing on social and affordable housing. I would have to talk to other Presidents about whether there is scope for a ... and maybe the fact that the last time around we could only do it online when we had planned to do it in person. I think there is probably some point where the outgoing Housing Action Group members tried to have an in-person presentation to States' Members to explain exactly where we are on all of the various threads that we have been discussing over the last year. And as I have said to Deputy Dudley-Owen, I will take that back and certainly discuss it.

The Bailiff: Well, Members of the States, 20 minutes has passed. In the circumstances, because there are still Members who wish to ask questions, I will extend the period of questioning of Deputy

Roffey and the same will follow if there are lots of questions for Deputy Brouard in due course. I will always give priority to any Member who stands who has not yet asked a question over those who have previously asked a question. So, Deputy Soulsby.

440 **Deputy Soulsby:** Thank you, sir.

We hear a lot about the need for more houses, for more jobs and the need for more people to develop growth, to have more and more growth. But very rarely we hear about the importance of increasing productivity. And alongside that goes to helping our workforce be more productive and sort out mental health issues, etc. So I would like to hear from Deputy Roffey what progress has
445 been made to expand the SOHWELL initiative that I know is in the GWP and hopefully is ... I would like to know that some progress is being made.

The Bailiff: Deputy Roffey.

450 **Deputy Roffey:** I think SOHWELL has not made the progress that we would like it to have made but I do know – I have questioned the Responsible Officer on exactly this recently and I know that he is absolutely determined to make it one of his top priorities going forward. But I can only apologise that bandwidth has meant that SOHWELL has not made the progress that it ought to have done over the last year or so.

455 **The Bailiff:** Deputy Haskins.

Deputy Haskins: Thank you, sir.

The President stated near the beginning of his speech that, with key workers in mind, we will
460 need about 600 to 700 houses over the next few years. Can the President reconfirm that key workers are included in the figure he used? And can he confirm that analysis of the current key-worker demand and future demand has been modelled?

465 **The Bailiff:** Deputy Roffey.

Deputy Roffey: Absolutely. Key workers are an integral part of the affordable housing strategy going forward, for two reasons. Both because there is a desperate need for them, but secondly, I am determined that, in 14 years' time, we are not going to say, 'where do you live?', and somebody says so and then they say, 'okay, you are in social rental housing'. The developments going forward
470 are going to be mixed tenures.

There is going to be social rental, there is going to be key workers, there is going to be partial
475 ownerships and, if I get my way, some full ownerships as well and another intermediate housing scheme. So, absolutely, all of the sites we are talking about, like Kenilworth – which is Parc Le Lacheur now – like the Fontaine and the other sites we are working on, key workers will be a part of the mix.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir.

480 Does the President consider that, if there is a consistent push to increase population, we will never solve the housing crisis?

The Bailiff: Deputy Roffey.

485 **Deputy Roffey:** Yes.

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

490 Several Members have touched on the increase of house prices in the private market and, if I am not mistaken, the value of the GHA's partial ownership houses is linked to the private market. Have there been any alarm bells ringing within the GHA on people selling about 80% of a property but then the next person only buying 20% or 30%, say? Is that any cause for concern for ESS or the GHA? And has the increase in value of the properties seen a subsequent increase in value of the rental in GHA?

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The Bailiff: Deputy Roffey.

Deputy Roffey: I am not sure I fully understand the question. The partial ownership scheme is operated on GHA estates. They are not linked to that extent to the private market. People either stay permanently in partial ownership, or they staircase up to a higher percentage and move on to the private market.

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So, if you are saying is it a problem because of the high prices in the private market and people moving on, actually I can understand why that might be a fear, but actually what we have seen is quite a significant increase recently in the number of people moving on from partial ownership and freeing up those properties for new partial owners. So it may be counter intuitive but I think the scheme is simply maturing now and we are seeing that happening more.

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The Bailiff: Deputy Le Tocq.

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

Land is fairly expensive at the moment but sky is fairly cheap. Will the President be encouraging new developments to build up, particularly in places like St Peter Port?

The Bailiff: Deputy Roffey.

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Deputy Roffey: I am not the Planning Authority, obviously. But as far as I am concerned, as far as when we are talking about affordable housing, there are different types of affordable housing. I do have concerns about families with children living in tower blocks without gardens. I do not think that that is optimal. But we do have plenty of people wanting to downsize. We have plenty of key workers who do not have children. We heard a flippant dismissal by Deputy Inder. I think, actually, areas like the car park of Frossard House would be absolutely ideal for – not a 13-story – but a very significant high-rise development.

520

The Bailiff: Deputy Vermeulen.

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Deputy Vermeulen: Thank you, sir.

Given the excellent question that Deputy Haskins fielded about the key workers, would the President agree with me that it seems totally strange and alien that the person in charge of providing key workers' housing in Guernsey should decide to become a signatory to the requête not to build key workers' housing at the Princess Elizabeth Hospital? It seems incredulous.

530

The Bailiff: Just a moment, Deputy Roffey, that is not really a question that falls within the mandate of this Committee, as far as I am concerned, but –

535 **Deputy Roffey:** I am happy to answer, if you give me permission, sir.

The Bailiff: I will let you respond to it but the questions do have to fall within the mandate of the Committee, not just something that happens to relate to a topic that is broadly being discussed.

540 **Deputy Roffey:** I agree with that. The trouble is that an implication has been made about my motivation and I think, if you will give me permission I will briefly reply to it.

The Bailiff: Yes.

545 **Deputy Roffey:** If I signed any such requête, I would agree with Deputy Vermeulen. Of course, I have not. I am very keen to see key worker housing in close proximity to the PEH. Maybe not on an agricultural priority area, but that is not the only alternative.

The Bailiff: Deputy Kazantseva-Miller.

550 **Deputy Kazantseva-Miller:** Thank you, sir.

Young families are hit with a triple whammy. The unaffordable housing, them being at the beginning of their earnings potential, so not actually yet earning enough perhaps money, and also the desire to start a family and all of the costs associated with having children. We have already had

555 a falling birth rate, a continuously falling birth rate, which will have really serious implications for the long-term demographics of our Island.

Would the President share his view perhaps on the need to look into measures to support young families, whether it is through further maternity and paternity legislation, family allowances, or so on? Because we are potentially having a crisis in the making in terms of a falling birth rate and

560 young families simply are not able to have children.

The Bailiff: Deputy Roffey.

Deputy Roffey: I would hate for people who want to have children not to have children. I am

565 not sure I share the view of desperately trying to get up the fertility rate. The world population is still growing and I have got nothing against migration so long as it does not increase the population of the Island. But, as far as family-friendly housing is concerned, absolutely. One of the measures that my Committee took recently was to tell the GHA to change the policy on partial ownership, where it used to only be able to provide for, say there was a couple with no children, they could

570 only have a one-bedroom unit, or a couple with one child could only have a two-bedroom unit.

We said this is crazy. In the private sector, if people were buying a home, they would be buying for their future intentions. If they were expecting to start a family, they should be free to actually have the space to do it. So we are very much trying to facilitate those people who want to have families, but I would certainly not hold up a banner demanding that Guernsey women have more

575 children. And I think the fertility rate reflects what is happening in the western world and I think we need to adapt to it.

The Bailiff: Deputy Moakes.

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

Additional social housing certainly is required, but it will not in itself solve the housing crisis because we also need more private homes. Does the President agree with me that we need social and private housing of different types if we want to solve this housing crisis and this jobs crisis? Housing for first-time buyers, housing for families and housing for the elderly. And does the

585 President also agree with me that if we do not build more private housing, owning your own home will become unattainable to everybody?

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: I pretty much agree with all of that, apart from maybe the last bit when Deputy Moakes said, 'if we do not build more private homes'. I presume he means the Island, in which case I totally agree. Obviously it is not the States' role to build private homes. There are plenty of private developers that the market will take *[inaudible]* of itself. And I would certainly hate to see very limited States-owned sites that may be available for housing given over for private housing because I think there are, as Deputy Inder made clear earlier, plenty of sites with planning permissions and the general approval for that. So I think we should be focusing, as an Assembly, on the affordable end of the market.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir. And I thank Deputy Roffey for his presentation.

Would Deputy Roffey agree with me that, of the 500 or so applicants on the social waiting list, a proportion of those – difficult to determine, but at least a substantial proportion of those – are people who would actually want to be in private housing if they could afford it? Therefore, if we put a focus on bringing forward more supply of private houses, that would have a secondary effect of reducing the waiting list for the social housing.

Therefore would he agree with me that we as a States should listen to the developers as to why some of the bigger housing sites are not coming forward and have not been coming forward? If we could fix that problem, we would increase supply in the private market, hopefully control the increase in cost, possibly bring prices down and reduce the waiting list at the same time. So we should have a focus on what is holding back the private market (**A Member:** Hear, hear.) and we should discuss it with the developers –

The Bailiff: Deputy Dyke, that is your time, so that is your question. Deputy Roffey, please.

Deputy Roffey: I completely agree, that is why some of us on the Housing Action Group met with really all of the leading private developers recently. As Deputy Dyke is a member of the DPA, I can feedback to him that the bottlenecks and staffing shortages at the DPA was overwhelmingly the largest reason given why some of those larger housing developments have not been brought forward.

I know it is not in his gift to solve that. He needs the co-operation of the employment function of the States and even then it is difficult to find the appropriate people. But if that can be solved, I am told by the developers that would go a long way towards expediting the private developments that Deputy Dyke wants to see.

The Bailiff: It is going to be Deputy Haskins and then potentially one more question before we conclude these questions. So Deputy Haskins, please.

Deputy Haskins: Thank you, sir.

Will the President be able to share the modelling on key worker housing that he confirmed has been done with the Assembly, please?

The Bailiff: Deputy Roffey.

Deputy Roffey: The modelling has largely been done because the principal users, although certainly both Education and Home have a need for key worker housing, but the demands that I referred to really came out of the HR Department of HSC, who have been telling us that that is the type of provision they want to see.

The Bailiff: Deputy Taylor.

Deputy Taylor: Thank you, sir.

645 Apologies to Deputy Roffey because I do not think my last question was particularly clear and it might be better laid as a Rule 14 question. But the value of a partial ownership property when it is sold back to the GHA is valued by an independent, bank-approved valuer. Similarly, if you wanted to increase – is it staircasing? – the ownership within the property, you can do so in 10% chunks. So if the value of that property has increased in line with the private market ... what I am trying to get at, has that caused any issues, or has that flagged up any concerns within ESS or GHA?

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The Bailiff: Deputy Roffey.

Deputy Roffey: It is not something that GHA has raised with us as being a particular block but I suppose logic suggests that, if equity values are going up, buying a percentage of that equity is going to be a bit more expensive and more difficult than it was if they had not gone up. So I am sure that Deputy Taylor must be right to a degree.

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COMMITTEE FOR HEALTH & SOCIAL CARE

General update – Statement by the Committee for Health & Social Care

The Bailiff: Members of the States, I think because there is some other business for this meeting we will move on to the next, second general update Statement, this time on behalf of the Committee for Health & Social Care and I invite its President, Deputy Brouard, to deliver the Statement.

660 Deputy Brouard, please.

Deputy Brouard: Thank you, sir.

665 A lot has happened since my last statement at the end of 2021. The COVID-19 pandemic and its effects have kept us on our toes and we have experienced significant pressures early in the new year, with a wave of the BA.2 variant. Within the PEH, this required Critical Care capacity to be split to accommodate COVID patients and other critical care cases. Day-to-day operational pressures were exacerbated by high numbers of medical patients, delayed transfers of care and other seasonal illnesses, all of which has regrettably had an impact on our surgical waiting lists.

670 Whilst we need to remain nimble in our approach, an improvement, for the moment at least, to the position regarding delayed transfers of care has been welcomed and this has allowed us to reprioritise seven beds to support elective general surgery. Although we are all learning to live with COVID, the challenges across health and social care have been significant and staff have coped admirably with the additional pressures that this has brought to their day-to-day work, at times coping with increased additional demands to their workload, while also covering for absent colleagues. We must take this opportunity to thank, on your behalf, for their ongoing commitment and support.

675 I am pleased to say that the numbers of positive COVID-19 cases in our community is much lower as we head into the summer months and of course emergency procedures are no longer being used to manage the pandemic process. We have seen the voluntary vaccination programme continue to expand, with an offer being made to children and the Spring booster programme is now almost complete for the care and residential homes, the over-75s and immunosuppressed cohort. We continue to work flexibly as required and maintain a small team of staff as the vaccine programme continues to evolve.

680 It is a new service, never envisaged three years ago, created from scratch. Since the first dose of COVID-19 vaccine was given in December 2020, over 155,000 doses have been administered. I am sure you will agree this is quite an achievement. As we start to move our focus onto other initiatives,

with your support through the Government Work Plan, HSC – working closely with the Medical Specialist Group – are putting in place the resources needed to tackle the orthopaedic inpatient waiting list.

690 We also aim to fill specialist roles that will be essential to the delivery of phase one of our Hospital Modernisation, when this is operational. We know that, when the skills are available and other conditions are favourable, we can make inroads into the waiting lists that have accumulated due to the pandemic. A recent decision to expand our service capacity within radiology, to reduce waiting times for MRI scans, has been hugely successful and we must take the opportunity again to
695 thank our staff for going the extra mile to achieve this. But, as a marker, we know that the demand for health services will increase into the future.

We are very pleased to have received the support to progress Phase 1 of our Hospital Modernisation Programme. These initial works, which started onsite in March, will put in place critical infrastructure to support both our existing acute services at the PEH and our plans for phase
700 two of this exciting Programme. Over the next two years, we will deliver brand new critical care and post-anaesthetic care facilities to meet the demands we face, in addition to providing a range of additional enhancements, including the facilities we can provide for relatives when they are supporting their loved ones in our care.

This Programme, together with our other major transformation activity within the community
705 and our ongoing programme to replace our core patient record system, are all examples of how HSC continues to evolve and innovate to meet the demands asked of our service. We thank all Members for their support in respect of being able to undertake this transformational activity and our community for its continued understanding whilst we deliver both our core services and the changes we are making to them, all happening in parallel.

710 Since I last addressed the Assembly, we have seen the introduction of low-cost appointments for children through the redistribution of Family Allowance, improving the accessibility of health and care for under-18s. On 1st April, with your approval, the ability for Islanders to register lasting powers of attorney was introduced – a much-awaited service taken forward with the support of H.M. Greffier as part of the Capacity Law. Next month the Committee will present the
715 Commencement Ordinance for the new, soft opt-out organ donation programme, an important development locally, as we know that organ donations from one can help to save up to nine lives.

The option already exists for people to register their wishes on the NHS Organ Donation website and, whilst the Committee will continue to raise awareness of these changes, we would encourage everyone to have that important conversation with their family and friends. A Frequently Asked
720 Questions document is available on www.gov.gg for those who want to know more. Embedding a programme of health in all policies into the States of Guernsey policies should consider good health as one of the most important collective assets. Investing in healthy lives is investing in a healthy economy and a fairer Bailiwick society. I still have outstanding work to bring this to life for your Committees.

725 States' Members will already be aware that the Committee has taken opportunity to invite Mr David Gedze back to work with us, in respect of mental health services in the Bailiwick. His remit is to review and report on the progress made against the recommendations of a report he prepared for HSC in 2018, in respect of HSC's acute secondary care services, to gather feedback from stakeholders and to offer his observations in respect of the updated service mapping of mental
730 health services available across all sectors.

During the first of his return visits, Mr Gedze met with a wide range of key stakeholder groups, members of staff working in mental health services and in the third sector, together with some service users and members of the public. These discussions have continued during his second visit, which has taken place over the last few days. It goes without saying that the Committee is keen to
735 ensure that the work that Mr Gedze is completing on our behalf is robust and provides valuable feedback for us as we move forward.

I hope that all Members who wished to speak directly with Mr Gedze have taken the opportunity to do so, and please, I encourage you to get in touch with Public Health Services who are co-

740 ordinating this work, if this is not the case. The recruitment of high-quality staff across the health and social care service is a matter that is key to the maintenance of the health and well-being of Guernsey's population. Identifying accommodation for key workers is a challenge for HSC and for its colleagues in other areas of the States.

745 We rely on a workforce that includes people moving to the Island for work, bringing with them essential skills, and housing is a well-known and discussed challenge, both historically and particularly now when there is such a scarcity of affordable rental properties. While there is no single or simple solution, the identification of suitable properties or land to develop for staff accommodation – we must tackle this issue head on and at pace (**A Member:** Hear, hear.) to ensure that we have the resources available to meet the health and care needs of the population. (**A Member:** Hear, hear.) You will have the opportunity to choose, later in the year, when I understand a requête will come before us.

750 With this in mind, I would add that HSC also knows the importance of growing our own and, in addition to the now well-established student nurse programme, we have several initiatives in mind, including efforts to recruit student biomedical scientists, clinical psychologists and trainee social workers. It is always difficult within the time constraints of these statements to do justice to a mandate as broad and complex as HSC. I have not even touched on Alderney, the recent outage in IT or the important work that has been happening to review the Children Law. This remains a very busy time – evolving and under constant pressure – and I do thank you, Members, for your support.

Thank you.

760 **The Bailiff:** Once again there is an opportunity to ask questions within the mandate of the Committee and I will start with Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir. And thank you to the President for his informative update. I really do appreciate the amount of work that the Health & Social Care Committee are doing. It resonates with me in my own work on Education, Sport & Culture.

765 I wanted to ask, a maybe slightly difficult question because of this week's recent events relating to patient care records and the Trak system, and I just wondered if the President might be able to give us an update on how things are progressing in regard to finding a solution to getting that back on track.

770 Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

775 This is well outside my comfort zone of IT. I have even had to look up one of the acronyms this morning to see what it means. Apparently UAT is 'user acceptance testing'. The database was restored this morning at 1.20 a.m. and they are now about to commence user testing in that regard. Staff had been working magnificently using manual records to continue services as much as we can, but it just shows our reliance these days and the need for us to get on and crack on with the electronic patients records, which is coming through.

780 But it was one of those unfortunate issues where a piece of kit was tested and a fail-saver piece, when that piece was being tested, then allowed a spike to come through and burn a particular circuit out. That is roughly as I understand it. But we are hopefully back on track in the next few hours.

785 **The Bailiff:** Deputy Haskins.

Deputy Haskins: Thank you, sir.

790 Given the decision not to support home births, can the President explain the rationale behind this? And in responding I would be grateful if the President could give details of the number of FTEs in midwifery, both now and back in 2018 for context.

The Bailiff: Deputy Brouard, are you able to provide that detail?

795 **Deputy Brouard:** Thank you, sir.

I can provide some of it but not some of the statistics, which we can obviously provide to Deputy Haskins. The decision is one for our birthing department, as it were. They felt it was unsafe to be able to provide – and too difficult to provide – home births. Because the difficulty with home births is that you need to have staff on standby for a long period of time waiting for that particular birth. 800 So the number of staff ratchets up very quickly, that you need. And of course home births do not always go through smoothly, so then you need to go to the PEH.

Our main core activity has always been that we provide full, safe facilities at the PEH and that, in times where staffing numbers are stretched, has got to be our priority. To do a full home birth programme that everybody can rely on, I think, will require about another 12 extra midwifery staff, 805 which would be totally impractical. We have got a meeting coming up very shortly, I think, with two Deputies who want to know a little bit more about it. I would be very happy to add Deputy Haskins to that particular list and then they can speak to our head of midwifery. And I can also provide those stats for you, I think we have already had them out.

Thank you.

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The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

In his Statement, the President referred to Mr David Gedze following up on the 815 recommendations he made in his 2018 review of our mental health service. Is the President able to tell me when the report on the follow-up will be published, please? And will it be the full report and not just the summary, as was the last one?

The Bailiff: Deputy Brouard.

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Deputy Brouard: Thank you, sir.

I have got no specific date when Mr Gedze will produce his report, but the intention and the instructions from the Committee *for* HSC is that the report will be published and I understand it is being written with that in mind, so obviously some of the names of people involved, who have 825 visited, will not be in the report. So, as you will appreciate, the more that is published, the less detail or granular detail and names it will have in it. But our intention is to publish the report and Mr Gedze has been advised of that. But unfortunately I do not have a date when he will actually complete it.

The Bailiff: Deputy Prow.

830

Deputy Prow: Thank you, sir. And I thank Deputy Brouard for his Statement. As a former Member, last term of HSC, I certainly understand the huge mandate of his Committee.

Can I please refer to the National Institute of Clinical Excellence, known as NICE, year two drug implementation, aimed at getting those drugs to people who need them. Please could the President 835 of HSC provide an update and more detail, specifically around when the old policy G1033 is to be fully updated and published? And does the Committee intend to publish a more detailed summary of the year one data and to measure progress against the stated aims?

Thank you, sir.

840

The Bailiff: Deputy Brouard.

Deputy Brouard: I think that is a yes. The NICE programme – we have already got it in mind that we are expecting a report back from the first year and also how the second year is going. That is ongoing and of course we need to review it from the point of view of any future funding because we are only on temporary funding arrangements at the moment. So, yes, I am quite happy to acknowledge that we will put out more information as soon as we have it. It is part of the ... yes.

Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, sir.

I am just following on for the patient records system question. To remind Members, the previous States voted a policy letter to a patient records replacement system to the tune of between £15 million and £20 million. That was the price at the time. I wonder, in light of the IT failures that we have seen over the last five to six days, whether the President could give us an update on, (1) the roll out of that programme, and (2) the final cost of that. If he cannot do it today, I can also accept if he could give another update via email or possibly a press release, I would be grateful.

The Bailiff: Deputy Brouard.

Deputy Brouard: I am quite happy for us, as a Committee, to provide an update. I just do not have that detail. Deputy Matthews may like to ask me an interesting question which may help, as he sits on that particular sub-Committee.

Thank you.

The Bailiff: Deputy Aldwell.

Deputy Aldwell: Thank you.

The 20th to 24th June is the national learning disability awareness week and I wanted to ask the President if he would encourage Deputies to take up the workshops which are under HSC and adult community services. Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: I am very happy to endorse Deputy Aldwell's plea to those workshops. We are never too old to learn, so please, if you have an interest in that, please come along to those workshops.

The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, sir.

Many menopausal women taking HRT have some concerns about access to prescribed treatments. Can the HSC President describe the security of supply of these prescribed treatments, especially considering the current parliamentary bill proposing to make HRT prescriptions free of charge in the UK? Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

I am not going to in this speech. I would be happy to provide an email to States' Members with the information. The information has been circulated just recently from some questions from the public. So we do have all of the information but it is quite complex and it has been issued by our

Chief Pharmacist. But I am very happy to relay it to States' Members, but I will only dig myself into a hole if I start to answer that.

895 **The Bailiff:** Deputy Burford.

Deputy Burford: Thank you, sir.

I look forward to receiving some potential dates from the President about the meeting which he referred to on home births and certainly that will be an opportunity to discuss the staffing levels that might be needed to provide such a service. But in the meantime can I ask him, is he aware that
900 some women are so averse to giving birth in hospital that they may choose to birth unassisted at home?

The Bailiff: Deputy Brouard.

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Deputy Brouard: Yes, thank you, Deputy Burford, for the question.

I think I have seen five or six dates that have been put forward to Members for that particular meeting.

I am not aware of anyone who has decided to have a home birth without the support. There is a provision that we are looking at, seeing if there could be a private offering for those who particularly wish to have their birth at home. But it is not an offering that we are making as a States of Guernsey. The offering that we are making is through the Princess Elizabeth Hospital.
910

The Bailiff: Deputy St Pier.

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Deputy St Pier: Thank you, sir.

Two days ago, in the UK, the independent review of children's social care was published and one of its conclusions was that we have currently a system that is increasingly skewed to crisis intervention with outcomes for children that continue to be unacceptably poor and costs that continue to rise. For these reasons, a radical reset is now unavoidable.
920

Clearly that conclusion is not, perhaps, dissimilar to some of the challenges which are faced within our own children's social care system. So can the President reassure the Assembly that his Committee will consider the UK's independent review report, to consider what recommendations may have application here in the Island?

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The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

We have, at the moment, 52 children in care and we have had, already through the first quarter of this year, 28 care leavers have left our care services. So it is a very important issue that Deputy St Pier raises because it is one of our corporate responsibilities that we have as a collective, as States Members. I would be very happy to instruct our staff to have a look at the results from that UK study and to see how we can improve matters.
930

One matter which we keep coming back to – and it is the elephant in the room – is, I need accommodation for our care workers as well as for our nurses. (**A Member:** Hear, hear.) So please be very careful what you vote for in different things. Do not tie my hands that I cannot have the accommodation to provide the staff to provide the services that you then sit in this room and ask me for.
935

Several Members: Hear, hear.

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The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

Options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs as a workstream under the Government Work Plan. A recent community survey has been launched and completed. Could the President provide an update on the workstream to date?

Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you for the question.

Within our Committee I can. I cannot personally today. We have Members of our Committee who are on that particular working party. I have not seen the final report yet but I am sure that, perhaps, one of my Committee Members may want to interject this morning or ask a question around that area. But I have not seen the report yet from that working party.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

The President mentioned the orthopaedic waiting list without further details. Could I ask how many people are currently on the waiting list and what is the average waiting time for orthopaedic procedures? Thank you, sir.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

Very approximately, because some of these figures are slightly out of date because of the Trak system and our IT system has been down for the last week, I have managed to get these figures from April, which is a very close figure. About 2,300 people are on our waiting list for a variety of interventions. Gastroenterology is one of the larger ones and orthopaedics is the largest at about 762 patients.

To give some context, we have ... the numbers have substantially increased during the pandemic. Luckily, or fortunately, not as fast as they have in the UK. I think the UK is now at about 6 million, which would be the equivalent to us of about 6,000. So we are in a better place. It is not good. It is not good if you are on that list waiting for your surgery. But as soon as we can crack on and get the staff we need – and I go back to my last answer, I need to have the accommodation to put our nurses in to be able to provide the services that you in this Assembly demand.

Thank you, sir.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

The President has already stated that the lack of housing is a key issue when trying to recruit. To help the Assembly appreciate just how big this issue is, can the President confirm how many positions are currently vacant and what impact this is having on the provision of services, if any? Secondly, due to the demographic changes on the Island, can the President also confirm how many incremental health care workers will be required, looking ahead? Thank you.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you for that question, Deputy Moakes.

I have not got that granular detail in front of me today. I have got some basics but I can certainly ask our staff to put that information out to all Members. But just to give you one small example

here on agency staff. We have recruited, I think, 12 just recently but only four of those have been able to find accommodation. So these are these issues that we continuously butt up against. But I will get some more details out to you, thank you.

1000 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

 I wholeheartedly support the need for key worker housing. That is exactly what I hope everyone in this Assembly is extremely keen to see more of and I know especially the signatories to the requête. But anyway, can the President give us – touching on his most recent answer, in fact – any
1005 information on the current numbers of agency staff in Guernsey?

 Perhaps including insights such as how they are distributed between the health and the social care sectors. And, given his welcome reference in his Statement to the 'growing our own' programme, can he tell us what the longer-term policy is with respect to agency staff numbers?
1010 I.e. does he envisage that we will need more or fewer agency staff than now in the future?

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you. And thank you, Deputy de Sausmarez, who very kindly tipped me
1015 off. I am not really that clever to be able to remember all those things, so very kindly she has put them down.

 The number of agency staff we have on-Island at the moment is 144; 12 in progress but only four of those have got accommodation sorted. The number approved but not yet recruited to is 18, including two for Alderney. The split of the number of agency workers in acute and the number in
1020 community is 70 acute and 61 adult and 13 children. That makes the total 144. To give some idea of the figures, back in November 2019 the number of agency staff was 111. Of course as I have just mentioned now, I have got 144 in place at the moment.

 I think that reflects not only the increasing demand, but the pandemic. Of course some of our nurses that we had have gone back home to their original countries. We have also got, of course,
1025 issues over accommodation which makes it more and more difficult for staff to come and find accommodation, hence we have to find agencies and we have them in hotels and in self-catering and other areas. I think the question Deputy de Sausmarez asked at the last bit was about the long term. Long term we would love to have more of our staff living permanently on the Island rather than using agency. However, I can see that demand will continue to increase for services. People
1030 will want to have –

The Bailiff: Deputy Brouard, I am afraid the time for a reply is up.
Deputy Matthews.

1035 **Deputy Matthews:** Thank you, sir.

 Would the President agree with me that the electronic patient records system is progressing reasonably well? It is currently in the discovery phase – (**A Member:** Still.) It is still in the discovery phase ... well it is about to move into implementation but the main focus of discovery is to look at the approach to integration between the two providers, between Serverlec and IMS. Would the
1040 President also agree with me that the new patient record system will sit on a new environment? It will not be on the current environment that Trak is running on.

The Bailiff: Deputy Brouard.

1045 **Deputy Brouard:** Thank you very much, Deputy Matthews, for that very interesting question and I totally agree with whatever he said. (*Laughter*) Thank you very much.

The Bailiff: Deputy McKenna.

1050 **Deputy McKenna:** Thank you, sir.

Deputy Brouard, in Home Affairs we have been researching into the devastating risks of vaping. Vaping causes bronchiolitis obliterans which is a serious and irreversible lung disease. In these e-cigarettes there is diacetyl – there are two other components as well – but the users are exposed to this every time they vape. When this is inhaled, bronchiolitis obliterans occurs, which is also known as ‘popcorn lung’ ... This is the new epidemic that is coming to the whole of the United Kingdom, if not the globe. Popcorn lung is a scarring of the tiny air sacs where it restricts the narrowing of the airways and is irreversible. Popcorn lung causes a shortness of breath which is COPD, Chronic Obstructive Pulmonary Disorder. It is – the question is coming. Home Affairs is –

1060 **The Bailiff:** Sorry, Deputy McKenna, you have run out of time to pose it (*Laughter*) –

Deputy McKenna: Well –

The Bailiff: It really is simple, Members –

1065 **Deputy McKenna:** Okay.

The Bailiff: Keep an eye on the clock. Ask your question before the time is up. I am sorry, the Rules are the Rules, Deputy McKenna. Deputy Haskins.

1070 **Deputy Haskins:** Thank you, sir.
Can the President confirm that the number one factor affecting employment is housing?

The Bailiff: Deputy Brouard.

1075 **Deputy Brouard:** That is quite a difficult question, actually. Employment will have a myriad of factors. What the Committee, that the States put in place for Health, decided very early on in our term was that one of the main influences we have is housing for our staff.

1080 So housing is a very important part of the complex, but it is also job satisfaction, the place of the Island – how close you are to your relatives – the amount of salary that is paid and how that relates to other places around the world. Because of course we are not just competing locally, we are competing internationally for quality staff to come and support us. Going back to your question, I think it is one of the major factors. If you cannot find somewhere to live, you are not going to be here. So, yes, absolutely.

1085 **The Bailiff:** Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

1090 Would Deputy Brouard agree with me that John Henry Court and the Princess Elizabeth Hospital campus is the best enabler that we have for recruitment and retention of nurses and that another building of the same scale on that site would hugely increase our attractiveness to those type of key workers?

Thank you.

1095 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you very much, Deputy Leadbeater.

Absolutely. John Henry Court is oversubscribed, we could fill it twice over. We have the facilities. The area of land around the PEH site has been earmarked for development from the point of view

1100 of hospital expansion over the next century. So we do have an opportunity to put some key worker housing where the key workers want it. They do not want to be living at Vazon and working at the PEH if they are here on a short-term contract. So it is very much, sir, that we need to try and put it as close to, or preferably on, the PEH site. (**A Member:** Hear, hear.) So yes, I absolutely agree.

Thank you.

1105

The Bailiff: I should have said, Members, that I am similarly extending the period of questions to the President of the Committee for Health & Social Care. It will probably be to no later than about 11.05 a.m. Deputy Trott next.

1110

Deputy Trott: Thank you, sir. I thank my friend, Deputy Brouard, for his update. Sir, has the President any comments on vaping and so-called popcorn lung?

The Bailiff: Deputy Brouard. (*Laughter*)

1115

Deputy Brouard: To be honest, I do not. I had ... the last evidence that I read about vaping was that it was better than smoking – if you were smoking, that you would be better to move to vaping. I have got no comments to make but I am very happy to ask our Health Improvement Commission, who look after our Quitline too and things of that sort, to see what we can find out about it. But thank you, it is something that has been raised that I have got very little information on.

1120

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

1125

Could the President of Health & Social Care let me know if any professional medical advice was sought from the Chief Medical Officer before his Committee took the decision to put legalisation of cannabis back in the Government Work Plan?

The Bailiff: Deputy Brouard.

1130

Deputy Brouard: Thank you.

Interesting question. This States – or previous States – put into the mandate, or the jobs to do, the looking at cannabis with regard to legalisation or decriminalisation. We have got that as an outstanding amendment that came through and, therefore, as a Committee, we are honour bound to work through what we are given as work channels by the States.

1135

So it is the States that told us to look at it. One part of the element has already been done, which is the looking at the small amounts of drugs, non-punitive, which is coming forward. But the other part of that amendment that came forward has not been. And therefore we are honour bound to put it into the Government Work Plan for prioritisation again by Members.

1140

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you.

1145

Will the President agree with me that advice from his own officers suggests that the continued use of Duchess of Kent House for any purpose will, within a few years' time, require an injection of £5 million?

The Bailiff: Deputy Brouard.

Deputy Brouard: Yes, thank you for that question.

1150

We are now going to be running the ... no, I am not in a position to ... we have had conflicting advice over the years of Duchess of Kent. We have had people saying that it is riddled with asbestos,

we have had people saying it has got legionella. Most of that is not true. We test for legionella. We have a small amount of asbestos, as many of us do also in our houses. But we know where it is and it is a small amount to ... the Duchess of Kent has been a very useful building. It is now being used, I think, for the vaccination team as somewhere to decant to.

It is a substantial amount of building. It is about £25 million it would cost you to build it again today. It is a very useful tool to have in our box as a decant or for emergency situations, just as it was used for the people when they were doing the tracing for the COVID. Again, an office which was available fairly instantaneously. There is also nearly about 140 staff working out of it. So I am not in a position to comment directly on Deputy Roffey's thing. But we will have that debate and all of those can come out. And again, if anybody wishes to come round and have a look at the Duchess of Kent, please let me know and we will arrange a tour because I think you will be pleasantly surprised.

Thank you.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

Deputy Brouard referenced there are about over 60 agency staff in social care and we talk about the problems of housing, etc. We have heard about nursing and tried to get people through training, from that point of view. But how many people are actually registered for training for social care, who can then take positions within Health & Social Care, at this present moment in time? And what more is his Committee trying to do to work with HSC to increase that number?

The Bailiff: Deputy Brouard.

Deputy Brouard: I thank Deputy Soulsby for the question.

Unfortunately I am not in a position to give an answer today. I will ask our staff to prepare a reply. I just do not have that detail as to the number of people on the different courses. I am so sorry.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: We do not want to turn this into a housing debate but in relation to I had just a few days ago that there is a crisis in relation to key workers in the health sector. A crisis. What would Deputy Brouard, as President of Health & Social Care, want this States to do in early course to sort out his housing problem in relation to his staff?

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, Deputy Ferbrache.

If I had a magic wand, I would build something very similar to John Henry Court on the PEH campus. Probably bigger, probably expanding to about 150 units for accommodation. That would also release a substantial number of properties that we either own or we are renting from private landlords and then reletting to our staff. And as close to, or as on, the PEH campus the better. I thank him for this question and I would progress with a fairly large unit.

One suggestion has been the valley between Duchess of Kent and the PEH, so you can go two or three stories, just as Deputy Le Tocq was saying about building higher, we could do two or three stories quite happily in the valley, and that would be a substantial way to solving some of our problems we have.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

1205 A few months ago I was told in response to a question I asked HSC, there were 66 vacancies in our mental health service at that time, which is almost a quarter of the workforce. Is the President able to tell me if that number has changed, either way, please?

The Bailiff: Deputy Brouard.

1210

Deputy Brouard: I do not have an up-to-date figure but I can certainly find one for Deputy Queripel. Please, also, although we have the vacancies, those vacancies will be filled by agency staff or some bank staff or by overtime. So it is not necessarily that there is no one at a desk, it is just that those are vacancies long-term that we are trying to recruit to and if we could have access to accommodation, that would help us in our recruitment for those very people that Deputy Queripel is talking about.

1215

The Bailiff: Deputy Prow.

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Deputy Prow: Thank you, sir.

The Committee for Home Affairs has recently been made aware that there are indications that the National Institute of Clinical Excellence guidelines appear not to be being followed in the prescribing of some medical cannabis, that duplicate prescriptions may be being issued locally and off-Island and that, as a result, cannabis with a high level of THC is a subject of diversion fraud and being sold or passed on to persons who have not obtained a prescription. My question, sir, is does Deputy Brouard share my concerns?

1225

Thank you, sir.

The Bailiff: Deputy Brouard.

1230

Deputy Brouard: Thank you, Deputy Prow, for that question.

Any diversion of a prescribed medicine has my concern, as it does his, and I am sure HSC will work continuously with Home Department to ensure that, where we are aware of diversion happening, we will do whatever we can to prevent it. Also, the availability of medical cannabis in the Island is helping many people who have particular issues and it is also taking some of the pressure off the illegal market in that respect. But I totally agree with him that diversion is not acceptable.

1235

The Bailiff: Deputy Inder.

1240

Deputy Inder: Thank you, sir.

I am back to the patient records system and thank you for the sort of helpful response from Deputy Aidan Matthews but it did not give me any confidence at all, especially when we start talking about still in the discovery phase. I note from the – which everyone has forgotten about – Partnership of Purpose website, under ‘my e-records’ it states:–

1245

Because of the time periods involved in the delivery of this programme, the implementation process will be phased, with elements of the new system going live in 2022 and 2023 and additional models coming onboard in subsequent phases.

Sir, I genuinely hope that we can get a full and accurate update on where the patient records system is because, at the moment, it looks like that which is published on the website is currently inaccurate and my concerns about the rollout of the programme remain as they did when I did not vote for this.

1250

The Bailiff: Was there a question there, Deputy Inder?

Deputy Inder: I think I alluded to an update and, if I did not, I just did.

1255 **The Bailiff:** Deputy Brouard to reply.

Deputy Brouard: Thank you, Deputy Inder, for your interest in our patient records.

I am quite happy to ask our staff to provide an update of where we are on this particular element. Even more so in the light of the recent outage, that we need to move as quickly as possible and as safely as possible to a new system.

1260

The Bailiff: Deputy McKenna.

Deputy McKenna: My apologies, sir, before.

1265 Will the Committee *for* Health & Social Care come back with some research findings from what they see in popcorn lung in vaping? I only ask that question because Harvard University find 92% of all flavoured liquids in vaping to have diacetyl in it, causing popcorn lung. I think it is important for you to look into it for the community. (**A Member:** Hear, hear.) So will you conduct that research?

1270 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you very much for that, Deputy McKenna.

I will certainly, through our Committee, ask our staff to find out what they can and what their position is on vaping in that regard. If Members are happy, we will just put an email out just to say what our staff advise at this time. Thank you.

1275

The Bailiff: Members of the States, I think that will conclude the questions to the President of the Committee *for* Health & Social Care.

Questions for Oral Answer

COMMITTEE *FOR THE* ENVIRONEMENT & INFRASTRUCTURE

Bus services –

Number of cancellations; compensation for the States

1280 **The Bailiff:** We will turn to question time proper, which is going to be abbreviated because of Deputy Gollop's enforced absence at the moment. But the first questioner is Deputy de Lisle, who has got questions to the President of the Committee *for the* Environment & Infrastructure. Your first question, please, Deputy de Lisle.

Deputy de Lisle: Yes, thank you, sir.

1285 Many buses have been cancelled every day for another week. This appears to be a regular occurrence now, week after week. Why has the problem not been resolved with CT Plus after so many weeks to provide the service expected and contracted for?

The Bailiff: The President, Deputy de Sausmarez, to reply, please.

1290

Deputy de Sausmarez: The combined impacts of Brexit and COVID have led to a significant shortage of bus drivers in Guernsey, which reflects a trend more widely across the UK and Europe.

High housing costs and current restrictions placed on employment permits for UK and overseas workers have compounded the problem, making it especially difficult to attract new drivers, which has made it necessary for CT Plus to operate a reduced timetable over the last month.

The Committee recognises the importance of maintaining a good level of bus service, so it has been working with CT Plus to find solutions since the effect of this perfect storm started to emerge. It agreed a package of measures aimed at attracting both resident and non-resident, and new and existing drivers to work in Guernsey: (1) an improved pay structure for bus drivers with CT Plus; (2) to discuss with the Committee for Home Affairs options for removing any unnecessary barriers that discourage bus drivers from coming to work in Guernsey; (3) to lower the minimum age for driving a bus or coach from 21 years to 18 years, matching the UK; (4) for CT Plus to look at further initiatives to recruit locally.

There have already been some encouraging indicators of progress. Driver numbers are beginning to increase again. There have been two recent appointments as well as increasing enquiries about the roles. Also, there has already been some interest from people who would be eligible to drive once the change to the age restriction is in place.

The Bailiff: Supplementary question, Deputy de Lisle?

Deputy de Lisle: I have two, sir, yes.

The Bailiff: Yes.

Deputy de Lisle: Thank you.

According to the feedback given, there have been two recent driver appointments, as I understand the response. How many positions are there to be filled in the future?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

There is an optimum number of around – I think it is around 65, is the optimum number. But obviously there are variations on the theme depending on how driver hours are distributed and how much drivers want to and are able to work. So there is an optimum number, which I believe is in the region of about 65. There is a number lower than that, which the operator has been running with pre this perfect storm of factors, where it is perfectly possible to deliver the services, just not perhaps as optimum as we would like in terms of those driver numbers.

The Bailiff: And your second supplementary, Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Every week is another week of cancelled routes. Over 60 a day. In any business model, this would be considered a total failure. This issue should have been foreseen during the last two years. Other businesses have suffered the perfect storm, faced the issues and continued to run their business successfully. Why were key responsibilities for the bus service neglected by E&I, leading to this failure to deliver an efficient bus service currently?

The Bailiff: Deputy de Sausmarez to reply.

Deputy de Sausmarez: Sir, there are two aspects to the answer that I am going to give. The first is that, as I explained, the vast majority of these factors are well outside the bus operator's and certainly the Committee's control. We acted as soon – *as soon* – as they emerged. We were very quick to respond, as some of my colleagues, including Deputy Prow, will attest. But I think the most

important aspect to this answer is that this is not a business. We are not in the business of running a bus service to make a profit, as the analogy that Deputy de Lisle has used implies.

It is our role as a Committee to provide a critical public service. It is absolutely essential that we do that. And I would say that while of course we are concerned about the number of services dropped, let's not forget that a very good high number of services are still provided. Of course we are working our socks off to get those service levels back up. I have indicated that there is positive news. But really we acted very quickly. The measures that we have already taken are being effective and I am confident we will get those bus service levels up in good order.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

If I can ask the President of E&I, on the back of Deputy de Lisle's question, when will the live app be back available? Because it was particularly useful, especially when you are a little bit uncertain as to whether the bus is coming or not, to actually see it on a live map and you can then plan your route. Just really that would be very helpful, I think. Many of the community, I think, would really appreciate that live app again.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I thank Deputy Brouard for his question and I would say none more so than me. This has been something that the Committee has been particularly keen to address. I could not agree more. We have been talking both with the bus operator and actually personally to some tech providers, I suppose for want of a better word.

I will not bamboozle Deputy Brouard with any of the sort of tech side of things, but basically the reason it is not available at the moment is because there is a specific bit of code that needs to be developed and applied and it is that which we are working with the bus operator on to facilitate as quickly as possible. But everyone is singing from the same song sheet here. We are very keen to get that up and running as soon as possible.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you.

I wonder if the President might agree with me, sir, that added to the perfect storm of events is the current road closure chaos that we are experiencing (*Interjections*) in the Island and that this has not made travel around the Island any easier for those trying to use public transport or even active travel for that matter?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Road closures have always been a complicating factor when it comes to the bus service and some other forms of travel as well, but of course I think it is important to remember that we do not do road closures for fun. There is always a good reason – Deputy Inder is getting quite animated across the other side of the Chamber. And let's not forget that roads are closed for important things like fibre rollout, etc.

There are important utilities – some of them are planned, some of them are unplanned. Those are really ... I think we see the biggest problems when there is a combination of planned work with emergency work that you just cannot avoid. But the team do ... they have got a really thankless task in terms of co-ordinating various road closures, but they do it actually – I know they get a lot of stick – really well. It is an incredibly difficult task. They go to great lengths to co-ordinate efforts and to minimise the impact.

1395 I can say that, on a personal level, that team is out there literally moving signs at the first opportunity. They go above and beyond to make sure that the impact is minimised. But I do agree with Deputy Dudley-Owen that is one of the factors that does not make the delivery of the bus service any easier.

1400 **The Bailiff:** Deputy Haskins.

Deputy Haskins: Thank you.

1405 Would the President agree with me that the ideal number of employees for CT Plus is indeed 65 and that the minimum complement considered to be appropriate is 58 and that the number that we currently have is only just over 40?

The Bailiff: Deputy de Sausmarez.

1410 **Deputy de Sausmarez:** Sir, I am sure Deputy Haskins' figures are a lot more accurate than my estimate. I certainly recognise that top figure of 65 and I am sure that Deputy Haskins has got more accurate information than I do to hand. But I think it rightly illustrates the severity of the situation that we are facing.

1415 I think actually I do need to acknowledge the efforts of CT Plus in keeping service levels as high as they have managed. Obviously they have had to drop some services but they have managed to keep an awful lot going and it really has been an all-hands-on-deck situation. So I do think they need to be commended for that.

The Bailiff: Deputy Gabriel.

1420 **Deputy Gabriel:** Thank you, sir.

Would the President be keen to share with the Assembly that the amount of additional road closures to facilitate the fibre rollout applications is in the region of 250 extra to normal utility road closures?

1425 **The Bailiff:** That is not a question that is permissible, Deputy Gabriel, because it does not arise out of the answer to the principal question. It is creeping from a question that possibly did not arise out of the answer to the principal question from Deputy Dudley-Owen. This is not about road closures, this is about the contract with CT Plus. So you do not have to answer that, Deputy de Sausmarez.

1430 Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

1435 Could the President confirm that, when the bus drivers do leave that organisation, perhaps an exit interview is conducted to ascertain why those staff are leaving? I thoroughly agree with the suggestions that she has put in place. I think that is all very good and well. But word on the street is that sometimes, like in a football club, a manager can lose the locker room. It is so important to have great working relationships with your staff. Perhaps she could confirm that and see if she agrees with that last sentiment?

1440 **The Bailiff:** Deputy de Sausmarez. I think the question probably is, is the Committee minded to negotiate a contract variation to include that requirement? But it is not a matter for the Committee, Deputy Vermeulen, how another business runs its own business. It is as simple as that, so it does not arise out of the principal answer. (*Interjection*) It does not arise out of the principal answer.

Deputy Inder.

1445

Deputy Inder: I am going to try, sir.

The bus system has always been very important to tourists. In fact it is well liked and well loved for those certainly from France and Britain, who are used to public transport which is not necessarily something that Guernsey does. But there are issues now, as described by Deputy de Sausmarez, and not of her making. I do wonder if, through her Committee talking to a portion of our Committee, tourism, some of the timetabling issues can be communicated in some way to the tourism authority so they can then put them on to their visitors.

Because by walking to the TIC, getting a bus timetable looks very good and then not appearing probably is not helpful. I am not entirely sure what information is being passed from E&I about the current issues that then can be passed on to our tourists to ensure that they do not miss their flights, because they feel they are normally reliable. Close enough, sir?

The Bailiff: Close enough. Deputy de Sausmarez. (*Laughter*)

Deputy de Sausmarez: Of course I am more than happy to put in place any arrangement that would assist and I agree with Deputy Inder that this is a problem that if we can address it would be really good. The reason I am being slightly hesitant is that the services that are not running are communicated on the website. Also this is – I know it feels like quite a long time – but this is hopefully – touch wood – a pretty short-term issue.

So I am not sure exactly what Deputy Inder was asking, but if it is for specific services that are not going to be running, that information is already available. I am more than happy to discuss with him any way; we can facilitate that information getting into the right hands in terms of ... yes, Deputy Inder is going to email me. But I am absolutely more than happy to assist. We are of course keen to help ensure that the system works as well for visitors as possible, as well as obviously the local resident population.

The Bailiff: Deputy Helyar, supplementary question.

Deputy Helyar: Thank you, sir.

I wonder if the President could advise the Assembly, given that CT Plus appears to be in breach of the contractual relationship for the States, which the States pays a substantial grant for (**A Member:** Hear, hear.) whether the States will be in receipt of any rebate of the funds paid to it and if not – I accept that the circumstances are effectively *force majeure* – but if that is not to be the case, perhaps we could have an explanation why not.

The Bailiff: Can we save that one, Deputy Helyar? On the basis that, if you look at the order paper, the second question deals with compensation. No more supplementary questions on the first answer. So your second question to the President, please, Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

Given complaints that a reliable bus service is no longer being given to the public, can the President inform the Assembly whether she has taken steps to reduce the payment CT Plus receives and thereby provide compensation to the States?

The Bailiff: The President, Deputy de Sausmarez, to reply, please.

Deputy de Sausmarez: The Committee can confirm that savings made from the services not provided by CT Plus during this period of driver recruitment issues will be returned to the States of Guernsey.

The Bailiff: I will go to Deputy de Lisle first, as the questioner. But Deputy Helyar, you can ask your question in due course. Deputy de Lisle, supplementary?

Deputy de Lisle: I have two supplementaries, sir.

1500 First, can you elaborate on the full details of what compensation is to be returned to the States? The question posed cannot be related solely to the period of driver recruitment, but the inability to provide an efficient bus service over the last two years. What we do have is a skeleton service which is affecting the daily lives of Islanders and the economy of our Island. So can you elaborate further on the full details of what compensation is to be returned to the States?

1505

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: There is a sort of contractual penalty notice, I suppose, to the tune of £50 per service not operated. But it is a bit more complicated than that. Deputy de Lisle in his question expanded this beyond the period of driver recruitment shortages, or acute driver shortages, to the previous two years, which of course was COVID. I think Deputy Helyar, in his attempt at a question, actually used a very useful phrase. He said it is of course *force majeure* effectively. These are factors so far beyond the control of the bus operator.

1510 Obviously that penalty clause is there to prevent the bus operator – whoever that may be – arbitrarily not providing that service. We need the assurance that the bus operator is doing everything they can to provide that bus service. During COVID, I can also confirm to Deputy de Lisle that during the period of COVID, when the bus operator was not able to provide the full level of service because of things like public health restrictions and emergency powers, there was an agreement. And basically the reason I cannot explain it very well is because it revolves around credit

1515 notes.

1520

So I can confirm that savings were also returned to the States over the two-year period as well, over the last two years where the service has been significantly impacted by forces outside –

The Bailiff: Deputy de Sausmarez, that is your 90 seconds. Second supplementary, Deputy de Lisle.

1525

Deputy de Lisle: Sir, thank you.

I would ask that the Committee returns to the States with the full details of the compensation offered to the States as a result of the cancelled routes over the past two years. Will the President

1530 provide the information to the Assembly?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Yes, we can provide that. As I said, it is quite complicated because we ...

1535 I think it is probably just easier if I say we will provide the information rather than trying to explain it verbally, thanks.

The Bailiff: Do you want to ask your question, Deputy Helyar?

Deputy Helyar: Sir, in the circumstances given the answers, I do have some other questions but I believe because of the commercial considerations it might be more appropriate to ask them privately. Thank you, sir.

1540

The Bailiff: That is fine. No one else is rising to ask a supplementary.

1545

COMMITTEE FOR ECONOMIC DEVELOPMENT

***Toilers of the Sea –
Film production financing***

The Bailiff: Therefore we will turn to the other question at this point which is from Deputy St Pier to the President of the Committee *for* Economic Development. Your question, please.

1550 **Deputy St Pier:** Yes, thank you, sir.

The Committee has recently advised States' Members that it does not intend to provide any film production finance to enable the production in the Island of the film, *Toilers of the Sea*. Has the Committee approached, or considered approaching, the Policy & Resources Committee to use its delegated authority over the Budget Reserve to increase the Committee's cash limits to enable
1555 production finance to be made available?

The Bailiff: And the President, Deputy Inder, to reply.

Deputy Inder: Thank you, sir. And thank you for the question, Deputy St Pier, but I think you
1560 already knew the answer before asking it.

The Committee has not approached the Policy & Resources to request to use its delegated authority over the Budget Reserve to increase the Committee's cash limits to enable production finance to be made available to producers of the *Toilers of the Sea* film.

1565 **The Bailiff:** Supplementary question, Deputy St Pier.

Deputy St Pier: Yes, thank you, sir.

I did not know the answer to the question before I asked it, so I am grateful to Deputy Inder for providing the answer. If he agrees with me that if the film can secure production finance from
1570 whatever source that the production of the film will be a considerable injection directly into the economy in terms of travel, hospitality and supporting trades and industries, is it part of his Committee's role under its mandate to do what it can to secure production of the film in the Island?

The Bailiff: Deputy Inder.
1575

Deputy Inder: A difficult question to answer because all this Committee has seen is various emails, either ... there has been a media response, there has been a film that has been distributed right via social media. We have had an email sent to all States' Members. I have been copied in on an email which went directly to Policy & Resources. In the main, it is a fact that any production
1580 activity of anything in the Island benefits the Island. But until the Committee has had a formal request for a meeting, we really are just shouting in the air here at the moment.

The Bailiff: Supplementary, Deputy Burford.

1585 **Deputy Burford:** Thank you, sir.

Am I correct in understanding that, in 2021, the Committee decided that the level of support that they could offer would be limited to access to places such as Castle Cornet, etc., one assumes? Was then, at the time therefore, no economic analysis done on what benefit actually supporting this film financially could have had for the Island by the Committee.

1590 **The Bailiff:** Deputy Inder.

Deputy Inder: Yes, I think Deputy Burford and possibly Deputy St Pier to the same ... They are two completely different propositions. As I explained in my response to Deputy St Pier, we have had one proposal, back at the end of 2021, and we met the team. Subsequent to that, we have had no formal proposal as to what the production team, acting in their capacity as a professional body, actually want to do. We are really talking about stuff that we have seen off emails or via social media. Those are the facts.

The Bailiff: Second supplementary, Deputy St Pier.

Deputy St Pier: Yes, sir, thank you.

Given that the Guernsey investment fund has recently incorporated an Alderney cell and a Sark cell, it has demonstrated that it would actually be quite easy to establish a cell for a film fund. In light of this, will the Committee engage with and encourage Policy & Resources to pursue that route in order that there would be a clear path for this film and its producers, or indeed any others, to secure production finance whilst also securing investment and economic opportunities for the Island?

The Bailiff: Deputy Inder.

Deputy Inder: In response to the original Proposition, one of our Deputies – and I think included – suggested that public money should not be used in this regard and we further suggested, with help from the officers, that they should speak at least to private funding where the GIF might be an opportunity. But we do not run the trust. They are entirely an independent board and I have no idea, because there has been no proposition since the last letter that we responded to, we have had no formal background as to what this production group wants to do.

But to answer Deputy St Pier's question, there is a suggestion, via us, that there should be some kind of influence via our Committee to set up a film production fund. But it is worth reminding Members, any public investment – and it is our money being invested in it – is always high-risk.

The Bailiff: Supplementary, Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I wonder if the President of Economic Development would agree with, or recall, the time that he and I, when I sat on that Committee, went to meet a chap who was very interested in talking about film production in Guernsey. During the course of that conversation we spoke about the difficulties of the logistics of actually filming in Guernsey, of getting kit at very short notice onto the Island, and actually ended up talking ourselves out of our thoughts of real positivity for filming more productions on-Island, due to the lack of logistics and pulled-together resources that we could provide for film producers. And also the appetite for filming in Guernsey for producers that have sporadically, rarely over the years, come to the Island to film.

The Bailiff: Deputy Inder, I am not going to allow you to answer that because the question does not arise out of the answer given. It is – (*Interjection*) No, that is not the purpose of supplementary questions in question time. If there wanted to be a wide-ranging debate about film finance for the film of *Toilers of the Sea*, it would be done by way of a statement and questions on the statement. The answer was very tight in this particular instance and therefore the supplementary questions arising out of it are inevitably very narrow. Any other attempt at a supplementary question?

In that case we will turn next, Greffier, to the first item of business, please.

Billet d'État IX

ELECTIONS AND APPOINTMENTS

COMMITTEE FOR HOME AFFAIRS

1. Parole Review Committee – Re-appointment of Chairperson – Mr Philip John Taylor re-appointed

Article 1.

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Parole Review Committee – Reappointment of Chairperson' dated 6th April 2022, they are of the opinion:-

1. To approve the re-appointment of Mr Philip John Taylor as Chairperson of the Parole Review Committee for three years, with effect from 1st July 2022.

The States' Greffier: Article 1, the Committee for Home Affairs, Parole Review Committee – Reappointment of Chairperson.

1645 **The Bailiff:** I invite the President, Deputy Prow, to speak to this matter.

Deputy Prow: Thank you, sir.

I am sure Members of the Assembly have noted the contents of this brief policy letter and so I have very little to say. But I must thank, on behalf of the Committee, the members of the Parole Review Committee for their time and dedication. Sir, the Committee for Home Affairs asks the States to approve the re-appointment of Mr Philip Taylor as Chairperson of the Committee.

I just think I should add, actually sir, and note that Mr Philip Taylor has given excellent service. He was first appointed as an ordinary member of the PRC in 2012, he was appointed as Chairperson in September 2016 and was re-appointed in August 2020. So I ask the Assembly to approve the appointment.

Thank you, sir.

1660 **The Bailiff:** Members of the States, I will put to you the Proposition to approve the re-appointment of Mr Philip John Taylor as the Chairperson for three years. Those in favour; and those against?

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

COMMITTEE FOR HOME AFFAIRS

**2. Independent Monitoring Panel –
Resignation and appointment of members –
Mrs Fuller appointed as Chairperson;
Ms Rowlinson and Mr Le Marchant White re-appointed**

Article 2.

The States are asked to decide: -

Whether, after consideration of the Policy Letter entitled 'Independent Monitoring Panel: Notification of appointment of Chairperson, resignation and re-appointment of Members' dated 6th April 2022, of the Committee for Home Affairs, they are of the opinion:-

1. To note the appointment of Mrs Andrea Fuller as Chairman of the Independent Monitoring Panel, from 20th December 2021 and until the end of her term of appointment (3rd February 2025).

2. To note the resignation of Ms Glen Ford as a member of the Independent Monitoring Panel with effect from 31st December 2021.

3. To confirm the re-appointment of Ms Isobel Jane Rowlinson as a member of the Independent Monitoring Panel for a period of four years from 21st March 2022.

4. To confirm the re-appointment of Mr Denis Le Marchant White as a member of the Independent Monitoring Panel for a period of four years from 21st March 2022.

1665 **The States' Greffier:** Article 2, Committee for Home Affairs, Independent Monitoring Panel – Notification of appointment of Chairperson, resignation and re-appointment of members.

The Bailiff: Once again, I invite the President, Deputy Prow, to open on this matter.

Deputy Prow: Thank you, sir.

1670 I would firstly again like to pass some thanks on behalf of the Committee. The members of the Independent Monitoring Panel (IMP) for their time and dedication and the valuable contribution they make within the Prison.

1675 The policy letter in front of the Members today asks the Assembly to note the appointment of Mrs Andrea Fuller as Chairperson of the IMP, to note the resignation of Ms Glen Ford and to confirm the re-appointment of both Ms Isobel Rowlinson and Mr Denis Le Marchant. The Committee unanimously supports these appointments.

Thank you, sir.

1680 **The Bailiff:** To any Member who wishes to comment on this, to anyone who wishes to have any of these Propositions taken distinctly, or can I put them all to you together? I will put all four Propositions to you. Therefore, Members, those in favour; and those against?

Members voted Pour.

1685 **The Bailiff:** There is not a lot of enthusiasm for voting *Pour* for these matters. I think I might encourage a little bit more but that was clearly carried, all four Propositions have clearly carried and therefore I declare them as such carried.

COMMITTEE FOR HOME AFFAIRS

**3. Data Protection Authority –
Re-appointment and appointments of members –
Mr Docksey and Mr Lempriere reappointed; Ms Wonnacott and Ms Wood appointed**

Article 3.

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'Re-appointments and Appointments to the Data Protection Authority' dated 6th April 2022, they are of the opinion:-

- 1. To re-appoint from 26th May 2022 Mr Christopher Docksey as a voting member of the Data Protection Authority until 25th May 2026.*
- 2. To re-appoint from 26th May 2022 Mr Mark Lempriere as a voting member of the Data Protection Authority until 25th May 2026.*
- 3. To appoint from 26th May 2022 Ms Jane Wonnacott as a voting member of the Data Protection Authority until 25th May 2026.*
- 4. To appoint from 26th May 2022 Ms Nicola Wood as a voting member of the Data Protection Authority until 25th May 2027.*

The States' Greffier: Article 3, Committee for Home Affairs, the Re-appointment and appointments to the Data Protection Authority.

1690

The Bailiff: And once again, Deputy Prow, the President, to open on this matter, please.

Deputy Prow: Thank you, sir.

1695

The Data Protection Authority is established under the Data Protection (Bailiwick of Guernsey) Law, 2017. This policy letter is recommending the re-appointment of two members of the Authority, Mr Christopher Docksey and Mr Mark Lempriere, with effect from 26th May 2022, and to appoint Dr – it should be Dr – Jane Wonnacott and Ms Nicola Wood for a four- and five-year tenure respectively. Sir, the Committee for Home Affairs asks the States to support these re-appointments and appointments to the Authority.

1700

Thank you, sir.

1705

The Bailiff: I do not see any Member rising in respect of these four matters – two re-appointments and two appointments. Can I put all four Propositions to you together, Members of the States? Nobody wants any taken distinctly? In that case we will take a vote on all four Propositions. Those in favour (*Laughter*); those against?

Members voted Pour.

The Bailiff: Can I declare all four Propositions duly carried? Thank you very much.

**4. Election of members of the Ladies' College Board of Governors –
Advocate Chan and Mrs Walter re-elected;
Sir Richard Collas and Mrs Jardine-Young elected**

Article 4.

The States are asked:-

1. To re-elect Advocate Caroline Chan who has been nominated by the Board of Governors as the Chairman of the Ladies' College Board of Governors on the expiry of her current term of office on 31st May 2022.

2. To re-elect Mrs Catharine Walter as a member of the Ladies' College Board of Governors, on the expiry of her term of office on 31st May 2022, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation, as set out in Section 1 of The Rules of Procedure of the States of Deliberation and their Committees.

3. To elect Sir Richard Collas as a member of the Ladies' College Board of Governors who has been nominated in that behalf by the Board of Governors to complete the unexpired term of office of Ms. Cathryn Perkins, who has tendered her resignation, that is until 31st May 2024.

4. To elect Mrs Eve Jardine-Young as a member of the Ladies' College Board of Governors with effect from 1st June 2022, who has been nominated in that behalf by the Committee for Education, Sport & Culture.

The States' Greffier: Article 4, Election of members of the Ladies' College Board of Governors.

1710

The Bailiff: Members of the States, is anyone going to speak to any of these Propositions? The first one – Deputy Soulsby, are you going to speak to all four or just the –?

Deputy Soulsby: No, I will speak for the first three, sir, if that is alright?

1715

The Bailiff: Alright.

Deputy Soulsby: They are all people who have been sitting Ladies' College Board of Governors, doing an excellent job. It is Advocate Caroline Chan, Mrs Catharine Walker and Sir Richard Collas. I can give more information on them and I am sure a lot of people know who Sir Richard is, but they are ... as probably most names out there.

1720

The Bailiff: Okay, well potentially we are going to have to take these distinctly because, in respect of Proposition 2, that has to be dealt with under Rule 16(8). So in respect of Proposition 1, is there anyone who wishes to speak in respect of the re-election of Advocate Caroline Chan? I am going to put Proposition 1 to you discretely because there could be other nominations for Proposition 2 in a moment. On Proposition 1, those in favour; and those against?

1725

Members voted Pour.

The Bailiff: I declare Advocate Caroline Chan duly ... Let's move on to Proposition 2 because this is where there could be a contest, if anyone was to propose somebody other than the nomination of Deputy Soulsby. Deputy Soulsby, you are proposing Mrs Catharine Walter?

1730

Deputy Soulsby: Yes.

The Bailiff: That does need to be seconded.

1735

Deputy Ferbrache: And I second it.

1740 **The Bailiff:** Thank you very much, Deputy Ferbrache. Are there any other nominations for the vacancy created by the expiry of the term of office of Mrs Walter? No. In that case, under Rule 16(8) I simply put the Proposition that Mrs Walter be re-elected, effectively, to that position. It is proposed by Deputy Soulsby, seconded by Deputy Ferbrache. Those in favour; and those against?

Members voted Pour.

1745 **The Bailiff:** I declare Mrs Walter duly elected.
You have touched on, Deputy Soulsby, the Proposition to elect Sir Richard Collas as a new member of the Board of Governors. Anything further you want to say on that?

1750 **Deputy Soulsby:** Just to say that Sir Richard has been acting as an associate governor for the last couple of years.

The Bailiff: There cannot be any further nominations in relation to that position. I am pretty convinced that these are appointments rather than elections as such. Rather than having to have them seconded. But out of an abundance of caution, Deputy Ferbrache, are you going to –

1755 **Deputy Ferbrache:** Yes, sir.

The Bailiff: – second anyone who needs to be seconded –

1760 **Deputy Ferbrache:** Anybody who wants to be seconded! (*Laughter*)

The Bailiff: – for the rest of the meeting? (*Laughter*) So that is in respect of Propositions 1 and 3 out of an abundance of caution. So I am going to put to you the Proposition to elect Sir Richard Collas as a member of the Ladies' College Board of Governors. Those in favour; and those against?

Members voted Pour.

1765 **The Bailiff:** I declare that Proposition duly carried and we move to Proposition 4 and turn to Deputy Dudley-Owen this time.

Deputy Dudley-Owen: Thank you, sir.

1770 I would just like to say a few words about Mrs Eve Jardine-Young, a very interesting lady who I spent some time with, albeit remotely. We were scheduled to have a mere half hour and ended up our conversation an hour and a half later. She was brought up in Malawi, in Africa, and she has an engineering background. She is now the Principal of Cheltenham Ladies' College and has been so since 2010, I believe.

1775 She is an extremely progressive-thinking lady who, I think, will bring an awful lot of vigour, excitement and enthusiasm to the role sitting as a member of the Ladies' College Board. I very much look forward to meeting her in person, hopefully if she is elected to this position and when she next makes it over to Guernsey.

Thank you.

1780 **The Bailiff:** And is that nomination duly seconded?

Deputy Murray: Yes.

1785 **The Bailiff:** Deputy Murray, thank you very much. Once again, there cannot be any nominations from the floor of the Assembly, so I am going to simply put to you Proposition 4, proposed by Deputy Dudley-Owen and seconded by Deputy Murray, to elect Mrs Eve Jardine-Young as a

member of the Ladies' College Board of Governors from the beginning of next month. Those in favour; and those against?

Members voted Pour.

1790 **The Bailiff:** I declare that Proposition duly carried, so all of those nominations are approved.

LEGISLATION LAID BEFORE THE STATES

**The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 (Amendment)
Ordinance, 2021 (Commencement) Regulations, 2021;
The Plant Health (Preserved Phytosanitary Conditions Regulation)
(Amendment) (Guernsey) Regulations, 2022;
The Liquor Licensing (Fees) Regulations, 2022;
The Road Traffic (Disabled Persons) (Amendment) Regulations, 2022**

The Bailiff: Greffier, can we mention the legislation that is being laid next, please?

1795 **The States' Greffier:** The following legislation is laid before the States: No. 178 of 2021, The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 (Amendment) Ordinance, 2021 (Commencement) Regulations, 2021; No. 17 of 2022, The Plant Health (Preserved Phytosanitary Conditions Regulation) (Amendment) (Guernsey) Regulations, 2022; No. 20 of 2022, The Liquor Licensing (Fees) Regulations, 2022; and No. 21 of 2022, The Road Traffic (Disabled Persons) (Amendment) Regulations, 2022.

1800

The Bailiff: Members of the States, we note that those four measures have been laid before this meeting. I have not received any motions to annul, but the possibility still exists next time. Next item of business, please, Greffier.

LEGISLATION FOR APPROVAL

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

5. The Long-term Care Insurance (Guernsey) (Rates) (Amendment) Ordinance, 2022 – Proposition carried

Article 5.

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Long-term Care Insurance (Guernsey) (Rates) (Amendment) Ordinance 2022", and to direct that the same shall have effect as an Ordinance of the States.

1805 **The States' Greffier:** Article 5, the Committee for Employment & Social Security, the Long-term Care Insurance (Guernsey) (Rates) (Amendment) Ordinance, 2022.

The Bailiff: Anything to say on that, Deputy Roffey, as the President?

1810 **Deputy Roffey:** Not in opening, it simply puts into Law the decision taken by the States in October last year. But of course I stand ready to answer any questions.

The Bailiff: Is there any Member who wishes to speak on this draft Ordinance? No. In that case I will simply put the Proposition to you *aux voix*. Those in favour; and those against?

1815 *Members voted Pour.*

The Bailiff: I declare that duly carried.

POLICY & RESOURCES COMMITTEE

6. The Damages (Assumed Rate of Return and Related Matters) (Enabling Provisions) (Guernsey and Alderney) Law, 2020 (Commencement) Ordinance, 2022 – Proposition carried

Article 6.

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Damages (Assumed Rate of Return and Related Matters) (Enabling Provisions) (Guernsey and Alderney) Law, 2020 (Commencement) Ordinance, 2022", and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article 6, Policy & Resources Committee, The Damages (Assumed Rate of Return and Related Matters) (Enabling Provisions) (Guernsey and Alderney) Law, 2020 (Commencement) Ordinance, 2022.

1820 **The Bailiff:** I invite the President, Deputy Ferbrache, to open –

Deputy Ferbrache: Sir, again it is self-explanatory, really. There is only one section that would be excluded. That relates to disregarding certain benefits and costs relating to healthcare. So I ask the States to approve it.

1825 **The Bailiff:** I do not see any Member standing at the moment to speak on this draft Commencement Ordinance. Therefore, I will put it to Members *aux voix*. Those in favour; and those against?

1830 *Members voted Pour.*

The Bailiff: I declare that Proposition duly carried.

POLICY & RESOURCES COMMITTEE

**7. Revision of the Double Taxation Arrangement Made with Ireland –
Proposition carried**

Article 7.

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled "Revision of the Double Taxation Arrangement made with Ireland", dated 29 March 2022, they are of the opinion:-

1. To declare that:

(a) the "Protocol between the States of Guernsey and Ireland amending the Agreement of 26 March 2009 for Affording relief from Double Taxation with respect to Certain Income of Individuals and Establishing a Mutual Agreement procedure in Connection with the Adjustment of Profits of Associated Enterprises", signed on 8 December 2021, has been made with the government of another territory with a view to affording relief from double taxation in relation to income tax and any tax of a similar character imposed by the laws of those territories; and

(b) it is expedient that the double taxation agreement that Guernsey has with Ireland, signed on 26 March 2009, as amended by the said Protocol, should have effect, with the consequence that that Agreement, as so amended, shall have effect in relation to income tax in accordance with section 172(1) of the Income Tax Law, notwithstanding anything contained in the Income Tax Law, or any other enactment.

The States' Greffier: Article 7, Policy & Resources Committee, Revision of the Double Taxation Arrangement Made with Ireland.

1835

The Bailiff: I will invite Deputy Helyar, on behalf of the Committee, to open the debate.

Deputy Helyar: Thank you, sir.

1840 The policy letter is blessed with brevity. This is a Protocol to the existing double taxation agreement which already exists with Ireland. It has been previously signed, so we are asking for the Protocol to be given effect. The purpose of it is to comply with our OECD obligations in relation to base erosion and profit shifting. I would just ask Members to support the Proposition.

Thank you, sir.

1845 **The Bailiff:** Once again, I do not see any Member standing to speak in respect of this matter. Therefore I will put the single Proposition to you, Members of the States. Those in favour; and those against?

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

1850

POLICY & RESOURCES COMMITTEE

**8. Minimum Standards for Estate Agencies –
Propositions carried**

Article 8.

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled "Minimum Standards for Estate Agencies", dated 6th April, 2022, they are of the opinion:-

1. To agree that a framework for a minimum standards test for estate agencies and its administration by the Guernsey Registry be established in accordance with the recommendations of the Policy Letter; and

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

The States' Greffier: Article 8, Policy & Resources Committee, Minimum Standards for Estate Agencies.

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

Deputy Ferbrache: Sir, in this States it would be wonderful if all policy letters were of this length and perhaps that should be an obligatory order of the SACC because they could bring that forward in, perhaps, even a shorter policy letter. But in relation to this, hopefully it is not contentious. It is a moving-on of international standards and international requirements.

Estate agents in the Bailiwick are people of integrity and we want to make sure that they continue to be people of integrity. They are already subject to certain requirements – AML requirements, etc. – as again detailed in the policy letter. Because of international connections and international requirements, this policy letter is necessary to control the ownership in appropriate circumstances.

It is felt that the appropriate body to do that is the Guernsey Registry. It would need some amendment to their procedures or some alteration of their procedures and the idea would be that, if people breach the regulations if they are brought in, that they could be subject to certain sanctions. So the simple answer is that, what the policy letter seeks is the next step forward in relation to control of people who operate, own, or even are involved in a material way, in estate agencies.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I thank the President for bringing forward – and obviously his Committee – this particular policy letter in such a succinct, easy to read way. He is absolutely right. If more policy letters were like this, maybe we would quicken our business in the States. I do have a question related to the administration of the scheme and we are told that it is envisaged that a new statutory role will be established and that this will be fulfilled by the Guernsey Registrar of Companies.

The Guernsey Registrar of Companies is a busy person and the website that supports their role is rather limited. Back in the day, it was rather innovative and forward-thinking. It is now a rather outdated, clunky piece of kit which really could do better in addition to not only looking better and the user interface, but also having a whizzy thing called an API, which would allow external businesses or service providers to read and verify the existence of Guernsey businesses.

So that is slightly off at a tangent from this particular issue, but I do wonder whether thought has been put into increasing and enhancing the website in order to decrease the administrative burden on the Guernsey Registrar and the Registry team. And in finding this digital solution, I know that it is extra cost and expense, but I wonder if the President in his summing up might be able to let me know whether any discussion has been had with Economic Development, because I

1890 understood that it is sat, actually, with their remit, it certainly did last term, about reducing the
bureaucracy on business via this digital solution and therefore any investment into the GREG
website as currently stands.

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

1895

Deputy Kazantseva-Miller: Thank you, sir.

I just rise in the absence of Deputy Inder in the room. I just rise to actually respond, perhaps, to
Deputy Dudley-Owen's question because I think that is really more in the mandate of the
Committee for Economic Development which is responsible for Guernsey Registry. There is a capital
1900 project – IT project – in relation to a complete upgrade of the Registry.

It is being prioritised through the capital process and I believe we are in the final stages of
drawing the scope and then going out to tender. So it is very much a very high-priority project,
which will address a number of issues and is also an important project in light of the MONEYVAL
process coming in in a couple of years' time. So this is absolutely underway and prioritised.

1905

Thank you.

The Bailiff: If no other Member is rising I will invite Deputy Ferbrache to reply to that brief
debate.

1910

Deputy Ferbrache: I do not think I need to respond because I am grateful to Deputy Kazantseva-
Miller for responding on the question asked by Deputy Dudley-Owen. I just ask the States to
approve the policy letter.

The Bailiff: Members of the States, there are two Propositions, they are interlinked and therefore
1915 I will put both of them to you together. Those in favour; and those against?

Members voted Pour.

The Bailiff: I declare both Propositions duly carried.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

9. Secondary Pensions: Implementation of Your Island Pension – Debate commenced

Article 9.

The States are asked to decide:

*Whether, after consideration of the Policy Letter entitled 'Secondary Pensions: Implementation of
Your Island Pension', dated 7th April 2022, they are of the opinion:*

*1. To rescind resolutions 6, 7 and 9, made by the States of Deliberation on 5th February 2020,
following consideration of the Policy Letter entitled 'Secondary Pensions: Detailed Proposals for the
Introduction of Automatic Enrolment into Private Pensions and the Establishment of "Your Island
Pension"' (Billet d'État IV of 2020, Article II).*

2. To agree:

*a. that Your Island Pension be established as a private trust, managed by a trustee appointed by
the Committee for Employment & Social Security, and for which the States of Guernsey would act
as settlor, as set out in sections 4, 5 and 6 of that Policy Letter; and*

b. that the Committee for Employment & Social Security be given authority to determine the terms of the trust instrument and the Rules of Your Island Pension, and to amend either if/when considered necessary.

3. To agree that the compliance measures, including the enforcement regime and anti-avoidance measures described in section 7 of that Policy Letter, should be specified in legislation.

4. To direct the Committee for Employment & Social Security, following consultation with the Revenue Service and the trustee of Your Island Pension, to report back to the States during 2027 with an update on the introduction of these proposals, and proposals for the introduction of a pension saving regime for self-employed and non-employed people.

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

The States' Greffier: Article 9, Committee for Employment & Social Security, Secondary Pensions: Implementation of Your Island Pension.

The Bailiff: Am I going to invite the Vice-President to open debate? In the absence of Deputy Roffey, but if he – no he is here. *(Laughter)* I will invite the President of the Committee, Deputy Roffey. I do apologise for dragging you back into –

Deputy Roffey: No, enormous apologies. I have to say, despite years of experience in this States, I was absolutely taken aback by how quickly we have reached this point in deliberation. But pleasantly so. Gathering my breath.

The States through many years and through several different Assemblies have always recognised the enormous benefits of the concept of having a universally available occupational pension scheme. It is not just us; that has also been recognised now by most developed countries. So I am not going to spend too long lauding its virtues, particularly as the States seems to be in a mood to canter on quite quickly today. I am going to take them largely as read, but I do need to emphasise just a few key points.

This scheme, like others like it in other territories, is a highly effective way of encouraging people to save for their own retirement and that is really important for two reasons.

Firstly, because it would greatly reduce pensioner poverty. When you think about it, when you meet pensioners today, those that have occupational pensions to supplement their state provision tend by and large not to be up against it financially – I am not saying none of them are. But those who rely on the state pension without personal provision do tend to have a very difficult time in our expensive Island. So reducing pensioner poverty is one big driver.

Secondly, on behalf of the States being very Machiavellian, it would greatly reduce future Income Support payments. Because when we calculate how much requirement rates are for pensioners who apply for Income Support, obviously if they do not have a private pension, then it is far more likely that they are going to qualify for Income Support. Those two benefits – and they are really big benefits – do come at a cost and they are highlighted in the policy letter. The cost is that it will take some spending power out of the economy over the short- to medium-term. In fact all encouragement for Islanders to save for their retirements does just that.

If you think about it, the tax breaks we give now to those who already have occupational pensions encourages saving and therefore not spending and therefore takes spending power out of the economy. But we all happily take that hit and we still encourage people to save for their retirements because overall it is recognised as a universally good thing to do. On the other side of the equation, and perhaps less well appreciated, is that it will also benefit the local economy in years and decades to come by boosting pensioner spending power. That is important.

It is important because, like it or not, in the future a higher percentage of our population will be pensioners. And if a big tranche of them are relying just on the state pension and maybe a top-up from Income Support, then their spending power will be very limited. However, if the vast majority of older Islanders have an occupational pension on top of their state pension, then there will be far

more disposable income amongst that cohort. As a result the grey pound will really help the health of the economy in years to come.

1960 I do not want to over-egg that argument because there still will be a small net reduction in overall spending power, as a new generation of workers save for their own retirement. But the greater disposable wealth amongst pensioners will mean that that reduction will be far smaller than one might expect, as indeed the graph of the independent research attached to the policy letter clearly shows. I think it is a small price to pay for lower pensioner poverty and lower Income Support
1965 payments. So those are just a few of the overwhelming reasons for bringing in a secondary pension scheme.

I now want to spend a few minutes talking about timing before finishing with a few words about the concept of auto-enrolments. I suppose the first thing to say on timing is to apologise to this Assembly for the delay in this project. It was first caused by the pandemic, and then compounded
1970 by the preferred tenderer, chosen by the previous Assembly, deciding to pull out. However, in many ways these delays have been serendipitous because they have allowed us to improve on the scheme in several respects. Not only will the provider now be a local firm, which helps obviously to protect Guernsey's pension sector, which is important, but also and partly as a result of that, we have now been able to make the governance structure simpler and therefore cheaper.

1975 We also believe – in fact, we know – that we have negotiated extremely competitive rates. Eagle-eyed Members will have seen when reading the policy letter, as I am sure they have in depth, that there is going to be a further delay in making it a legal requirement for local employers to auto-enrol their employees in the Your Island Pension, or YIP. Sorry, yes, some of these acronyms – I am a bit like Deputy Brouard, acronyms start to leave me by. But the YIP, it sounds quite friendly, doesn't
1980 it?

Always assuming that they do not choose to use another qualifying scheme, which they can do. Large local employers now will not need to do so for nearly another 18 months and the smallest employers for nearly three years. And there is a reason for that timing. The reason is that we engaged and spoke to local employer organisations and we were really keen to adopt a timetable
1985 that they were comfortable with, particularly as they emerge from the pandemic stresses of the last few years. And I can confirm that this is a schedule for the rollout which the employer organisations fully support.

However, I must stress that this does not stop local employers making use of the YIP on a voluntary basis ahead of auto-enrolment becoming compulsory. We know that there are a number
1990 of smaller employers who really want to offer their staff occupational pensions but have been waiting for exactly the sort of low-cost, uber simple-to-use, basic pension scheme, which the YIP will be, to come along in order to facilitate them doing just that. So with that in mind, we have encouraged Sovereign to establish the YIP as quickly as practicable to enable employers to use it on a voluntary basis ahead of auto-enrolment becoming mandatory.

1995 Sir, just a few words on auto-enrolment. Firstly, it is hardly a novel idea. It is being used by very many of the other territories that have a similar scheme and the theory behind it is simple. It comes down to human nature. Human nature is such that we tend to display considerable inertia. So if we are offered the ability to opt into a pension scheme, however much it can be shown that it is to our benefit, we often do not get around to actually doing it. But once put in such a scheme, the vast
2000 majority decide to stay. Certainly that was the experience when the UK brought in the workplace pension over there.

Before it was introduced, the vast majority in the UK had no occupational pension at all. But all of those who were auto-enrolled, only about 10% chose to opt out. We expect – we cannot prove it, but we expect – something very similar here. But I stress that it is 100% optional. If people are
2005 struggling so much with the cost of living that they do not feel able to make the very modest contributions towards the scheme, they can simply opt out. I certainly would not recommend that they do that because it is a very effective way to save for a comfortable retirement and a way which of course entails some help from their employers, but they are absolutely free to opt out if that is what they choose to do.

Others might also choose to opt out because they may have their own savings scheme, which although it may not be a qualifying scheme under this Law, they feel perfectly satisfied with, in which case they will opt out of the scheme and that will be their choice. Sir, there are some other countries, such as Australia and Sweden and one or two others, that have chosen to make participation in this type of occupational pension scheme compulsory. But we decided that would be over the top. We decided to rely on the well-understood and proven nudge theory.

Sir, we do expect the vast majority of Islanders not to opt out and we certainly hope that that will be the case. As the policy letter makes clear, roughly 70% of Islanders are heading towards retirement with no pension provision at all, other than their state pension. Frankly, that is a recipe for widespread poverty and large-scale welfare spending. We are right to try and intervene to stop that. But is this the right time? Is this the right time to introduce such a scheme given what local businesses have been through over the last few years?

Firstly, I would reiterate that is exactly why we have talked to and co-operated over the go-live dates with local employer groups and they are satisfied that the ones in this policy letter are acceptable. Secondly, I would say that there is never a good time to bring in a scheme such as this. With its modest but undeniable impact on the cost of doing business and on States' revenues. Or rather there is always a perfect time and the perfect time is always 20 years ago. But sometimes I think you just have to show the courage to do what is right for the Island in the long run. Because there will always be reasons not to do so. The introduction of Zero-10, the credit crunch and the world economic downturn. Or more recently Brexit. Or more recently again the pandemic.

There will never be a perfect time. But we know in the long run this scheme will benefit our citizens, our public finances and our economy. I commend it to the States and I apologise for my tardiness in returning to the Chamber.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

I would like to bring out the cost to the economy at a difficult time and the fact that, in reality, Guernsey is trying to get back onto its feet first. We are constantly reminded of the deficit each year. The cost of this to the States and the private sector is horrendous. The BWCI report is quite frightening in terms of the economic impact. This is not covered up by the reports that we have got in front of us but it has not been fully charged, if you like, by Deputy Roffey in his introduction.

The implementation of a secondary pension scheme will have a serious impact on the economy. The increased expenditure from business and increased public saving will limit growth and effectively remove funds from the economy just at the time when we are trying to do the opposite. **(A Member:** Hear, hear.) Once contribution levels reach their maximum levels, consumption is expected to reduce by £13 million a year. That is phenomenal. Although equivalent to less than 1% of GDP.

Sir, the States will also see an annual reduction in Government revenue of around £10 million a year in the short- to medium-term. That reduction is Income Tax revenue of £8.8 million, plus Income Support which is another £1 million. Deputy Roffey made the point that there was no effect on Income Support. But there is. There is about £1 million, as I see it, to move that up to £9.8 million from £8.8 million, through Income Support. So it is all a sustained and increasing loss in Government revenue compared with doing nothing at the current time and perhaps leaving this in abeyance to a later time.

There has been mention of course of Brexit, currently, and the pandemic which certainly has not subsided. We have seen it ray its face again over the past few weeks with the excitement of the festivities just recently. But there is also the effect of the Russian war on inflation across the world and certainly inflation is affecting people currently here. So it is another issue to be very considerate of. That being the wider economic uncertainties in reality, not just the inflation but the uncertainties, with respect to the war with Russia and the global pandemic, which bring into question really the merits of the secondary pension scheme and the timing of its implementation.

Fourteen million pounds a year is a considerable amount that this Government is prepared to accept when turning to the people of Guernsey constantly and saying that they have got to collect more taxes. So what really are we up to in this Assembly? I think we have to really look at our rationale. Not that we are turning against, perhaps, the philosophy of secondary pensions but certainly turning against it at this current time, because of what it will do to our economy and responding to the issues of Brexit, inflation and the pandemic.

So do not ever tell me that this States is interested in economic growth *per se*, when to increase this savings rate, which many will reject – it is estimated 20% – because it is going to take away from their salaries quite a considerable amount – 6.5%, then the other 3.5% has to be put in by the employers – and that is going to mean probably an affect on employment in the future. And certainly on salaries, because lots of businesses will just turn around and say, ‘Well, you have got it that way so we are not going to give you it any other way’ (**A Member:** Hear, hear.) in terms of an increase.

And some of course will go out. They will say, ‘enough of this’. Too many are on the margins already, let’s put it that way. Therefore I think this is quite phenomenal additional cost. But it is the general loss in disposable income among the working age population that is going to have a downer on retail and other spending with respect to the population. Of course consumer spending is most important to economic drive and we are going to lose that in the next number of years if this goes through now.

Sir, in responding to Deputy Roffey there, there are other effective ways for people to save for retirement. Secondly of course, there will be an increase in Income Support payments, which we have already said in this Assembly have already got far too high for a number of Members here. Of course it will take spending out of the economy. Saving not spending for the current time may not be the way that we should be looking at our immediate future in Guernsey.

So I go back to the problem of the impact on consumption and the impact also on Government revenues and I just do not see how, at this particular time, we can afford this particular initiative of secondary pensions because of what it will do to our prospects of growth into the future, which is very important following the pandemic and following of course Brexit and the inflation being caused by the war. And we do not know exactly where that conflict is going, so we have got to secure ourselves.

Thank you, sir.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

I do not often agree with Deputy de Lisle’s analysis of the situation. Often with his points, but not always the analysis, but I do on this occasion. There can be no doubt at all, for the reasons that Deputy Roffey gave, that some form of additional pensions commitment from our community is needed. The figures are obvious and the burden on supplementary benefits of a state provision to make up the gap is very real.

I got asked quite recently whether I thought as a pensioner I could live on a pension of £12,200 per annum and I gave an honest, ‘I do not think I could’. But of course, as we know, three quarters of those who rely exclusively on the Guernsey old age pension have less than that because the report makes clear to us that only one quarter have sufficient contributions to be able to max-out at £12,200. An interesting statistic, or an interesting fact, from a question I have asked previously, and one that genuinely surprises me, is that I believe that, up until a couple of years ago – and I have no reason to suggest that this may have changed – absolutely no one who was entitled to the old age pension had opted out. You have to opt in. You get sent a form that basically says ‘Sign here’. And absolutely nobody had.

What does that tell us? Well, it tells us that, even amongst the most wealthy in this community, there is a symbolism associated with the state pension that is important to everyone. And I think we tamper with that, we means test that – potentially at our peril – as that statistic shows. Deputy

Roffey tells us, and he is quite right, there is never a good time to introduce a measure of this nature. I think he is right. But I cannot genuinely think of a worse time (**Several Members:** Hear, hear.) in the last 40 years. And the reason I say that is that it is 40 years since the rate of inflation has, within the consumer sector, been this high. It really is quite extraordinary.

I remind Members that even the Governor of the Bank of England is expecting that number to go to double digits at the next quarter. And I have queried already our underlying rate of inflation. Deputy Roffey responded very sensibly, as he often does, that it is all to do with our energy costs. I believe our food costs are higher than they would be in the UK and I think that is a compensatory factor. But anyway, our inflation is at 7% or 8% and rising. The peak is yet to come.

Deputy Roffey made, I think, a fair comparison to the introduction of corporate tax reform back in January 2008, Zero-10. But there were two reasons why we did it. One, there was a compulsion. We had no choice. We do have a choice here. We did not have a choice then. Also of course, the timing of that introduction meant that we had a very significant economic advantage over our nearest competitor. We promised to go a year earlier than them. We went a year earlier. Our confidence was maintained. The growth that followed was the largest growth rate in the 21st century here in Guernsey.

There is no denying that we have a genuine cost of living crisis and part of that reason is that there is an absurd disparity, a decoupling, between monetary policy and the rate of inflation. We have never seen a situation where interest rates are as low as they are and inflation is as high as it is. There are all sorts of reasons why that is. The primary reason is that monetary policy makers around the world are reluctant to raise interest rates because they are genuinely concerned about stagflation, an environment where inflation continues to rise and growth falls and falls rapidly.

One in three world economists now believe that stagflation is more likely than less likely. My expectation is that number will, by the end of this year, probably be more than half because I think we are genuinely heading for that environment. (**A Member:** Hear, hear.) Stagflation is the worst possible economic environment for economies to operate in and, traditionally, it has taken an awful long time to get out of. In fact the Japanese economy struggled for years with stagflation and still to this day does almost everything it can to introduce stimulus.

What am I saying? I think what I am saying is that we do not need to do this – it is certainly desirable, but I do not think we need to do it – now. Can we postpone it for a year or possibly two years? The truth is we can. (*Interjection*) It will inconvenience a number of people, of that there is no doubt. But one of the other reasons why we ought to seriously consider a postponement is take-up. My guess is that you will see the smallest possible take-up right now because of the cost-of-living squeeze.

I think if you have a situation where people do not engage from the start, the chances of them enrolling and engaging more at a later date will be reduced. It is almost an environment, then, that I will keep putting it off, rather than us making the decision potentially to delay its introduction to ensure not only a better economic platform to do so but also create an environment where there is more likely to be some initial take-up.

I have said all of these things and I still cannot decide quite how to vote on it. Because I completely appreciate the points that the President made in his opening remarks and all of the valid arguments contained within the policy letter. But I really think that the situation has deteriorated so rapidly since we first agreed to this policy in principle that we should have a debate today that focuses on the absolute economic environment that we face right now, rather than specifically the significant long-term gains that we will enjoy in the future as a consequence of introducing this policy.

So for me, that is the scene, the scenario, much the same as Deputy de Lisle, that we should concentrate on for the duration of this debate.

Thank you, sir.

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

I recognise a need for secondary pensions and support the proposals in principle. But after careful consideration, I will be reluctantly voting against them, very much for the reasons that Deputy de Lisle and Deputy Trott have outlined. And I agree completely with his concerns about stagflation, I have been saying that for some time. There are two economic terms I will be using to describe personal income during my explanation of my negative vote. They are disposable income and expendable income.

Disposable income is the amount of earnings a person retains after deduction of direct taxation, Social Security contributions, etc. Expendable income is the remaining income available to spend on discretionary items or to save for the future after paying for basic living costs such as food, clothing, fuel, utilities and accommodation costs, etc. I do not think that anyone can deny that we are living through an unprecedented period of economic dislocation. We have still to see the full economic impact of Brexit, COVID and the Ukraine war but I think we can all agree that none of them are positive.

Today we are in danger of nodding through a good piece of work, initiated long before the words Brexit, COVID or Ukraine war entered our daily conversations. It addresses the future pension funding crisis but without consideration of the current economic circumstances and the potential for this well-intended initiative to exacerbate issues faced by individuals, families and businesses in ever-increasing financial distress. The introduction of secondary pensions will directly reduce expendable income of participants.

Wealthier individuals will not be significantly impacted but the ever-more-squeezed lower- and middle-income individuals and families will be significantly impacted whilst facing the combined negative impacts of Brexit, COVID and the Ukraine war, which are already increasing their cost of living, reducing their expendable income with no end in sight to increasing living costs, with predictions of the largest decline in living standards since the Second World War.

The main argument supporting the introduction of a secondary pension is to encourage individuals to save their own retirement, as the States will not be able to adequately fund them and the longer this is deferred, the worse that future problem becomes. However, the danger of introducing secondary pensions now, with the consequent reduction of expendable income, may lead to many adopters requesting welfare support later, creating a funding issue for the States in the short-term and may potentially force some marginal business to close, increasing unemployment and reducing tax receipts. (**Several Members:** Hear, hear.) We also must remember that this is not the only initiative the States is considering which will directly and indirectly reduce people's disposable and expendable incomes.

It is broadly accepted that the States will have to significantly increase taxes in one way or another. P&R decided to delay the tax debate partly because of these economical issues. So we cannot consider in the round what the aggregated reduction in people's disposable and expendable incomes will be as the type and size of tax increases have not yet been decided. This raises the question of whether we should be debating secondary pensions until the tax debate is resolved. I am not a person who points out an issue and objects without proposing a solution, so I have drafted a sursis which would delay this debate until after the tax debate or for six months, whichever is the latter and possibly help resolve Deputy Trott's conundrum.

I have not laid it, as I only determined to vote against these proposals last week after hearing the Governor of the Bank of England, Mr Bailey, warning that a very big income shock from the increase in global goods prices would hit demand in the economy and push up unemployment, something he described as apocalyptic. Consequently, I did not have time for proper consultation with the relevant Committees. I am definitely not a fan of Propositions from the floor but if Members indicate they wish to have another option to simply voting against these proposals, as I will, I am willing to lay the sursis, which does not change the proposals but simply defers the decision for six months while we see how the environment changes and make our own decisions regarding taxes.

Thank you, sir.

The Bailiff: Deputy Inder.

2220 **Deputy Inder:** Thank you, sir, I will be brief.

We have heard three very good speeches which will save me some time. Deputy de Lisle setting the scene, Deputy Trott setting concerns and possibly Deputy Meerveld finding a solution. So I would encourage Deputy Roffey and his Committee not to run, particularly, potentially to what could be – I know we have not heard many speeches – a potential train crash. There is a lot of good work in here. A lot of good work. But unfortunately I think – and I have to reiterate what Deputy Trott said in response to Deputy Roffey – there is no such thing as a good time for pieces of policy like this, but there are such things as very bad times. And this could not be any worse.

2230 Sir, Members of the States, if you look at when the secondary pension scheme was done by BWCI it was actually produced in 2018. So I am assuming most of it was done in 2017. And wasn't 2017 a different time? England had won the Cricket World Cup, Meghan Markle got married, there was no discussion about Brexit, Ukraine, COVID. We were in entirely different times and even the BWCI report does actually suggest that there will be challenges. Surely, five years on, coming straight out of COVID, straight into a war, straight into a commodity crisis ...

2235 And the two people I think certainly – and always from Deputy Trott, I never thought I would say this, he is always extremely positive about the economy. Taking some lessons from him, I have never not been, but I always have been very positive about the economy. But I am not entirely positive today and I do not think this is going to help. What will the impact be? And I said to, I think it was a Deputy, Ferbrache recently on another matter, the problem with some of these policy letters is they are generally designed in places where they are never entirely affected by the people who are putting them together.

2240 Everyone who sat around and designed this is probably already sitting on a public pension plan, so they will not have to pay another 8% out of their wages. In isolation, I have said this before, sir, Members, that nothing in isolation looks terrible. If you took this document in isolation, it makes complete sense. But what if you start adding in VAT at 8%? What if you start adding in more TRP rises? What happens if you start adding in extra insurance? What if you start adding in pressures on the economy through minimum wage rises and the like? And what if you start adding all of the existential things that we have got no control over?

2250 In conversation with Deputy Trott on another matter – fertiliser prices. Paying £7,000 a tonne three years ago. This year, £27,000 a tonne. So if you all thought growing spuds in your garden was going to save the world, actually it probably will because they will be going through the roof. Oil prices have gone through the roof. Cooking oil prices have gone through the roof. Wheat prices. We are likely to have famine around other parts of the world because places like Libya – not Libya, Lebanon in fact – take most of their grain from the Ukraine.

2255 Ukraine currently is being massacred by the Russian army and I do not think anyone knew in 2017, one, the importance of Ukraine as the breadbasket of the world. Not just Europe, it is the breadbasket of the world. And the impact the horrific actions that the Russians have done on that country. (**A Member:** Hear, hear.) We are a global economy, whether we like it or not. The impact is what it is and of course people who listen to or read The Economist and the financial papers much more than I do make reference to the warnings made by the Bank of England.

2260 And of course on top of that to control inflation, what do you do? You put interest rates up. So what are we heading towards? Higher interest rates. There is no one – we are practically two generations away from anyone even understanding what an interest rate actually looks like. So, sir, there are other details within the actual Propositions about things like the control of the trust itself but I genuinely think, if I was going to give any advice to anyone, Deputy Roffey, not that he would ever listen to me, I think he should bring his own sursis.

2265 He either withdraws this today (**A Member:** Hear, hear.) and brings this back or actually does something and amends his own product and gives us some assurance because there is some good work there. Deputy de Sausmarez can flick her head and laugh all she wants, but this is serious stuff, Deputy de Sausmarez. This is serious stuff. This is about –

2270 **Deputy de Sausmarez:** Point of order, sir.

The Bailiff: Point of order, Deputy de Sausmarez.

Deputy de Sausmarez: Rule 17(1).

2275

The Bailiff: Yes, I will remind you, Deputy Inder, that you must not address another Member directly. Everything is done through the Chair where it is indirect at best.

2280 **Deputy Inder:** Right, okay, so third party laughing is allowed. Okay, sir, I accept that. But I do not find it funny to those who are nodding their head naturally in my direction as I speak. I do not find it funny. I am not giving way. This is not funny.

2285 We are heading towards practically Nordic-type taxation with potentially Guernsey-type public services. I do not mind the Nordic taxation – well, actually I do. I would not mind the Nordic taxation so much if we actually got the free dental healthcare, if we actually could get in and not pay £56, £57 for a doctor. But what we are heading at – you start adding this up. This is the death by a thousand cuts. I have said it time and time again: in isolation this is not a bad policy letter, but start adding up what is coming down the tracks, start adding up; it is not good.

2290 This is not actually Guernsey. Guernsey is normally opportunistic, free, unregulated. But the death by a thousand cuts is coming, coming, coming. And I would ask – hopefully over lunch, depending on how this debate goes – Deputy Roffey gives great consideration to what he is laying before us and takes some advice – probably he will not take any advice from myself or Deputy Meerveld, but certainly someone who has worked for a longer – Deputy Trott and certainly Deputy de Lisle. Because I cannot support this in this position as it is and I do not find this funny.

2295 **The Bailiff:** Is it going to be a speech of longer than three minutes from you, Deputy St Pier?

Deputy St Pier: I think I can probably complete it in three minutes.

The Bailiff: Deputy St Pier.

2300

2305 **Deputy St Pier:** I wish to make a slightly different point to that already made by others in relation to this policy letter. My concern is in relation to the governance of the plan. In particular, whilst there has been a move away from a statutory trust to a private trust, the very fact that the administrator and the trustee are within the same group, I think does give cause for some concern. The fact that the Committee has said in paragraph 4.10 that they are confident that the likelihood of disputes arising should be low and will ensure that the trust instrument is drafted in such a way as to minimise the possibility of legal disputes, I think is a little naïve.

2310 This is going to run for decades, this plan, with tens of thousands of members and ultimately hundred of millions of pounds of value. Whilst it is commercially sensible, from the point of view of the provider, that the trustee and the administrator should be in the same group, I am not convinced that it is in the interest of the members. The Governance Committee, set out in paragraph 5.13, is not really a governance committee in the sense of providing any real oversight. It is more about a mechanism for the communication of information.

2315 I do accept the plan as set out, and the division between the administrator and the trustee, is the least costly alternative and to have a separate trustee providing independent oversight would be more costly in the long run. And I will accept also that the Sovereign Trust will have its fiduciary responsibilities set out in the Law and is of course a regulated trustee. Nonetheless the pressures from being within the same group as the administrator will make that job quite difficult to discharge in the event of any problems in the administration of the plan.

2320 So I do have that concern. I did consider bringing an amendment and consulted with some Members. I saw no real traction from colleagues for that and therefore decided not to engage the Assembly's time in such an amendment but I do remain concerned with it.

My final point, sir, in the 20 seconds available to me, is that I would be grateful for Deputy Roffey, when he sums up, to address the question of whether the Committee has given any consideration to the question of change of control in the administrator and trustee group.

It is a sector which is subject to considerable corporate activity, it is therefore very likely that there will be a change of control at some point in the ownership of this group and that needs to be given some very serious consideration as to what the impact would be. So I would be grateful for some information, sir, when he sums up, as to what consideration has been given to it or an assurance that there will be consideration to what the implications would be, in the event of a change of control of the group.

Thank you, sir.

The Bailiff: Thank you very much. We will now adjourn until 2.30 p.m., Members of the States.

*The Assembly adjourned at 12.30 p.m.
and resumed its sitting at 2.30 p.m.*

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

Secondary Pensions: Implementation of Your Island Pension – Debate continued

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I have the first slot of the afternoon.

Deputy Roffey has very helpfully outlined the secondary pension proposal this morning, and there is nothing that I could argue with or want to argue with in terms of the virtues that he outlined and the principle of introducing a secondary pension scheme in Guernsey.

I am not going to go through the many worthy points of note which I think were raised by Deputy de Lisle, Deputy Trott, Deputy Inder, and Deputy Meerveld before we broke for lunch, but I really do not think that now is the right time to be introducing this. (**A Member:** Hear, hear.)

One of the main reasons for that is obviously economic impact and rather than repeat all the obvious issues that we are facing at the moment in detail that have been mentioned, the world events that are affecting us outside of our control here in Guernsey, it is interesting to note that the BWCI review on the economic impact assessment that was carried out in 2018 – it was based on 2017 figures – has not been updated, and that has caused me some real concern. (**A Member:** Hear, hear.)

So when Deputy Meerveld has spoken about a sursis, I would consider a sursis worthy in this instance – (**A Member:** Hear, hear.) but actually, a sursis *motivé*, and the *motivé* is to ask the Committee for Employment & Social Security to hold off for a while, to come back, allowing us to consider, in the round, the impact of any potential corporate taxes that might be proposed, any other taxes that might be imposed on the Island, but also the economic impact of the secondary pension scheme using up-to-date figures, not figures that are five years out of date.

The economic impact on the Island, especially on the labour market – if you note on page 90 of the BCWI report, it notes that:

The Secondary Pension Scheme will, however, impact on wages and employment. The pension contributions firms are required to make increase their payroll. Firms may look to recover some additional costs using one or more of the following strategies.

2360 I am quoting from the report here:

Otherwise, the Secondary Pension Scheme will impact on company profits and dividends.

So they would look to:

- Increase consumer prices;
- Increase productivity;
- Reduce the number of hours worked or overtime available;
- Reduce the number of people employed, freeze recruitment or make redundancies;
- Defer or reduce future pay rewards and bonuses;
- Cut costs in other areas

– and that was before we entered into what is fast becoming a global economic crisis, not just for us here in the Island.

2365 If we make Guernsey unattractive for entrepreneurial endeavour we will sink; there is no two ways about it. And for me, there is nothing worse than Government-imposed cost. The cost of secondary pensions to businesses on the Island is going to be high. It will impact on company profits and dividends – that has been confirmed by BWCI, who were the consultants used in this instance in 2018 to give their view on what secondary pensions' impact would be on the Island. That really is worrying, because if we make it less attractive for businesses to do business in Guernsey, 2370 that has an added impact on the community and our wellbeing and the services that we are able to provide as a Government on the whole. So anyone bringing forward a sursis, I would support that but I am not sure the Committee would support that at this time.

2375 The other area that I would like to bring to Members' attention picks up on where Deputy St Pier left – and actually Deputy St Pier and I had a conversation around some of the technical comments we have regarding the setup of the scheme. I have got a little bit of a professional background in fiduciary services, so reading this was actually pretty interesting for me, but I did pick up on a couple of things. In addition to what Deputy St Pier said, I absolutely see the risk there. But actually another risk that I noted was on page 13, paragraph 5.13, where a Governance Committee is going to be established. The area that concerned me was in regard to the Governance Committee, the scope of 2380 that would be to, 'advise the trustee on certain key decisions.'

Now, I have also consulted with Deputy Roffey on this matter, because I did think about bringing an amendment and then thought better of it because I am not convinced I am going to be voting for the policy proposal as a whole, so I did not want to appear to be disingenuous by bringing an amendment and then looking to vote it out at the end. But the proposal, I do want to make it better 2385 if possible if it does go through today, and therefore I would seek Deputy Roffey's commitment to look at the scope of the Governance Committee, or relook at the scope of the Governance Committee, from what it is drafted as at the moment within the policy letter.

I have consulted with the GFSC, with a pensions lawyer – and also, actually, I rang up the trustee as well, the Sovereign Trust – to get a better understanding of the Governance Committee arrangements, which are GFSC guidelines, but the Committee has moved away from the guidelines. 2390 And I think if I am going to be fair to them, in terms of public service and good governance, they tick a few boxes, but actually in terms of fiduciary duty maybe there is this disconnect, that actually we want the fiduciary relationship to be as arms-length as possible so that the States of Guernsey does not infringe on the independence of the trustee.

2395 I think that there could be a risk, if there is any challenge to the trust in later years – as Deputy St Pier has alluded, it is not in the immediate future that there is a risk to challenge; it would be some time down the road – that if the President could commit to looking at that scope and adopting the GFSC guidance on this particular area, then that would be really helpful, because then that pulls

the Committee back from that risk area that I think is retaining too much control without having any explicit powers in this particular instance.

The other matter that I wanted to raise was around getting a little bit more information for the Assembly on the costs of the marketing campaign. It is going to be spread over eight years, obviously, because there is an incremental rise in contributions, but there is an initial quite-focused 15-month campaign. And I think it would be useful for Members to have a little bit more information on the cost of that marketing campaign, because I did not see it mentioned in any detail in the policy paper.

Those are my comments around the issues, and I think I will leave it for others to speak longer. I think there has been a raft of us who have spoken not particularly favourably about the policy, so it is time to let someone else speak in favour of it, and I think that Deputy Queripel is waiting in the wings.

Thank you, sir.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, thank you.

Sir, there are several paragraphs in this policy letter that provide the sort of information I needed to see to enable me to support the Propositions in front us. Starting with paragraph 2.8, we are told that:

Given the demographic challenges facing Guernsey and Alderney, the current situation poses the risk of increased pensioner poverty in the longer term unless more residents of working-age start to take greater responsibility for saving for their own retirement. The situation also poses a significant risk to public finances if more personal responsibility is not taken, as more people would be forced to claim Income Support. Further, there is a strong correlation between deprivation and poor health and other social outcomes, particularly for older people, which will result in additional costs to the taxpayer, as well as potentially a lower quality of life for the individuals concerned.

So the fact is that people of working age do need to take more responsibility for themselves; otherwise health costs will increase dramatically in years to come, and so will Income Support.

Now, I realise that by taking more money out of people's pockets it will mean they have less to spend, but we have to balance that with the long-term situation of the whole community. And anyway, as a society, greed has now superseded need, in my view, so people do need to be encouraged to focus on what they *need*, as opposed to what they want. It might come as a surprise to some people to hear me say that, sir, but it should not, because my 2008 election campaign slogan was 'Give the people what they need.' If you say 'Give the people what they want,' they want everything. We all want everything; you do not *need* everything, you need basics. So anyone who knows my political history should not be surprised to hear me say that.

Another paragraph I want to focus on in support of these propositions is paragraph 8.1. We are told in that paragraph:

The overriding aim of the secondary pensions policy is to improve the financial position of Guernsey and Alderney residents in retirement.

And who would not sign up to that aspiration?

Paragraph 8.8, we are told:

If the States do not encourage additional savings now, the price will be paid in future through increased Income Support expenditure and through deterioration in social wellbeing.

Of course, all that can be avoided by supporting these Propositions in front of us today.

Paragraph 5.13, Deputy Dudley-Owen referred to this Governance Committee in that paragraph:

... a Governance Committee would be established, made up of representatives of the trustee, key service providers and the Committee for Employment & Social Security. There would also be employer and member representation to ensure

that the voices of these key stakeholders are properly considered. The Governance Committee would not be a decision-making body but would ... provide scrutiny and advise the trustee on certain key decisions ...

2435 So that is all good stuff. In paragraph 7.25, we are told:

Employers will have the right to challenge any decisions made or notices issued by requesting a review by the Director of the Revenue Service. If a review is declined or is unsuccessful, the employer may lodge an appeal with the Revenue Service Tribunal.

Paragraphs 5.19 and 5.22, I am going to focus on those next. Sir, my colleagues know I champion the opportunity for Islanders to contact people by telephone – or better still, have face-to-face conversations – as opposed to being forced to transact business by emails all of the time. So I take great comfort from paragraph 5.19 telling us that:

... telephone support will be available for those employers that require assistance with the joining process.

2440 Paragraph 5.22 tells us that:

Customer services to employers and employees will primarily be delivered via email ... and by telephone. However, as a locally based provider, Sovereign Pension also provide a walk-in service at their offices in St Peter Port.

So all credit to Sovereign Pension for adopting such a considerate and inclusive approach, as opposed to adopting an exclusive approach and forcing people to go online all of the time.

2445 To continue praising and giving credit to Sovereign Pension, paragraph 6.5 tells us that the nature of the charging model means that Sovereign will actually suffer and have to endure losses in the short term, but they are prepared to do that in the knowledge that this is a long-term scheme and the fund should build to a point where their losses will be recovered. But that is going to take several years. In fact, if we look at paragraph 6.6, we see:

... a contract length of 15 years has been agreed to enable Sovereign sufficient time to recoup their ... outlay.

There is more good news, because in addition to that, we are also told in the same paragraph:

Sovereign will not require any financial assistance from the States ... to establish the scheme

– and that –

There will be no underpins or guarantees provided by the States ...

2450 Paragraph 6.8 tells us that:

... the Committee is of the view that the new financing arrangements with Sovereign provide significantly better value for money to both the States of Guernsey and the members of the scheme in the longer term

– and I am with the Committee all the way down the line on this one, sir.

2455 But just at this point, actually, I would like to commend the Committee and the staff of ESS, and everyone else involved in putting this scheme together, because it is blatantly obvious an incredible amount of thought and consideration has gone into this – and, I should imagine, the occasional sleepless night as well.

This policy letter just gets better because my colleagues will know one of my favourite words is ‘comprehensive’ and with that in mind, I am absolutely delighted to see that paragraph 7.4 reads as follows:

The Committee is planning a comprehensive awareness campaign to promote the new employer obligations. This will make use of a variety of media to target as many employers as possible. There will be a dedicated webpage with access to guidance documents for employers and employees. Presentations and roadshows will be made to employers and employer representative groups. Advertising will also be carried out on social media, radio and in printed media.

Well, it does not get more comprehensive than that, which is why I say I am delighted to see that in that paragraph.

I am also delighted to see what we are told in paragraph 7.6, because that paragraph reads as follows:

The secondary pensions obligations are being phased in over a period of 15 months ... it is intended that the awareness campaign will continue for the duration of the phasing in period ...

Sir, that is a prime example of taking the community with you on the journey. And it is absolutely crucial to do that in all events, but especially when we are dealing with schemes of this magnitude.

And I take great comfort from what we are told in paragraph 5.3. We are told that:

Tendering locally is in line with the States of Guernsey's approach for localising procurement wherever possible, presenting a real opportunity for the local pensions industry to be involved in a wide-reaching initiative that will benefit our community for years to come.

– the message being 'Keep it local, keep the money on-Island, and everybody wins'.

Sir, in the words of Jiminy Cricket, 'There's more!' There is a lot more, in fact, as one would expect in a scheme of this magnitude. But I wanted to move towards close by just mentioning a couple more things.

Some of my colleagues have already said, in not so many words, that this is one of those tough decisions we get asked to make from time to time; I do not see it as that at all. What is tough about encouraging people to take responsibility and save as much as possible for their retirement? Because the States will simply not have sufficient funds to enable them to have the quality of life they are hoping for when they reach that stage. So what is tough about that? I do not get it. What is tough about encouraging people to take responsibility and save for their retirement?

As some colleagues have already said in speeches, 'It is not the right time'; well, when will it be the right time to ask people to pay money out from their own pockets? They are always going to be reluctant to do that anyway, so when is going to be the right time?

Sir, I am a pensioner, and in the five years I have been receiving my pension, I have already been given back every single penny I have paid in over the last 50 years. And I am no different from any other pensioner. So the reality is, someone else is now paying my pension and it is the same for the vast majority of pensioners: once they have drawn their pension, for approximately four and a half years, they have got all the money back that they have paid in, and someone else is paying for their pension. Sir, the current system is completely unsustainable and has always been completely unsustainable, so we really do need to address that and the way to address it is by bringing in secondary pensions. And if anyone wants proof of that statement I just made, sir, that every pensioner gets their money back in four and a half years, I have got the figures here if anyone would like to see them.

As a relative aside, if we do not bring in Secondary Pensions and, for example, go for GST, I predict the cost for Income Support will quadruple in just a few years; it will jump from £47 million to almost £200 million in a year.

Sir, I ask colleagues to bear all that in mind when they come to vote, because every issue I have covered is a crucial issue. There is a lot more in this excellent policy letter. And of course, what colleagues will be doing who vote against this scheme is merely kicking the can down the road, and we cannot afford to do that. Why would you want to kick the can down the road?

On the issue of things possibly going wrong – Deputy St Pier touched on that when he spoke, Deputy Dudley-Owen touched on that – I had a pension scheme with an extremely reputable company several years ago and they went bust, which meant I not only lost all the money that had accumulated over the years, I also lost all the money I had paid in, as did hundreds of thousands of people who had pension schemes with that company. Companies go bust, things go wrong, it is the nature of business. There are risks associated with any business. Sir, I have lost count of the number of times it has been inferred during States' debates that the sky is going to fall in and the

world will come to an end if we support a particular motion, and it has never happened. The sky has never fallen in, the world has not come to an end – unless this is all just a dream, of course.

2505 So while some of my colleagues may prefer to focus on the downside of this issue, I prefer to be positive and focus on the upside – that upside being, if people take responsibility for providing for their future whilst they are working, then they will be able to reap the rewards of their efforts when they retire. And of course, if they decide to opt out of this scheme, then they have to accept they are not only making life difficult for themselves come the time they draw their pension, but they are

2510 also making life difficult for their children, their grandchildren, their great-grandchildren, etc.

Sir, we have been elected to govern and do what we feel is right and will benefit the community. Sir, my colleagues in the Assembly – and there are a few who have spoken who have said that they think they are going to vote against these Propositions – who intend to vote against these Propositions really do need to come up with suggestions as to how we fill the black hole, instead

2515 of just voting against these Propositions, because surely they cannot justify kicking the can down the road without coming up with suggestions as to how we will fill the black hole, because that is not doing what is best for our community. To kick one idea into touch and not replace it with another idea, in my view, is an irresponsible approach to adopt.

And I say that with the utmost respect to colleagues who say they are going to vote against this.

2520 The fact of the matter is, I do not think they thought the matter through. They have not given the matter the consideration it requires, so the black hole will continue and there will be nothing put in place to fill it, so we continue then to carry on headlong into disaster. And then, when the reality hits home –

2525 **Deputy de Lisle:** Point of correction, sir.

The Bailiff: Point of correction: Deputy de Lisle.

Deputy de Lisle: Sir, it is just with the fact that the report itself states that a member entering

2530 the scheme 'is expected to contribute £68,872 over their career' and also 'the employer is expected to pay in £46,356' over their career.

I do not see how they are going to get a pay back on that in four and a half years – particularly as, even if you have got a full pension now, you make about £12,200 a year. So I think there might be some misleading of the true facts from Deputy Queripel.

2535 Thank you, sir.

The Bailiff: Well, Deputy Queripel, I do not think you were necessarily misleading anyone in what you said about getting a return on the *state pension* in four and a half years, which is how it was put, but Deputy de Lisle has clarified so please continue.

2540

Deputy Queripel: Thank you, sir.

They might not get that back in four and a half years, but they will probably get it back in six, if that is any comfort to Deputy de Lisle. (*Interjection*)

Since he has raised the point, sir, I will go into the figures. And I have clarified this with ESS some time ago – not long ago; just a couple of years ago if I remember rightly. Over 50 years' working, a median earner pays £50,000 for pension over that lifetime of working, equating to four and a half years of pension. Deputy de Lisle quoted – I think he said £60,000, something or other. It is the same thing: they will get it back, it might just take a year longer. Six and a half percent every week for 45 years is a £95,000 pay maximum: 3.5% is for pension; 1.3% is for healthcare; and 1.8% is for

2545 long-term care. Sir, you ruled that I was not misleading the Assembly, and I am grateful for that.

Let me find where I was, sir.

As I was saying, sir, I think to kick one idea into touch and not replace it with an idea that colleagues feel is a better idea, in my view, is an irresponsible approach to adopt, because the black hole will just continue and there will be nothing to fill it. And then in a few years, when the reality

2555 hits home, it will be too late because we will be in crisis by then, which is why we really do need to see the upside to all of this and be proactive instead of being reactive. Once we are in crisis, where are you going to go? There is nowhere else to go but down if you have not provided over the years.

So, sir, I urge colleagues to be proactive and support these Propositions in front of us. And I realise there is going to be a cost; Deputy de Lisle focused on that when he spoke. There is going to be a cost in the short-to-medium term, as we are told. If colleagues want to look up the information, we are given it in 1.5, 7.27, and 8.7; those paragraphs tell us all about the costs.

2560 Deputy Inder spoke this morning about seeing something in isolation – I think it was Deputy Inder. Do not just look at the costs; look to the future. The phrase that keeps springing to my mind is ‘Speculate to accumulate’ – I see Deputy Vermeulen is impressed with that one, sir. The point we all need to bear in mind is, a crisis can happen at any time, and when a crisis does happen, it is up to governments to ensure that life goes on. Life does not come to a standstill – unless, of course, we are talking about something really horrific, like a war or a famine. But if we put everything on hold every time a crisis occurs we would do absolutely nothing, we would get absolutely nowhere; we would just stagnate or go backwards, even.

2570 So as Deputy Roffey said when he made his opening speech – I have already said in my speech – there is never a right time to ask people to pay more towards anything, let alone a scheme whereby they will reap the rewards decades down the line. Deputy Meerveld intrigued me when he spoke, actually, because he referred to a sursis to delay the introduction by six months to see what state we are in by then – those were not his exact words, but I think that is what he was inferring. But he did not say what he thought would change in those six months.

I give way to Deputy Meerveld, sir.

Deputy Meerveld: I thank Deputy Queripel for giving way.

2580 First of all, hopefully within six months, if I lay a sursis to that effect – which I am looking at doing now – you would be looking into the tax debate, because the tax debate goes directly to disposable incomes, you will know what we are going to be charging people in taxes on top of the expectation for them to contribute to pensions. Plus we will have by then, in my opinion, a better idea at least of where price inflation is going on fuel, food, clothing, etc. and what the impact on people’s standard of living will be. It is simply fixing a date that is not too far in the future so that this can be reviewed in a timely manner, but enabling us to get more information before we do so.

Thank you, sir.

2590 **Deputy Queripel:** Sir, I thank Deputy Meerveld for that clarification; that was quite helpful. I would not support it, by the way. For me, it is just kicking the can down the road. How much more information do you want? How many more reviews are we going to have to gather data and information and statistics before we do something? Are we going to become known as the States of Assembly who conducted review after review and then did not act upon the reviews anyway, just put them in the bin because we did not want to hear what they had to say?

2595 So I think colleagues in the Assembly who intend on voting against the Propositions need to ask themselves a question, that question being what are they afraid of, and see what answer they come up with, and tell us what that answer is when they speak in debate, or ask me to give way if they have already spoken so they can tell us: what are they so afraid of, why would they vote against these far-reaching Propositions of long-term benefit to the whole community?

2600 Sir, I have highlighted a lot of really good stuff in this policy letter which focuses on improving the quality of life for our fellow Islanders in the long term. The Propositions in front of us are incredibly proactive, and I am adopting a positive approach to the whole issue of secondary pensions, which in my view ... and this is perhaps what some of my colleagues are frightened of; none of them stood to ask me to give way, so I have no idea why they are going to vote against it. This might be why they are frightened: they do not want to upset the electorate.

2605 Ah! I give way to Deputy McKenna.

Deputy McKenna: I am happy to stand up because I am frightened. No problem admitting it: I am frightened. Why? Because in my generation we used to live month-to-month: 'I'll buy that, I get paid at the end of the month.' Then as I got older, it would be like, 'Listen, could you wait until the end of the week?' And now I would be saying to you: I don't know if I can get that because I don't know what bills are coming through the post tomorrow. I have got no money. The mortgage rate is going up, fuel is going up, electric is going up, gas is going up. I am paying 14% as self-employed, I am paying 20% tax, then you are going to put maybe another 8% along on the secondary pensions. I am frightened. I cannot afford a secondary pension because I have got no money! So what are you going to do? Are you going to shoot me because I am poor? Have I got to stand here and bow and apologise because I have got no money?

Now, my friend Deputy Queripel is a man who has always said we live with a community of 'eat or heat'. Do you think they have got the money for a secondary pension? If we tip people over the edge they will go into Income Support.

There is a very good thing because I always enjoy reading Deputy Roffey, and he mentioned on a different thing in one of his columns, he quoted Oscar Wilde, and he said here:

These people know the price of everything and the value of nothing.

Oscar Wilde did say that: 'They know the price of everything and the value of nothing'. Well, I can say I appreciate the value of money because I have not got any money, so I appreciate the value. I know the price and I know the value. But Oscar Wilde also said:

to recommend thrift to the poor is both grotesque and insulting. It is like advising a man who is starving to eat less.

That is what you are proposing today to say to me. And I have said, there is one thing about opinions: we have all got one. But when Deputy Trott stood up today – in fact, I said to him at lunchtime I thought his speech was brilliant, and he agreed with me! (*Laughter*) Deputy de Lisle, Deputy Meerveld, and Deputy Dudley-Owen – we have heard some fantastic speeches. But what I am saying is, Deputy Queripel asked who is frightened? Me. So if you want to shoot me for being poor, I can only but apologise.

So I will not be voting for Secondary Pensions *because I cannot afford it*. My friends in the community cannot afford it because we have got no money. Everything is going up and up! We do not know what is going to happen with the tax review, so let us wait. We are not kicking the can down the road; it is called being astute businesspeople. And that is what we have in this Assembly: some astute businesspeople who know the value of money.

So yes, I am frightened. Even if I am a two-weight knockout champion, I am still frightened! Thank you.

Deputy Queripel: I thank Deputy McKenna, through the Chair, for having the courtesy and good grace to explain what he is so afraid of. But could this be another occasion of 'when it suits'? 'I will kick the can down the road when it suits me to do so'? Because there are times when we all go against what we said in speeches. We all contradict ourselves – with the best of intentions, of course. We all say in one debate, 'I can't possibly put taxpayers' money towards that at a cost of, whatever, how many million, because we haven't got the money,' and in another debate – because they are on the Committee or they have got a particular goal in mind – they will say, 'Yes, I am all for putting millions of pounds in to that, of taxpayers' money.'

I thought I was moving towards a close 10 minutes ago.

Sir, as I was saying, the Propositions in front of us are incredibly proactive and far-reaching, way into the future. And if you want your children to suffer, your grandchildren to suffer, your great-grandchildren to suffer, etc., as I said earlier, and struggle, you will kick the can down the road. If you are a visionary and you can see into the future what is needed, you will support these Propositions.

Sir, I am adopting that positive approach, which in my view gives me total justification for voting in favour of these Propositions, despite what some of my colleagues or some members of the community might say. I am doing what I think is right for the community in the long term. I have read the policy letter from cover to cover at least three times. There is a lot more I could have taken out of there, good stuff. I was pragmatic and I focused on what I thought were the most salient paragraphs.

Sir, in closing, I ask for a recorded vote, please. Thank you.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

I was not going to start by mentioning Deputy Queripel's speech, but I think there has been so much in there that I have got to reference some of the things. I am going to assume that I am not living in dream-time at the moment, although sometimes I do wonder. I comment on one of the points he has made, though: that pensioners get their money back in four and a half years, as he is saying he did. I have got no interest in suggesting anyone is trying to deliberately mislead anyone here, but of course, that is not true, because it takes no account of indexation, of compounding of stuff. So £50 that he may have paid in in 1975 is very different to the £50's value today. So if you got all your money back in four and a half years, there would literally be no money to pay anybody. It is just not correct to say you get your money back in four and a half years. Yes, if you are taking 50 quid in 1975 as being the same as 50 quid today, then I can imagine that might be true.

I was interested to hear the views that have been expressed by others, and I share some of them timing-wise for this. Obviously, again, Deputy Queripel talks about a crisis, 'Just carry on regardless in a crisis'. But that is not really how it works either. If you have a crisis then you have to sort of cut your cloth accordingly. That is something that has changed.

I will add, though, that as a member of the Tax Review Committee Steering Group, whatever it was going to be called, and having attended each of the public drop-in sessions for GST, there is a very clear message out there from a huge majority of the people that we saw – not all, but a big majority – that right now is not the time for added costs. We have heard in the last couple of weeks that electricity is going up by nine-point-something percent, we know that food is going up, there are shortages for various things that I think have been mentioned by previous Deputies, and that means the price is going to go up on those.

I think the points have been well-made so far, they have been made by many, especially Deputy Trott – I did not think I would hear myself saying that but – and I certainly hear the argument for 'Yes, we should do this, but not now.' So I would like to move on to a couple of other areas.

As the policy letter notes, I was part of that subcommittee looking at the matter, and throughout the process, with a few disagreements along the way, I have been broadly supportive of it. But of course, as I mentioned previously, lots of things have changed, like wars and electricity hikes by nearly a double-digit amount, and they are practical, on-the-ground things that actually affect the man on the street. (**A Member:** Hear, hear.) So I would just like to go through a few of the things.

Firstly, Proposition 2(b) states that:

... the Committee for Employment & Social Security be given authority to determine the terms of the trust instrument and the Rules of Your Island Pension, and to amend either if/when considered necessary

I had assumed a great deal of the detail would be coming to the Assembly, and this seems an awful lot like being asked to sign at the bottom and 'Don't worry, we'll fill in the other bits later.' I fear that, should we have a situation, noted by Deputy Trott, that initial take-up is very slow – which could well happen – we could see ESS amending quite heavily the terms and conditions, etc. without coming back to the Assembly. The question for Deputy Trott is what terms of the trust and what amendments to the scheme are being referenced here? And that leaves me somewhat uncomfortable. So I would be grateful if, in his summing-up, Deputy Roffey would just speak to that matter for me, please.

Secondly, at 5.13 – this has been raised by a couple of people; I was going to read the clause out, but I will not because it has been read out in full by two people already – this is the makeup of the Governance Committee. Again, I have a few questions, and I would be grateful if Deputy Roffey could address them in his summing-up, please. The paragraph notes that the Committee would include key service providers, and I would like clarity on who this would be. In essence, I can only see that that must be Ravenscroft and Sovereign, as the two key parties involved in this that are not ESS. It also notes that employer and member representation would be included, which of course leads to questions over which employees, which members – so again, I would like some clarity on who will be choosing those members that would be on this Governance Committee. How often they are changed? Are they paid? Just those kinds of details would be very useful for me.

Of somewhat more concern, though, is the part that follows, which says that:

The Governance Committee would not be a decision-making body ...

– good –

... but would review key reports, provide scrutiny and advise the trustee on certain key decisions ...

Deputy Dudley-Owen has already noted this matter, so I am not going to go into it deeply, but I do fear the authority being granted here to provide scrutiny.

It continues that:

The Governance Committee would ... advise the trustee on certain key decisions such as changes to the available range of investment funds ...

I am aware there have been some helpful discussions in the past 24 hours – again, as noted by Deputy Dudley-Owen, and I think they were with Deputy St Pier and Deputy Roffey – surrounding this, but I must admit, I was surprised that Sovereign have wanted this included. So I did wonder if Sovereign were aware of the terms in the makeup of that Committee. So again, perhaps Deputy Roffey could just confirm that. And again, I have to ask why these have gone beyond the GFSC guidance on this matter when we did not really need to.

So it seems at first blush to have the potential for a non-regulated Governance Committee to be advising the heavily-regulated trustee to make changes, and I can see that putting the trustee, potentially, in a difficult position. Usually, a trustee would take advice from fellow professional firms with professional liability insurance and indemnities, of course. As I say, I am aware of the GFSC guidelines, but it does seem to be that we are tinkering somewhat around the edges here.

In 5.17, the policy letter notes that:

Subject to the successful outcome of the ongoing contract negotiations,

– and then continues, but again, I had assumed that those contracts had been signed. But perhaps the progress of those negotiations could also be clarified.

Finally, towards the end, moving on: 5.22, as noted by Deputy Queripel, the policy notes helpfully that:

... a locally based provider, Sovereign Pension also provide a walk-in service at their offices in St Peter Port

– and that is great and brilliant for people that either cannot get online or do not like using online, and that would be particularly helpful, but could I ask the President to confirm whether there will be any charge levied for that service, or will that be entirely free to anybody who wants to walk in and take up Sovereign's time?

So in summary, a bunch of clarity, please, from the President in his summing-up. But as I stand here, having listened to various Members, I have to say I am more convinced by the nays than the yays at the moment. I absolutely agree this needs to be done, there is absolutely no doubt in my mind about that; but I have to say, with the extraordinary world circumstances that we are currently

looking at, through no fault of our own, I certainly would support a sursis to push this back, rather than just reject this. I do not want to reject it, I would rather say let's push it back a little bit please, because this does need to happen, but for me, right now, it is not today.

Thank you, sir.

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The Bailiff: Deputy Bury.

Deputy Bury: Thank you, sir.

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I had not imagined needing to speak, actually, not having had much rumblings, amendments, or pushback really from the public or the business group, but here we are. And there have been some, obviously, very pertinent points made that I think are important to address.

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The 'not now' argument based on current circumstances feels pertinent here today, but the answer really to that argument is that it is not now. We might be making a decision today, but as all of the implementation information within the paper explains, the first tranche would not be implemented until October 2023, so late next year, and that is for large businesses. Then there is a 15-month phased implementation plan. So the small businesses will not be looking at implementing this until early 2025, and that is at that low base rate of 1%. There is then the phased implementation raising the percentages, which runs over seven to eight years. So were are talking 2033, which is far in the future. So it is not now; we are talking about it today, now in the current circumstances, but in terms of implementation and impact, it is not now.

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And we do not know what is going to happen. But that is the thing: *we do not know what is going to happen*. We do not know when this perfect time will be, and I do not believe that it exists; history tells us that. We have to have a long-term view. And I do believe that that is difficult for politicians, because often they are thinking about the next election. However, we have to be responsible to our future generations, and this is really a project to do that.

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We find ourselves, as an Assembly in this term, probably bemoaning previous Assemblies for the messes that we are having to pick up because people were not bold enough to make decisions to plan for the future, (**A Member:** Hear, hear.) and here we have one in front of us to ensure that we are not that Assembly that gets bemoaned for not planning for the future. We know that our funds are depleting. We know where we stand today: that we do not have the funds to support our older generations. And so here we have a lever that is long-term and we will not see the benefits for a long time; but we have the opportunity to ensure that we make more positive choices around that.

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I think something that has not been brought up yet and I think is quite important – and certainly when people are talking about businesspeople in the Assembly – Sovereign is the second provider that we have negotiated with, done a huge amount of work with, and got very close to getting across the finish line with. They will not be able to hold this fantastic deal on the table for ever. We do not know that when this comes back around, if it does not win today, that we will have such a good deal. They are an enthusiastic local provider. We do not know that we would be able to bring the same deal back to the table. So for the businesspeople in the room, I think that that is something that should be considered. And should we lose them, what do we look like, as a client, now, having lost two providers? (**A Member:** Hear, hear.)

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As I said in opening, there has been no pushback from businesses, there has been lots of consultation with them and compromise on the implementation. We have already reached that agreement with them. So in terms of businesses, the ones that are going to be feeling this, they are fine, they are happy, they are agreeable.

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To go to Deputy McKenna's point, which was very emotive as always, if people are not able to afford this they can opt out. It is not compulsory, they can opt out; it is as simple as that.

As was said in the letter from P&R, the impact on the economy has been taken into account and it was described – I thought this was quite important – it was described as:

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... a responsible and sustainable initiative that gives today's working population the opportunity and assistance to prepare for a more financially secure retirement.

While it may impact some of the lowest-income people at this time, we are selling them down the road if we do not do this for them now, in the future. As I have said earlier, we already find ourselves in that situation now. We know we have a demographic time-bomb: it is happening, we are in it. This is our opportunity to try and put the brakes on that a bit and see those benefits in the long-term future. Obviously, colleagues from the Committee will give more information, but I think some of those arguments counter, some of the points that have been made, they are valid; but we have to be bold and we have to have a long-term future. There are plenty of people in this Assembly who are not supportive of more taxes. I do not see how those people cannot join the dots long-term, that if we do not get people to save for the future they will rely on benefits more and that equals more taxes. (A Member: Hear, hear.)

Thank you, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, thank you.

It has been a bit like *déjà vu* all over again for me – and I do not mean a reference to Pause and Review by Deputy Dudley-Owen; but I think it was probably more ‘pause’ anyway.

I hear all these concerns about ‘not the right time,’ ‘It’s inflationary and bad for business’. But I have heard it all before. Indeed, I was expecting this and ahead of debate I thought it might be useful to go back to the original debate which started the ball rolling, and that was back in February 2016 – six years ago. This was already four years since the UK brought in its own system – and more on that in a moment. Interestingly, this was the same meeting we debated the Children and Young People’s Plan; the Supported Living and Ageing Well Strategy; and indeed, Island-wide voting referendum – so even before we had agreed to have Island-wide voting, just so strange. It does seem a long time ago now and still we have not done anything on secondary pensions apart from debate it and agree for it to go through various stages.

In reality, though, it even started before that, in a Proposition a couple of years earlier in – and to link to what Deputy Bury was talking about in terms of tax and problems further down the road – the Personal Tax and Benefits Review. It was in 2016 the States agreed in principle to the automatic enrolment into private pensions saving and the development of the secondary pensions scheme. Now, the debate was opened by Deputy Allister Langlois, not somebody who was known to sit on the left side of the political fence; but he was a strong advocate of secondary pensions. And in that debate, he stated that it was his firm belief that:

... anything the States can do to encourage prudent saving ... and consequently to reduce dependence on tax funded welfare benefits in later life, must be a good thing.

He hoped that:

... in the long run the scheme would reduce the number of people who fall on state support in old age, but also encourages people to be responsible for their own retirement wellbeing to a greater extent than is the case at present.

Now, in reading the *Hansard* record of the debate, it was really quite interesting because it reminded me of something that I had forgotten: that I did lay a successful amendment at the time – one of many in that term, I think – to the policy letter seeking that the Phase 2 report setting out the detail would include a consideration of the possibility of temporary exemptions for business start-ups. In the June debate, there was also an amendment put forward by the late Roger Perrot to consider small businesses – to add meat to what was already in the policy letter, which said that an impact assessment would be carried out; and indeed, it was.

So roll on exactly, near to the day, four years – four years, that is another four years! – and detailed proposals came to the States including the Economic Impact Assessment by BWCI, who stated that, yes:

In the short-term ... [a scheme] will put pressure on economic growth, primarily reflecting [what they say is a] ... reduction in disposable income and consumer spending

2835 – but –

Over time the impact will reduce, as [it will result] ... in an increase in the disposable income, consumption and economic activity of households in retirement. In the long term, the ... cost ... is likely to be small; the assumed rate of real earnings growth would be associated with higher levels of economic growth. The magnitude of the impact is likely to be relatively limited, and the risks will be small compared to other economic challenges, such as the impact of Brexit.

2840 Proposals change, so there was voluntary enrolment for self- and non-employed people; however, it was accepted that it was not possible to exempt very small businesses, as they do comprise such a large proportion of businesses, but that help could be provided by minimising the administrative burden and limiting fees. And I do believe Employment & Social Security has listened. Deputy Bury just mentioned how there has been a lot of discussion with businesses, and I know that, and I know people in the areas that they are talking about – Chamber of Commerce, IoT, to be just two examples – and I know that consultation has taken place and they have listened, and changes have been made.

2845 But also we think about this scheme and is it right and is this the right thing to do? 'I am not sure. It is all new and isn't this a bit like the state getting too involved?' Well, we also need to look at the success of the UK scheme that is now known as the National Employment Savings Trust. That, interestingly, I have found out, has been the subject of a recent review, and it has been shown to have reversed the decline in workplace pensions saving, leading to a tenfold increase in total membership of defined contribution schemes. This is not about the state scheme – we keep on talking about who is providing that – this is about getting people into pensions, and it could be for any employer to decide the best way to do it. But anyway, it is a tenfold increase in total membership of defined contribution schemes with active members increasing from 0.9 million in 2011 to 10.6 million in 2019. And it is deemed to have been a success. Issues identified, such as over starting age, Income Support, and the self-employed, are all addressed in the Guernsey scheme.

2855 Like Deputy Dudley-Owen, I too have a background in fiduciary services – so does Deputy St Pier – but in particular, I did at one point specialise in the setting-up and running of pension schemes here. I too discussed the issue of administrator and the fact that the administrator and trustee have the same ultimate parent with Deputy St Pier and I absolutely understand the concerns there; but I think this is offset by having the Governance Committee.

2860 Now, that is not usual, we would not have that in a general trust and that is something where we have to say, 'Well, why have we got that?' But it should not be forgotten that this is unlike many other trusts, in that there will be intense public interest – and quite understandably so. And this will be a scheme that will protect lots of Guernsey people enrolled. The difference with this scheme compared with other trusts is such that I see the benefit of having that Governance Committee at this point in time. Things might evolve and that could change and we might find a different way of doing things, but I think at this moment in time it is really important to have that involvement.

2870 Do not get me wrong, I do understand the concerns being raised in terms of the cost of doing business and the inflationary effects, but the longer we leave it the more we are storing up problems for the future. Many have referenced where we are now and how this is not a good time. No one has yet said when is a good time – or the least worst time, as it seems to me. And truth be told, the same was said in each of the other debates we have had on this subject. But of course, should we approve this policy letter today, as Deputy Bury points out, this does not mean that it will be brought in today; it will not be brought in today. The earliest it will start is in October next year, so that is well over 18 months – probably less than that, but it is well over a year. And that is for the largest businesses, most of whom have their own schemes anyway. And 18 months later, for the smallest businesses.

2875 And we should also not forget that people can opt out. Hearing Deputy McKenna, I do not know if he has actually understood what the plan is, because it is very clear that it is possible for people to opt out. So the doom-and-gloom scenarios he was putting forward are not necessary. It is

2880 interesting, in the last few years in the UK, because of COVID and people being put in very difficult situations in terms of their employment, some people have opted out, and I know people have now gone and opted back in as things have started to settle down. So people should not be swayed by that argument. (**A Member:** Hear, hear.)

2885 I hear the calls for delay, but for me they are just being used as an excuse by those who really do not want it. But this is not about want, it is about need and we need this scheme now, as much – no, I would say even more – than we did eight years ago, when we agreed to start on the road to introducing a secondary pensions scheme. Income inequality has grown, and this is a means, albeit not a quick one, to stop making it worse. And I absolutely, totally agree with Deputy Bury here on the whole generational issue: we are storing up problems for our children and our children's children, and that is something that really concerns me. We talk about housing being too expensive
2890 for our children and things, and how we need to do something about that, but we do not seem to deal with something like this which absolutely will benefit our children in a way. We have seen that in the UK.

I remember listening to a programme on Radio 4 the other day – I think it was *Any Questions?*
2895 on Radio 4 – and people were asked about their pension and what they did with it. And they said they have got all these different pots – and thank goodness that they have, it is something that they know they have got to back them up which they would not have had. They would not have thought about planning for their lives when they started work – and a lot of people do not, quite frankly, and that is why we are in the situation we are in at the moment.

2900 If we do not do this, I do not know what message this gives out to those we look to contract with either, and I think Deputy Bury made a good point there. We have decided, I believe, to contract with a provider, and I do not know what happens if we say, sorry, no, we are delaying it. That must be a breach of some condition or other I would have thought – but that is by the way.

The longer we leave things, the longer we are storing up greater problems for the future. Dither
2905 and delay will cost money and the States has cost the taxpayer millions over the last few years because it wanted to put off difficult decisions. It has put off difficult decisions in long-term care, and that is a danger and something we are going to have to address; we cannot keep on putting these things off and kicking the can down the road. (**A Member:** Hear, hear.) It is not fair for future generations, and we have a duty to future generations, we have a duty to our children as much as
2910 we have a duty to pensioners today. And we have got to think future, long-term, not just short-term, populist decisions. We have got to make longer-term, strategic, harder decisions. For some, this might be a hard decision; for me, it is not a decision. We need the scheme, the next generation need the scheme and we need it now, and that is why I support this policy letter.

2915 **A Member:** Hear, hear.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

2920 I think this is pretty much the first policy paper that is asking the States to take a really long-term view. This is a real test: can this Assembly do long-term, strategic thinking, or can we not? The decision we make today, depending on your age and circumstances, can affect you in 2030, 2040, and so many years down the line. This is really the test of can we do long-term thinking?

2925 And I think this is, going back to the first principles, what are we trying to do? I think the key principle here is that we are trying to say it is financially prudent, where possible, for people, for households, for our community to save for old age; that is the fundamental assumption here. I think we have to be starting with this principal point. And the point of it is actually, it then helps to keep the state out of your pocket via taxation, and it helps you to live a better retirement. And so, at the core of it is the financial prudence and financial long-term view and management of your, basically,
2930 affairs and wealth.

We know that about 30%, I believe, of employees have a pension, so we are off to a certain start; but that is just 30%. I think really at the core of what we are trying to achieve, we are trying to increase that number – not to 100% because I do not think really we are going to get there, probably ever; but perhaps to 40%, to 50%, to 55%, 60%. Any increase in that percentage will be fundamental to sustainability of our financial situation as an Island; sustainability of our community; and really the long-term fiscal, economic and social perspective of the Island.

So to me, this is all about how can we have the systems in place to nudge people and employees to do their bit more so we can move the 10%, 20%, 30% of our employees into savings? And I think that is where the golden situation is. Yes, it is challenging times but we should also remember that it is times of increasing inequality. So while we do have an increasing proportion of our population who is barely meeting basic living standards, we have the flip-side: that actually, a big proportion of our community is still doing quite well. So if we can get more of those middle and better-well-off to also start saving more, this is really a thumbs-up. And I think, at the bottom of it, as has been clearly stated, it is not a compulsory scheme; it is absolutely an opt-out scheme. So you are able to opt out at any point in time.

The other thing I wanted to mention is that, in a time when we have shortages and there is a war on talent, it is actually an advantage for companies to be able to demonstrate workplace benefits, such as pension schemes, and you would see that, most likely, actually some of the bigger employers, middle-sized employers, are already offering that. So it is an advantage to be able to offer pension schemes that, if you choose to, you can opt out of.

What is the opportunity cost, what is the alternative? If we do not make a decision – well, we are unlikely to make it this political term – who knows when a decision might have to be made? The flip-side of it is, instead of the States being out of your pocket, we will have to look at increased taxation. It will be compulsory taxation or further Social Security contributions that everyone, without exception, will have to pay. This is a question about do you want the States to be more in your pocket, or do you want, actually, the States to be providing a financial management system for you to have better ease of getting into the pensions scheme?

I am sure there will be Members here in this room who do not have a pension scheme. And it just is. It is not because we do not want to or because some of us have not tried or whatever; it is just, first of all, the cost of getting into a pension, the cost of thinking about it, you do not how it works. But any delay for anyone to jump into savings is potentially a delay that down the line really means you do not have enough savings. So I think, by the States running the system, we are offering this pension scheme at a fraction of the cost than if you had to go and set up your own pension scheme, really.

So I think on that basis, it is a real test of whether we can really make decisions that are fundamentally long-term and sustainable for our Island. I think there is enough flexibility in the scheme that for those who cannot afford, for whatever reason, or want to delay making sure they enrol, there is flexibility to allow for that.

I do share some of the concerns that were surfaced at the beginning of the debate, but I do think we are talking about long-term versus what is in front of us immediately. And I think we are talking about, actually, solving problems to a different order, and I think we really have to look at the big picture here.

I do have a couple of questions, if possible, to Deputy Roffey in terms of, actually, some of the details about this scheme. One of them was: is it quite similar to the RATS scheme that is currently available – in the sense that, for example, upon the death, the assets are transferred to an heir so you do not lose, effectively, what you have been saving for? And the second question is around the portability of your assets from this scheme; for example, you might start saving into a YIP, but you might want, down the line, to set up your own custom RATS, or you might want to transfer your assets, for example, elsewhere. I think it is really a question about the flexibility really attached to make sure that Islanders feel confident that what they are saving is actually theirs. It is not just going to disappear or pay someone else's pension; it is literally my pension, not Deputy Queripel's pension that I will be paying.

Thank you.

2985 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

I am not going to apologise for any repetition because I think these points bear repetition. I will start by saying early, I do need to correct the inaccurate impression Deputy Inder gave earlier on, before the lunch break, that I was somehow laughing about something to do with pensions. That absolutely was not the case: I was rolling my eyes in despair. First of all, I thought it was a little bit premature, actually, after two speeches against and one on the fence, to declare that no one other than the Committee was likely to support the proposals. But also, it was really borne out of despair.

2990 There has been a lot spoken. A lot of people who have spoken in debate so far have joined this refrain of 'Yes, we support secondary pensions. We think this needs to come in, but now is not the time.' And I echo Deputy Queripel, Deputy Bury, Deputy Soulsby in saying, if not now, when? I would like to see what others are seeing in their crystal ball about exactly when will be the best time to introduce this. Actually, I think, as some others have alluded to, now is actually not the worst time at all. The UK scheme, of course, that was brought in against a very different economic backdrop; but let's not forget, those employers are now paying maximum contributions at this point in time with the current costs. As Deputy Bury pointed out, we are starting much later, we are phasing it in very gently, and especially for those smallest businesses.

3000 So as Deputy Bury pointed out, we are not planning to introduce anything until late 2023, and that is only for the largest businesses. And as Deputy Soulsby said, by a significant majority, those were the businesses already offering occupational pensions, so they are not going to be affected. And for the smaller businesses, they are not going to be under any obligation to make any contributions until 2025. So I would ask people, if we are looking in crystal balls and people have got a really good understanding that now is not the right time: is 2025 the right time to start asking for contributions of 1%, at that stage? And really, it is not going to be for 11 years until this is fully implemented and those smaller businesses are paying the full extent of contributions. So I really would argue that, actually, the timing is not the worst it could possibly be; I think, actually, in many ways, it is quite sympathetic.

3005 Deputy Soulsby and Deputy Bury have made the point already that the more we delay this, the bigger the hole we are digging for ourselves – well, I say ourselves; it is not actually ourselves, it is disproportionately a hole into which will fall the younger and future generations, and primarily those on lower incomes or those who do not already have access to occupational pensions which are typically more likely to be people on lower incomes. It is those people who will be disproportionately negatively affected.

3010 And as Deputy Kazantseva-Miller has made the point, the more we delay this, the more we are effectively expanding the need for a welfare state. This is all about personal responsibility, it is about providing the means ... to give people better means to provide for their own retirement. This is about reducing the burden on the state, and therefore, reducing the burden on taxpayers and Social Security contributors, and I do think it is important, as Deputy Bury said, to join up those dots.

3020 Deputy McKenna, in his interjection to Deputy Queripel's speech, said he was frightened; well, I am not frightened for him. As Deputy Soulsby has explained, he will always have the ability to opt out, as would any other employee, and that is a really important point to stress. But I am worried for his children, my children, other people's children and grandchildren, because really, as I keep alluding to, this is their problem far more than ours. I just do not think we can continue to stick our head in the sand collectively on this issue.

3025 I think also, by comparison, it is important to stress that employees will always have the ability to opt out. I lived for a time in Australia, and there is a compulsory contribution for each individual that is currently, I think, at about 10% of that person's income, and it is due to rise even further. It is a compulsory contribution; there is no opt-out.

3035 But on the subject of opting out, I am going to quickly speak to Deputy Trott's point. It is a fantastically effective system. Deputy Soulsby gave us some really helpful statistics around that. And Deputy Trott – I think this was a valid concern to raise and I hope I can assuage his concerns – was worried that if a high proportion of people opted out and we did not get that really good engagement, then it did not bode well for the longer term. I hope I can assure him on two points.

3040 One is that the opt-out, as opposed to the opt-in system, is fantastically effective. Deputy Trott will have sat through countless speeches from me on behavioural economics before, and I can assure him that this is very well evidenced: it really is a very effective mechanism. It really is, as Deputy Roffey said when he opened on this, about inertia. And if people have to take any positive action, they are less likely to do it; the default is such a powerful thing. Actually, I think there might even be people who think, 'Do you know what, I fancy having a bit more cash in my pocket.' The chances are, there will be fewer of those opting out of the system because the default is an opt-in; it really is effective. So that is the first point on which I hope to be able to assuage him.

3050 But the second – and probably, slightly more material – point from Deputy Trott's point of view is that there is an auto-re-enrolment every three years. So that again puts people, effectively, back at that start line and it does give people a fresh opportunity – and indeed, increases the likelihood that they will get involved and stay involved in that scheme. So I hope I can assuage his concerns.

I will give way to Deputy Trott.

Deputy Trott: Thank you.

3055 I am very grateful, sir, to Deputy de Sausmarez, and I always enjoy her speeches, because they are usually excellent – and this is no exception. I want to just talk about the economic scenario that we face again and the difference to back in 2018. In 2018, UK inflation was 2.5%. You would have found no one back then who would have predicted that UK inflation would be 400% higher, at nearly 10%, by this time in 2022. You also have a situation, back in 2018, where equity markets were in one of the largest ball-rolls – the largest ball roll, in fact – since the Second World War; we are now teetering on a bear market – literally teetering because we are just a fraction away from that and the consequences that follow. No one would have predicted that inflation in the United States would be at 10%, and people were still willing to lend for 10 years to their government at 1.5%.

3060 The point is we have got an inflationary environment that is eating into people's assets very rapidly at a time when both the bond yields have not responded and equity markets are about to fall. I am not qualified to give investment advice, sir, and I am certainly not giving it; but I work with a lot of people who are and if they were giving that advice they would be saying it is important not to miss the lowest days in the market over a cycle; but right now is a pretty dodgy time to be *starting* saving. And one of the arguments that has been put forward (*Interjection by Deputy de Sausmarez*) is what is it going to look like in six months, in 12 months, or 18 months? Nobody knows. But what I do know is that right now, the economic conditions brought about by a combination of factors, not least the crisis in Ukraine, have created a scenario that no economist has ever seen before. (**A Member:** Hear, hear.) That is a dangerous environment. That is the point that I think many who remain in favour of secondary pensions, myself included, have been trying to articulate.

Thank you, sir.

3075 **Deputy de Sausmarez:** Thank you. To that, I would say, we are *not* asking people to start saving right now. This is the very point that Deputy Bury made earlier and the point that I think is worth reiterating: it is absolutely not starting that process right now. The very first phase of a very gentle implementation, very gentle phase-in, is in late 2023, and it will not be fully implemented for another 11 years. And by its quantum, it is still significantly smaller than other places, like the example I just gave about Australia. So I accept Deputy Trott's points, but I think they are not as relevant as mine. (*Laughter*)

3080 And that is another thing: I think it was Deputy Kazantseva-Miller who explained another important point, and that is that businesses are actually pretty keen for this, and I think this is important. Deputy Trott has just given us a little illustration of the economic market. Let's not forget

this is a *highly* competitive jobs market at the moment. We know that; it has been mentioned already in another part of this States' meeting. And Deputy Kazantseva-Miller was quite right to say this is an asset for businesses and we have had, in the Committee and the offices around it, quite a lot of enquiries. We know that businesses are actually hanging out for this, because they do not want the hassle and expense of setting up their own scheme; they want to be able to access this, they want to be able to offer that benefit for their employees, but they do not necessarily want to have the expense of doing that themselves.

I think Deputy Kazantseva-Miller also mentioned that, really, lots of people have said, 'Yes, I am very supportive, I think we should do it. I just think it should be delayed'; well, the Propositions that are on the table, if they are rejected, that is not a delay or it is not a short delay at all. We would have, as a Committee, I do not think, any mandate or indeed adequate resources to bring it back this political term. That is a very significant kick of the can down the road, as Deputy Queripel (**A Member:** Hear, hear.) and Deputy Soulsby have pointed out.

I think Deputy Kazantseva-Miller was also right to raise the reputational impact – was it Deputy Bury, perhaps, as well? It is known, the political risk of U-turns is a known risk, and I think this is an opportunity to get past that actually and be a more reliable partner. And we have got a great deal on the table. I really think this is an opportunity that we should be grasping, given that it is a very gentle, a very phased-in, very sensitive implementation plan.

Deputy Bury and Deputy Soulsby in particular – all the way through the notes that I am speaking to I have got future generations and younger generations and inter-generational equity; and that, for me, has been the main concern, and that is what gives me the most concern if we do not back these proposals. It is very tempting, as a politician, to look as far as the next election, to look up to the horizon of that very short-term cycle; but this is an opportunity to take a more statesman-like position and to really put in place some strong foundations for that more secure, longer-term picture.

We have got a chance here to do something that our children's generation, and possibly their children's generation, could actually thank us for. Whenever I talk to young people – it is often on environmental issues and related to climate change – I often have to stand in front of them and say, 'A great part of my job, or a good deal of my job, is trying to ameliorate, mitigate the problems that are caused by decisions that were taken when I was your age or younger,' and this is an opportunity for us to make a positive decision for future generations, and I really hope this Assembly grasps it.

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, on both sides of the debate – I do not say 'both sides', because I think everybody, every speaker that has spoken today, accepts the principle of secondary pensions: it is the timing of it, it is the circumstances of it, it is when it should occur. There is a phrase that is often used, 'perfect storm'. Deputy Trott has used it, other people have used it. It is a non-sequitur really, because what it means is 'a convergence of unsatisfactory and unpleasant factors'; that is really what a perfect storm is. It just does not make sense. We are in a perfect storm, if I could use the phrase that I do not think is generally applicable.

But Deputy de Sausmarez just talked about our children. I have been a minority in three instances of this particular debate; I will start in reverse order. There are very few of us in here who are actually grandparents: I am one of them. So therefore, I have got to that generation whereby – I did not say I was the only one, my good friend, Deputy Vermeulen; I said I am one of them. In relation to that, I am already concerned with the generation beyond the next generation, if that makes sense, in connection with that, very concerned for the future that they will face when – my youngest grandchild will be five in September, my oldest grandchild is 30, so there is a bit of a gap between the two – in 20 years' time, 40 years' time, or 60 years' time, whenever my grandchildren eventually retire – the retirement age will probably be about 83, we will be living to about 110 ... In relation to

that, we will be in a position whereby their future will be much different, it will be much more difficult in so many regards.

3140 We talked about pensions. Old age pensions – because that is what I still think of them as – were brought in by the States of Guernsey in the early 1950s and originally they were not obligatory. People could opt in, but then the opportunity to opt out was closed and it became completely compulsory.

3145 So that is the first instance: a generational thing. I am in the minority because I go one generation beyond most people in this Assembly. The second way that I am in a minority is that I am one of the few people in this Assembly who actually is involved in the active running of a business. We look at the policy letter, which talks – I think paragraph 7.6 – if the scheme begins in October 2023, because one of the businesses that I am an owner of has 26-plus employees, it will have to join the scheme automatically on day one; it will not be able to opt out, it will have to go in. I am also a much-more-minority shareholder in another type of business that employs somewhere between 10 and 20 people.

3150 What we are doing is we are saying if you employ 26 people or more you have got to join the business then; if you employ fewer than that you can come in at a later time. But comparing the two businesses that are in my mind as I speak, the one that employs the fewer people is far more profitable and pays much higher wages than the business that employs 26 people plus; but the business that pays 26 people plus will have to automatically join the scheme initially, whereas the other one could defer it for a bit. I do not, frankly, see how that is logical, because that is making difficult employment circumstances already more difficult.

3155 And the third matter of where I am a minority – again, not the only one – is that I am a pensioner. I receive a Guernsey old age pension and because I worked in England, I also receive an English old age pension. And if you actually add the two together I get about £3 more than the Guernsey pension, so I am a bit fortunate, I have got more disposable income in that regard. So I am concerned in relation to all of those.

3160 I should actually declare an interest, shouldn't I, because as a significant majority-owner of a business that employs 26 people-plus, my business will be affected in 18 months. People can say it is a long time off: it is not. When you run a business, 18 months goes like that. It is a click of a finger, a blink of an eye.

3165 We have talked about Australia – and I think this is an excellent policy letter, very well presented by Deputy Roffey, and he and his Committee are doing exactly what the States of Guernsey passed as a Resolution just as a couple of years or so ago. (**A Member:** Hear, hear.) But Deputy Roffey ... Deputy Trott – very similar really ... But Deputy Trott made what I thought was an excellent speech – and I am not saying that through gritted teeth; I sincerely mean it. It was an excellent speech talking about the financial services. As he talked he said, 'Look, I'm not authorised to give investment advice but I talk to other people that do.' I am in exactly the same position: because of the work I do and the experience I have had over the years, I regularly – in fact, as recently as last night – get investment advice from people about businesses or trusteeships or whatever responsibilities I have got.

3175 We are in a terrible economic situation in the world at the moment. It is so uncertain. And it is perfectly proper for Deputy Roffey, when he closes, if he so wishes, to refer to the letter that I signed on behalf of all – as far as I am aware, at least – of Policy & Resources as recently as 29th March, where I said we were:

... grateful for the opportunity to comment on the draft policy letter ...

– and confirmed that 'they' – that is the Committee –

... are happy for this letter to be appended to the policy letter.

Members noted that the introduction of secondary pensions will result in an immediate and significant negative impact on the States' financial position, due to the income forgone (tax relief on contributions) and additional expenditure (largely income support). This impact is projected to peak at £9.4million in Year 8, following which it will reduce as

pensions are taxable when drawn-down and the increase in retirement income reduces later life dependency ... The impact has been taken into account in the projections ... within the Funding & Investment Plan and the Tax Strategy Review.

Members continue to support the introduction of secondary pensions which was prioritised as part of the Government Work Plan within the Long-Term Sustainability of Government Finances area of focus. It is considered to be a responsible and sustainable initiative that gives today's working population the opportunity and assistance to prepare for a more financially secure retirement.

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Those words are as important today as they were when that letter was written just a couple of months ago.

And secondary pensions are an imperative in my view – they are an imperative. People talk about people taking up their own responsibility; well, hang on, that is a bit of a grand statement because if I want to take out a private pension, I take it out, I pay for it; it comes from my income, my resources. Here, we are saying this is an extra cost on employers. They cannot opt out; they have to pay it. They get no benefit from it. Deputy Kazantseva-Miller said in a competitive market you are actually offering a benefit to your employees. Well, everybody will be offering that benefit because in due course, for employers, it will be a compulsory system. They will not have the option to say, 'We can opt out.'

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We talked about Australia: Deputy Roffey, in his opening speech, mentioned Australia; Deputy de Sausmarez just mentioned the Australian pension schemes. I have got lots of cousins, because as everybody knows, my father was one of 14 – I have mentioned that many times – and my grandfather and lots of my uncles and aunts had many children. One of my cousins went to Australia on the ten pound scheme when he was 18. He lived all his working life in Australia – he is even older than I am – he retired a few years ago, he owns his own house with his wife and he has got a small amount of money in the bank – not a rich man by any stretch of the imagination.

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He has paid in his social insurance – or National Insurance, whatever you call it in Australia – the whole of his life. Rhetorical question: do you know how much pension he gets from the Australian authorities? Zero! Zero, because it is governed almost for people who are on income support – almost, in relation to that, before you actually get a penny from the Australian state. You cannot live on £12,200 a year, you cannot live on £233.85 a week. And Deputy Trott was right: only a relatively small percentage actually get that anyway; most people get £150 a week, £120 a week, dependent on the contributions they have put in over the years.

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When you are young – and I can cast my mind back, because it is a long time ago, to when I was young – you do not so much think of your future because you are going to live for ever, you are going to be eternal. Sixty-five, 50, 55 – that is a long time away, I do not have to think about that. So pensions can only be a good thing, and if there can be a degree of compulsion, they can be a good thing.

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But we are in a situation – Deputy Bury's speech I thought was excellent; Deputy Trott's speech I have already paid homage to, because I think it was a really good speech; but also Deputy Meerveld. Deputy Meerveld said let's adjourn this – not quite his phrase – for six months or so. And what we are doing – and it is the way the system operates and it is not a criticism of anybody in this Assembly – we deal with individual items, individual months. We have got a tax review: we have got to consider that. Whatever decisions we make – whether we decide to do nothing; whether we make a decision to, e.g., bring in GST but put it off for two years; or that we, e.g., increase tax at rateable value; or we, e.g., do something else, but we are not going to do it for a few years – we are still going to have that debate; it will not go away. You cannot kick the can down the road, as Deputy Queripel said seven times during his speech. You cannot do that, so we are going to have to make that decision.

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We have also got coming up – I think in September; but anyway, relatively soon – we have got the anti-discrimination legislation. That, in its purest form, is going to have a considerable cost to businesses. We have got cost to businesses for that; we have got the tax review strategy, which we do not know what is going to happen; and we have got this, which everybody accepts will take

3230 money out of the economy over a period of time – and it is accurately set out in the policy letter. All of those.

I remember Deputy Trott and I last year, he spoke and I spoke after, he said ‘Inflation next year is going to be 4%’, and I got up after him and said ‘I think it could be more’ and he nodded and said, ‘Yes, I agree’. But I do not think even Deputy Trott or I thought it would be 8%, 10%, 12%; it could be 15% at the end of the year. Look at people in the UK: they are going up from £1,200-odd – if you pay average energy costs, that is capped now to probably £2,800 by October, over 100% increase. Wheat – Deputy Inder spoke about Ukraine being the breadbasket of the world: they cannot get the wheat out of Ukraine easily. Mind you, when the Russians tried to get it at least the Ukrainians sunk the ship, so that was some good sense; but the wheat went to the bottom of the ocean, rather than into people’s stomachs or anything else with life.

We have got all of that. Things have changed since 29th March. Things have got so much worse since 29th March. I may be a sad person but just about every week I read – there is a particular American economic commentator that I read. He writes in a journal, I read it every week and he is very sensible. He was predicting what Deputy Trott said in his speech just earlier today, which is: America’s economy has suddenly gone from very hot and it is going to go very cold very quickly. They had the problems we have got: not enough people for jobs, now people cannot get jobs, people are starting not to get jobs. Interest rates, we do not know where they are going to get to. The American economy could be in a very serious and significant downturn, bearing in mind all the debt it has got, by the end of this year.

What I would suggest we do – because I am overwhelmingly in favour of secondary pensions – and I thought that Deputy Roffey, as I said earlier, presented it very well indeed and none of his Committee can be criticised for this policy letter, because they are doing exactly what the States asked. Deputy Dudley-Owen was right when she said, ‘Look at the report from the accountants, it is now five years old, it is no good’. Fair enough and it is true, the world was much different four or five years ago.

What I think we should do as a States is we should have a special debate where we should talk about the three topics that I have talked about: anti-discrimination, we should talk about tax review; and we should talk about this topic all in one. It would be a very difficult job for the Presiding Officer but then we have got a very able Presiding Officer, (**Two Members:** Hear, hear.) I am sure he would be able to organise the debate. That is what we should be doing in December, where another seven months down the road, we can see if – (*Interjection*) they are not Armageddon projections because the economic cycle is not always going to go like that. It will go up again, but we just do not know when it will go up. It might only be two or three years, it might be 18 months, it might be five years.

We have got to get from where we are now, with this massive degree of uncertainty that I certainly have never seen in my life – and I was one of those people, because I bought my own house, my first house, when I was 22, and that was a long time ago now. In the 1970s and the 1980s, I was quite used to paying 15% or 16% on my mortgage. Inflation was 16%-18%. Pay rises were 15% per annum, everybody got them because that was just the way of doing it. It was realised that that could not go on, it just could not go on. You could not have that going forward, because it was eating away at the core of any basic economic concepts. It was just taking it all away. It was making us become – the worry that I then had was that we could have gone back to Germany in the early 1930s, when a pen would cost you tuppence today and £1 million tomorrow – or 1 million marks or whatever it was.

We are in a position whereby, although this makes sense, we should be doing it, people should be providing for their own pensions – they do not do it enough because, as I say, when you are young, you think you are immortal – but there are questions to be asked. The view I take: if I am forced to make a decision on a yes or no, I will have to vote no. I would much prefer that we took a considered view, a reflective view, thought about it in December, had a wide-ranging debate on the three topics that I talked about, and then, we as the States can make a more considered view, because if we do it piece-by-piece, we are going to get in trouble.

Also we are adding this cost and that cost and this cost to employment. Some businesses are doing well; other businesses are struggling. We could easily see even the businesses that are doing well doing much less well, because the kind of field that Deputy Trott has got experience in, private equity, etc., that has had some golden years. I do not think it is going to be a golden year for them this year. And they have been a great provider to our economy, and we are reliant upon them for the payment of a lot of tax. We talk about individuals: only a certain amount of individuals pay tax at the highest rate, they provide 25%-26% of the tax take.

But also, companies: we are looking at corporate taxation, we will have a clearer view in June-July time in relation to that. But again, a company, whatever system you have, can only pay tax if it makes profits. I do not think companies are going to be making the same degree of profits that they have been making in recent years, because of the uncertain circumstances that we are in. We do not have too many oil companies in Guernsey, we do not have too many BPs, so we do not have people suddenly make £5 billion or £10 billion per quarter because of the increase in energy costs. So if we are going to be statesman-like, if we are going to be responsible, we should consider all of these issues together and in a few months' time.

Thank you very much, sir.

The Bailiff: Members of the States, a sursis has been submitted to the Greffier by Deputy Meerveld.

Is it your wish, Deputy Meerveld, that that should be debated shortly?

Deputy Meerveld: Yes, please, sir.

The Bailiff: What I am going to propose, Members of the States, is that we actually adjourn the meeting of the States for a short period of time. First of all, so that Members can consider the terms of the sursis and, more particularly, so that the Committee can consider it, rather than simply circulating it at this point.

The proposition is that the States stand adjourned until such time as those actions have been taken, and then we will resume. Can I simply put that to you, Members? Those in favour; those against.

Members voted Pour.

The Bailiff: I will adjourn the States on that basis, then. Thank you very much.

*The Assembly adjourned at 4.19 p.m.
and resumed its sitting at 4.56 p.m.*

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**Secondary Pensions: Implementation of Your Island Pension –
Debate continued**

The Bailiff: Members of the States, it has been a productive short adjournment, I hope. You should now have a document marked Sursis 2, and I would invite Deputy Meerveld, as the proposer of that sursis, to lay it at this point, please.

3315

To sursis the propositions until 23 November 2022

Deputy Meerveld: Thank you, sir.

As I said in my speech earlier, it is a conclusion I came to last week that this debate, in light of the economic situation we are facing and the fact that the tax debate has also been deferred, that the only responsible thing to do is consider these things in the round and defer this debate until we can have those other decisions.

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The sursis has been amended slightly in that it originally, it had an indeterminate factor, making it conditional on the date of the tax review – which of course, we do not know at the moment. So we have made it a fixed date, but what we would do in November if the tax debate has not been reached by then, we may ask for a further deferral to the date of the tax review.

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I actually very much liked Deputy Ferbrache's speech – it almost sounded like the opening of my sursis, actually – but I particularly liked his idea of combining the disability legislation, the tax review, the secondary pensions paper, and probably immigration as well in one special debate. That is the issue I have as a businessman: we are making decisions in isolation at the end of a very long workstream.

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And I must say, I have tremendous sympathy with the speeches given by Deputy de Sausmarez, Deputy Soulsby, and others extolling the virtues of why we need a secondary pensions system; they were very good speeches and they did explain the need to implement them. But that process was started at a time when we were in a totally different and much more predictable economic environment.

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My concern, and the concern of Deputy Dudley-Owen who has seconded this sursis, is that we need a little more time to consider where the economic implications are going to fall, how they are going to develop, and we also have to make our own decisions about potential tax increases and where they are going to fall, and look at them in the round and other things that will also impact on businesses and the economy – and look at them in the round together and make decisions on what we want to do, when we want to do it, and how we want to do it in aggregate. That is why this sursis is being laid.

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To address the issue of people saying that we are kicking the can down the road, kicking the can down the road is when you do not make a decision or try to avoid making a decision; what I am asking here is for the Assembly to say, no, we need to make the decision, in relatively short time – as has been said, this has been many years in the workings – make a decision, but we need to make an informed decision, taking all the factors that we know at the time into consideration. And as all of those policies that I have just mentioned will have an impact on both businesses and personal incomes, I believe having those combined towards the end of the year would be a very good idea, and I ask Members to support the sursis.

3345

Thank you, sir.

3350

Two Members: Hear, hear.

The Bailiff: Deputy Dudley-Owen, do you formally second the sursis?

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Deputy Dudley-Owen: I do, sir, and reserve my right to speak.

The Bailiff: Thank you very much. Can I simply –?

Deputy Haskins: Sir? Sorry, could I invoke 25(4), please?

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The Bailiff: Perhaps 24(4), Deputy Haskins – (*Interjections*) but yes, what I am going to do is, in light of what Deputy Haskins has just raised, invite all those Members who support debate on this sursis to stand in their places, please.

3365

It is quite clear that there are a greater number than seven Members standing and therefore the motion under Rule 24(4) is not that debate does not take place on this.

I am simply going to remind Members – before I call Deputy Falla (*Laughter*), who will be first up – that under paragraph 5 of Rule 24, debate is strictly limited to the sursis. It is a binary choice: do you allow the sursis – in which case, all the Propositions are deferred until 23rd November meeting – or do you reject the sursis and press ahead with the remainder of general debate?

3370

Deputy Falla.

Deputy Falla: Thank you, sir.

3375

Sir, I just cannot understand why Deputy Meerveld says this is not kicking the can down the road; it is kicking the whole baloney barrel down the road (**A Member:** Hear, hear.) (*Laughter*) and off the end of the road! We have got 23rd November 2022 and then, in the explanatory notes:

If the tax debate has not taken place by 23rd November 2022 there may be need for a further deferral

– barrel. (*Laughter*) If the tax debate is anything like the debate we have just had, then that is not going to be decided this political term either.

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Can we expect a professional services firm – and I am on ESS, I have seen the work they have put in, I have seen the excellent proposal they have brought, I have seen the work that officers have done – can we expect that services provider to hold on on the ‘Never, never’? Of course we cannot.

A vote for this sursis is a vote against the secondary pensions proposals, full stop. It is prioritised in the Government Work Plan within the long-term sustainability of Government Finance’s area of focus: action this day!

3385

Deputy Ferbrache has noted that ESS has done what we were charged to do: thank you, we have, but it goes further than us just fulfilling a Resolution. As Deputy Bury has reminded us: P&R call it:

... a responsible and sustainable initiative that gives today’s working population the opportunity ...

Deputy Haskins: Point of order, sir.

The Bailiff: Point of order, Deputy Haskins.

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Deputy Haskins: Sir, I think this is what you just reminded us before the 24(5).

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The Bailiff: I will give a degree of latitude to Deputy Falla, who is effectively speaking partly on behalf of the Committee; although in due course, the President will have the opportunity as a right to speak on this. But it does need to be about ‘Are we going to reject this sursis?’ – which I think is what, Deputy Falla, you are proposing to do – and the reasons why the sursis should be rejected, not why the Propositions, if the sursis does not carry, should be approved.

Deputy Falla: Thank you, sir, for your guidance.

3400

This is not a frivolous proposal that we have brought today; it is responsible and sustainable – two very wordy characteristics to aspire to, both as individuals and as a Government. And of course, I am also on Economic Development and it has not escaped me that this is one of those occasions when I can see a debate through two different lenses – that is not always easy. We have heard of concern for businesses, and it is referred to in the explanatory note of the sursis; but we have been

3405 talking to businesses throughout. Business is a sector close to my heart and I am not looking to shaft the business community, sir, with my ESS hat on. ESS has consulted with business groups throughout, and more recently, we have listened to business feedback and we delayed and phased the implantation of the secondary pensions scheme in response to their feedback; that was a compromise. Secondary pensions will not introduced tomorrow, we have been told; there is a phased rollout and it will be 11 years before the full contribution commitment bites on business.

3410 We are also told that introducing the secondary pensions regime now will exacerbate the severe financial difficulties for individuals; well, we have heard that they can opt out. They may not wish to but they might have to because of their financial circumstances for now. And they will be automatically re-enrolled, and then they can opt out again. So this does not need to be a concern or a basis on which to delay what we have rightly brought back for the Assembly to pursue and agree to, as we have been instructed to do.

3415 Nobody would have wished for the impacts of COVID, Brexit, and the War that we are feeling right now, but it would be naïve to think there would be no more challenges in the future. Now can be the time. Let us be bold and stick with our resolve on secondary pensions.

I am not going to support this sursis, sir.

3420 **Deputy Leadbeater:** Sir, can I try a 26(1), please?

A Member: Hear, hear.

3425 **The Bailiff:** Very well.

Can I now invite all those Members who intend to speak on the sursis – and nobody needs to stand if they have got an automatic right to speak on the sursis – to stand in their places, please?

Is it still your wish, Deputy Leadbeater, to move a motion to close the debate on the sursis?

3430 **Deputy Leadbeater:** Yes, please, sir.

The Bailiff: In that case, I am going to put to Members that the sursis should not be further debated generally – but obviously, those who are entitled to speak on it would be entitled to speak on it.

3435 **Deputy Burford:** Can we have a recorded vote, please?

The Bailiff: And there is a request for a recorded vote from Deputy Burford, so we will have a recorded vote on that Rule 26(1) motion, please, where there will not be a proxy vote, of course.

3440 Greffier.

There was a recorded vote.

Not carried – Pour 17, Contre 19, Ne vote pas 0, Absent 3

POUR

Deputy Cameron
Deputy Dyke
Deputy Ferbrache
Deputy Haskins
Deputy Helyar
Deputy Inder
Deputy Leadbeater
Deputy Mahoney
Deputy McKenna
Deputy Moakes
Deputy Murray
Deputy Prow

CONTRE

Deputy de Lisle
Deputy de Sausmarez
Deputy Dudley-Owen
Deputy Fairclough
Deputy Falla
Deputy Gabriel
Deputy Kazantseva-Miller
Deputy Matthews
Deputy Meerveld
Deputy Parkinson
Deputy Queripel
Deputy Roffey

NE VOTE PAS

None

ABSENT

Deputy Gollop
Deputy Le Tocq
Deputy Oliver

Alderney Rep. Roberts
Deputy Taylor
Deputy Trott
Deputy Vermeulen
Deputy Aldwell

Alderney Rep. Snowdon
Deputy Soulsby
Deputy St Pier
Deputy Blin
Deputy Brouard
Deputy Burford
Deputy Bury

The Bailiff: Members of the States, the voting on the motion pursuant to Rule 26(1), proposed by Deputy Leadbeater was that there voted Pour 17, Contre 19, 3 Members were absent; and therefore, the guillotine motion is declared lost.

3445 Who now wishes to speak?
 Deputy Matthews

Deputy Matthews: Thank you, sir.

3450 Sir, Deputies Trott and Meerveld made a fairly convincing case, or so it seemed, that this was not the right time to introduce secondary pensions. And I think that was reinforced by Deputy Ferbrache. Deputy Ferbrache made a speech and I thank Deputy Ferbrache for going through some of the history of the old age pension, how it was originally optional when it was brought in.

3455 Of course, back in history – not in recent history – it was very much hoped that employers would provide employees with pensions, and many employers do. Of course, a lot of employers do not. And that is really what the crux of this is about. A lot of it is about just providing pensions to employees who do not have it provided by their employers – and a lot of people have already got that. And of course, a lot of employers have got rid of stuff things like defined benefit –

3460 **Deputy Mahoney:** Point of order, please, sir?

The Bailiff: Point of order, Deputy Mahoney.

3465 **Deputy Mahoney:** I think it is just going to keep straying, isn't? Is this relevant to the sursis here, or is he speaking in debate regarding the secondary pensions?

The Bailiff: Deputy Matthews, I think that is a valid point of order at the moment. Debate has to be limited strictly to the sursis, which as I have said, is a binary choice: either press ahead and have the debate and vote on the Propositions today, or defer debate until 23rd November meeting.

3470 **Deputy Matthews:** Yes, sir, I think this is relevant to that question.

The Bailiff: Can we get to the relevance swiftly, then, please, Deputy Matthews?

Deputy Matthews: Yes.

3475 Of course, many employers do not provide that, so this is really just about can we get secondary pensions to those who do not have them?

3480 The question of whether this is the right time – and most people have mentioned that we have had these three events in quick succession, Brexit and COVID and now the War in Ukraine, which have really compounded together to produce a very uncertain – especially the War in Ukraine – very uncertain economic times. I think the relevant question would be: is there ever going to be a good time? Just because it looks uncertain now, it may look more uncertain when we get to 23rd November, and it may look more uncertain still a year on from there. So there is absolutely no guarantee that certainty is going to return at any time. We would all like to think that the world could go back to the way it was before; but it might not. It may just carry on being uncertain for
3485 the – I would like to say, for the foreseeable future – for the *unforeseeable* future. *(Laughter)*

Of course, in that list, I mentioned that – I think it was Deputy Trott who may have included in his speech, and many other people would have included those three – we did not mention, for example, the financial crisis, which would have been a very bad time, had we been bringing it in, to bring in secondary pensions; but of course, it would have been a good thing to have done. If you want to bring the pensions in, there should be no reason not to do it.

And actually, although the global situation is very uncertain, is this not actually a good time to be looking at this in Guernsey? In Guernsey, we are not in recession at the moment. We are not in a situation where we have got high interest rates, where we have got house prices going down; that will be where we get into real trouble, if those sorts of events come to pass – which they may. It is not entirely impossible that interest rates – it is likely that interest rates will go up; there is likely to be pressure on house prices, given the rises that we have seen recently; and it may well be that we get more uncertain as time goes by. So I think that the case to kick the can down the road and delay things is actually not as strong as it might first appear.

And when we talk about the real issue that we may face with the economy, if we did get rises in interest rates and pressures on the property market, in many ways, it relates to this issue, because the real dividing line between the haves and have-nots in Guernsey is those who own property and those who do not. Many people are using their property as a store of value, as a proxy for a pension; people who do not have proxies are going to find that life gets very difficult if we do go into difficult circumstances. And in that case, having introduced secondary pensions would have been a benefit and would save us from potential further expense as we go down.

So for that reason, I will not be supporting the sursis, and I would urge Members not to. I think that we should just get on and do this and bring the secondary pensions in as proposed.

Thank you, sir.

The Bailiff: Deputy Fairclough.

Deputy Fairclough: Thank you, sir.

'Now is not the time': we can always say that and we often do, especially when it involves short-term pain for long-term gain. We could wait to see if the War ends, to see if the economy improves, to see what the tax review says – reactive rather than proactive government. I think we are trying to build the road before we even consider whether we are going to kick the can down it. 'Put it off for another day': this, for me, is short-sighted, rather than demonstrating long-term vision, and I urge Members to reject this sursis.

The Bailiff: Deputy Inder.

Deputy Inder: Just briefly, sir, I think myself, as a member of – Deputy Moakes as a Member of STSB, Deputy Vermeulen as a Member of Home, myself as the President of Economic Development – we wrote a letter once about GST, and it went in the *Guernsey Press*.

We always talk about sequence. If you remember back then, it was about 'Things should be laid out by sequence' – and again, it is another difficulty with our system of government, things are not done in isolation. Those who have still got it stuck to their walls, and I am sure many have, will remember that we spoke about how the tax review should be done in sequence. If we do not know what the size of the population will be, there is no point having a tax review. That will be coming, hopefully, before November-December, as far as I understand. We also spoke about a housing strategy, and we believe that should inform the tax strategy. And we also spoke about the skills strategy and various other things.

So what we have now got, via Deputy Meerveld, somewhat supported by the Chief Minister, is effectively something that should be done in sequence, and it is not unreasonable for us to do things in order of sense or not in isolation. Now, great play has been made of electioneering, populism, barrels, kicking things down the road. I will say here today, as long as we have got a tax strategy that makes sense, I have stated in my speech that I am for this. I am not electioneering by

support the sursis, I am not being populist by supporting the sursis. And when it comes, at the time, in the right order, I will support this as a policy letter.

3540 So, sir, Members of the Assembly, I will be supporting the Meerveld sursis, because it will be done in what looks like a better order than it was done as presented. So I will be supporting the sursis.

A Member: Hear, hear.

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The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

3550 I am going to look at the details of the reasoning provided for this sursis. The explanatory note says:

The introduction of secondary pensions will reduce employees' disposable income and increase costs for businesses when significant financial pressures are accumulating for both individuals and companies from the combinations of Brexit, COVID, the war ... and ... substantial tax increases. In this unprecedented and unpredictable economic environment, introducing the secondary pensions regime will exacerbate the severe financial difficulties both individuals and businesses face.

3555 First of all, I wanted to, from an economic perspective, qualify 'unprecedented and unpredictable economic environment'. So the first thing I did was look at my stock tracker on my Apple device to look, for example, for the FTSE 100 stock index. I am looking at where we are today – I am really looking, I encourage you to all look – and looking at this year, with everything that we have just said we are going through, we are very much close to a height of the stock market that we have seen in the past 10 years. Just looking at the stock market in the UK, there has been much worse volatility, slumps in the last 10 years. So if we are trying to qualify the unprecedented and unpredictable economic environment we are facing, this is how global economies, global politics works. We are constantly in unpredictable, unforeseen environments. There is never a year when, suddenly, things are plain sailing.

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Deputy Meerveld: Point of correction, sir.

The Bailiff: Point of correction, Deputy Meerveld.

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Deputy Meerveld: I think Deputy Kazantseva-Miller is confusing the performance of stock markets with the cost of living and basic fuel and other consumables, which is what the note was referring to.

Thank you, sir.

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The Bailiff: The issue there is that I am not persuaded that Deputy Kazantseva-Miller was misleading or making any inaccurate statement; she was portraying her view of what is the reasoning behind this.

So please continue.

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Deputy Kazantseva-Miller: Thank you, sir.

3580 So the sursis, again, refers to an 'unprecedented and unpredictable economic environment'. I am saying we can use that as one proxy for what could be classified as a turbulent economic environment. Just purely looking at that evidence and the data behind the stock market, that is not the case right now. Okay. Businesses continue to face challenging, unpredictable environments, and going forward this will only become exacerbated with all the challenges we know we are facing, from climate change to living standards, energy prices, and so on.

It is not going to get any easier. If you think something is going to get easier, well, literally, you need to wake up. Let's add into this digital automation, artificial intelligence, machine learning and so on. Things are not going to get easier. We will probably have more pandemics, we will probably have climate change catastrophes. If you think it is going to get easier, really, let's take our 'rose' glasses off.

Then there was reference specifically to how we still do not understand the pressures from Brexit, COVID, the war and potential tax increases.

Brexit has happened. We can continue talking about Brexit forever and we cannot continue talking about Brexit. What specifically will happen in the next six months that, suddenly ... what kind of information are you looking to discover in the next six months in relation specifically to Brexit that will help you make a different decision on this specific policy? There is nothing, I believe, in the Government Work Plan that will help us. Managing the tail of Brexit and COVID is in the Government Work Plan, but we are managing out of it. If Deputy Meerveld could tell me what information he expects to receive in the next six months in relation to Brexit, I would find it helpful, because I do not think there is going to be any new information that is going to come our way.

COVID. Again, we know that the Bailiwick has done well, we are coming out of it. Again, what information will we have in six months that we think is going to dramatically change our decision-making on this subject? I do not know.

The War in Ukraine. We have estimated the direct impact on our economy. We are proud to say that the impact on the financial services has been minimal, and P&R and GFSC have been proud to say this impact has been minimal. We have been able to keep track of lower energy prices because of the contracts that Guernsey Electricity has fixed with EDF France, so we are not suffering the same level of, for example, energy price inflation. We are seeing, obviously, the increase in inflation; but it is less than what we are seeing elsewhere. So at the moment, we are managing the risks.

The final one is really about taxation, and I think this sursis is trying to be linked to taxation. Our colleagues in P&R have been doing a very good job to tell us that we need to raise more taxes, so I hope this is kind of more-or-less a given now, that there will be more taxation in the future. So hopefully, that is not a magic bunny that is going to be pulled out of the hat in our debate, because hopefully that principle has been well-established through the awareness and education campaign that our colleagues at P&R have done.

We know that we need an increase in taxation; the question is about where those increases will come from. So it is a question of where the burden of taxation is going to be laid. In the most likelihood, it is going to be shared between companies and employees; it is unlikely to be one or the other. We know that is going to happen. So if it is slightly more corporate taxation, there is more burden on companies, there is still likely to be implications for taxation on individuals. Both employees and employers will be affected by whatever is decided in the tax review. Both employers and employees are affected by the proposals in the pension scheme. So whatever is decided with the tax review I do not think will actually have any bearing on the decision we have to make in this case.

Also, what is important is that the whole point of having this policy paper on pensions is that we are trying to decouple it from taxation. We are trying to establish good financial principles of helping Islanders manage their wealth better. Why does this have to link into tax review? I am not really quite sure. And in terms of, again, the decisions that might be taken in the tax review, what decision will help you skew this need for having this kind of pension scheme on the Island? So again, I am slightly at odds with what exactly, in terms of information and evidence, you expect to receive in six months' time, especially in relation to the tax increases.

Obviously, one of the outcomes of the tax debate which is becoming increasingly likely is that we are not going to make any decision on taxation. Given how the debate today is going, I actually can probably bet that it is exactly what is going to happen, because we are going to find yet another excuse to say that we should postpone the decision further because we have not received enough information with regard to what is happening with corporate taxation, for example, and so we will continue to say that 'It is just not the right time, we cannot make a decision. Let's keep waiting'. So

3635 that is going to be one of the other outcomes. And if that is the outcome of the decision, actually having a secondary pension becomes even more important, because we need to have some kind of sustainable solution for the pension scheme. So whatever is decided or not decided with the tax review does not, in any shape or form, preclude the need for having this kind of scheme.

3640 So based on the explanation that has been given in this sursis, I just fail to really understand what kind of evidence, data, information you will have in six months' time to be able to make a better decision on this policy paper. I can bet you will not have any.

But in fact, what has been added to this sursis is at the bottom:

If the tax debate has not taken place by 23rd November 2022 there may be need for a further deferral

– and that is exactly the point. As I said, I really do not think there will be any kind of decision made on taxation this side of Christmas – and most likely, this political term – which gives you the *carte*
3645 *blanche* to just, basically, delay this indefinitely until the next political term.

There is not going to be any further information that any of us will have to make a different decision to what is effectively a hugely long-term – you just have to go to the basic long-term principles of sustainable financial planning; this is what it is about. Certain blips that we might see on the way are not a reason to derail. Please, Deputy Meerveld, do tell me what kind of evidence
3650 you will receive in six months that will help the Assembly and yourself make a different decision, because I do not see a good enough reason.

Actually, I did want to talk about a few other things that have been mentioned. The population regime: again, how does the decision on population really affect the decision on this policy paper? Whether we have more people, we have less people, the basic principle is that of financial prudence
3655 to save for your retirement age. Whether we think we should have 100,000 people, like Jersey, or we think we should keep 63,500 people, to be honest, it really does not matter. So linking this, like Deputy Inder wants, into the population regime, again I do not see really a point in that. And as for making a decision on population, again, who knows? Big discussion, probably not going to make it.

3660 And one thing which I did stress and I will continue stressing about is the composition of our GDP. In the tax debate that we had last summer, I gave the figures that our GDP growth has been driven by company profits; it has not been driven by wages. Wages as a component of GDP has been continuously shrinking so companies and company profits have been doing better and better over time.

3665 So continuously saying that businesses are unfairly affected, that they are becoming uncompetitive is simply not true. Our businesses are generally doing well. We obviously have smaller businesses, we have employees on lower ... we have part of our society which is really struggling to meet their needs, but if you just look at basic economic data we have had really good GDP growth over time, we have productivity increasing – unlike in Jersey, for example – we have
3670 company profits increasing as a proportion of GDP. So just saying, again, companies are being completely battered and cannot possibly sustain systems like contributing to secondary pensions is simply not true.

So, Members, let's just look at evidence, let's look at data, and let's make informed decisions. There is not going to be any further evidence or data that you will receive in six months that will
3675 help you make any different kind of decision. But this really goes down to leadership and really what is the level of decision-making this Assembly actually is able to do. And I think this today is going to be a real testament for the rest of this political term to show what this Assembly is capable of – and frankly, after today's discussions, I am really losing hope.

3680 **The Bailiff:** Members of the States, we will now adjourn until 9.30 tomorrow.

The Assembly adjourned at 5.32 p.m.