



OFFICIAL REPORT
OF THE
STATES OF DELIBERATION
OF THE
ISLAND OF GUERNSEY
HANSARD

Royal Court House, Guernsey, Wednesday, 30th January 2013

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Present:

Richard J. Collas, Esq., Bailiff and Presiding Officer

Law Officers

H.E. Roberts Esq., Q.C. (H.M. Procureur)
Miss M. M. E. Pullum, Q.C. (H.M. Comptroller)

People's Deputies

St. Peter Port South

Deputies P. A. Harwood, J. Kuttelwascher, B. L. Brehaut,
R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, M. J. Storey, E. G. Bebb, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P. R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies D. B. Jones, M. M. Lowe,
A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
B. J. E. Paint, J. P. Le Tocq, S. A. James, M.B.E., A. H. Adam

The West

Deputies R. A. Perrot, A. H. Brouard, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

Representatives of the Island of Alderney

Alderney Representative L. E. Jean
Alderney Representative E. P. Arditti

The Clerk to the States of Deliberation

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

Absent at the Evocation

Deputy M. J. Fallaize (*relevé à 09h.44*)
Deputy L. B. Queripel (*indisposé*)

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*The Assembly adjourned at 12.33 p.m.
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The Assembly adjourned at 5.30 p.m.

THE STATES' DEBATES OFFICIAL REPORT

2013

Wednesday, 30th January

Volume 2

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

CONVOCATION

The Greffier: I have the honour to inform you that a meeting of the States of Deliberation will be held at The Royal Court House on Wednesday 30th January, 2013 at 9.30 a.m. to consider the items contained in Billets d'État I and II, which have been submitted for debate.

5 **The Bailiff:** Members of the States of Deliberation, good morning to you all.

IN MEMORIAM

10 **Frank le Cornu Sarre**
Former Douzaine representative for St Martin's

The Bailiff: I wish to begin by paying tribute to former Douzaine Representative Frank Le Cornu Sarre, who passed away on 27th December last year.

15 Like many Guernseymen before and since, Frank devoted a number of years of his life to serving his Island without financial reward, both in parochial offices and on behalf of charitable organisations. He, in fact, served two parishes, in St. Andrew's as Procureur for the Poor and Constable between 1960 and 1964 and, later, he served for sixteen years as a Douzenier of St. Martin's, retiring from that post in 1991. For one year, from April 1981 to March 1982, he was a
20 Member of the States of Deliberation as the Douzaine Representative for St. Martin's. I am told that, although he did not speak often, when he did address the States, his well-researched views were persuasive and listened to with care and respect.

25 Frank Sarre was a member of the Horticulture Committee and brought to that Committee the valuable experience he had gained as the General Manager in Guernsey of PBI for some thirty years. He was also a member of the Labour and Welfare Committee. He leaves behind, as widow, Mary and their three children, Judy, Jackie and Richard, to whom we extend our sincere condolences.

Will you please rise to honour the memory of Frank Le Cornu Sarre.

30 *Members stood in silence.*

The Bailiff: Thank you very much.

35

Welcome to Alderney Representative Jean

The Bailiff: On a happier note, I am very pleased to welcome Alderney Representative Jean as he takes his seat, having been elected to represent that Island from the start of this year (*Applause*).

40

In fact, I believe it is Mr Jean's third term as an Alderney Representative, so he comes not so much as the new boy but, in relation to this Assembly, one of the longest serving Members of it, so welcome to you.

45

Change to sitting dates

The Bailiff: Members of the States, I also have an announcement to make about States meeting dates in March and July this year.

50

The March meeting of the States takes place during Holy Week, which means that the States cannot sit on Friday, it being Good Friday. Having taken advice from the Policy Council, I have decided to convene the March meeting one day earlier, that is on Tuesday 26th March, so as to allow three days for that session.

55

I am advised that, given the likely amount of business in July, it is expected that four days will be needed to conclude the business that month. Again, having taken advice from the Policy Council, I have concluded that it would be better to convene that meeting on Tuesday 30th July, rather than adjourning on Friday 2nd August to Wednesday 14th August, as I am sure many Members will be on leave at that time or wanting to attend the Centenary Show down at the West Show. (*Laughter*)

60

So, to conclude, the March meeting will be convened for Tuesday 26th March and the July meeting will be convened for Tuesday 30th July.

Thank you very much.

65

Statements

Relationship of Chief Executive to Chief Officers Statement by the Chief Minister

70

The Bailiff: We now move on to Statements to be made by Ministers and, first of all, a statement to be made by the Chief Minister, Deputy Harwood.

75

The Chief Minister (Deputy Harwood): Mr Bailiff, I am grateful to you for the opportunity to make a Statement responding to calls for clarification of the role of the Chief Executive in relation to Chief Officers, a matter which was raised in the context of the December States debate about the Health and Social Services Department overspend.

80

As I am sure Members will recall, at the November 2012 States meeting I responded to a question from Deputy Laurie Queripel, who had asked whether Chief Officers of States Departments are, first and foremost, responsible and accountable to the elected political members of their Departments or to the Chief Executive of the States.

85

In my answer, I explained that, in early 2011, contractual arrangements for Chief Officers were amended to the effect that Chief Officers are accountable to the Chief Executive, who acts as Line Manager to each Chief Officer but each Chief Officer remains responsible for the provision of advice and delivery of services covered by each Department's mandate to that Department Board but on behalf of the Chief Executive.

90 I recall that, in the December debate, there was some uncertainty as to what *might* happen, should the situation arise where there is an apparent conflict between advice, or even instructions, given by the Chief Executive to a Chief Officer which might be seen to frustrate the political ambitions of a particular Board in discharging its mandate. It is this that I believe requires clarification.

95 If there was any indication of a clash of interests developing, the Chief Officer would be expected to make that clear to the Chief Executive at an early stage. Ever mindful of the need to balance the effective management of the organisation and its corporate objectives against the individual plans of Departments, in such circumstances the Chief Executive would discuss this matter with the relevant Minister and seek to reconcile any perceived conflict.

100 Any Minister may also at any time request a meeting with the Chief Executive to raise any such concerns. All Ministers are also able to raise such concerns with the Chief Minister *if* they are able to resolve such issues to the Minister's satisfaction. Ultimately, any persisting issue will be resolved politically by the Policy Council. Mindful that, sometimes, the Chief Executive may be portrayed as someone from the centre intruding in the lives of Departments, the reality is that the Chief Executive has a close working relationship not just with myself, but with every Minister, not simply through their attendance at the regular Policy Meetings, but also through a series of frequent meetings between the Chief Executive and each Minister. This is a critical part of his on-going role in ensuring that he is providing a satisfactory service, using resources at his disposal to meet both departmental and corporate needs.

105 I would also remind Members that the Policy Council has created a group comprising myself and two other Ministers, responsible for holding the Chief Executive to account on behalf of the Policy Council. Recognising that a number of States Members may well wish to explore this further and acknowledging, also, the Chief Executive is not in a position to speak for himself in this Assembly, I will shortly be sending to all States Members an invitation to attend a series of meetings with myself and the Chief Executive, either on a one-to-one basis or with others. It is likely that such meetings, assuming there is a demand for them, will take place during February and early March. What I will say, however, ahead of these meetings, is that the arrangements that have now been place for nearly two years are working to the satisfaction of all Ministers.

Thank you, sir.

120 **The Bailiff:** Are there any questions arising from that Statement?

Deputy Trott: Yes, sir.

For clarity, does that mean that the corporate policies of this Assembly are of greater importance than individual departmental objectives, in the view of the Civil Service?

125 **The Bailiff:** Chief Minister.

The Chief Minister: Quite clearly, the Civil Service need to be cognisant of any corporate policies that may have been approved by the States, some of which *may* cut across individual Department mandates.

130 **The Bailiff:** Deputy Gollop...
Sorry, Deputy Trott, do you have another question.

135 **Deputy Trott:** Sir, is that a 'Yes' or a 'No'. I was not clear from that answer.

The Bailiff: Chief Minister.

140 **The Chief Minister:** I would rather not give a 'Yes' or a 'No' because it depends on the circumstances of each corporate policy.

The Bailiff: Deputy Gollop.

145 **Deputy Gollop:** Thank you to the Chief Minister but I do have a query similar to Deputy Trott and it is this.

In the event that the Chief Executive, on behalf of the political Policy Council, identifies a significant area where a Department, represented through their Chief Officer, is perhaps at variance with a significant corporate objective and calls the Chief Officer in to explain that

150 position and maybe the Minister, too, how is – if the Department by a majority of the five are still resolute in wishing that policy to be continued – the Chief Officer able to assist them, as an impartial civil servant, or would they, effectively, be obliged, more as individual parliamentarians, to bring a report perhaps in the form of a Requête?

The Bailiff: Chief Minister.

155 **The Chief Minister:** Sir, I would refer to the answer I gave to Deputy Trott.

This Assembly may, from time to time, pass a resolution which is effectively in the category of a corporate resolution: they may be a resolution directing Departments to do things. So it is in that context that there may occasionally arise, possibly, a conflict between that resolution of the States and the wish of the individual Departments.

160 It is my belief, sir, that, in those circumstances, and perhaps to answer Deputy Trott's point, that I believe that it would be the will of this Assembly that should override those individual Departments, in that context. It is a matter for this Assembly because the decision to pass a resolution to direct Departments to do things would be a matter for this Assembly.

165 **The Bailiff:** Yes, Deputy Lowe.

Deputy Lowe: Thank you, sir.

170 Could the Chief Minister, or would the Chief Minister, agree with me that, if there are problems where a Department wants to go in a different direction to perhaps corporately – and he indicated that the Policy Council would work around that – ultimately, that Department still has the right to bring it to the States Assembly for them to make that decision, rather than the Policy Council.

175 **The Chief Minister:** Yes, I would agree with Deputy Lowe. I think, at the end of the day, if it is not possible to reconcile the problem then it would be for the Department to bring that matter back to the States Assembly.

The Bailiff: Any further questions?

180 No? Well, before we move on to the next Statement, Deputy Fallaize do you wish to be relevé?

Deputy Fallaize: Yes, please, sir.

The Bailiff: Yes, in that case, you are relevé.

185

**Airport project update
Statement by the Minister of the Public Services Department**

190 **The Bailiff:** The next Statement is to be delivered by the Minister of the Public Services Department, Deputy Luxon.

Deputy Luxon: Thank you, Mr Bailiff. In giving this update on the Airport Project, I am struck by the irony of giving an update on the Airport with the last few days' events.

195 Sir, in February 2012, construction work began on a major programme of essential maintenance and improvements at Guernsey Airport. It was one of the largest capital projects ever undertaken in the Island in terms of scale, cost and complexity. So that no-one is concerned that the purpose of this Statement is to report bad news, can I start by reassuring Members that we fully expect the works to be completed on time and within budget.

200 We have now reached roughly the half way stage in the schedule and it is, therefore, a timely point to update Members. In the past twelve months a number of important elements have been successfully completed, despite persistent bad weather almost since the start of construction. It is fair to begin, therefore, by acknowledging our contractor, Lagan Construction, which has shown itself to be an excellent company. Its staff have enjoyed some miserable conditions and one of the wettest years on record and they have shown incredible resilience throughout.

205 Before their arrival there were perhaps, naturally, some concerns voiced about the large influx of non-local labour into the Island, these being housed together in the heart of a rural community.

210 However, it is fair to say our guest workers have integrated extremely well and perhaps the best
evidence of this is that we have not received a single complaint about the conduct of Lagan staff at
the temporary accommodation in La Villiaze. There has, however, been one issue reported by a
neighbour which relates to the number of meat draw prizes Lagan staff were winning at the
Venture Inn. (*Laughter*) It is good to know that, in the short time they have been there, they have
begun to pick up on some of our local customs.

215 The company itself has also shown itself to be very responsible and keen to play a role in the
local community. Lagan has been active in supporting local good causes, with a number of
charitable donations for school projects and other community initiatives, as well as sponsorship of
the Christmas anti drink/drive campaign. Although the bulk of the workforce is non-local, where
possible Lagan has recruited staff locally with, currently, around two dozen Islanders employed by
the company. There are also a number of local firms being engaged as sub-contractors.

220 As I mentioned earlier, a number of key elements of the project have now been completed to
date, including the removal of a large – very large – dip in the runway. This had been a feature of
the runway since it was constructed more than fifty years ago and represented a *significant* issue
for modern safety standards. Addressing this was a massive operation carried out over ten weeks
last summer and using more than 45,000 tons of asphalt to build up the level of the runway by up
225 to one and a half meters. Two new apron areas have also been constructed where there were
previously glassed areas for parking of small aircraft. These areas can now be used to relocate
commercial aircraft while the reconstruction of the main construction is carried out, which will
commence very shortly.

230 Another key element that has been completed is the construction of a new 120 metre section of
runway at the western end and the extension of the main taxiway that will link this to the rest of
the airfield. Once all of the works are complete, this will enable a section of the existing runway to
be used to improve the run-off safety provisions at the eastern end and still maintain the current
operational length of the runway.

235 The importation of aggregates through the temporary dock at Longue Hougue has been a great
success. More than a quarter of a million tons were imported between April and October 2012,
with no impact on the permanent dock facilities. These aggregates are in storage at Longue
Hougue and are being transported as the airport has required and the temporary dock has now been
largely decommissioned and that area has been returned to its previous state. The haulage of
240 aggregates and materials around the Island is continuing daily without too much difficulty and,
following years of careful planning of routes, escort arrangements and timing of deliveries, there
have been no incidents of note. We are mindful of concerns regarding the speed of vehicles and
this is closely monitored by both Lagan and the Police themselves.

245 The raised bund area outside the airport terminal has also now been reinstated following the
successful removal of contaminated soil from various areas round the airfield and significant
progress has also been made on the new drainage system. A large element of the new drainage is
located in the area along Plaisance Road, where one of the most noticeable elements of the work
has been under way on the approach to St. Peter's Village. This area will eventually be a grassed
area and most of the work was scheduled to be complete by now. However, bad weather has
250 delayed this, which is unfortunate because we are conscious this area is very conspicuous and,
compared to the final design, is currently an eyesore. However, it is hoped that this work will be
largely complete in the next couple of months, when we will see a considerable improvement.

255 Once that work is complete, the most visual element remaining will be the works compounds
and, in particular, the main construction compound opposite the airport entrance. These will be
required for the duration of the contract. However, once the works are fully complete, all the
equipment and plant will be removed and those areas will be restored to their original condition.
That was a condition of the planning permission and is also a contractual requirement on Lagan.

260 In terms of the execution of the works to date, the Project Board is pleased with the progress
that has been made in what has been recognised as challenging conditions. All the construction
work on the airfield is expected to be complete by the end of this year, with the final handover
date in May 2014. The Board will continue to oversee and support the work of the Project Team
through regular meetings until the completion of the works – the most recent of which was earlier
this month. The project has always been planned so that the airport can remain operational, which
adds to the complexity, the cost and the potential for disturbance. Work is generally carried out on
265 the runway and other key areas at night and on the concrete apron areas during the day. However,
four two day closures of the runway were required last year for elements of the work that simply
could not be completed during the normal night-time period. They were planned to coincide with
the times that would cause the least disruption to the travelling public and airport users. These

270 closures were very successful, in terms of the extensive works which could be completed, reflecting both the detailed planning on the part of the Project Team and the timely execution of the contractor.

275 All of the works requiring closure have been completed and, although some inconvenience to passengers and airlines was inevitable, the Island coped perfectly well and without any major incident. Nevertheless, I am pleased to report that no further runway closures will be necessary. Outside of the four closures last year, the airport management has done an excellent job in maintaining normal operations to date. They have had to ensure the needs of airlines and other airport users are met while, at the same time, ensuring that the contractors have access to key work areas by day and night. This has been achieved very successfully, in addition to the everyday requirements of running this lifeline facility.

280 In reporting progress of this project, it is important to acknowledge the co-operation of neighbours. Guernsey Airport has been doing what it can to minimise any disruption to them wherever possible however some disturbance is inevitable. Almost without exception, neighbours have been very understanding in dealing with this and appreciate the importance of these works. Guernsey Airport have sent regular updates to more than 800 homes in and around the airport and this has helped to keep neighbours informed of progress and, where possible, given advance notice
285 of any likely impact, such as activity that might be expected to result in some noise. In addition, anyone directly affected by the works is actively encouraged to contact the dedicated Project Helpline or Guernsey Airport and, to date, around 150 calls have been received, many of them highlighting issues which we have subsequently been able to address and which will, therefore, have a benefit throughout the rest of the project.

290 We are also very grateful to the thirty or so Members of our Airport Neighbours Liaison Group who meet quarterly and provide direct feedback to the Project Team and to our contractor. That contact has been invaluable in identifying and addressing issues directly to the wider benefit of other airport neighbours.

295 We are also grateful to the Douzaines of the Parishes around the airport who can often be a conduit for issues of concern on behalf of their parishioners and their role in bringing these to our attention is greatly appreciated. We should, however, acknowledge that not every call, e-mail or letter has been a complaint. A number of Islanders have taken it upon themselves to pass on praise and good reports which is always appreciated and whenever issues have been raised, the Project Team has genuinely looked at the best and most reasonable way to resolve these. It may not
300 always be possible to satisfy everybody's individual concerns but, where possible, the Project Team has attempted to do so and will continue to do so.

Members of the Assembly, sir, may also be aware that one neighbour is pursuing a claim for compensation through our courts. As I am sure you will appreciate, I cannot speak about the specifics of that claim. Suffice to say that the States will defend this robustly.

305 The most significant element of the £80.4 million project budget is the contract with Lagan to carry out the construction works. Their tender price was approximately £55 million but, as has proven with any major construction project, and more so given the scale and complexity of these works, significant allowances were made in the budget for contingencies. These are to cover known and potentially unknown, risks that can materialise during the project and incur additional
310 costs over and above the contract price. Detailed assessments were made during the planning phase to identify any measures to mitigate or reduce these risks. Nevertheless, the expectation at the outset would be that at least some of these would be likely to occur and, therefore, adequate provision is essential.

315 As we progress through this project some of the potential costs anticipated in the contingency sums will not arise, as each successive phase or element is completed: others will be incurred. However, at roughly the half-way point in the programme, three quarters of the contingency provisions remain unspent and we can, therefore, be confident that the project will be delivered within time and on budget.

320 Thank you, sir.

The Bailiff: Alderney Representative Arditti, do you have a question?

Alderney Representative Arditti: Yes, thank you, sir.

325 Rightly, the Minister and his team are proud of what they have achieved so far at the Western Airfield. I wonder if the Minister (*Laughter*) would be willing to commit himself to working with the two Alderney representatives and the Alderney Liaison Group, in order to achieve the same measure of pride in what is soon to be started at the Eastern Airfield, on the Northern Isle, where

there are *no* transport links by sea.

330 **Deputy Luxon:** Sir –

The Bailiff: Answer that if you wish.

Under the Rules, questions are to be asked within the context of the Statement that has been made. I am not sure that was within the context of the Statement. (*Laughter*)

335

Alderney Representative Arditti: Sir, I apologise. (*Laughter*)

Deputy Luxon: Sir, I was concerned (*Laughter*) that Alderney Representative Arditti was suggesting *I* should be committed and then I thought that perhaps he was suggesting that perhaps *he* should be committed.

340

It is outside the scope of my Statement but the PSD Board has assured Alderney Representative Arditti that we do take seriously the mandate responsibility we have for looking after Alderney Airport and that we will do that and we are looking forward to engaging with the new States of Alderney as soon as we have a date from them.

345

The Bailiff: Deputy Gollop.

Deputy Gollop: A person texted me yesterday with concerns over the environmental impact of the runway works towards the St Pierre du Bois Village. Are you maximising, as part of the on-going broadly successful workstream, the ecological conservation of the land surrounding it, when it is appropriate to do so?

350

Deputy Luxon: I can assure Deputy Gollop that the environmental issues were very, very prominent in the thinking before the project and indeed at the beginning. In fact, some of the contingency spend that this project has undertaken was to fulfil some of the planning obligations that came later.

355

There are various projects. There has been some work down at what was the old L'Erée aerodrome, down at L'Erée, where some work is being done to offset... and I can assure you that the team are very conscious of the commitment that we have in returning as much land to its original state as possible, but also conscious of any impact that this project has had on the environment.

360

The Bailiff: Deputy Perrot.

Deputy Perrot: Could I congratulate the Minister and his Department (**A Member:** Hear, hear.) and Lagan on the job which we have just heard about.

365

It is good to have good news about such a large project but I wonder if the Minister would just confirm that there was an incident of some sort of bituminous pollution at the south site in the latter part of last year, such that some sort of bituminous substance did enter the water supply? Could he confirm that measures have been taken to ensure that it will not be repeated?

370

The Bailiff: Deputy Luxon.

Deputy Luxon: I would love to be able to reassure Deputy Perrot but, of course, I am not there doing any work on the site so I cannot *personally* ensure it would not happen. But, to his core point, yes, back in November, there was a bitumen spill in the south compound. It was reported, Guernsey Water – and, indeed, the Police – were involved, in terms of trying to understand what did or did not happen and it may well be that, following Guernsey Water's work, some action may be taken against Lagan for that spill, in terms of how it happened.

375

What I would say is that the operational project meetings happen twice daily every single day and these issues are raised. I have attended some of those meetings and I can assure you that *I* am assured that Lagan take those issues responsibly and they will learn from that operational problem that happened, which was regrettable.

380

The Bailiff: Yes, Deputy Lester Queripel.

385

Deputy Lester Queripel: Thank you, sir.

390 Prior to the work starting, several Islanders expressed concerns about damage that might be
caused to the roads by the vehicles and seeing as though potholes are now headline news, can the
Minister confirm, or give us an assurance, that this damage to the roads is not being caused by the
tractors of Lagan, please?

395 **Deputy Luxon:** Sir, I cannot give any absolute assurance but the States Works Department
Roads Project Team, who are very experienced, have been given no evidence that the Lagan
vehicles shipping the aggregates around the Island have caused, or added to, the problem. There is
no specific evidence and I think that when you look at the routing that was agreed, in terms of both
vehicles from Ronez, Les Vardes, but also from Longue Hougue, in terms of how those vehicles
would be tripped around, the actual usage is not as significant as you might imagine. But I am not
underestimating, there are a lot of vehicles and they are very heavy, but we do think that the very
400 broad tyres that were used on the vehicles that were selected has helped to spread the impact that
could have happened. So we do not think that the issue of potholes that we have seen in January –
which we see every year – but particularly has been the highlight... we do not believe that that is
associated particularly with this project.

405 **The Bailiff:** Are there any further questions arising from the Minister's Statement? No?

410 Questions for Oral Answer

HOUSING DEPARTMENT

415 **Rising unemployment** **Restricting entry of short-term workers**

The Bailiff: In that case, Members, we will move on to Question Time proper, and the first
420 Question is to be asked of the Housing Minister by Deputy De Lisle.
Deputy De Lisle.

Deputy De Lisle: Thank you, sir.
Given the rising number of unemployed on the Island, what additional measures at this time
are being taken by the Minister of Housing and his Department to restrict the vast numbers of
425 short-term workers entering the Island?

As I understand it, approximately 1,200 live short-term licences have been issued in the Island
in the last year, with an additional 600 in the hospitality area, while over 400 local people are
seeking work.

430 **The Bailiff:** The Housing Minister, Deputy Jones, will reply.

Deputy David Jones: Thank you, Mr Bailiff.
I can confirm that, on average, over the last 12 months, at any point in time we have about
435 1,200 people working in the Island under short-term licences. It is also true that we have about 600
more living and working in our hotels, but as all hotels are open market, the 600 or so do not need
housing licences.

For this latter group, the Policy Council have already said that, as part of the work it is doing to
introduce a population management regime, it will look at whether these types of live-in staff
should continue to be exempt from any form of control or management, from a population
440 perspective, and we at Housing await the outcome of that research with some interest.

With regard to what measures Housing has taken, it is not the Housing Department's
responsibility to set policies relating to matters of commerce and employment in the Island. It is
our responsibility to administer the Housing Control Law, and that is in accordance with its
statutory provisions and any relevant policies laid down by the States that we are duty bound to
445 take into account.

But here is the rub: there are not *any* meaningful relevant policies, because successive

450 Commerce and Employment Departments, of which Deputy De Lisle is a current Member, have not seen fit to draw up such policies to bring to this Assembly to inform and direct our decision making, despite my Department asking them to do so on several previous occasions. In the absence of those policies, all we can do at Housing is apply the Law, as it is written, and scrutinise every licence application more closely than ever.

455 **The Bailiff:** Are there any supplementary questions arising from that?
Deputy Gollop, and then Deputy Storey.

460 **Deputy Gollop:** I would like to ask... question that unemployment is definitely rising, I would like to ask the Minister of Housing, bearing in mind the global recession, why is the Department not necessarily legally able to restrict the number of short-term, nine-month licence-holders working in areas other than hospitality, catering and horticulture – because it is apparent that there are more short-term local licence-holders, perhaps working in retail, gardening and the construction industry, where perhaps skills are not at such a shortage?

The Bailiff: Deputy Jones.

465 **Deputy David Jones:** Sir, can I defer the answer to that question, because it actually leads on from another question that Deputy De Lisle is about to ask me, which... I think my answers will help clear up that particular issue.

470 **The Bailiff:** Defer that then, Deputy Storey.

Deputy Storey: Thank you, sir.
I would just like to ask the Minister if he can advise the Assembly where Deputy De Lisle obtained the figures that he quoted in his question to you, if that is possible.

475 **Deputy David Jones:** Clearly, the figures that Deputy De Lisle is quoting came from a joint meeting between Housing, Social Security and Commerce and Employment, where these figures were given by the Head of Housing Control at that point, which makes it even more surprising – as Deputy De Lisle was a Member of that meeting – that he is asking these questions today.

480 **The Bailiff:** Deputy Trott, you had a supplementary question.

Deputy Trott: Sir, I find myself with three but I am wondering if I can ask them individually because I would be curious to hear the answer from the Minister.
485 The first question is: can the Minister tell this Assembly *when* the Housing Department last raised its concerns about a lack of policy direction with the Commerce and Employment Department?

The Bailiff: Deputy Jones.

490 **Deputy David Jones:** Well, I wrote to the Commerce and Employment Department – to the outgoing Minister of the Commerce and Employment Department – back in March 2012 and they promised, at that point, that they would address... Now, the crux of that letter was could the Commerce and Employment give us some guidance as to the economic value of some of the businesses that were receiving lots of short-term licences so that we could, perhaps, start to
495 formulate a policy on who should receive licences. Ten months later, unfortunately, I am still waiting for a response and perhaps the Minister of Commerce and Employment would like to add something to that?

500 **The Bailiff:** Deputy Stewart, do you have a supplementary question?

Deputy Stewart: I have a supplementary question, thank you, sir.
Would the Minister of Housing agree that, although it was remiss of Commerce and Employment ten months ago not to reply to a letter – which was before *my* time, I might add... My memory is not that brilliant. I actually forgot which Board Deputy De Lisle was on for a moment! (*Interjections*) But there had been on-going talks, (**A Member:** Yes.) would the Minister agree, particularly the meeting which took place just a few weeks ago between SSD and your
505

Chief Housing Officer to explore these questions.

510 Furthermore, would the Minister agree that, following that joint meeting, which your Housing
Officer attended, we are having further meetings at officer level and, of course, discussions at
ministerial level, which relate to some of the further questions, where we are exploring upscaling
the Island with a skill strategy? Would the Minister also agree that since, post-LVCR, the work
that Commerce and Employment have done in that area has been quite valuable? Although
unemployment is regrettable, would the Minister also agree that our figure compares quite
515 favourably with Jersey, which has over four times the unemployment of Guernsey.

Alderney Representative Arditti: And I strayed!

Deputy David Jones: I agree with all of that.

520 The fact of the matter is that there is continuing dialogue and while I did write to the outgoing
Commerce and Employment Minister, as I say, some ten months ago, there has been quite a lot of
dialogue with the present Commerce and Employment team about what we need to do. But what
this States needs is policies, so that it can tell Housing – and it is going to need them even more
under the new permit system – what industries it wants permits to support and which ones it does
525 not because there has never been *any* employment policy coming from *any* Commerce and
Employment Department since they were first formed, guiding Housing on that issue. We are just
expected to look at each case on its merit and grant licences and I will come to the legal questions
later on.

530 **The Bailiff:** Deputy Trott you had some more supplementaries, did you, or have they been
answered?

Deputy Trott: Yes, sir, whilst Jersey's unemployment rate may be, numerically, four times
higher than Guernsey's, their workforce is considerably larger so, as a percentage, it is nowhere
near that.

535 My second question is: can the Minister give us some examples of why Housing should not
just refuse short-term licences and blow the consequences?

540 **Deputy David Jones:** There are times and Members of the Housing Board will tell you, and
previous Members, that it is very tempting to do just that. But just supposing I said to the Head of
Housing Control, the next six licences that come up, just refuse them. How would that work? The
first one could be for a locum who had come to the Island to cover for three GP's; the second one
in that queue might be an engineer that Deputy Luxon needs at the airport to put in the new radar
or lighting; the third one could be a specialist nurse at the PEH; the fourth one and so on and so
on...

545 It is just not possible and I am hoping, I am looking at Her Majesty's Comptroller – Procureur,
sorry – because we do not have the power just to, 'willy, nilly', refuse licences. Once companies
have jumped through the hoops that Housing put, we cannot make *ultra vires* decisions and just
say, 'Well, we just do not like your company very much and, therefore, we are just going to refuse
you a licence' because that would be *ultra vires*. If they have met all the criteria that they have to
550 and they still cannot find somebody locally to fill that post, then we have no legal powers just to
say 'Go away, you are not having a licence'. But, again, there are other answers that we will come
to further on but whether Her Majesty's Procureur wanted to cover that particular point...

555 **The Procureur:** I am having a great deal of difficulty as to why a Department of the States of
Guernsey would *want* to 'willy, nilly' refuse licences. They have got a job to do under the Law,
which has been approved by this Assembly, and I am not understanding this apparent reluctance
and blaming the Law and saying we cannot do it because of some legal requirement. It is the will
of this Assembly that there should be proper housing control operated on a proper rational basis,
560 surely.

Deputy David Jones: Yes I agree, thank you.

The Bailiff: Deputy Trott.

565 **Deputy Trott:** Sir, my final question and, undoubtedly, the most relevant of the three is: does
the Minister believe that refusing short-term licences might actually worsen the unemployment

situation?

570 **Deputy David Jones:** Yes, I think that, in some respects, it can.

You have to remember that many local companies employ a mixture of guest workers, as we like to call them, and local people. If that company... if you start to refuse licences to guest workers, you could actually threaten the viability of that company and then threaten local jobs, as well, so I think there are some risks of that and, to be honest with you, there are probably... There are 1,200 we know in the hospitality industry and many more working in other industries in Guernsey and we have got 400 people unemployed. I mean, do the maths yourself.

575 **The Bailiff:** I will allow one more supplementary question and then we need to move on. We are already half way through Question Time, nearly.
580 Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

Deputy Jones has made a plea for the formulation of policy in this area and Amen to that. But given that it engages several Departments, does he think that there would be a role here for the Policy Council? If he does, could he undertake to propose to the Policy Council that it require the various Departments, whose mandate this issue would engage, to bring the Report to the States as soon as possible.

585 **Deputy David Jones:** Well, of course, that is already going on.

One of the first jobs the Chief Minister did when re-instigating the population... the new permit system, was to make sure that the Departments that are going to be involved in permits, and the value of those permits into what businesses are involved in those talks and these are some of the talks that are going on between Commerce and Employment now. So, in actual fact, the new population policy is a Policy Council animal and the Chief Minister has made that clear at the beginning of his term of office, so that is already actually going on.

590 **Deputy Fallaize:** Sir, may I just ask Deputy Jones, in which case is he of the view that the population policy, when it is brought to the States by the Policy Council, will fulfil his plea for policy in this area?

600 **Deputy David Jones:** I certainly hope so, sir, through you, because clearly it will be a new permit system and it will be for these States to decide, at that point, where they want these permits to go and there will be – I am hopeful that, in the meat that is being put on the bones at the moment – a list of favoured-type businesses that Guernsey needs, where permits will be given and there may be others where permits will not be given. That, at the end of the day, will be a matter for the States to decide and that is exactly as it should be.

605 **The Bailiff:** We move on.
Deputy De Lisle, your second question.

610 **Deputy De Lisle:** Thank you, sir.

I would just like to welcome the fact that the Minister will scrutinise licence applications more closely than ever at these very difficult times, which was a point that he made in his original answer.

615 My second question, sir: why has the Minister and his Department allowed short-term workers to enter so many different occupational groups and economic sectors and drift beyond the traditional areas of seasonal horticulture and hospitality work? As I understand it, short term workers are now employed in more than twelve economic sectors and eighty occupational type groups. Is this not stifling opportunities for local workers in recessionary times?

620 **The Bailiff:** Deputy Jones.

Deputy David Jones: Sir, I need to correct Deputy De Lisle's misunderstanding that guest workers have been limited in their employment only to horticultural and hospitality sectors, because that simply is not true.

625 The States Reports, dating right back to the 1980s, are all silent when it comes to where short-term licences should, or not, be issued, which is the very point we are raising, that there has been

no political guidance from the people responsible for Commerce and Employment to these States about what Housing ought to be doing.

630 Guest workers have, and always have, worked across many sectors. Today, they are employed by 300 different employers across 17 economic sectors, and their jobs are more diverse than many of you would imagine.

635 I agree with Deputy De Lisle that some guest workers could be filling some jobs that could be done by locals. Where my Department knows for certain that this will be the case, based on the data provided by Social Security, or because the employer is not trying to recruit locally first... under those circumstances, we simply will not grant licences, but we cannot go about agreeing or refusing licences just as the mood takes us because, legally, we would not have any basis to act in that manner. It is not through the lack of encouragement on our part that Commerce and Employment has not, in the past, had the foresight to put the policies in place to give us the tools we need to address the problem when unemployment arises.

640

The Bailiff: Deputy De Lisle.

Deputy De Lisle: Can I ask a supplementary on that, sir?

645

The Bailiff: Yes.

Deputy De Lisle: While I concede that all have to respond to new conditions and new realities, and licences will be required in future, are there not relevant policies, I would like to ask the Minister, laid out in the Housing Law, providing the Department with very wide discretion, under section 6, to respond to existing conditions not only in the employment market but in the housing market also; and do not the powers given the Minister extend to consideration of any population objective set out in the Policy Planning Reports or States Strategic Plan?

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655

The Bailiff: Deputy Jones.

Deputy David Jones: Sir, yes, we do have to take note of the population objective, and that was a States debate that said that the population should be kept at roughly around the population figure of 2006, was it, or 2007 – I cannot remember which – but basically the Housing Control Law is about asking employers whether they have advertised a job locally, what efforts they have made to secure local people for those jobs, what training programmes they have got in place to train local people for those jobs.

660

665 To answer this question in another way, off the top of my head, since the back end of last year, we have probably refused over 600 short-term licences at the Housing Department because people have not fulfilled the criteria. We know those are real jobs, because people have to pay a fee now for applying, so nobody is going to apply for a licence if there is not a real job at the end of it, because of the cost. There have been over, say, 600 refusals, and yet we still have 400 people unemployed.

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670 So we do refuse licences when employers cannot make a case that it is either necessary to bring people into Guernsey because local people are not available for those tasks... but, certainly, we do not have the wide powers that you assume we have just to refuse licences on a whim.

The Bailiff: Deputy De Lisle, your next...

Sorry, Deputy Gollop, do you have a supplementary?

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Deputy Gollop: Yes. Deputy Jones rather answered my earlier question, but I have another one, and it is this: that we, on Social Security, I am aware, in the last year, are putting *significant* effort and resources, both State and private, into rehabilitating and delivering the employment of formerly unemployed people, but are Housing ensuring that employers, in justifying their recruitment of non-locals, have actually gone through the loops and clearly interviewed the candidates who are put towards them, some of whom may be suitable for the positions offered?

680

The Bailiff: Deputy Jones.

Deputy David Jones: I thought that was more of a statement than a question.

685

We work very closely, as Deputy Gollop knows, with Social Security on matching skills to jobs that are available – the people asking for a licence and the people who are available for work

– and that relationship has gone on for some considerable time. So there is a very close working relationship between the two Departments to try and match these skills.

690 **The Bailiff:** Deputy De Lisle, your next question.

Deputy De Lisle: Thank you, sir.

The question also arises, with respect to the issuing of long-term essential licences, especially when we continue to read of lay-offs in banking and companies falling into administration.

695 What additional measures have been taken by the Minister and his Department to restrict the increasing number of five-year and 15-year essential licences issued at a time of marked rationalisation and job cuts, and general retrenchment in the economy?

700 **The Bailiff:** Deputy Jones.

Deputy David Jones: Sir, it looks to me as though Deputy De Lisle has fallen into the same trap as many others by making the easy assumption that, in these straitened times, we should be issuing fewer and fewer licences and certainly no 15-year licences at all.

705 What we hear time and time again from the applications that come before the Housing Board, is that now is the time for the Island's businesses to show their national and international clients that Guernsey is still a good place to do business, and we threaten *that* particular issue at our peril. From our dealings with businesses, we know that, now more than ever, they need continuity in strategic roles, so the clients deal with the people they know and trust, and if that means issuing 15-year licences, where the case for them can be made, then so be it. If used wisely – and that is what my Board always strives to do – housing licences can be used to stimulate, not stymie, local employment opportunities.

710 Frankly, it is shocking and very worrying that a Member of Commerce and Employment would seem to have such a poor understanding of the needs of business. What about the licences that we issue to the public sector, for instance? They make up a large proportion of all five and 15-year licences issued. I am sure the new Minister of HSSD, or the Education Minister, would be overjoyed to find us refusing licences that their Departments need in order that they can function properly so, of course, every employer needs to exercise restraint when it comes to asking for essential housing licences, but we also need to be realistic about the benefits that come our way as a consequence of bringing workers at all levels to the Island. We will, therefore, as the law obliges us to do, continue to consider each and every license application on its merit.

715 The one other proviso I will point out to Deputy De Lisle is that you would be shocked and surprised at the number of 15-year licence-holders who actually never stay longer than a few years and leave the Island, even though they have had 15-year licences. You can see, at the Grammar School, all kinds of examples of that.

725 **The Bailiff:** Deputy Langlois, you have a supplementary question?

Deputy De Lisle: As a supplementary, sir, I just wanted to say that –

730 **The Bailiff:** Deputy De Lisle.

Deputy De Lisle: I ask the question how is Housing – because that was the question that I asked – *changing* its response to existing conditions, given the large number of local people being laid off? That was the question.

735 It goes without saying that Departments across the States will continue to ask for licences, despite the increasing unemployment numbers, as will the private sector, despite the outsourcing of jobs taking place, but I would like the question answered: how is Housing changing its response?

740 **The Bailiff:** Deputy Jones.

Deputy David Jones: Sir, it is simple: we are changing our response by working with Social Security to match the skills of those who are becoming unemployed with the skills of the jobs that are available.

745 I do not know how many times I have to say this, but there are hundreds of jobs in this Island and we have got 400 people unemployed. This is why I said, in the answer to my first Question,

the 1,200 licences issued are real jobs. These are people who are applying for licences and paying a fee to employ people.

750 So we do work closely with Deputy Langlois' Department to try and match those skills, and that is our reaction to it. When companies cannot produce a credible reason why they need a licence to fill a post, they do not get that licence. In other cases, in order to keep their companies viable – and we have no corporate taxes now – we have to use employees' taxes, and we need to keep companies viable so that people can pay taxes to help keep the Island's economy moving in the right direction.

755

The Bailiff: Deputy Langlois, do you have a supplementary?

Deputy Langlois: Yes, please, sir.

760 Would the Minister agree that, before this issue is seen and taken out of proportion, we should continue to note that, with the Jersey unemployment rate of 4.7%, the UK at 7.8% and France at 10.5%, *our* unemployment rate, whilst rising, should not be seen as alarming at its current rate of 1.3%?

765 **The Bailiff:** Deputy Jones.

A Member: Hear, hear.

770 **Deputy David Jones:** I could not agree more, and I think if you had gone on to Spain, Portugal and Italy, they were many percentage points higher than that. Yes, and Greece also! *(Laughter)* I think that we do remarkably well here.

It is very dangerous to try and stymie the economy... I am sorry, I am getting into Answer 4 now.

775

**Essential and short-term licence applications
Demands placed on employers**

780 **The Bailiff:** Deputy De Lisle, your final question.

Deputy De Lisle: Yes, thank you, sir.

What succession preparation and training demands are placed by the Department on employers when approving essential and short-term licence applications?

785 **The Bailiff:** Deputy Jones.

Deputy David Jones: Sir, all applications for essential licences require the employer to comment on succession planning.

790 In the context of a licence being sought more generally – and this is something that is looked at as part of the determination of that application – it is very often the case that a licence is issued on the condition that a licence-holder's skills and experience are used to train and develop a local successor because, in line with strategic objectives, they have been approved via the States Strategic Plan, and we place heavy emphasis on the need to create our own skilled and flexible labour market.

795 We also encourage businesses relying on short-term licences to take on and train local staff, but the stark fact is that, even in these more difficult times, there are far more jobs available than could ever be filled entirely by the local workforce, even if there was no unemployment.

The Bailiff: I see no-one rising.

800

CHIEF MINISTER

Projects
Financial monitoring

805 **The Bailiff:** Can we move on to the next Question then, which is to be asked by Deputy Gillson of the Chief Minister.
Deputy Gillson.

810 **Deputy Gillson:** Thank you, sir.
Chief Minister, there has been a lot of discussion and debate about ensuring that the States has adequate financial monitoring and forecasting. Can the Chief Minister confirm whether or not the full and true costs of projects being run by the Policy Council, or the Centre, for want of a better name, such as the SAP project, are being monitored? When I say full cost, I mean the full cost including the cost of all staff time provided by Committees and Departments towards those
815 projects.

The Bailiff: Chief Minister.

820 **The Chief Minister (Deputy Harwood):** Deputy Gillson, in respect of general financial monitoring and forecasting within the States, I am pleased to be able to advise that all States Departments and Committees prepare monthly management accounts for their internal review, that both the Treasury and Resources Department and the Policy Council, if necessary, receive quarterly reports on actual spend and forecast out-turns for the general revenue position. The recently introduced upgrade to the SAP system will facilitate the provision of this information
825 more easily and in a more timely and complete manner.

In respect of major capital projects, each project board will regularly receive and review financial reports of the forecast out-turns. This is certainly the case for the SAP and the SCSC project, owned by the Treasury and Resources Department, which is being run as a strategy
830 project. I can confirm that the SAP project is within budget.

Turning to the question of full cost, the long-standing treatment of internal costs incurred on projects, whether revenue or capital, is that permanent staff time is not charged thereto and the States does not have a time recording system which would facilitate this.

The project budgets will meet the costs of any additional contract or temporary staff recruited to work on projects and any employed to backfill permanent staff working on capital projects, i.e.
835 any incremental costs. This is how the budget of the SAP project was put together, which is consistent also with the way in which it is being monitored.

The Bailiff: Deputy Gillson, do you have a supplementary question?

840 **Deputy Gillson:** Sir, thank you.

Firstly, may I say that... You mentioned T & R. The reason why I am asking my Question of the Chief Minister, rather than the Treasury Minister, is because the Billet that approves that placed responsibility for this project with the Policy Council.

845 My supplementary question: am I correct in my interpretation of your reply, that nobody in either the Policy Council or T & R knows the total amount of departmental time which has been spent on the SAP project?

The Bailiff: Chief Minister.

850 **The Chief Minister:** What I said in my earlier reply is that there is no time recording system that would facilitate a Department identifying the staff costs of providing internal staff resources to a project.

855 **The Bailiff:** Deputy Bebb.
Sorry, you have another supplementary, do you, Deputy Gillson?

Deputy Gillson: Yes, sir.

860 Therefore, I am correct that, although the original Billet said that a total of 6,000 man days of staff time would be needed, nobody has been monitoring to ensure that we have not gone over that 6,000 man days?

The Bailiff: Chief Minister.

865 **The Chief Minister:** I, unfortunately, cannot give Deputy Gillson that reassurance. I would need to make further enquiries.

The Bailiff: Deputy Bebb.

870 **Deputy Bebb:** Thank you, Mr Bailiff.

Could the Chief Minister agree with me, then that, given that there is no current provision for time recording, and that it is essential we monitor the cost of people's time, it is a good opportunity, especially in light of the SAP project, for the Policy Council to consider a proper time recording system that would give the States the information they require as to the cost of implementing various projects?

875

The Bailiff: Chief Minister.

880 **The Chief Minister:** Sir, whilst acknowledging that I am sure it would be desirable for the States to be able to have that system, I have no idea what the likely cost of introducing such a system... or indeed – and I speak as someone who has been forced to fill in time sheets ever since I started as a lawyer (*Laughter*) – the actual process of filling in time sheets can actually take up a lot of time in itself. (*Laughter*)

885 It is not the panacea, but it is something that perhaps may be appropriate to be considered. I am happy to take that further.

The Bailiff: Deputy Bebb, and then Deputy Gillson.

890 **Deputy Bebb:** Could I, therefore, offer my services, as someone who has implemented time services and time systems, as a possible... There are alternatives that are –

The Bailiff: Is this a question? We really are running out of time, Deputy Bebb.
Deputy Gillson.

895 **Deputy Gillson:** Sir, I too have spent a long time on time recording, and I certainly would not suggest going down to the nearest five minutes, as I have had to do, but does the Chief Minister realise that 6,000 man days of staff time equates to something between £1 million and £2 million? Does he think that a cost of between £1 million and £2 million should be monitored by T & R Department?

900 **The Bailiff:** Chief Minister.

The Chief Minister: As I said in my earlier response to Deputy Gillson, I think, in an ideal world, the answer would be yes.

905 I would have to take further advice from Treasury and Resources and note what he said, if they have been able to monitor the number of man hours that have been involved.

HEALTH AND SOCIAL SERVICES DEPARTMENT

910

Health Service vacancies Background checks on applicants

915 **The Bailiff:** I think we just have time for the final Question.
Deputy Lester Queripel, you have a question for the Minister of the Health and Social Services Department.

Deputy Lester Queripel: Yes, thank you, sir.

920 From March 2008 until June 2010, HSSD employed a nurse at the Princess Elizabeth Hospital who was suspended from the profession and under investigation by Nursing and Midwifery Councils in the UK and in Ireland.

Is the Health Minister able to give me an assurance that, in future, comprehensive checks will be carried out by HSSD on all applicants applying for vacancies in our Health Service to ensure this does not happen ever again?

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The Bailiff: Deputy Dorey, the Minister for the Health and Social Services Department, will reply.

Deputy Dorey: Thank you, Mr Bailiff.

930

In order that Members understand the comprehensive checks that the Department carries out, I need to give some of the background to this case.

The particular nurse was suspended by the Irish Nursing Board and did not disclose this to HSSD at the time of recruitment. The nurse's residency in Ireland was also not disclosed. The gap in her CV was questioned by the interviewers and the notes from the interview state that the reason given for this was that the nurse had taken time out of work to look after a family member.

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The Department checked her registration at the time of appointment with the NMC – the Nursing and Midwifery Council – as it does for each nurse recruited and on an annual basis thereafter. When the Department checked the NMC register for the nurse, it was valid. Subsequently, the NMC informed HSSD of the change in registration status of this nurse when they had been advised by the Irish Nursing Board. The nurse was then immediately suspended by the Department.

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There is an inconsistent arrangement between the Irish Nursing Board and the NMC in respect of notification of suspensions. If the NMC-registered nurse is suspended, the Irish Nursing Board is immediately notified of this by the NMC. However, this does not happen the other way round, as the Irish Nursing Board only notify the NMC if a registered nurse is suspended once the investigation has been completed and the case heard, as happened in this case.

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The States of Guernsey also takes up at least two references for new appointments, which are checked to ensure the reference is coming from a trusted source. In addition, each candidate is subject to a Criminal Records Bureau check and HSSE screens all new employees through the Occupational Health Service to ensure that the member of staff is suited for the post for which they have applied. When all these checks have been completed, then a start date is agreed.

950

Sir, I can give Deputy Queripel an assurance that comprehensive checks will continue to be carried out for all new employees by HSSD and the States of Guernsey, but I cannot guarantee that, in exceptional circumstances, as in this case, a similar situation does not happen again.

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The Bailiff: Deputy Queripel, you have a supplementary question?

Deputy Lester Queripel: Yes, sir, thank you.

I am afraid the Answer given by the Health Minister offers me no assurance at all, and I would like to ask the Minister a supplementary because he referred to an 'inconsistency' in the system. Can he not come to some agreement with the Irish Health Board to ensure that we *are* actually informed when any member of the medical profession is suspended from practice?

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The Bailiff: Deputy Dorey.

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Deputy Dorey: As this has been brought to my attention as a result of this Question, I will write to the NMC and copy it to the Irish Nursing Board, explaining the problem and asking them to investigate a solution whereby we can be notified at an earlier opportunity.

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Deputy Lester Queripel: Thank you, sir.

The Bailiff: That concludes Question Time – just over half an hour, but that concludes Question Time, and we move on to legislation, Greffier.

MOTIONS TO DEBATE AN APPENDIX REPORT (1st Stage)

975

**Guernsey Electricity Limited
Submission of Annual Accounts**

980 **The Bailiff:** Sorry, before that, we have a motion to debate an Appendix Report. Thank you very much.

This is the first stage in this process. I have been given notice by Deputy Soulsby that she wishes to move a motion to debate an Appendix Report and, at this stage, the Assembly is simply asked whether it wishes to debate it.

985 Rule 21(4) is applicable, and I will read it:

‘When notice of a motion to debate an appendix report has been given in accordance with paragraph (3)...’

– as it has been in this case –

990 ‘... the Presiding Officer shall, at the meeting convened to consider the business listed in the Billet d’État containing the appendix report to which the motion relates and at the time prescribed in Rule 9, invite

(a) the proposer of the motion to speak thereon;

(b) the seconder to second the motion, but not speak thereon;

995 (c) the Minister or Chairman of the Department or Committee concerned to speak on the matter following which, without further debate, the Presiding Officer shall immediately put the said motion to the vote.’

Subsequently, if you agree that the Appendix be debated, it will be debated at a later stage.

1000 So, Members, the purpose at this stage is merely to vote upon whether you wish to have the Appendix debated. It is for Deputy Soulsby to just explain why she wishes the Appendix Report to be debated, and what we are dealing with is the submission of annual accounts by Guernsey Electricity Limited.

Deputy Soulsby.

1005 **Deputy Soulsby:** Sir, I understand that each of these motions has to be debated separately, but what I say now applies to both motions and I will reiterate that at the appropriate time.

Whilst I have already briefed Members as to my reason for placing both these motions to debate, I should also like to place this on record today and elaborate further on certain points.

1010 **The Bailiff:** This is not the debate; this is just why...

Deputy Soulsby: Yes, why I am wanting it.

The Bailiff: Yes, why you want it.

1015 **Deputy Soulsby:** Under the States Trading Companies Ordinance 2001, the accounts of States trading companies and the reports on them must be placed on the appendices to a Billet. It is my belief that this is insufficient to give the accounts, which both produce over £50 million in turnover per annum, the prominence they deserve.

1020 Certainly, as Chair of the Public Accounts Committee, this is a concern in terms of accountability and the ability of Members to comment on those accounts in the same way that they can on the general accounts of the States of Guernsey.

1025 Not only that but, in contrast, under paragraph 6.1 of the Financial Services Commission (Bailiwick of Guernsey) Law 1987, the accounts of the Guernsey Financial Services Commission have to be submitted as a report by the Treasury and Resources Minister, and I quote:

‘... as soon as practicable... for consideration by the States.’

1030 There is an obvious inconsistency here, and I can see no valid reason why States trading companies should not also be treated in the same way as a Commission or the General States Accounts and be presented in the main body of the Billet, where they will be available for consideration as a report by default.

1035 Aside from accountability, I believe that such accounts should be presented to Members in a more timely manner. These accounts were signed off in June and July 2012 and readily available on both companies’ websites, but we only have the ability to debate them seven months after sign-off and 10 months after the accounting year end. This is far too late.

The timetable for the preparation and audit of accounts is set well in advance of the companies’

year ends. Indeed, the Department is given 10 days' notice of when the AGMs will be held, and there should be no reason why the accounts are not submitted as soon as possible after they have been approved by the shareholders.

1040 The Public Accounts Committee continues to strive to ensure proper scrutiny is applied within its mandate, balanced within the finite resources available to it. To this end, I and my fellow Public Accounts Committee Members are committed to continually reviewing how an appropriate and proportionate level of scrutiny can be applied in the future.

1045 I should like to advise that I will, on behalf of the Public Accounts Committee, continue to place a motion for debate until such time as the Ordinance is amended.

The Bailiff: Thank you.

Deputy Le Clerc, you formally second this motion, do you?

1050 **Deputy Le Clerc:** I do.

The Bailiff: Thank you.

The Minister of the Treasury and Resources Department, then, will speak.

Deputy St Pier.

1055

Deputy St Pier: Mr Bailiff, Deputy Soulsby's points are very well made and, as she notes, under the States Trading Companies Ordinance 2001, the Treasury and Resources Department is required to publish the annual accounts of both Guernsey Electricity and also Guernsey Post, which is next up on the Agenda, as an appendix to a Billet.

1060 I understand that this was as a result of extensive consultation and a number of reports to the States on the subject. So this year, as in previous years, we have simply complied with the Ordinance.

1065 If Members of the Assembly feel that it would be more beneficial to append the accounts to a short States Report to more easily facilitate debate, this may, as Deputy Soulsby has said, require a change in the Ordinance. That is a matter on which we have not yet sought advice from the Law Officers.

These accounts were approved at the Annual General Meeting towards the end of July 2012, and for Guernsey Post, August 2012, and, as Deputy Soulsby says, were then publicly published by each of the companies shortly after that.

1070 Subject, of course, to complying with the lead times for printing and publication, I can give an assurance to the Assembly that, in future, these accounts will be included in a Billet at the earliest opportunity.

The Treasury and Resources Department have no objection to the motion to debate, sir.

1075 **The Bailiff:** Members, I put to you the motion that the Appendix Report, namely the Guernsey Electricity – Submission of Annual Accounts, be debated.

Those in favour; those against.

Members voted Pour.

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The Bailiff: I declare the motion carried.

1085

**Guernsey Post Limited
Submission of Annual Accounts**

The Bailiff: We move on, then, to the similar motion in respect of Guernsey Post Limited – Submission of Annual Accounts.

1090 Deputy Soulsby.

Deputy Soulsby: Sir, as I said earlier, everything that I said in my previous statement applies to this motion as well, and I do not want to repeat it.

1095 **The Bailiff:** Thank you very much.

Deputy Le Clerc, again you formally second, do you?

Deputy Le Clerc: Yes, sir.

1100 **The Bailiff:** Deputy St Pier, do you wish to add anything?

Deputy St Pier: Likewise, sir.

1105 **The Bailiff:** In that case, Members, I put to you the motion that the Appendix Report, namely Guernsey Post Limited – Submission of Annual Accounts, be debated. Those in favour; those against.

Members voted Pour.

1110 **The Bailiff:** I declare it carried.

Those debates will be at the conclusion of ordinary business, under the Rules. They will not take place now; they will be at the conclusion of ordinary business.

1115

Billet d'État I

1120

TREASURY AND RESOURCES DEPARTMENT

Double Taxation Arrangement with the Government of Malta Agreement and Income Tax (Guernsey) (Approval of Agreement with Malta) Ordinance, 2013, approved

1125

Article I.

The States are asked to decide:

Whether, after consideration of the Report dated 28th October, 2012, of the Treasury and Resources Department, they are of the opinion:

1130

1. To ratify the Agreement made with Malta, as appended to this Report, as required by section 172(1) of the Income Tax Law.

2. To approve the draft Ordinance entitled 'Income Tax (Guernsey) (Approval of Agreement with Malta) Ordinance 2013' and to direct that the same shall have effect as an Ordinance of the States.

1135

The Bailiff: We now move on, Greffier, to legislation.

The Greffier: Yes, Billet I, Article I, the Income Tax (Guernsey) (Approval of Agreement with Malta) Ordinance, 2003.

1140

The Bailiff: There is a Policy Report as well as the legislation, so it is the Minister of Treasury and Resources Department, Deputy St Pier, to address the Assembly.

1145

Deputy St Pier: Mr Bailiff, Members of the Assembly may recall that, in September last year, the Assembly considered a States Report on a Double Taxation Agreement with the Government of Japan.

1150

At that time, I said this is part of what is now a long production line of Tax Agreements stretching back to the first Tax Information Exchange Agreement concluded with the United States in 2002 – a production line which accelerated with the advent of the internationally agreed tax standard implemented by the Global Forum on Transparency and Exchange of Information for Tax Purposes in 2008. Today's Report is just the next Agreement off that production line.

As a digression, Members will be aware that the Deputy Chief Minister has recently signed Double Tax Agreements with Jersey and the Isle of Man, which will shortly come before this Assembly.

1155

Whilst, like the Agreement with Japan, the signature of the Malta Agreement predates my Board's appointment, we are, of course, pleased to support it.

1160 Members may recall that, from September, in the case of a Double Taxation Agreement, the States is asked to declare by resolution that the arrangement should have effect under the Income Tax Law. The Assembly are also being asked today to approve an Ordinance in respect of this same Agreement. This is because Article 24 of the Agreement provides for the exchange of information and, in order for this provision to be effective, the States must specify the agreement by way of an Ordinance, pursuant to section 75C of the Income Tax Law. It clearly makes sense to deal with this at the same time as the resolution, bringing the rest of the Agreement into effect, and I am grateful to you, sir, for giving permission for both matters to be dealt with in the same Billet.

1165 Sir, although Malta is not a Member of the OECD, this Agreement is based on the OECD Model Convention, which is the template for most of these sorts of agreements, and it is also, as is noted in the Report, closely based on the Agreements between Malta and the Isle of Man and Jersey, which were concluded in 2009 and 2010 respectively.

1170 There are no significant resource or revenue implications anticipated from this Agreement; however, it is significant that it is a full Double Taxation Agreement, rather than the more limited form of Agreement with Japan, for example. This is a useful precedent in seeking similar agreements from other jurisdictions, and it is also significant as another stepping stone in our journey to a network of these sorts of agreements, importantly having been negotiated on our own behalf, and not by the United Kingdom for us.

1175 This network is also important, in the present climate, to help maintain our position as co-operative members of the international community, so I have no hesitation in recommending to Members both the ratification of the Agreement and the approval of the Ordinance.

The Bailiff: Deputy Gollop.

1180 **Deputy Gollop:** Yes, sir, I very much welcome this Report.

Although it is not mentioned much in the Report, the Japan Double Taxation Agreement was also a useful way forward for the finance sector.

1185 I was a bit intrigued that Malta, which is a rival and a competitor in many ways, has got there first, because there is a little text somewhere in this Report that says we have not seen much work on full Double Taxation Agreements since the 1950s, which even predates most of our offshore and professional community.

1190 I just hope that the new get-up-and-go spirit from Deputy St Pier and his team will result in significantly more Double Taxation Agreements with other European, North American and Asian nations as soon as possible, because I think they are useful, not just for the industry but for international trade and the increasing mobility of residents.

The Bailiff: Any further debate?
No? Deputy St Pier, then, to reply.

1195 **Deputy St Pier:** Thank you, sir.

Just to note Deputy Gollop's point there. It has, and is, extraordinarily difficult to negotiate Double Taxation Agreements, not least because many jurisdictions have a reluctance to deal with a jurisdiction that largely has a zero tax rate on much of its tax base. That is why these sorts of agreements are so important, that there is a momentum building up for increasing the number.

1200 We do have a number of Double Taxation Agreements, as I say – albeit not full ones like this – with New Zealand and other jurisdictions, and we are about to sign another full Tax Agreement, at the end of February, with Qatar. So this is important, and thank you to Deputy Gollop for the intervention.

1205 Again, I urge Members to support the proposition, sir.

The Bailiff: Members, there are two propositions. They are on page 28 of the Billet.

The first is to ratify the Agreement made with Malta, and the second is to approve the draft Ordinance. I will take them separately, so I put to you, first of all, the proposition to ratify the Agreement made with Malta.

1210 Those in favour; those against.

Members voted Pour.

1215 **The Bailiff:** I declare it carried.

I now put to you the proposition to approve the draft Ordinance entitled Income Tax

(Guernsey) (Approval of Agreement with Malta) Ordinance, 2013.
Those in favour; those against.

1220 *Members voted Pour.*

The Bailiff: I declare it carried.

**Civil Contingencies Law, 2012 (Commencement)
(Bailiwick of Guernsey) Ordinance, 2013, approved**

1225 *Article II.*

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled ‘The Civil Contingencies Law, 2012 (Commencement) (Bailiwick of Guernsey) Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.

1230

The Greffier: Article II, the Civil Contingencies Law 2012 (Commencement) (Bailiwick of Guernsey) Ordinance, 2013.

1235 **The Bailiff:** Members, this is in the Brochure at page 1.
Any requests for any debate or clarification?
No? In that case, I put the Ordinance to you.
Those in favour; those against.

1240 *Members voted Pour.*

The Bailiff: I declare it carried.

1245 **Civil Contingencies Authority (Form of Oath and Affirmation)
(Bailiwick of Guernsey) Ordinance, 2013, approved**

Article III.

The States are asked to decide:

1250 *Whether they are of the opinion to approve the draft Ordinance entitled ‘The Civil Contingencies Authority (Form of Oath and Affirmation) (Bailiwick of Guernsey) Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.*

1255 **The Greffier:** Article III, the Civil Contingencies Authority (Form of Oath and Affirmation) (Bailiwick of Guernsey) Ordinance, 2013.

The Bailiff: This is at page 3 of the Brochure.
Any requests for debate or clarification?
No? In that case, I put the Ordinance to you.
Those in favour; those against.

1260 *Members voted Pour.*

1265 **The Bailiff:** I declare it carried.

Merchant Shipping (Bailiwick of Guernsey) Law 2002

(Commencement) Ordinance, 2013, approved

1270

Article IV.

The States are asked to decide:

1275

Whether they are of the opinion to approve the draft Ordinance entitled ‘The Merchant Shipping (Bailiwick of Guernsey) Law, 2002 (Commencement) Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.

The Greffier: Article IV, the Merchant Shipping (Bailiwick of Guernsey) Law, 2002 (Commencement) Ordinance, 2013.

1280

The Bailiff: At page 6 of the Brochure – any requests for debate or clarification?

Deputy Luxon: Sir, may I just make a –

1285

The Bailiff: Yes, Deputy Luxon.

Deputy Luxon: Just a few words on the background.

The Ordinance continues the process of bringing the Merchant Shipping (Bailiwick of Guernsey) Law, 2002 into force, and I am pleased to say that most of this long and complex law has now been commenced.

1290

I should refer the Assembly briefly to clause 3, which repeals the Passenger Vessels (Bailiwick of Guernsey) Ordinance, 1970. This is because Regulations have been made under the 2002 Law that will replace this very outdated piece of legislation with modern provisions governing the construction and manning of passenger vessels operating exclusively in Bailiwick waters.

1295

It is right that I draw to this Assembly’s attention the fact that there is no extant resolution expressly approving this particular repeal, though it is arguable that the repeal is necessarily implied by the enactment of the regulation-making power to which I have just referred. In any event, the repeal and the making of the regulations will significantly improve safety standards relating to passenger vessels, and we have had no complaints during the consultation process.

1300

Thank you, sir.

The Bailiff: Any further debate?

No? In that case, I will put the Ordinance to you.

Those in favour; those against.

1305

Members voted Pour.

The Bailiff: I declare it carried.

1310

Statutory Instruments laid before the States

The Greffier: Statutory Instruments laid before the States:

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The Sea Fish Licensing (Licence Fees) (Guernsey) Regulations, 2012;

The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) (No. 4) Regulations, 2012;

The Health Service (Payment of Authorised Suppliers) (Amendment No. 2) Regulations, 2012;

The Milk (Retail Prices) (Guernsey) Order, 2012; and

1320

The Ash Trees (Control of Importation) Order, 2012.

The Bailiff: I have not had notice of any motion to annul any Statutory Instrument, so we note those and move on.

1325

Billet d’État II

TREASURY AND RESOURCES DEPARTMENT

1330

**Election of a member
Voting took place**

Article I.

The States are asked:

1335

To elect a sitting Member of the States as a member of the Treasury and Resources Department to complete the unexpired portion of the term of office of Deputy M. H. Dorey, who has resigned as a member of the Department, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.

1340

The Greffier: We move on to Elections.

Billet d'État II, Article 1, Treasury and Resources Department, election of a Member of the Department.

1345

The Bailiff: It is for the Minister, first of all, to propose a candidate.
Deputy St Pier.

Deputy St Pier: Sir, I wish to propose Deputy Roger Perrot.

1350

The Bailiff: Deputy Roger Perrot.
Is there a seconder?

Deputy David Jones: I would like to second that, sir.

1355

The Bailiff: Deputy David Jones, thank you.
Any other nominations?
Yes, Deputy Le Lièvre.

1360

Deputy Le Lièvre: I would like to propose Deputy Hunter Adam, sir.

The Bailiff: Deputy Adam.
Is there a seconder for Deputy Adam?

1365

Deputy Quin: I will second Deputy Adam.

The Bailiff: Yes, thank you, Deputy Quin.
Any other nominations?

1370

No? In that case, we have two nominations: first of all, Deputy Roger Perrot, proposed by Deputy St Pier and seconded by Deputy David Jones; and Deputy Adam, proposed by Deputy Le Lièvre and seconded by Deputy Quin.

Under Rule 20(6), I remind Members that, as there are more candidates than vacancies, I shall invite each proposer to speak for not more than five minutes in respect of each candidate proposed by him before voting takes place. Neither the candidates nor any other Member shall be entitled to speak.

1375

So it is for Deputy St Pier to address the Assembly in respect of Deputy Perrot.
Deputy St Pier.

Deputy St Pier: Thank you, sir.

1380

Mr Bailiff, I am sure that you will agree that Deputy Perrot and Deputy Perrot's career need very little introduction to this Assembly. However, I have learnt a thing or two which I do wish to share with Members. For example, I knew his interests included sailing, but did not know that they extended to woodwork and welding.

1385

I did not know that Deputy Perrot originally read Physics at university, or that he then joined American Express as a graduate trainee before joining the Army, for reasons which Deputy Perrot himself describes as inexplicable.

1390 After this, a switch to law was made and Deputy Perrot was called to the Bar in England in 1974 and Guernsey in 1975. This, of course, was very much in the early days of the finance industry and the beginning of the captive insurance sector so, in a sense, he has seen it all. This breadth and depth of experience in our key industry will be very valuable to the Treasury and Resources Board and should not be underestimated.

He has served on many captive insurance boards, as well as boards of a number of banks, captive and reinsurance brokers, and he was, of course, Bâtonnier of the Guernsey Bar and was senior partner of Ozanne's before retiring in December 2009.

1395 Deputy Perrot's public service career is also impressive. He has served on the St Peter Port Douzaine and is presently on the St Saviour's Douzaine. He has also been the President of the National Trust of Guernsey, Commodore of the Royal Channel Islands Yacht Club and President of Rotary, and so on.

As we know, Deputy Perrot stood for election to the States in 1982 in St Peter Port and topped the poll on his re-election in 1985.

1400 During that period, amongst many other things, he served as President of the former Electricity and Post Office Boards, both of which now liaise closely with the Treasury and Resources Board, as shareholder for these commercialised utilities.

1405 He headed up the Committee which reformed conveyancing law, which allowed freehold of flats to be sold and Treasury and Resources would benefit from his input and experience in looking at the Land Registry project.

Deputy Perrot's flamboyance and style are easy to pigeon-hole and, indeed, to caricature. This is a huge mistake. This is to misread a man whose background and experience is far more varied than people assume (**A Member:** Hear, hear.) It is to misread a man not only with huge ability and great energy, but a man who cares deeply and passionately for our Island and our community.

1410 His intellectual capacity is self-evident, his direct manner and common sense are apparent, his dry wit and capacity for self-deprecation are well known. His ability to analyse, to challenge and to articulate are obvious, and these are all skills and attributes which are being largely unharnessed and have been inadequately utilised since the Election. These are all skills which are essential and will be of great value to the Treasury and Resources Board.

1415 Finally, sir, it must be said – and perhaps only I can say this – Deputy Perrot has, in abundance, what I so self-evidently lack: a shock of grey hair. (*Laughter*)

I would ask Members of the Assembly to support this nomination, sir.
Thank you.

1420 **The Bailiff:** Deputy Le Lièvre now will speak in respect of Deputy Adam.

Deputy Le Lièvre: Mr Bailiff and Members of the Assembly, when Deputy Hunter Adam asked me if I would nominate him for the vacant seat on Treasury and Resources, I was both pleased and quick to assure him that I would do so.

1425 The rapidity with which I accepted came, I suspect, as somewhat of a shock to him, because he immediately asked me why I had not needed time to reflect on the matter before saying yes. I think my response was something along the lines that I like to see a competition, and particularly so in an election; otherwise, the winner does not really win much at all.

1430 The other reasons were in my head and, to be honest, I wanted to reflect on those before I gave a complete answer to his question. This speech is a more complete answer to your question, Deputy Adam.

There are three clear reasons: (1) the man; (2) the politician; and (3) the future.

1435 The man: I have known Deputy Adam for more years than I care to mention, and it is true that, from time to time, we have not always seen eye to eye. Far from it. However, putting our differences to one side, I know him to be a deeply committed man, with a very broad and, in many places, a very deep and extensive knowledge of the workings of this Government, both in policy development and service delivery. Of equal importance is the fact that he is a man with a very clear understanding of the key social issues that will impact on this Island over the next decade or two. His loyalty to his cause, whatever that cause might be, is unswerving even when it causes him to make decisions that he knows will prove to be unpopular, as recent events have demonstrated very graphically. His overwhelming desire to be a corporate player is where he and I part company but you cannot criticise a colleague for preferring to be a team player. He has a reputation for speaking his mind and can be somewhat brusque but he knows when he might have overstepped the mark and is quick to make amends. He combines a single minded determination with the ability to accept an alternative viewpoint so long as this is well argued. In terms of being a

1445

member of T & R, he would be a devout team player who would voice his opinions, both positive and negative, very clearly and forthrightly in committee. Once a policy had been hammered out, he would be its staunchest supporter.

1450 Now the politician: Deputy Hunter Adam has served on a number of committees in his nearly
twelve years as a politician but it is the eight and a half years as a member of HSSD, first as an
ordinary member and then as its Minister, that I wish to concentrate on. Health is political super
heavyweight in Guernsey terms. Not only is it the biggest employer with the most variably
1455 qualified staff and the biggest spender by a country mile but, as the Board responsible for the
Island's overall health, it maintains contact with all of us throughout our lives, both at the
beginning and at the end with, hopefully, a lengthy period in-between. *(Laughter)* But for those
who need its services for acute and chronic conditions, both mental and physical, it is a place of
safety, hope and support. The staff of HSSD have this as their focus every day of their working
life and this concern and commitment rises from those staff employed in the most menial but vital
1460 roles, through nursing staff, through middle and senior management and on to the Board, its
Minister and, ultimately, to the States itself. It is a restless beast and, as Minister, you are never out
of the spotlight and Deputy Hunter Adam, together with the support of his wife, has managed this
pressure to a greater degree for the last four, nearly five years. His fortitude and tenacity is beyond
question. In a way, as painful as his resignation must have been, I am pleased that he and
Catherine have been relieved of this unremitting pressure.

1465 And now to the future. To lose his experience and the potential for advice, guidance and
support at a reasonably immediate and effective level must represent a dis-investment this
Assembly simply cannot afford to contemplate. T & R, over the next few years, is going to need
the input, advice and guidance from a politician who has been as close to the coal face as it is
1470 possible to get in both good and bad times, a politician who understands the impact of the FTP,
who appreciates what a cut in provision means for those who seek sanctuary in the Health Service
and a politician who has a deep understanding of the broad social needs of this community, as
outlined in Health's 2020 Vision.

Treasury and Resources is what might be termed an 'A* Board' and it needs a balanced
1475 perspective in all it does. As paymaster, it controls the purse strings and, therefore, the level of
services that may be delivered. It is an enormous responsibility and it can only be achieved with a
well-balanced Board. Deputy Hunter Adam represents that balance and I would implore you to
vote for him.

Thank you, sir.

1480 **The Bailiff:** Members, it is now for you to cast your votes and I will remind you there are two
candidates: Deputy Perrot proposed by Deputy St Pier and seconded by Deputy David Jones and
Deputy Adam, proposed by Deputy Le Lièvre and seconded by Deputy Quin.

1485 *There was a pause while voting slips were collected.*

The Bailiff: Well, all the voting slips have been collected.

Now, Members, the next election is for a member of the Home Department.

1490 We can either proceed directly to that election... but if anybody wishes to know the outcome
of this election before we do so, could they please indicate that they would request a short
adjournment. Does anybody wish to know the result of *this* election before they proceed with the
next one? **(A Member: Pour)** If anybody does, then I think it is only right that we do adjourn.

I hear a few people saying Pour so, in that case... Is that right? Could somebody stand if they
are requesting that we know the result of the first election before we move to the second.

1495 *Several Members stood.*

The Bailiff: Thank you very much.

In that case, we will rise until we have the result.

*The Assembly adjourned at 11.06 a.m.
and resumed its sitting at 11.20 a.m.*

TREASURY AND RESOURCES DEPARTMENT

1500

Election of a member

Deputy R A Perrot elected

1505 **The Bailiff:** Members of the States, the result of the vote for a Member of the Treasury and Resources Department is as follows: Perrot, Roger – 30 votes; Adam, Hunter – 16 votes, so I declare Deputy Perrot elected (*Applause*).
Greffier.

HOME DEPARTMENT

1510 **Election of a member**
Voting took place

Article V.

The States are asked:

1515 *To elect one sitting Member of the States as a member of the Home Department to complete the unexpired portion of the term of office of Alderney Representative Boyd Nigel Kelly, who is not eligible for re-election, namely to serve until May 2016, in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.*

1520 **The Greffier:** Billet d'État, Article V, Home Department, election of a Member of the Department.

The Bailiff: It is for Deputy Le Tocq to propose a candidate.

1525 **Deputy Le Tocq:** Yes, I rise to propose the name of Deputy David Inglis.

The Bailiff: Deputy Inglis, thank you.
Is there a seconder for Deputy Inglis?

1530 **Deputy Quin:** Yes, sir.

The Bailiff: Deputy Quin.
And are there any other nominations?
Yes, Deputy Conder.

1535 **Deputy Conder:** Yes, sir, I rise to propose Deputy Mary Lowe.

The Bailiff: Deputy Conder proposing Deputy Lowe – and a seconder for Deputy Lowe?

1540 **Deputy Ogier:** I am happy to second, sir.

The Bailiff: Deputy Ogier.
Any other nominations?

1545 No? Well, we have two nominations: Deputy Inglis, proposed by Deputy Le Tocq and seconded by Deputy Quin; and Deputy Lowe, proposed by Deputy Conder and seconded by Deputy Ogier.

It is for Deputy Le Tocq to speak for five minutes in respect of Deputy Inglis.

Deputy Le Tocq: Thank you, Mr Bailiff.

1550 Sir, if I may begin with a few words about former Alderney Representative Boyd Kelly to record here our thanks for his significant contribution to the work of the Department. Much has been said elsewhere, I know, but we wanted to record that here. Boyd Kelly helped to bridge the overlap between the old and the new Boards, as well as taking a particular interest in law enforcement. His presence and particularly mid UK accent are missed already and the space he leaves in terms of commitment and productive team working will not be easy to fill. His contribution was unique in many ways and as we had worked hard in the initial days of this new Assembly term in forming a healthy, functioning and constructive team at the Home Department we, therefore, felt we ought not to rush to choose a replacement but needed to seriously consider the potential candidates and so the time since we have known of Representative Kelly's departure

has proved very valuable.

1560 There was a healthy interest in this seat from several Members of the Assembly and I thank
each one for their expressions of interest. In proposing Deputy David Inglis, we have considered
all the issues mentioned above and believe we have in him someone who can constructively,
calmly and creatively contribute to the delivery of our mandate in a fresh way. Indeed, I was
1565 heartened by the fact that Deputy Inglis took the initiative to visit the Department headquarters
during the New Year period to meet my Chief Officer and his staff and to appraise himself of the
wide gamut of responsibilities and work which we undertake.

Deputy Inglis has been in business for thirty years and therefore brings with him broad
management experience at all levels. He supports the long term interests of our community,
demonstrating at parish and community levels his willingness to be engaged voluntarily and to get
1570 his hands dirty. He is a family man with three grown up children and two grandchildren. We
believe Deputy Inglis demonstrates a balanced judgement towards issues within the Department
with no conflicts of interest. There are, regularly, difficult and potentially unpopular decisions to
be made and Deputy Inglis will look to make decisions based on a sound business approach that
has been researched and benchmarked. He has partnered with our Law Enforcement Agencies in
1575 developing Parish Strategies, for example the Community Policing Scheme and the Civil
Contingencies Initiative. He has worked with young people in the community and, for several
years, with Young Enterprise and the CGI Technology Challenge. We are convinced that he
exhibits the strength to uphold the principles of law and order with a caring approach to vulnerable
members of our community, thereby promoting good citizenship.

1580 It is essential that we have someone who can work productively and constructively with the
existing members of the Board and in Deputy Inglis we are confident of this. In his own words,
Deputy Inglis states: 'I would seek to serve with integrity, honesty and, most of all, a firm belief
and desire to deliver a positive contribution to all.'

1585 Sir, I ask this Assembly to support our nomination.

The Bailiff: Thank you.

Next, Deputy Conder will speak in respect of Deputy Lowe.

Deputy Conder: Thank you, sir.

1590 Mr Bailiff, Members of the Assembly, I have great pleasure in proposing the name of Deputy
Mary Lowe for the vacant seat on the Home Department. Deputy Lowe is the most experienced
Member of this Assembly, having served, as we all know, for many years in a wide variety of
senior roles. In proposing Deputy Lowe, I am conscious that she has a wealth of experience in
1595 many aspects of the Home Department's mandate. She has been Vice President of the Gambling
Committee and has a wide knowledge of our Island's Gambling Laws which many of us know are
ripe for reform. She could, and would, play a key role in that process.

In the past she has often attended meetings in Jersey on our behalf and was the official
representative at the Channel Islands Lottery and, before the last machinery of Government
changes, Deputy Lowe also met with Camelot in Guernsey to discuss the National Lottery coming
1600 here.

Sir, Deputy Lowe is Chairman of the Guernsey Women's Refuge and is involved in the
formation of that service, which gives her wide and detailed knowledge of domestic abuse. The
Guernsey Refuge now has fourteen years of experience and knowledge built from working with
women victims. It and Deputy Lowe have contributed as lead players in developing the Domestic
1605 Abuse Strategy and they also work very closely with the Police. Having Deputy Lowe in the
Home Department would add a huge fund of knowledge and experience to that Department which,
given that the latest Police statistics show an alarming increase in domestic abuse, would be a
timely and invaluable additional resource. Her position at the Home Department would be of great
benefit in trying to address this appalling social problem and her vast experience would
1610 complement that of the rest of the Department.

The Prison policies are another area of work in which she is keen to be involved. In particular,
she is interested in looking at enhancing the existing policies which govern what happens when
prisoners are due for release and tying them into the Social Security System where, as many of us
know, she served with distinction as a Board Member and Minister for many years.

1615 In addition, sir, as well as her many other community roles, Deputy Lowe is also a Director of
the St. John's Ambulance and Rescue Service, an emergency service which not only works closely
with the Police Find and Rescue Service but looks to combine some of our Island's resources in
making the charity of the States more efficient.

1620 I served with Deputy Lowe on PERRC – the Parochial and Ecclesiastical Rate Review
Assessment Committee – and I have witnessed her ability to manage and contribute to resolving
complex and contentious issues and progress towards a solution acceptable to diverse, and
occasionally hostile, opposed parties. Coming as I did late to the deliberations of PERRC, I can
attest to her great kindness to me and to other new members of that Committee and her exceptional
1625 ability to explain and make clear diverse and complex issues. I am proud to serve with her as a
Member of PERRC.

Sir, in closing I will touch on a potentially contentious issue which I suspect Deputy Lowe will
not thank me for mentioning. Last week I attended a meeting of Bournemouth University's
Council and Board of Directors, of which I am proud to be a member. At that meeting I was struck
1630 by the composition of that board. The Chair was a woman, a significant proportion of the directors
are women and all of the staff lecturers' representatives are women. Once again, I look around this
Assembly and note that, for whatever reason, we do not exactly meet that excellent example,
particularly in our senior roles. As I said, Deputy Lowe would not thank me for drawing that
comparison. I just make the observation.

1635 Deputy Lowe is our most experienced colleague. She is a passionate and hugely
knowledgeable Member of this Assembly and our community, who just happens to be a woman.
We can ill afford to allow such talent and experience to be under-utilised on our back benches and,
nearly one year into this States, it is time to rectify that anomaly.

Sir, I am proud to ask this Assembly to vote for Deputy Lowe to fill the vacant seat in the
Home Department.

1640 Thank you.

The Bailiff: Members, we come to the vote.

I remind you there are two candidates: Deputy Inglis, proposed by Deputy Le Tocq and
seconded by Deputy Quin; and Deputy Lowe, proposed by Deputy Conder and seconded by
1645 Deputy Ogier.

Please cast your vote on the slips provided.

There was a pause while Members voted.

1650 **The Bailiff:** Members of the States, can I just have your attention.

The slips have been collected now and the next vote will be to elect a member of the
Legislation Select Committee. Does anybody require an adjournment before we move on to that
vote? If so, please stand in your place.

1655 No? Nobody is requesting it, in which case we will move straight on, then.

Greffier, if you could announce...

LEGISLATION SELECT COMMITTEE

1660

Election of a member Deputy De Lisle elected

Article VI.

1665 *The States are asked:*

*To elect a sitting Member of the States as a member of the States Legislation Committee to
complete the unexpired portion of the term of office of Alderney Representative Boyd Nigel
Kelly, who is not eligible for re-election, namely to serve until May 2016, in accordance with
1670 Rule 7 of the Constitution and Operation of States Departments and Committees.*

The Greffier: Billet d'État I, Article VI, Legislation Select Committee, election of a member
of the Committee.

1675 **The Bailiff:** And it is for the Chairman of that Committee, Deputy Robert Jones, to propose
the first nomination.

Deputy Robert Jones: Thank you, sir.

Could I also, just before announcing the nomination, extend our thanks to Alderney

1680 Representative Boyd Kelly. We are here today because he lost his seat, sir, and I would just like to record our thanks for the work that he did in the nine months that he was on the Select Committee.
(A Member: Hear Hear)

I would like to nominate today Deputy David De Lisle.

1685 **The Bailiff:** Deputy De Lisle.
Do we have a seconder for Deputy De Lisle.

Deputy Gollop: Yes, sir.

1690 **The Bailiff:** Deputy Gollop.
Any other nominations? No? In that case, we go straight to the vote.
The nomination is Deputy De Lisle, proposed by Deputy Robert Jones and seconded by Deputy Gollop, for a seat on the Legislation Select Committee.
Those in favour; those against.

1695 *Members voted Pour.*

The Bailiff: I declare him elected.

1700

Billet d'État II

1705 **STATES ASSEMBLY AND CONSTITUTION COMMITTEE**

Election of a member Deputy A H Adam elected

1710 *Article II.
The States are asked:
To elect a sitting Member of the States as a member of the States Assembly and Constitution Committee to complete the unexpired portion of the term of office of Deputy M H Dorey, who has resigned as a member of that Committee, namely to serve until May 2016, in accordance with Rule 7 of the Rules relating to the Constitution and Operation of States Departments and Committees.*

1715 **The Bailiff:** Then the next is to elect a member of the States Assembly and Constitution Committee.

1720 Again, does anybody request an adjournment in order to find out the result of the last vote? If so, please stand in your place.

No? Nobody is requesting an adjournment so, in that case, it is for Deputy Fallaize to propose someone.

1725 **Deputy Fallaize:** Sir, I would like to nominate Deputy Adam.

The Bailiff: Deputy Adam.
Do you have a seconder for Deputy Adam?

1730 **Deputy Gillson:** Sir, I am pleased to second Deputy Adam.

The Bailiff: Deputy Gillson, thank you.
Any other nominations? No? In that case, we move straight to the vote.
The nomination is Deputy Adam, proposed by Deputy Fallaize and seconded by Deputy Gillson, for a seat as a member of the States Assembly and Constitution Committee.
1735 Those in favour; those against.

Members voted Pour.

1740 **The Bailiff:** I declare him elected.
Greffier.

Billet d'État I

1745

ELIZABETH COLLEGE BOARD OF DIRECTORS

1750 **Election of a member**
Mr M R Buchanan elected

Article VII.

The States are asked:

1755 *To elect a member of the Elizabeth College Board of Directors to fill the vacancy which will arise on 5th January, 2013 by reason of the expiration of the term of office of Mr Richard Conder, who is not eligible for re-election.*

1760 **The Greffier:** Article VII, Elizabeth College Board of Directors, election of a member of the Board.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

1765 Could I just take the opportunity, ahead of the nomination, to pass on the thanks of the Elizabeth College Board for a number of years of service from Deputy Conder, who retired from the Board when elected to the Education Board.

As a nomination, I am putting forward the name of Michael Ross Buchanan.

1770 **The Bailiff:** Michael Ross...?

Deputy Langlois: Buchanan.

The Bailiff: Thank you – and do we have a seconder?

1775 **Deputy Sillars:** Yes, that is me, sir.

The Bailiff: Thank you, Deputy Sillars.

1780 Do we have any other nominations? Right. Normally, we would go straight to the vote but I wonder, in this instance, as I think a number of Members do not know who Mr Buchanan is, whether perhaps you could just give the Assembly a brief CV, please, Deputy Langlois.

Deputy Langlois: Indeed, sir, it is my pleasure to do that.

1785 Michael Ross Buchanan is, in fact, Head Teacher at Ashford School in Kent. He is an outstanding educationalist and is well known to a number of people in the independent school sector, including our current Head Teacher at Elizabeth College.

1790 Ashford School in Kent was Independent School of the Year in 2010-11 and nominated the same the year after. The School has some 900 pupils, with 250 employees and a £13 million turnover and it is all of that situation, all of that framework, which has meant that he will make an excellent member of Elizabeth College Board, bringing to the Board a dimension of current practice and current excellence in the UK education system.

He is also a member of the CEO's Committee of the group which operates the school in England – and it is a very extensive group. He reached that position, having been Principal Deputy Head of Highgate School in London and Head of the Sixth Form of the Royal Grammar School in Guildford. He is well aware of the commitments involved in becoming a Board member of the

1795 Elizabeth College and we hope to look forward to him joining us.

The Bailiff: Members, there is one nomination for the seat on the Elizabeth College Board of Directors. It is Michael Ross Buchanan, proposed by Deputy Langlois and seconded by Deputy Sillars.

1800 Those in favour, those against.

Members voted Pour

1805 **The Bailiff:** I declare him elected.

HOME DEPARTMENT

1810 **Election of a member**
Deputy M M Lowe elected

The Greffier: Article X – Appointment of Chairman and Ordinary Member of the Guernsey Financial Services Commission.

1815

The Bailiff: Just before we come to that, I am being handed the result of the vote for a member of the Home Department Board.

Votes are as follows: Lowe, Mary – 28 votes; Inglis, David – 18 votes.

1820 I declare Deputy Lowe elected. *(Applause)*.

POLICY COUNCIL

1825 **Guernsey Financial Services Commission appointments**
Mrs S-A Farnon elected an ordinary member
Dr C Schrauwers elected Chairman

Article X.

1830 *The States are asked to decide:*

Whether, after consideration of the Report dated 26th November, 2012, of the Policy Council, they are of the opinion –

1835 *1. To re-elect Mrs Sally-Ann Farnon as an ordinary member of the Guernsey Financial Services Commission for three years, with effect from 2nd February 2013.*

2. To re-elect Dr Cees Schrauwers as Chairman of the Guernsey Financial Services Commission for one year, with effect from 2nd February 2013.

1840 **The Bailiff:** Now, Chief Minister, it is for you to address the Assembly on the appointment of Chairman and ordinary member of the Financial Services Commission – this is page 96 of the Billet.

The Chief Minister: Thank you, sir.

1845 The Guernsey Financial Services Commission Law requires that the States re-appoints the Chairman of the Commission annually and, on this occasion, therefore, we would like to propose the re-appointment of Dr Cees Schrauwers as Chairman: he has served as Chairman since February last year.

1850 The other appointment is the appointment of a Commissioner. Commissioners are appointed for a term of three years and, again, the wish is to re-appoint an existing Commissioner, Mrs Susie Farnon, who has also served as a member of the Commission as a Commissioner – I think this will be her third term. Susie Farnon is also the vice-Chairman of the Commission, she is formerly a partner of KPMG (Channel Islands) and I think will be well known to most Members of the States. She is an active member also of the Sports Commission.

The Bailiff: Is there any request for debate?

1855 No? In that case, we come to the vote. I remind Members there are two propositions, they are on Page 97 of the Billet and I will take them separately and in the order in which they appear on Page 97, so the first one is to re-elect Mrs Sally-Ann Farnon as an ordinary member of the Guernsey Financial Services Commission.

1860 Those in favour; those against.

Members voted Pour

The Bailiff: I declare her elected.
1865 The second proposition is to re-elect Dr. Cees Schrauwers as Chairman of the Guernsey Financial Services Commission.

Those in favour; those against.

Members voted Pour

1870 **The Bailiff:** I declare him elected.

HOME DEPARTMENT

1875

Police Complaints Commission Miss A Quin elected a member

1880 *Article XII.
The States are asked to decide:
Whether, after consideration of the Report dated 3rd October, 2012, of the Home Department, they are of the opinion to appoint Miss Alison Quin as an ordinary member of the Police Complaints Commission for a period of four years with the option to be reappointed as defined in the legislation.*

1885 **The Greffier:** Article XII, Home Department, Police Complaints Commission – appointment of a member.

1890 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Sir, I have very little to add to the Report which Members will find on pages 115 and 116, except that a few Members have asked why we did not do this earlier and I refer them to 2.3, in that Deputy St Pier, when he was elected to this Assembly, obviously resigned from his role on the Police Complaints Commission and, at that time, because we did not have time to properly consider a replacement... The Board has been able to do that in the months that ensued and so it gives me great pleasure to recommend Miss Alison Quin for that vacancy.

1895 **The Bailiff:** Is there any debate?
1900 No? Well, it is a single proposition. It is on page 116 and it is to appoint Miss Alison Quin as an ordinary member of the Police Complaints Commission.
Those in favour; those against.

Members voted Pour

1905 **The Bailiff:** I declare it carried and her elected.

Billet d'État II

PUBLIC ACCOUNTS COMMITTEE

1910

**External Auditors for States' regulatory bodies
BDO Limited appointed**

1915 *Article III.*
The States are asked to decide:
Whether, after consideration of the Report dated 19th December, 2012, of the Public Accounts Committee, they are of the opinion:
1. *To approve the appointment of BDO Limited as the External Auditors for:*
1920 *(a) The Guernsey Financial Services Commission; and*
(b) The Office of Utility Regulation.
2. *To approve the remuneration for the five year term of the contract as follows:*
(a) an annual fee of £8,750 for the annual audit of the Guernsey Financial Services Commission; and
1925 *(b) an annual fee of £5,920 for the annual audit of the Office of Utility Regulation.*

The Greffier: Item III, Billet d'État II, Public Accounts Committee – the appointment of External Auditors for the Regulatory Bodies of the States of Guernsey.

1930 **The Bailiff:** This is proposed by the Chair of the Public Accounts Committee, Deputy Soulsby.

Deputy Soulsby: Sir, as you are all aware, the Public Accounts Committee is mandated to recommend to the States the appointment of the States External Auditors and their remuneration.

1935 The States External Auditors are part of the corporate governance structure of the States of Guernsey, as they provide an opinion on the financial statements in accordance with applicable law. In adherence to its mandate and statutory obligations, the PAC conducts the tendering process for the contract of the States External Auditors, normally every five years, in accordance with the States official tendering procedures. One of the groups within the full tender for the States external audit contract are the Island's regulatory bodies, the Guernsey Financial Services Commission and what was the Office of Utility Regulation and now, in this context, the Guernsey Competition and
1940 Regulatory Authority.

Following completion of the 2012 tendering process, BDO were deemed to be the company most appropriate to audit the accounts of the Guernsey regulatory bodies for a five year term, commencing with the 2012 accounts. Therefore, the Committee asks the Assembly to approve the appointment of BDO Limited as the external auditors for the Guernsey Financial Services
1945 Commission and the Office of Utility Regulation – or GCRA – and approve the proposed remuneration for the term of the contract.

Thank you.

1950 **The Bailiff:** Deputy Trott.

Deputy Trott: Sir, I rise because this just does not feel right to me.

1955 I notice that the audit fee for the Guernsey Financial Services Commission is a little under £9,000 per annum, which I have to say – and I am pleased to advise – seems low for an organisation employing nearly 100 people, with expenses per month at or around £1 million. Contrast that to the Office of Utility Regulation, which is a very much smaller entity, employing, I believe, half a dozen or so people and their audit fee is some £6,000.

1960 One, sir, on the face of it appears to be too high or the other, potentially – and this would be of concern – is too low. I would be interested to hear from those in this organisation, like me, who have been auditors in the past, as to what their assessment of that somewhat subjective analysis is.

The Bailiff: Does anyone else wish to speak.

No? Then, in that case, it is for Deputy Soulsby to reply.

1965 **Deputy Soulsby:** The only comment I have on that, sir, is that any auditor will have a set amount of fixed costs which will be a minimum cost that they would need to conduct any audit and there might be less variable costs on top of that. That is my only reasoning behind that.

The Bailiff: In that case, Members, we come to the vote.

1970 The propositions are in Billet II, the supplementary Billet, on page 221. There are two propositions. I will put them both to you together.
Those in favour; those against.

Members voted Pour

1975 **The Bailiff:** I declare them carried.

Billet d'État I

1980

POLICY COUNCIL

1985

Financial Transformation Programme Debate commenced

Article VIII.

The States are asked to decide:

1990 *Whether, after consideration of the Report dated 26th November, 2012, of the Policy Council, they are of the opinion:*

1. To note the progress made towards delivering the Financial Transformation Programme targets and objectives.

2. To endorse the Policy Council's approach to the delivery of the remaining programme benefits by the end of 2014.

1995 *3. To commit to the Financial Transformation Programme principles as laid out in paragraph 3.14 and 3.17 of this report.*

4. To endorse the revised governance structure and note that further adjustments may be required to ensure successful delivery.

2000 *5. To recognise the need to continue the public sector's transformational journey beyond 2014.*

The Greffier: Billet d'État I, Article VIII, Financial Transformation Programme.

The Bailiff: The Chief Minister will open the debate.
Deputy Harwood.

2005

The Chief Minister (Deputy Harwood): Mr Bailiff, fellow States Members, I will open this debate on behalf of Policy Council, Deputy St Pier will close on behalf of the Policy Council and Deputy St Pier will also speak on behalf of Policy Council in relation to amendments – with your leave, sir.

2010 Can I say to Members, although this Report fulfils the Policy Council obligation to submit an annual progress report of the Financial Transformation Programme, *on this occasion* it carries far greater significance than a mere factual update. Rather, it is the first time that this Assembly will have a chance to debate the FTP and, I sincerely hope, to commit to continue to use this mechanism to reduce the current deficit. You will all have read the Report and I am grateful that many of you were able to attend the presentation which was given some weeks ago, so it is not my intention to repeat the details that the Report contains.

2015

Instead, I would wish to spend a few moments explaining why I and my colleagues at the Policy Council believe that we owe it to this community to continue to see this programme through to the end and to leave them in no doubt we are serious about exploring *every* opportunity for operating more effectively, in order to reduce the need to increase the tax burden. And let me stress this at the outset, I mean *every* opportunity, regardless of whether or not it has appeared on a previous list and regardless of the fact that implementing some of those changes may be painful. I would argue that it is the recognition of the need to adapt to a constantly changing environment that is at the heart of what we are trying to do with the Financial Transformation Programme. Governments, like all other organisations, need to adapt to, and to manage, change.

2020

2025

The FTP was born out of a need to respond to such change, namely the fall in the States income arising from the advent of the Zero-10 tax policy, a dramatic change that calls for a

2030 dramatic response. Indeed, it may be argued that, in the period leading up to the introduction of Zero-10, the States of Guernsey made a covenant with the people of Guernsey to fill part of that void in the States income by taking some of that pain through a reduction in States spending. Introducing the discipline of a formal programme of change is not an easy or a comfortable thing to do but I applaud the previous States for having the wisdom to inflict this self-imposed discipline upon itself.

2035 However, it is clear that having introduced a programme some have tended to regard it as a rigid blueprint for restricting delivery only to those items set out in the published list of 107. In truth, the programme has quite properly evolved over time as everyone involved has gained a better understanding of what is required and, as a result, pragmatic changes have been made to the focus and governance of that programme.

2040 I know that this is a matter of discomfort for some but, regardless of what the previous States may or may not have intended at the outset of the programme, it is my firm belief that we must now focus on its eventual output if it is to reduce the deficit by reducing the base line of States expenditure by at least by £30 million. In this context, the idea that, somehow, the States is 'cheating' by reducing the deficit through increased charges or so-called 'cuts' is not, in my view, a healthy notion. Nor is it right to slavishly follow items set out on the list – which is now over
2045 five years old – which may subsequently have been found to be inappropriate. Nor should we reject the idea that new opportunities can be added to the list as they become identified with the passage of time and our increased knowledge about how our organisation works.

Now, whether we achieve this by pure efficiency savings alone or by increasing charges to our customers, where they are justified, or by reducing services, which may be valued by some but
2050 may be seen as a luxury by the majority, or, more likely, a combination of all these things, is not the main issue. That we make the journey and achieve the prize is the real measure of success and whether, along the way, we short circuit, adapt or, on occasion, even overlook the established process that, too, should not matter in the grand scheme of things. What matters is getting the job done. What matters is reducing expenditure in order to avoid the need to raise additional tax by at
2055 least £31 million. What we should do is live in the real world. While it is quite legitimate to ask questions and explore matters of detail, I would encourage Members in so doing to hold in mind the need to climb to the higher ground and to hold firm to the objective approved by the States in 2009 and 2011 and make sure that, regardless how we achieve it, the overall deficit is reduced by £31 million.

2060 I would also urge you to avoid what is often one of the less encouraging features of some of our debates, that is an attempt to apportion blame. Did some of the projects identified as quick and easy wins in the early days turn out to be difficult and questionable, once implemented? I am sure that some of them did. Were some of the commitments about the level of savings we achieved through certain work schemes – and the ease with which they could be delivered – over
2065 optimistic? Almost certainly, of course, they were. Have we gone down blind alleys, using resources that might have been better used elsewhere? Undoubtedly. But none of these are failings in the programme. Rather, they are an inevitable consequence, given the nature and the size of this organisation – the States of Guernsey – which, up to now, has had no real experience of delivering change on this scale.

2070 So we should not be surprised that the road has been rocky. We should not expect that it will suddenly become smooth but, equally, we should not use those bad experiences as an excuse for abandoning or slowing down an initiative which has delivered more change, not just physically and financially, but in the mindset of this organisation, including its public servants, than any other initiative that has been implemented for decades. Nor should we assume that, post-December
2075 2014, we can all relax and resume business as usual. If we are to survive, we must embed within the organisation of the States of Guernsey a culture that will constantly seek and look for efficiencies. As one former States Member told me recently, in his days in the States, the only matter that concerned them with balancing the books was what to do with the reserve surplus that was created each year. He did not envy the task that we now face – how to tackle a deficit.

2080 I am conscious that, sometimes, the FTP is portrayed as a 'Trojan horse' built by the Policy Council so those at the centre might infiltrate Departments, as a prelude to an ambush designed to force Departments in directions they simply do not want to go. I have to say that any such view is based on *fundamental* misunderstanding about the role of the function of the Policy Council. The Policy Council is actually a Council of Ministers, that is Ministers of Departments, and when they cannot attend they are represented by the Deputy Ministers of those Departments. So the idea that,
2085 somehow, as Ministers enter the Policy Council they discard their departmental hats is pure fantasy. Far from being some separate team in the heart of Government, going in a separate

2090 direction to all the Departments, the Policy Council is deliberately structured and, indeed, operates, as a partnership designed to ensure that Departments function effectively and efficiently, in a co-ordinated fashion and operating at a corporate level. We are *all* in the same boat.

2095 On the subject of partnership, perhaps I can now turn to the relationship which we have with our contractors. I am aware this has been a recurring issue for some States Members for some time. One of the characteristics of Islanders in general and Guernseymen in particular is a proud belief that we are usually best placed to determine our future without the help of uninformed outsiders, who often fail to understand that solutions which work elsewhere simply cannot be overlaid onto this unique community. Furthermore, as Guernseymen, we also resent paying for such advice, as we believe there is ample expertise on the Island to do the job locally and I suspect that this is a characteristic which has prompted many of the questions and genuine concerns about the role of Tribal and, latterly, Capita, in this programme.

2100 Now, let me say that I and my colleagues on the Policy Council fully understand these concerns but we are equally convinced of the importance of the role played by Capita in delivering the FTP. No matter how receptive the States Departments and the Civil Service may say they are at embracing change and operating in different, challenging and more efficient ways, the nature of the organisation is such that we simply could not have done what we have achieved so far, and what I believe we will achieve in the end, without the assistance of hired help. The discipline and rigour introduced into a process of change and review, which comes with having to respond to a contractor experienced in driving and facilitating organisational change, has played a fundamental part in assisting and ensuring that Departments and their teams focus on financial improvement, rather than take the easier path of being distracted and constantly focusing on the immediate day job.

2105 Furthermore, having accessed the tried and tested tools of procedure used by the contractor, experienced elsewhere for improving efficiency within an organisation, has also proved invaluable. Both the Policy Council and the contractor fully accept that it has not always been an easy ride. Tribal were no different to all incoming contractors, in that they made broad assumptions about how the States works – and believed in them – and based their approach on that belief until confronted with a different reality. They have encouraged the States to take approaches and initiatives which, with hindsight, we can all agree could have been tackled more effectively and in a different way. But none of that is surprising. It would have been the experience of *whichever* contractor we engaged when faced with dealing with the States of Guernsey as an organisation.

2110 So, Members of the States, whatever you think about the contractual arrangements, or the methods the contractors have encouraged us to use, please be certain of one thing. The cultural change and the real financial savings this programme is achieving would not have happened without the partnership with our consultants. If I might pick up on a specific point which is raised regularly and that is the feeling, expressed on a number of occasions, that the contractor is taking credit for, and achieving payment for, suggestions that we had already thought of, that were going to be introduced in any event... Even more galling for some, the prospect of savings identified by a Department without the contractor's help, which were not on any original lists, which could, in some cases, produce savings without contractor input, nevertheless attracts a fee for the contractor for the first years of savings... Our sense of fairness suggests that this simply cannot be right and has given rise to a sense of being 'cheated'.

2120 In this respect, I would say two things. For many, but not all, of these cases, or those cases where efficiencies were already contemplated and appeared to be introduced by the Department alone, the contractor has, in fact, behind the scenes made a significant difference. Often the difference is between the project happening or not. For example, there is the increase in fees for the Company Registry. There is a belief that the former Commerce and Employment Department simply made a political decision to increase the fees and, when that happened, the contractor took a piece of the action without having to lift a finger. The truth is, however that, for a variety of reasons, Commerce and Employment themselves were unable to unlock this project and, but for the contractor's input, it may not have happened yet. This is just one of a number of such cases.

2135 It is also readily acknowledged that there will be occasion when the contractor has undertaken little or no work but, nevertheless, takes savings under our contractual arrangements because the Policy Council has determined that a particular project shall be labelled as part of the FTP. This needs to be clearly set in the context of the contract as a whole and, in its simplest form, we have agreed a... [*Inaudible*] deal with Capita, consisting of swings and roundabouts. They will, and they have, put in considerable effort on projects which may then be abandoned because they do not yield the savings, or the savings accruing to Capita will fall far short of the man hours in cost

2150 that they have devoted to developing the case. These swings are offset by the roundabouts where they take a percentage of the first year's saving of a project with minimal or no input – as I now hope those Members who were present at the recent presentations given by Deputy Gavin St Pier and members of T & R, fully understood, when we were able to put the Capita contract in a wider commercial context. As recognised at that meeting by many, the bottom line is, and continues to be, that the States is getting a good deal for a five year project.

2155 I am, of course, conscious that a number of amendments have been placed and we will have a chance to address these in due course. What I would say in advance is that, in this respect, however, there are places around this Island where you will regularly find choppy patches of water. Often they are found where currents flowing from two different directions collide. The principles and sentiments that appear to underline some of the amendments that seek greater States involvement and greater decision making on the floor of this Assembly are a current flowing in a different direction to the Policy Council's more pragmatic view and, desirable though it may be for the Assembly to be fully engaged in every aspect of running public services, common sense suggests, and experience has shown, that you do need to trust and empower a smaller group of people if you really are going to succeed in delivering an ambitious programme in a relatively short time.

2160 I would also ask Members to bear in mind that, since 2011, each States Department has, within its own mandate, been primarily involved in identifying and delivering the savings required by the FTP. The current approach has evolved in a far more bottom up than a top down approach originally envisaged in 2009, and I would ask you to bear this in mind in the debate and, while differences of opinion and challenge are healthy, this is only the case for so long as that dialogue produces a sensible, deliverable outcome which benefits the community.

2170 Members of the States, I fully appreciate that many of you will want to base your confidence on the future of the FTP by examining the detail of what has happened in the past and what is planned in the future. I also understand there will be particular projects that are in train, or may yet be on the horizon, which, for you, may be politically sensitive and give you some discomfort. Any programme which seeks to challenge everything always produces these concerns. But, hearing what I have just said, I urge you to question the detail by all means, suggest improvements, shout loud when things are going in the wrong direction, if that is your view, but whatever stance you take, I would ask each and every one of you to fully embrace the continuing concept of this programme, to make a leap of faith that this will deliver real and lasting change.

2175 Finally, sir, failure to persevere with the FTP is not an option. Failure to deliver the FTP is not an option. In the context of the FTP, failure is not an option. We owe it to ourselves, we owe it to our staff and, above all, we owe it to the people of Guernsey to deliver the savings required by the FTP and to continue to address the deficit.

2185 Thank you, sir. (*Applause*).

The Bailiff: Members, as the Chief Minister has said, there are a number of amendments. I believe they have all been circulated.

2190 I was proposing to take, as the first one, the amendment proposed by Deputy Harwood, seconded by Deputy Le Tocq, which is just to correct a typographical error.
Deputy Harwood.

The Chief Minister: Thank you, sir.

2195 The States will appreciate there is, unfortunately, a typographical error in the propositions, numbers three and four. Two propositions with number 2: the second of those propositions should be No. 3 and then the consequential amendment should follow and also, in the re-dated negative proposition, to delete the word 'this' and substitute the word 'that', recognising that the proposition is not part of the Report and that is a reference to the Report.

I move to deliver the amendment, sir:

- 2200
- 1. To re-designate the second Proposition numbered 2 and the Propositions numbered 3 and 4 as Propositions 3, 4 and 5 respectively.*
 - 2. In the re-designated Proposition 3, to delete 'this' and substitute 'that'.*

2205 **The Bailiff:** Deputy Le Tocq, do you formally second?

Deputy Le Tocq: I do.

The Bailiff: Is there any debate? (*Laughter*).

2210 In that case, we go straight to the vote.
Those in favour; those against.

Members voted Pour

The Bailiff: I declare the amendment carried.

2215 What I was proposing to take next is the amendment that I believe was circulated yesterday, which is the one proposed by Deputy Storey.

2220 Has this been circulated to everyone? Yes? Nobody is saying they have not received it, so I assume it is simply... I will read – for the avoidance of doubt, I will read what it says. It is to insert a Proposition between Propositions 3 and 4, as follows:

3A. To agree to set all FTP savings against the Fiscal Deficit and not utilise them to fund new services until the Fiscal Deficit has been eliminated.

2225 Deputy Storey.

Deputy Storey: Thank you, sir.

That saved me reading out the amendment for everybody, so I thank you.

2230 First of all, I would like to apologise to Members for the late circulation of this amendment. I will come to the reason... Well, basically, it was because it was my understanding that such an amendment had already been proposed and then I found it had not, so I apologise for the lateness.

Sir, my amendment is simple and it is straightforward, so I do not want to spend a lot of time talking all around the subject.

2235 But, to be frank, I am amazed that this, my amendment effectively, was not one of the original Propositions put before this Assembly by the Policy Council in their Report. If I refer Members to Paragraph 10.4 on page 50 if I might I will read it because I do think it makes good reading, this Fund – I will start part way down

2240 ‘In addition, the previous Assembly resolved to use the savings generated through the FTP to fund service developments. The total cost of these service developments to date has been £7.6 million and many of them are ongoing costs. This compares to the total benefit of the FTP over the first three years (having deducted delivery costs and capital expenditure) of £3.1 million.’

2245 Therefore, although the FTP has generated ongoing reductions in net revenue expenditure of £10.2 million, the total cost to the States has, so far, been £4.4 million. The total cost to the States has been £4.4 million.

And then they go on to say:

2250 ‘The Policy Council believes that FTP savings should in future be used to reduce the deficit rather than as a source of funding for new services.’

2255 Sir, that is something that I entirely agree with. It is something that I have been banging on about for the last three years in this States and what so disappoints me is that Policy Council were not prepared to stick their head above the parapet and include *that* sentence as a Proposition to this Report. That is why I have brought this amendment.

2260 So far, as that Report says, we have saved about a third of the required £31 million. We have picked the low-hanging fruit but we have taken three years to do it and we have spent half the savings on ongoing recurring costs on new services. Sir, the next two years will be much more difficult. We need to save £10.6 million/£10.8 million this year and next year. It is my contention that we cannot afford to repeat this process by spending savings on funding new services. The savings are there to fill the black hole, to address the deficit. As I have said, I have spoken several times before on this matter to the previous States and, recently, Professor Geoffrey Wood in his Independent Economic Review of the States of Guernsey, endorsed this view, that it is nonsense to be going to this effort to save money only to spend the money we have saved on new services.

2265 The original plan, sir, for filling the black hole was to cut spending: we would get increased income from economic growth and the two together would fill the hole. Well, we all know very well that there has not been any economic growth and the prospects are that there will not be any for quite some time, so we are only left with item 1, that is cut spending. In the past, sir, I have brought amendments similar to this to the SSP debate and you might ask why I am bringing it to

2270 this debate, rather than the SSP debate, this year. Well, the problem is, as far as I am concerned, is getting the Assembly to discuss this particular difficult problem during the SSP debate just does not work and the reason it does not work is because, by the time we get to the SSP debate, work has been done on identifying new services and draft business cases have already been produced. That is quite a lot of work and, in addition to that, people both within the States and the public are looking forward to the possibility of the new services that are being proposed. So the problem is waiting until the SSP debate wastes valuable time and effort amongst our staff and the Boards and also gives false hope to the public about the potential for new services. So it seems to me much more logical to debate whether we are going to spend savings on new services *now*, at this juncture, rather than wait until it is too late and the water has flowed under the bridge.

2280 Sir, most of us had as one of our main objectives in our manifestos that we wanted to balance the books. We can only balance the books by reducing Government spending *or* by increasing taxation. We can increase taxation on businesses – these are the employers who drive the economy and I think T & R have gone as far as they can with this: we do not want to be in danger of killing the golden goose – or we can increase taxes on income. Now, we may be a low tax jurisdiction but we are not a low cost jurisdiction. The cost of living on this Island, however you measure it, is high and, therefore, low taxation on personal incomes, compared with other jurisdictions, seems to be appropriate. *Or* we could increase taxes on consumption, which is an easy way to do things. It is what they have done in Jersey but the problem with that is it is a regressive tax: it hurts the poorest most. So, for those various reasons, I must say that, for the sake of the economy and for the population of this Island, I disregard balancing the books by significant increases in taxation.

2290 That means we have got to save on our spending, we have got to make the FTP work and we have got to use the savings that we make to balance the books.

Sir, in my opinion, this is the single most important project that the States is engaged with. Here is our chance to show the electorate that we meant what we said. Our priority *is* to balance the books. If you like, this is a call to arms. Let us show we mean what we say. Please support this amendment:

2295

3A. To agree to set all FTP savings against the fiscal deficit and not utilise them to fund new services until the fiscal deficit has been eliminated.

2300 **The Bailiff:** Do we have a seconder for the amendment?

Deputy Trott: We do. It is me, sir, and –

2305 **The Bailiff:** Deputy Trott, thank you.

Deputy Trott: – can I reserve my right to speak later?
Thank you.

The Bailiff: Thank you.

2310 Does anyone wish to speak in debate on the amendment?
Deputy Brehaut.

Deputy Brehaut: Yes, sir, I would urge Members to disregard this amendment entirely.

2315 It has been said, on numerous occasions in this Assembly, it has sent out the right message, it is superficially attractive and it makes us look corporate. But if he does not mind me saying so, I would like to save Deputy Storey from himself, because he is now the HSSD Deputy Minister. Let us imagine that, a few months from now, a few weeks from now, NICE approve a number of medical treatments they do not currently. People spend *huge* amounts of their own money, they have to sell their properties, they have to spend their children's inheritance just so that they can buy medication that buys them another year or eighteen months. Now let us imagine that NICE decide to approve a number of medicines over a short period of time. The pressure on HSSD to provide that treatment to the community would be *massive*, absolutely massive.

2320 It is likely that there may be a decision in a few months with regard to one particular treatment – I think we are all familiar with *Avastin*, for example, because we have had a number of constituents contact us. So, let us say that new drug regime requires a consultant, a nurse specialist and a part time receptionist. Is that a new service? *I* think that is a new service *or* do HSSD then have to stop doing something else to provide that service? Now, Deputy Storey is nodding and saying 'Yes, we should do that'.

2325

2330 Well, I would like to think that, when push came to shove, and HSSD – as they are seemingly every day – under immense scrutiny and criticism from the *Press*, States Members would rally around and say ‘Look, this is not Deputy Storey’s amendment alone: we supported Deputy Storey’s amendment. We do not want to see another penny spent, so I am sorry you will not be getting your cancer treatment: that is what the States have resolved.’ That will not happen... that will not happen. Unfortunately, it would be: ‘HSSD are so profligate. They are so careless with their money management, *again* they cannot afford to provide treatment for the people of our community who need it most.’

2335 So, again, while this is superficially attractive – and I understand the motives behind it – it is extremely dangerous because we have a moral obligation to provide services to the community and if an approval of a given medication, a drug regime, means that there is something that may be considered to be an extension of a service or a new service and it is stymied because of this amendment, I think that would be a huge failing with regard to the obligation we have to the community.

Thank you.

2345 **The Bailiff:** Deputy Jones, Deputy David Jones, then Deputy Gollop.

Deputy David Jones: Sir, that is a worrying speech from a Member of Health and one that has made me think about this amendment.

2350 I would like to actually ask the Treasury Minister perhaps whether, in cases like that, where Health is clearly duty bound – they are in the business of saving people’s lives – where a treatment or drug comes on the market, that clearly members of the public ought to have, whether there is any special provision by Treasury and Resources to cover those eventualities because I want to support this amendment but I do not want to do it at the cost of Health and people’s lives, if that is the case.

2355 **The Bailiff:** Deputy Gollop and then Deputy Fallaize.

Deputy Gollop: Sir, I do not have the exact wording of the amendment because there has been a complete breakdown of the ITU system within the States but, never mind, from what I have heard, I know that Deputy Storey has put these amendments many times.

2360 I will, paradoxically, support it on the grounds that it makes a difficult situation even worse (*Laughter*) and should actually make us realise the need to actually change and transform the FTP into something else. The Chief Minister made an excellent speech today which portrayed it in a wonderful light. I endorse everything he said about the need for culture change and so on, but the difficulty with this is that Deputy Storey has made the argument that tax rises in some areas are regressive – which sounds really cosy – because classic sales or VAT in a way sometimes hit the poorest and most vulnerable hardest. But, actually, so do restrictions in public expenditure. I will not even call them ‘cuts’. A decision made by this House collectively to reduce, or not increase, public services directly affects those on lower incomes and worse situations more than those who can afford, either through money or mobility, to have a wider range of choices. So, actually, you are between the devil and the deep blue sea with retrenchment.

2370 What I support here is... I have got the impression that a lot of Members are now very much ‘on side’ with most, if not every aspect, of the FTP. If that is the case they, therefore, have to logically pursue the rigour that goes with that, which includes the analysis that Deputy Storey has made because it always has been a choice – if you going to enhance public services or have a contingency for formula-led expenditure, or the issues Deputy Brehaut has just raised – that you will have to cut, in advance to create that balance, services now and actually accelerate the process, not necessarily of cuts, but of transformation and doing things differently and outsourcing.

2380 I am saying to Members, as I will later, you cannot have the penny and the bun. Deputy Storey’s amendment actually clarifies what the Financial Transformation Programme means.

The Bailiff: Deputy Fallaize.

2385 **Deputy Fallaize:** Thank you, sir.

Deputy Brehaut makes a not unreasonable point, I suppose, that the previous Health Department was trying to deliver its contribution to the Financial Transformation Programme and the way it was trying to deliver it did not find favour with some of those Members who previously

2390 had advocated the FTP so relentlessly. So I think Deputy Gollop is right, that there has to be a degree of logic here and, if Members are fully behind the FTP, then they have to consider Deputy Storey's amendment in that context. There is something in what Deputy Gollop says, although I think for a slightly different reason.

2395 It sounds to me – and I apologise to him if I have got this wrong – but it sounds to me as if he was imploring Members to vote for the amendment because it might then break the FTP sooner... *(Interjection and laughter)* That does not make it any clearer, Deputy Gollop. That is not a good reason to vote for the amendment! But when Deputy Storey laid this amendment at least once, possibly twice before, in the last States, I *did* vote for it, or a similar version, for this reason: it seems to me that the States needs to have a debate – a thorough fully informed debate – about the appropriate level of taxation and public expenditure and I think that the FTP, valuable though it is, 2400 has possibly had the effect of allowing the States not to have that more fundamental debate about what we believe, as an Assembly is the appropriate level of taxation and public expenditure. I felt in the past that Deputy Storey's amendment, or a similar version of it, might provoke that kind of debate sooner because I actually do not – although Members may have said in their manifestos that they want very tight control of expenditure and, although they may vote for an amendment 2405 today that creates a resolution that says 'no FTP savings will be spent on the creation of new services', I hold the view that the majority of the Members of this Assembly, when it comes to the crunch, will not actually be prepared to cut services or restrict the growth in services necessary to eliminate the deficit by that route alone. Now, I may be wrong. We will see over the next two years but I always think back, when I hear Members saying that, to the debate on school closures and I compare the voting record on that debate with some of the things that were said in later 2410 States' debates about the need to restrain expenditure and deliver efficiency savings.

There is, though, an ambiguity in the amendment and I would be grateful if Deputy Storey might clarify it when he replies. The amendment reads:

2415 'To agree to set all FTP savings against the fiscal deficit and not utilise them to fund new services until the fiscal deficit has been eliminated.'

2420 It sounds, from what he said in his opening speech, that what he is *actually* proposing is that the States will not *spend* on new services any more money until the deficit has been eliminated. Now, they are two slightly different things because, if an FTP saving – let us say that this year, and I cannot recall the exact figure that it is planned to save, but let us say it is £8 million – if £8 million is saved in the fiscal year of 2013, under the strict interpretation of Deputy Storey's amendment, as I understand it, that means that those £8 million have to be set against the deficit and not spent on new services.

2425 But does he also envisage that the effect of this amendment is to preclude a Department, or T & R and the Policy Council, from proposing new services to the States above and beyond the £8 million that has been saved? Because £8 million could be saved through the FTP and set against the deficit *but* the Policy Council could come to the States and propose the establishment of a new service and propose an increase in taxation in order to pay for it. Now, as I understand it, that 2430 would comply with Deputy Storey's amendment because, although there would have been more expenditure and a new service introduced, still all of the FTP savings for that year would have been set against the fiscal deficit. So I would seek some clarification about exactly what Deputy Storey means because it is not as clear in the wording of this amendment as it has been, I think, in previous editions of his amendment. Is he asking that all FTP savings are set against the fiscal deficit but, even though that policy would be in place, the Policy Council or Departments would still be free to come to the States and propose new services and new ways of funding them, or is he 2435 actually saying that until the FTP has delivered *all* of the savings necessary to eliminate the deficit, there must be no new services introduced – because they are two quite different concepts.

2440 Thank you, sir.

The Bailiff: Does anyone else wish to speak?
Yes, Deputy Hadley.

2445 **Deputy Hadley:** Mr Bailiff, I am concerned that we do not invest enough in public services. The Tax and Benefits Review which was presented to Members on Monday was particularly enlightening. It made clear that Guernsey spends considerably less per capita than Jersey, the Isle of Man or the UK on a like for like basis. That is to say that, when looking at UK expenditure, they stripped out defence, which would distort the figures. Yet because we are on a small Island

2450 many of our services are much more costly to deliver. We have a hospital for 62,000 people
 whereas, in the United Kingdom, a general hospital would serve a population of three quarters of a
 million. When patients have to be sent to specialist centres in the UK, they still only have to go a
 relatively short distance away whereas, here, we have to put them on a plane, often with relatives,
 to go to the UK. Again, we all know that building costs on the Island are at least 50% more than in
 2455 the UK and the rates we pay tradesmen are similarly inflated.

Despite all of this, we spend less per capita than the UK and this despite being in the top ten of
 the richest countries in the world, as measured by GDP per capita. Now I am not advocating
 profligate spending. However, I differ with the Chief Minister and I do believe that if we cannot
 cut our budget by efficiency savings we should *not* cut further into the services that we deliver. I
 2460 do believe that if we do not make the full savings required by increased efficiency, we *should* look
 at other ways of raising money *rather* than cutting services. In fact, rather than cutting services, I
 would like to see the introduction of new services, such as state-funded dental care and nursery
 education, to name just two.

I was a little surprised to hear Deputy Brehaut talk about the possibility, in the future, that we
 might not provide new chemotherapeutic drugs that are provided in the United Kingdom. I am
 2465 afraid he is well out of date. Introducing new chemotherapeutic drugs by the Health and Social
 Services Department is becoming increasingly delayed and difficult. Traditionally, NICE
 approved drugs have also been approved in Guernsey. This is no longer the case. So, today,
 Guernsey patients are at a disadvantage compared to many in England. If this continues, it is likely
 2470 the patients in Guernsey have a poorer quality of life and survival to those in the United Kingdom.
 Indeed, the Board of the Health and Social Services Department was warned years ago that many
 of these expensive drugs were going to be introduced. This is now happening and I have urged
 before that this Assembly should have a meaningful debate on the cost implications and benefits of
 these drugs within the framework of prioritising health demands and rationalising promotion of
 healthcare.

2475 So I *urge* Members to reject this amendment.

The Bailiff: Yes. Deputy Ogier.

2480 It is very nearly 12.30. Is this a short speech or would you rather we came back at 2.30 and
 heard you then?

Deputy Ogier: No, sir, I believe I can do this in a minute or so.

The Bailiff: Thank you.
 Deputy Ogier, then.

2485 **Deputy Ogier:** I agree with what I read in 10.4, that

‘The Policy Council believes [that] FTP savings should [in future] be used to reduce the deficit...’

2490 I agree with that and I agree with Deputy Storey that it should not be used to fund new services. I
 support the thrust of this amendment and I *want* to support it. It *is* nonsense to go to this effort to
 save only to spend on new services and this is what we should do and I am sure this is what we all
 intend to do. But this is one of those amendments you will occasionally see, which is to embed in a
 2495 resolution sensible behaviour but remove flexibility. It is over controlling the decision-making
 ability of this Assembly. It makes no allowance for unusual circumstances. It is a ‘let-us-
 hamstring-the-Assembly-and-remove-flexibility’ amendment. It is like... putting in a Rule which
 prohibits anyone from running for Chief Minister without having had recent political experience!
 (*Laughter*) It sounds all hunky-dory until circumstances change and something unforeseen comes
 along. We then get into an undignified argument of whether the Rule should be in place or not.

2500 It is, in my opinion, much better to rely on the wisdom of this Assembly in dealing with the
 business of the day and I cannot see that this current Assembly would, once again, spend the FTP
 savings ahead of eliminating the deficit. It has learned that lesson. It is a new Assembly that does
 not permanently stop what it is seeking to stop, anyway, because if this amendment is passed, any
 2505 future move to spend savings could begin by rescinding this Proposition, anyway. Any amendment
 removing flexibility from this Assembly is rarely a good thing and rarely leads to great outcomes.
 Last term an amendment against the waste strategy sought to dictate that the waste strategy
 followed the waste hierarchy exactly, something which we all wanted but it was felt at the time
 that we could not embed that in a proposition, we could not embed something we all wanted, as all

2510 outcomes could not be predicted and attempting to stifle our creativity and flexibility was not in the best interests of Government.

I would argue that this is something similar: something we all want, something we feel is sound reasoning and something we can actually achieve just by voting that way – something for which an amendment is unnecessary. So this amendment sounds good, means well but, in practice, it embeds inflexibility in this Assembly which can only be regained *in extremis* by means of another messy debate to remove any propositions hindering our progress. I have one question of the proposer, which is: would all the new services of the waste strategy be implementable before this deficit is filled?

2520 Sir, I want to eliminate the deficit. I do not want to spend savings on new services and I will do that by voting appropriately. I do not disagree with the meaning of this amendment, just the method.

The Bailiff: Members, we will rise now and resume at 2.30 p.m.

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

POLICY COUNCIL

Financial Transformation Programme Debate continued

The Bailiff: Members, we will resume debate on the amendment proposed by Deputy Storey, seconded by Deputy Trott.

2525 Does anyone else wish to speak? Yes, Deputy Bebb, then Deputy Le Lièvre.

Deputy Bebb: With regard to the amendment, I am also very attracted by the amendment and its wording. I think that it is probably a very sensible consideration, but I am a little bit uncomfortable about voting for it and one of the reasons, I would say, is that we have heard from Deputy Brehaut and from Deputy Hadley, their concerns in relation to this particular amendment.

2530 Could I take Members back in a slight history lesson that, in 1981 there were a number of strange cases of men in America who were suffering from strange, bizarre illnesses that simply did not happen normally. In 1981, after a few hundred people had died in America, the first case happened in the UK, where someone suffering from pneumonia – a type of pneumonia that had never been seen in the UK before... Of course, that was the beginning of the AIDS disaster. In 1986, the UK Government finally made some measure in order to try and address the disaster. They introduced a service, they introduced education, they invested heavily and their efforts were rightly commended for the work that they did in tackling AIDS.

2540 Since then, we have seen the introduction of two retro viral drugs and we have seen the cost of those increase and now AIDS is not seen as such a big problem. Unfortunately, as a result of that, since 1997-2007 we have seen a tripling of incidents of people who have HIV. That means that we are currently facing an increase within this problem and, for those people who are concerned about the finances, each and every person with HIV generally costs £18,000 per annum for their treatment. That kind of cost is a long-term, exceptionally expensive cost, when we are talking about people who will live for 30, 40, maybe 50 years with HIV.

2545 The reason that I raise it in relation to this particular amendment is because what we *could* see in 2014 is an issue that we would like to introduce, a short-term service, that short-term type of media campaign that was seen in the UK. Something that would address the problem, that would raise awareness – and it does not have to be HIV. We currently have an issue in relation to antibiotics, that we have given and prescribed antibiotics so frequently that they are now developing resistance to those antibiotics. A short-term campaign *could* be considered a new measure and it *could* be something that T & R, in consultation with HSSD and Education, would deem that it would be necessary to have that short-term campaign and that would actually be best done by using the savings in that year, but, in future years, due to the fact that it would not go on for ever and a day, then the cost would obviously decrease and the savings from the FTP could easily be banked.

2560 My fear is that we are signing... as Deputy Brehaut has said, we are controlling T & R's ability to work within their finances and I do not think that this Assembly *should* constrain Treasury and Resources in thinking about the most appropriate way of dealing with certain issues, as and when they arrive. I give this as one example, but I am sure that there are others that we could consider. I would be very interested to hear what the Minister for Treasury and Resources thinks about this and I would be very interested to hear what Deputy Storey actually considers, because I think that it is an example of something that *could* appear and, as I said, it would be a short-term issue, but it is one that we definitely would be better to invest for the long-term benefit, both financially and for the Island.

2565 Thank you.

The Bailiff: Deputy Le Lièvre and then Deputy Sillars.

2570 **Deputy Le Lièvre:** I wholeheartedly agree with the views expressed by Deputy Ogier. The amendment is far too prescriptive and would, within short order, require further amendment to fund some service development that was considered by a Department to be essential for the overall wellbeing of the community.

2575 But my reasons for calling on Members to reject the amendment are possibly even more basic than that. Within the next few months the Board of Education has committed to reporting to the States on a schools rationalisation programme and I must stress and stress again that no Member of the Board or its staff has, at this stage, any idea of what that report might contain. It might recommend school closures, it may not. But let us suppose it does: then the States might well find itself split, as it did in 2009. At that time, the States was faced with proposals to keep one school open and to close another. Some Deputies voted to keep both open, some voted to close one or the other and some voted to close both. At the end of the day, the States voted to keep both open and potential savings of £750,000 or more were swept to one side.

2580 Let us suppose that a similar situation arises in July, say, and the States once again shies at the fence. Let us further suppose that the Assembly agrees Deputy Storey's amendment today, or approves it. We will have reached lockdown: a refusal to fund new services and a refusal to make identified savings because the pain is too great. I am not so indiscreet as to remind Deputy Storey which way he voted, but I would remind him (*Laughter*) you cannot run with the hare and ride with the hounds.

2585 The sentiment of the amendment is correct, but we should not convert sentiment into hard policy, because one of the FTP's greatest strengths is its flexibility. If we seek to convert something into rigid, inflexible rules, it will only turn round and bite us later.

2590 Thank you, sir. Vote against the amendment.

The Bailiff: Deputy Sillars.

2595 **Deputy Sillars:** Sir, back in the last States I seconded Deputy Storey's amendment and we lost. In those days, we were able to spend potential savings on new services and I brought an amendment to at least save the money first before we spent it on new initiatives. Yes, we lost that, as well.

2600 We are, today, fortunately in a very different place. When I first saw this amendment, I was worried about supporting it as being very restrictive, but in the 2013 Budget we have approved an £11 million Budget Reserve which, for me, the purpose of is for cash limit difficulties, pay rises and any unforeseen circumstances. So, with this in mind, I will be supporting this amendment.

2605 **The Bailiff:** Deputy Harwood.

Deputy Harwood: Thank you, sir.

2610 Deputy Storey is absolutely right when he referred to paragraph 10.4 of the Policy Council Report on the FTP programme, because there we stated

'The Policy Council believes that FTP savings should in future be used to reduce the deficit rather than as a source of funding for new services.'

2615 Therefore, Deputy Storey's amendment is absolutely in line with that statement of belief by the Policy Council. As Deputy Sillars has just mentioned, this is against a background where the first two years of the FTP programme – some of us might say somewhat bizarrely – the States recycled

all the savings by offering new spending programmes or new services. Therefore, there was no *net* saving for the States against its baseline expenditure.

2620 The purpose of the FTP programme is to achieve a saving in the baseline expenditure of the States and, in that context, therefore, I would certainly support Deputy Storey's amendment. To those of you who are concerned about the rigidity or inflexibility that may result from that, I would ask you to read the wording, because what it is trying to make clear is that we do not go down the same route we went before of merely recycling the savings.

2625 I therefore urge States Members to support the amendment.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

2630 In the 2012 Budget one of the resolutions of the States was to approve that no Financial Transformation Programme savings are made available to fund service developments in the 2012-2017 States Strategic Plan. So the States has really established a policy already in relation to not using savings for new service bids and that was the proposition in the 2012 Budget.

2635 You could say it was specific to that States Strategic Plan and perhaps this new amendment is needed to continue with the policy ongoing, but I would also like to bring to Members' attention the 2013 Budget. In that Budget it mentions there were still four new service bids, which were approved before the policy was changed, which are still waiting for the detailed business case to be made to Treasury and Resources so that the money can be released into budgets. One of those is the Legal Aid, following the introduction of the Mental Health Tribunals, which is of concern to the Policy Council and to T & R, as the new Law is due to commence in April. So I would just ask
2640 the Comptroller, if she could clarify, if this amendment is passed, will it affect new service bids which have been approved in previous States debates which have not been activated yet?

I would also add that, if something changed in the future and a Department wanted to bring a new service to the States, just because the States has passed a resolution does not stop the States changing its mind. At any point we can debate an issue and change our mind. Obviously, we
2645 would have to fulfil Rule 15.(2) and you would have to make a very good case, but this gives a direction that, basically, the States does not want new service bids. But before I decide how to vote, I need that situation clarified.

Thank you.

2650 **The Bailiff:** Madam Comptroller.

The Comptroller: Thank you, sir.

2655 It is only possible to read into the amendment, as it is written, that new services *could* be interpreted to mean 'all new services which have not been approved' by the States, in the sense that they have not gone through that usual three stage process and ended up with a business case. But another interpretation might well be that, where the States have already approved something in principle, such as the Mental Health and Legal Aid proposals, which have already gone forward, then that should not be caught within this amendment.

2660 Therefore, I would suggest that the best way – in order for the States to decide on this amendment now and to be absolutely clear about what they are voting for – I would perhaps suggest that this question be redirected back to Deputy Storey to see whether his understanding of his amendment is any different from ours.

2665 **Deputy Dorey:** Is it possible that, when Deputy Storey sums up, he could just clarify that, please?

The Bailiff: Yes.

Does anyone else wish to speak?

2670 Deputy Trott.

Deputy Trott: Yes, sir.

2675 I thought the Chief Minister's contribution was particularly valuable and I thank him for it and I do not intend to dwell on the concerns that some have in this House that this amendment – the words in this amendment – did not form one of the propositions as encouraged by the Policy Council, because he made the point and he made it well that the Policy Council's support for this amendment is unequivocal.

On page 50 of the Billet, the wording is:

2680 ‘The Policy Council believes that FTP savings should in future be used to reduce the deficit rather than as a source of funding for new services.’

A statement which the structure of this Report draws the reader to the conclusion that there is unanimity amongst those Members who closed off on this Report. Admittedly, Deputy Dorey was not there at the time and I suspect that, had he been there at the time, he would have made his views known. That is certainly my experience.

2685 Others have asked questions as to what the Treasury and Resources Department’s view is, and their view is equally well articulated on page 57 where, in the final few words of their letter of comment, they say:

2690 ‘...the Treasury and Resources Department *agrees* with the Policy Council that all future FTP savings should be used to reduce the net expenditure of the States and help deliver a balanced budget.’

2695 So it is going to be interesting, sir, and I call now for an *appel nominal* on this amendment to see how much unanimity still exists within both the Policy Council and T & R. I am expecting as close to a full House as one could ever reasonably expect (*Laughter*) but, whilst I commented on Deputy Harwood’s remarks, and also I thought Deputy Sillars’ remarks were of particular value, I think, in many respects, the words of Deputy Gollop capture *perfectly* the importance of this amendment, when he said: ‘You simply cannot have the penny and the bun.’

2700 For the FTP to be a success, or rather for it to have any *chance* of success, Members *must* support this amendment and I very much hope they do.

The Bailiff: Does anyone else wish to speak?

2705 No? I see no-one rising. In that case, Deputy St Pier, do you wish to exercise your right to speak immediately before Deputy Storey replies to the debate?

Deputy St Pier.

Deputy St Pier: Thank you very much, sir.

2710 This amendment certainly reinforces, as Deputy Dorey has pointed out, what was previously agreed by the 2012 Budget Report in respect of that year, that savings should not be recycled into new service developments. As Deputy Trott has pointed out, in relation to the States Report before us, I think Policy Council and Treasury and Resources’ view in relation to the recycling of benefits for new service developments is quite clear.

2715 Deputy Brehaut’s example I would simply challenge because I did not see that as being a new service development. If new drugs are required, that is *not* a new service development and it would be a question for Departments, in managing their budgets within a year, to reprioritise and, if they cannot do that then, of course, that is precisely, as Deputy Sillars has pointed out, what the Budget Reserve is there for. I hope, therefore, that gives Deputy Dave Jones the comfort that he was looking for.

2720 This amendment reflects the economic and fiscal reality that we do not have funds for new service developments until we have eliminated the structural deficit by means of the FTP and I think this amendment probably does capture the public mood and expectation that we should *not* be seeking to expand into new services until we *have* delivered on our promise to reduce Government spending. I think Deputy Ogier’s points are particularly well made, in particular, the fact that this resolution can simply be rescinded. But as an expression of good intent and as an encouragement to the delivery of the programme within the next two years, then I do think it has value.

2725 I think it is also worth pointing out that, of course, the amendment only applies to FTP savings. If we are left with a structural deficit at the end of the FTP programme then, obviously, we will have to work out what we do next and what the position is in relation to new service developments after that point. So I think this amendment does emphasise the imperative, that we must deliver on the FTP and, therefore, I think it should be supported, sir.

The Bailiff: Deputy Storey.

2735 **Deputy Storey:** Thank you. I just want to make a response to one or two points that people have raised. Some people have talked about inflexibility and new services. What this amendment is about is making the FTP savings and paying down the deficit with those savings. It is not about

2740 inflexibility. As far as this amendment is concerned, if a Department wishes to reprioritise its expenditure into different areas and introduce a new service with the money that they have saved or redirected, then that is within their ability, because all this amendment is talking about is the FTP statements and we are only talking about a two-year period, so we have talked about dire matters occurring such like which need a response... Well, it normally takes us quite a while to respond to a situation, anyway, but here we are talking about a two-year situation, so I do not think that we are talking about major areas here.

2745 What I would like also to add – and that is the question that was bounced back to me by Her Majesty’s Comptroller – as far as my intention with this amendment is concerned, it would be unfair to discriminate between those new service deliveries which have already been approved and which money has already been spent on and those which have already been approved and which money has *not* been spent on. Therefore, as far as my *intention* with this amendment is concerned, 2750 is that it would not affect those new services which have been previously approved by this States and the money... Provided, of course, that the proper business case is presented in the future, then that is water under the bridge and, as far as I am concerned, it is not my intention that they will be caught by my amendment.

2755 I think I have covered most of the points about flexibility. Really, at the end of the day, any major concerns that arise, the Department concerned can go to the T & R with their begging bowl to say, ‘Look, this is a special case and we need some money, please, out of your contingency fund’ – provided, of course, we have not had any more £2.6 million calls on it – to fund special cases. So I do not think that my amendment produces total inflexibility, as someone suggested. I do believe it is a signal of our intention to do what is right and I go back to what I said at the end 2760 of my presentation – at the beginning – that this is the single most important ongoing project within the States. This is our chance, as a body, to show, corporately, to the electorate that we meant what we said, that our priority is to balance the books. Really, we do need to show the public that we are of that mind so, please, I ask you to support this amendment.

2765 Thank you, sir.

The Bailiff: Members, there has been a request for an *appel nominal*, so we will come to the recorded vote on the amendment proposed by Deputy Storey and seconded by Deputy Trott.

I hope everyone now has a copy of it. Do you? I believe it was circulated in the lunch hour. Does anybody not have a copy? Deputy Gollop? You do: yes, thank you. 2770 So Deputy Bebb?

Deputy Bebb: Yes, sorry. In relation to the wording and the point that was raised by Deputy Dorey, I feel that the wording still is not perfectly clear in relation to whether new services that have been committed to would still continue, despite Deputy Storey saying that. The wording of the amendment does not make it clear and I am just wondering whether there is ability to amend 2775 the amendment in order to make it clear within the wording?

The Bailiff: Well, Deputy Storey is not requesting that. No? 2780 Madame Comptroller do you wish to add anything?

The Comptroller: I thought the clarification Deputy Storey had added had, indeed, clarified the matter sir.

The Bailiff: Yes, fine, thank you. 2785 We will come to the vote, then. Any Member who wishes to do so can, obviously, vote against it.

There was a recorded vote.

2790 *Carried – Pour 40, Contre 6, Abstained 0, Not Present 1*

	POUR	CONTRE	ABSTAINED	NOT PRESENT
2795	Deputy Harwood	Deputy Brehaut		Deputy Laurie Queripel
	Deputy Kuttelwascher	Deputy Bebb		
	Deputy Domaille	Deputy Le Lièvre		
	Deputy Langlois	Deputy Wilkie		
	Deputy Robert Jones	Deputy Burford		
	Deputy Le Clerc	Deputy Hadley		
	Deputy Gollop			
	Deputy Sherbourne			

2800 Deputy Conder
Deputy Storey
Deputy Lester Queripel
Deputy St Pier
2805 Deputy Stewart
Deputy Gillson
Deputy Le Pelley
Deputy Ogier
Deputy Trott
2810 Deputy Fallaize
Deputy David Jones
Deputy Lowe
Deputy Spruce
Deputy Collins
2815 Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Paint
Deputy Le Tocq
2820 Deputy James
Deputy Adam
Deputy Perrot
Deputy Brouard
Deputy De Lisle
2825 Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
Deputy O'Hara
2830 Deputy Quin
Alderney Representative Jean
Alderney Representative Arditti

The Bailiff: That amendment has clearly been carried but we will get the formal vote in due course.

2835 I propose that we move on to the next amendment, which is proposed by Deputy Soulsby and seconded by Deputy Le Clerc.

There have been a number of versions of this, so I wonder if, at the outset, Deputy Soulsby, you could clarify which is the current version – the correct current version – just so that we make sure everybody has the correct version in front of them.

2840 Deputy Soulsby.

Deputy Soulsby: Yes, my amendment is proposed by myself, seconded by Deputy Le Clerc.

The Amendment:

2845 *To insert the following proposition:*

6. To direct the Policy Council to provide the Public Accounts Committee with copies of Financial Transformation Programme Office reports on a quarterly basis which details projects signed off as having been successfully delivered along with the agreed annual recurring savings categorised in the following manner:

2850 *1. efficiency savings*
2. increased fees and charges
3. changes to grants and subsidies

2855 **The Bailiff:** Thank you very much.

Deputy Soulsby: Sir, my amendment has nothing to do with the merits or otherwise of the FTP. As it has been made clear in the explanatory note, it is to help enable the Public Accounts Committee to scrutinise the actions of the executive in accordance with the Committee's mandate.

2860 The Public Accounts Committee has been aware of the need to review the FTP, bearing in mind the stated aim of the FTP is to provide:

'an environment where Islanders can be confident that the right public services are efficiently delivered and represent value for money.'

2865 Consequently, one of the first actions of the Committee was to form an FTP panel. However, a review has not progressed to date, partly due to resources, which are now being addressed, but also

due to the lack of meaningful information with which to start.

2870 We have also been conscious that the programme is so big, it would be easy to lose focus and
end up using a lot of resource whilst, at the same time, not producing anything worthwhile. The
reasoning behind this amendment is to provide us with the best starting point to undertake a
relevant, focused and constructive review. Members will be aware that my original amendment
just requested copies of the reports received by Policy Council. This was on the basis we did not
want to tie up valuable resources with the production of separate reports. However, following a
2875 meeting with the States Treasurer and Minister for Treasury and Resources, it was agreed that
additional information would be required for our purposes, which resulted in the amendment
before you today. I would like to thank the Treasurer and Minister for their co-operation in this
matter.

2880 I can also advise that, regardless of whether the Fallaize amendments seeking a joint review by
the Public Accounts Committee and Scrutiny Committee are passed, this Committee will be
undertaking a review of the FTP.

The Bailiff: Then that is seconded by Deputy Le Clerc.
Do you formally second the amendment?

2885 **Deputy Le Clerc:** Yes, sir.

The Bailiff: Thank you.

2890 Just before we move on, the result of the vote on the amendment, proposed by Deputy Storey
and seconded by Deputy Trott, was 40 votes in favour, 6 against: I declare it carried.
Does anyone else wish to speak in the debate on the Deputy Soulsby amendment?
Deputy Storey.

2895 **Deputy Storey:** Can I just say that, I do not want to make a particular point here, but I am fully
in support of the amendment. What concerns me is the implication behind bringing this
amendment to this debate to this Assembly today suggests that the Public Accounts Committee
have had trouble in obtaining these reports previously. That is a matter which does concern me.

2900 I hope that it was the fact that PAC decided to bring this amendment was purely as a safeguard
to ensure that they did get the report, but it would concern me greatly if they have asked for these
reports in the past and they have not been forthcoming.

The Bailiff: Does anyone else wish to speak?
No? I see no-one rising.

Deputy St Pier, do you wish to exercise your right to speak on it?

2905 **Deputy St Pier:** Sir, strictly speaking, it could be argued that this amendment is unnecessary.
To enable it to do its job, the Public Accounts Committee could, and would, on request, obtain this
information, anyway and, just to answer Deputy Storey, no request has been made to date for this
information. If it had been, it would be provided.

2910 However, as a signal to this Assembly and as a signal to the public of its intent to scrutinise the
FTP, this amendment is useful. As a signal to the project management office, to Capita and to the
Civil Service of its intent to scrutinise the FTP, this amendment is useful.

2915 What is being asked of the project management office is eminently sensible and practical, not
least because it is information which is already prepared for the purposes of the programme,
anyway. It will require no additional resource to fulfil. Consequently, Policy Council is pleased to
support this amendment and to encourage Members to do likewise. The Public Accounts
Committee has an important role in scrutinising the Financial Transformation Programme and it
should be given the support and the freedom to do so.

Thank you, sir.

2920 **The Bailiff:** Deputy Soulsby to reply to the debate.

Deputy Soulsby: Sir, I welcome the Minister's support for my amendment.

2925 In regard to Deputy Storey's comments, all I would like to say is I think there has been a
breakdown in communication somewhere, which resulted in me producing this amendment, but I
am glad we got there in the end.

The Bailiff: Thank you very much.

We come to the vote, then, on the amendment proposed by Deputy Soulsby, seconded by Deputy Le Clerc.

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Those in favour; those against.

Members voted Pour

The Bailiff: I declare it carried.

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Next, I propose that we debate the amendment proposed by Deputy Gillson and seconded by Deputy Fallaize.

I do not know whether you – yes, you wish to lay the amendment, do you Deputy Gillson?

Deputy Gillson: Yes.

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The Bailiff: Yes, please carry on.

Deputy Gillson: Sir, first I would like to thank Deputy Fallaize for agreeing to second this amendment and I would like to immediately clarify just one thing. When I refer to service ‘cuts’ in the list of analysis, I refer to not only services that may be totally cut, but any which could be reduced in size or scope.

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Sir, I am disappointed that I feel the need to place this amendment. The reason I have this feeling of disappointment is that the amendment is not really about the FTP. Yes, it is being placed against the FTP and, yes, it is asking for information in relation to the FTP, but the heart and soul of this amendment is driven by something bigger than the FTP and something which is at the very heart of Government. The issue which has driven me to place this amendment is the issue of transparency or, rather, the lack of transparency, both in this Report and in the way the Policy Council has handled informing us about the FTP. It saddens me that I feel the need to place this amendment.

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We have a Policy Council which says it is committed to openness and transparency. A number of Ministers made a great deal of transparency during the election. The FTP is being championed by the Chief Minister and the Treasury Minister, both of whom support transparency, yet we have a Report which is one of the least transparent Reports I have seen. The whole process of informing Members about the FTP has been less than transparent.

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As I said, I was disappointed when I read the Report that did not volunteer any analysis of savings. Yes, the Report mentions, as a footnote on page 31, that some of the savings are increase in fees, but details are not volunteered. As an aside, I do not object to fees being increased: I fully support, in the circumstances, it is right to increase fees. I am not opposed to that. Seeing the Report and seeing their analysis, it raised me to ask questions during December to the Chief Minister and hence this amendment. I would like to thank the Chief Minister and the States Treasurer for providing answers to those questions, but what a shame I had to ask the questions in the first place.

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All this amendment does is ensure that future reports on the FTP will contain the same information and I cannot see why anybody who supports transparency cannot support this amendment. We *should* be able to rely on a Policy Council producing Reports which are complete and voluntarily provide all the facts we need to be able to appreciate the subject, but if the Policy Council can think it is acceptable to produce such a thin Report on something as important, and of such public interest, as the FTP, what about less high-profile subjects? On the basis of this Report, my faith in future reports from the Policy Council being complete and providing all necessary information is shaken. I should not be in this position but, on the basis of this Report, I have little alternative but to have that view.

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Sir, as I said, one of the themes of last year’s Election was transparency, but another theme was accountability, so who is responsible and accountable for the Report? Who is accountable for the information, the way information has failed to be disseminated to us? This Report is from Policy Council, so it is the Policy Council which is responsible, but is it possible or fair to lay responsibility to all 11 Members? There is a saying that if everybody is responsible, then nobody is responsible. (**Deputy Trott:** Hear, hear.) We know the FTP has been championed by the Chief Minister and Treasury Minister, so I feel it is they who should carry the responsibility for the lack of information.

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As an example, let me just, for a moment, consider another situation. The renegotiation of pension schemes is being led by Deputy Langlois. When I heard the proposals, when they were

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2990 released, I phoned him to comment on how much progress had been made. Even though the responsibility for pay and rations lay with the Policy Council, I felt it appropriate to speak to Deputy Langlois. I am sure Deputy St Pier will not take offence, but I did not feel any need to call him about it. Can you imagine the phone call? ‘Good morning, Deputy St Pier. I just wanted to phone you to congratulate you on the work Deputy Langlois has done (*Laughter*) on negotiating pensions.’ It would be silly. Deputy Langlois is championing that: he is the one who should take any criticism or any praise.

2995 Likewise the reporting of the FTP – and I emphasise here I am talking about the *reporting* of the FTP – the people who are championing it are the people who should take responsibility for the poor Report. Some may say I am directing criticism at two Ministers and I am getting close to personality politics, but I think not. As I said, a big deal of the Election was about accountability, making Deputies accountable. So where and how do we hold Ministers and Deputies to account? 3000 The only place we hold people to account is in this Chamber, what they say and what they do. We must be able to question Ministers, we must be able to suggest we think they have made poor decisions and we must be able to suggest that we think they have made errors of judgement. Otherwise, accountability will not exist and we need to be able to direct that criticism to the Ministers who are leading or championing Policy Council projects and not allow it to be diluted amongst all Ministers, otherwise accountability becomes so diluted, it is meaningless and 3005 ineffective.

Sir, we have already approved an amendment and, with some reluctance, I feel I have to make some comments. My amendment was circulated last week with all other amendments, so I was surprised on Monday afternoon that I received an e-mail from the Chair of PAC, giving me advance notice of a revised amendment, a new amendment which included a new section B6, 3010 which would have been very similar to my amendment, in that it would have instructed the Policy Council to include an analysis of savings in all future Reports, albeit less of an analysis than my amendment.

I take this opportunity to thank the Chair of PAC for affording me that courtesy. She made a subtle suggestion in the covering e-mail that her amendment may influence my decision to place this amendment or not. It is interesting that the Chair of PAC was suggesting, subtly, that I may want to withdraw an amendment in favour of one that would have led to *less* information needing to be required. I replied, suggesting that maybe she expand her list of categories and remove part b) of the amendment, as it was covered by *my* amendment. I am glad the decision was taken to remove part b) of that amendment. 3015

3020 What is interesting is that, yesterday, I had a telephone call from a senior member of the Policy Council, who asked me to withdraw my amendment in favour of the PAC – the less onerous PAC amendment – suggesting that mine was not needed because of the PAC amendment. So Policy Council were suggesting that I withdraw an amendment in favour of one that would be less onerous for them. I set it up that I would be laying my amendment. I found it very strange...

3025 Sir, I am being totally honest. I do not think that, since the election, FTP or, rather, the dissemination of information relating to the FTP has been well handled. It is unfortunate that I think this amendment is needed, but we do need to ensure that information is provided to us and the public. As I said, this amendment is not really about the FTP. Its heart and soul is openness and transparency.

3030 I hope Members will be able to support an amendment which is based on openness and transparency.

The Amendment:

3035 *To add a new proposition 2A as follows –*
‘2A. To require the Policy Council, in delivering the Financial Transformation Programme (“FTP”) and in presenting its annual reports on progress with the delivery of the States Financial Transformation Programme:

- a) *to categorise the savings made in the following manner –*
- 3040 1. *efficiency savings,*
 2. *service cuts,*
 3. *increased fees and charges,*
 4. *transferring costs to non-government bodies through the reduction in grants or subsidies,*
 - 3045 5. *internal financial transfers,*
- b) *to include details of the savings each Department has made in order to achieve the Financial Transformation Programme Targets contained in each annual Budget, which*

3050 *must include identifying and analysing in particular, those which are recurring savings, and therefore can be attributable toward the FTP total, (including an indication of the number of years they are expected to recur), and those savings which are "one-off" savings.*

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

3055 **Deputy Fallaize:** Yes, I do, sir, and reserve my right to speak.
Thank you.

The Bailiff: Deputy Gollop.

3060 **Deputy Gollop:** Sir, I am going to support this amendment, because people know, in various public utterances and manifestos, I have broadly supported openness and transparency.

3065 I had an interesting conversation with a former Member of this House recently, who declared that there was no such thing as outsourcing in this Report and, having re-read it again, there is. Outsourcing is referred to as an aspect of the culture change of the Financial Transformation Programme. That is, of course, a controversial thought, because it has already been applied in
3070 some areas and some committees and has not always been liked by existing staff or members of the public, but I notice this amendment, although it defines different categories as efficiency savings, service cuts, increased fees and charges, transferred costs and internal financial transfers, it does not specifically mention outsourcing. That said, I hope there is as much information as possible, but I think getting this information, even assuming we support this amendment, will not be easy, because, as I understand the process, it is not all centrally driven.

3075 Although the individual areas of opportunity were identified by Capita and the Corporate Centre, those briefs were given to the Departments who, in some instances, will be working together and, in other cases, alone. Those Departments – which really is the senior officer team and the five politicians who sit on those Boards – will have to make judgement calls. We have already heard, a few minutes ago, the talk of whether Education will end up recommending closing a school or not, for example. I think one whole problem of supporting the FTP is we are supporting decisions that will be taken by others who are delegated to do that and that we might not support in their particularity. That is a flaw within the structure, and, to a degree, if we support
3080 Deputy Gillson, we will be in a position to second guess that knowledge and, perhaps, as Deputy Dorey implied, the answer sometimes is to bring these matters to the House as soon as possible, rather than for misunderstandings retrospectively, as perhaps we saw with HSSD last year.

The Bailiff: Does anyone else wish to speak?

3085 Deputy Harwood.

Deputy Harwood: Thank you, sir.

3090 For the avoidance of doubt, Deputy Gillson referred to a conversation yesterday. The person that he had a conversation with was me. I did actually speak to him, because I was aware that Deputy Soulsby's amendment did cover *some* of the aspects, perhaps, that were covered in part A of his amendment, but we beg to differ.

3095 As Deputy Gillson has already mentioned, we have been able to provide the information to him in the categories that he has identified here. As I also said in my preface, in my opening speech, this is the first time that the Policy Council – and I accept Deputy Gillson's comment that, really, the responsibility for *this* Report rests probably with me as Chief Minister and, to a lesser extent, perhaps, with Deputy Gavin St Pier. Therefore, if you wish to attribute responsibility, then I am happy to accept that.

3100 As I mentioned in my opening speech, I recognise that, in producing, for the first time probably, a summary and progress Report in this style, there would be criticisms, there would be areas that we could certainly perform better. Clearly, having provided Deputy Gillson with the additional information that he required, breaking it down into the categories that he specified, that is something that I have no doubt we can continue to provide for the future and, like Deputy Gillson, I am as keen to make this process, whereby we report on the progress of the FTP, as transparent as possible and I accept the implied criticism and we will endeavour to do better.

3105 The difficulty I have with Deputy Gillson's amendment, however, is the second part, which is part b), where he talks about including details of *savings* that each Department has made. In the normal budgetary process, Departments will be – and certainly should be – looking to make

savings, whether as part of the FTP programme or not. To require that we actually specify that amount of detail in the Annual Report that we bring to this Assembly may itself cause difficulty and may actually be quite expensive and difficult to particularise.

3110 Therefore, I find myself on the horns of a dilemma. I think I would have no objection to part a) of Deputy Gillson's amendment. I would, however, have difficulty with part b), because I think it will impose additional burdens and additional work upon the FTP team and particularly upon the team of Treasury and Resources. So I think, on balance, unfortunately, I would urge – if it were possible to break the amendment down to two – accept part a), but reject part b).

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The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

3120 It is clear that the criticism of Deputy Harwood is unreasonable, because he has just very transparently told us that it was *him* who tried to discourage Deputy Gillson from laying this amendment calling for greater transparency.

3125 The Report that is before the States today is the first Report on the FTP presented to the States, I think, in about 15 or 16 months. The autumn of 2011 was the last time the States was presented with any kind of update on this Government policy. So this is not a monthly occurrence, this is not the kind of debate we have frequently and I have to ask, why would the States not want, annually, to avail itself of a breakdown of the savings made within the FTP. It seems to me that, if the States is to challenge and probe and scrutinise and understand and be fully informed about the FTP as much as necessary, then surely it is quite reasonable for the States to be provided, annually, with a breakdown of which parts of the FTP, delivered in the previous year, have been efficiency savings, which have been service cuts, which have been increased fees and charges, which have been transferred costs to non-Government bodies and which have been internal financial transfers. That does not seem to me to be a particularly onerous demand.

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3135 In respect of the second part of the amendment – b) – I think that Deputy Harwood is perhaps exaggerating the demands of that part of the amendment because part b) is not a replica of part a). It is not requiring Departments to break down all of their FTP savings into efficiency savings, service cuts and increased fees and charges etc. It is simply requesting that Departments identify which of their FTP savings are recurring savings and which are one-off savings and to produce that information annually. Again, that does not seem to me to be particularly onerous and it seems quite reasonable for the States, if it is to be fully informed about the FTP, to make such a demand on Departments annually.

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3145 The final point I want to make, sir, in respect of this amendment is that, like it or not, Deputy Gillson has obtained this information. He has had to do it by placing Rule 6 Questions in respect of 2012 and, if this amendment is not approved, Deputy Gillson may, and I suspect probably will, lay precisely the same Rule 6 Question this time next year and obtain exactly the same information. But instead of the Policy Council being aware, for a year, that it has to produce this information in its Annual Report, it will get 14 or 15 days, or however long it is, to produce the information – exactly the same information – and if Deputy Gillson wants to submit Rule 6 Questions to Departments to ask them, 'In the past year, which of your FTP savings are recurring savings and which are one-off savings?', I am pretty certain the Department will not write back and say 'We are not giving you the information.' They will probably write back with the figures. But, again, rather than knowing a year in advance that they will have that request for that information, they will be faced with the request and have to comply within 15 days.

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3155 So I do not believe that, by rejecting this amendment, the States is going to be preventing the staff of Departments from going to the work that Deputy Gillson is requesting but, certainly, by approving the amendment, it does ensure that, in a States Report, the Assembly will be provided with more complete information necessary to debate future Annual Reports in an informed way.

Thank you, sir.

3160 **The Bailiff:** Does anyone else wish to speak?

Deputy St Pier, then, do you wish to exercise your right before Deputy Gillson replies?

Deputy St Pier: Sorry, Deputy Gillson.

3165 **The Bailiff:** Deputy St Pier.

Sorry Deputy Jones – you caught my eye, sorry.

Deputy David Jones: Actually, sir, Deputy Fallaize answered my question.

3170 **The Bailiff:** Alright, sorry. Right, thank you.
Deputy Jones had attracted my eye and I had overlooked that but, Deputy St Pier, please go ahead.

3175 **Deputy St Pier:** Sir, this amendment looks and, indeed, feels relatively harmless and Deputy Gillson's intentions are, without doubt, sound, but this amendment is very much looking back and not forward and it adds nothing to the process. It will not help one jot in the delivery of the programme.

3180 Slicing and dicing and analysing the data, and re-ordering it after the event, is absolutely not the best use of staff time. To explain the Policy Council's position further and building on what the Chief Minister said, and to explain the conversation that he had with Deputy Gillson, to be fair part a) is not too burdensome, as this information is already tracked as part of the programme – although it should be noted that internal financial transfers, which are referred to in point 5, are very unlikely to generate a recurring saving in general revenue expenditure and so are unlikely to actually be a part of the Financial Transformation Programme.

3185 With respect, I think Deputy Fallaize is wrong in saying that the Chief Minister has exaggerated the burden. I think, if anything, the Chief Minister has possibly *understated* the burden. Members should understand that part b) is, in my view, virtually undeliverable and impossible to discharge. It asks for an analysis of one-off savings, but one-off savings are not part of the FTP: only recurring savings are part of the FTP. Steps taken by Departments to stay within budget during the year by ensuring that all their targets are met are not part of the FTP process.

3190 Sir, you will recall that the States decided, in the 2012 Budget, that all Departments should be issued with a target and the Budget Report stated:

3195 'If the efficiency target is not achieved through the FTP, then Departments will still be expected to balance their 2012 budgets, either through other true efficiency measures, or one-off, in-year, cost reduction measures. Whilst there is no certainty that this will initially lead to repeatable and sustainable savings, it will ensure that more material steps are being taken to reduce the deficit while the more sustainable efficiencies are being developed.'

3200 If this amendment is passed, or if part b) is passed, in any event, Departments will be expected to try and track, log and report all the measures they are taking to stay within their budget. These decisions are, and should be, run of the mill, business as usual, day-to-day operational management. What we risk creating is a whole new industry of tracking and reporting, requiring resources which we simply do not, and should not, have for this purpose. Actually, I would suggest we risk *stifling* decision making, as Deputy Gollop was suggesting, as managers worry about whether or not their decision is one that is going to generate a one-off saving requiring it to be logged. How is human nature likely to respond? I would suggest it is very likely to say, 'Do you know what, it is actually easier not to make the saving than to make it!' So it risks creating a culture and transforming behaviour and decisions in precisely the opposite direction to that which the whole programme is designed to achieve.

3210 Sir, Policy Council does strongly encourage all Members to reject this amendment, although, if Deputy Gillson were minded to drop part b) of his amendment, I think that we would feel rather less antipathy towards it.

Thank you, sir.

3215 **The Bailiff:** Deputy Gillson.

Deputy Gillson: Thank you sir.

I do not like to correct my seconder but, to be fair to Policy Council, I did not actually place a Rule 6 Question. I got the information without a Rule 6.

3220 It seems that the whole debate now really rests around part b) and the Treasury Minister said it is 'impossible' to provide it. Well, I think we should all congratulate the States Treasurer' who is sitting behind, because she has *already* provided that information for me for 2011 in an e-mail that I received on Monday.

3225 I am not suggesting a detailed breakdown, what I am suggesting is, basically, as the States Treasurer kindly provided me, three numbers for each Department: total budget, FTP saving, split between, total recurring, total non-recurring.

FTP morphed into this animal where each Department is given a bottom-line budget saving and, as the States Treasurer said, they have to make that, whether they are FTP savings or not, they

3230 have to make those. All I am saying is Departments come in at the end of the year £x million under budget, making that saving. Well, let us just have an analysis, simply: are they recurring savings and therefore can be attributable to the FTP, or are they not recurring? It is very simple like that. I am not asking for a huge industry to be created. I am not asking for a massive breakdown. I am asking for two figures per Department – 22 numbers. It is not a huge amount I am asking.

3235 Actually, I am comforted by referring back to the answer that the Chief Minister gave to my question this morning, where he confirmed that Departments already receive monthly management information, so Departments should know that, when they are making a saving, is it an FTP recurring saving or is it a one-off? In November 2011, when I was on HSSD, when myself and Deputy Adam placed an amendment, we sent a letter to all Deputies and we analysed, then, how we thought the savings were going to be. We said we need to save £x million: so much of this is going to be recurring, so much is going to be because of – we said – training maintenance, one-off reductions. That is what I am asking for, so we can have an indication of where the savings are coming.

3240 The integrity of the process is important and I think that the only way we can take the public forward with us with the FTP is if they can have faith in the integrity – faith and integrity come through openness and transparency – so I am just asking, let us have the information. Departments should have it and so let us just make it public.

3245 Thank you.

Since I am talking about transparency, we have to have a recorded vote...

3250 **The Bailiff:** In that case, it is a recorded vote on the amendment proposed by Deputy Gillson, seconded by Deputy Fallaize.

There was a recorded vote.

Carried – Pour 26, Contre 20, Abstained 0, Not Present 1

3255	POUR	CONTRE	ABSTAINED	NOT PRESENT
	Deputy Brehaut	Deputy Harwood		Deputy Laurie Queripel
	Deputy Robert Jones	Deputy Kuttelwascher		
	Deputy Le Clerc	Deputy Domaille		
3260	Deputy Gollop	Deputy Langlois		
	Deputy Sherbourne	Deputy Conder		
	Deputy Bebb	Deputy Storey		
	Deputy Lester Queripel	Deputy St Pier		
	Deputy Gillson	Deputy Stewart		
3265	Deputy Le Pelley	Deputy David Jones		
	Deputy Ogier	Deputy Spruce		
	Deputy Trott	Deputy Collins		
	Deputy Fallaize	Deputy Dorey		
	Deputy Lowe	Deputy Paint		
3270	Deputy Le Lièvre	Deputy Le Tocq		
	Deputy Duquemin	Deputy Perrot		
	Deputy Green	Deputy Sillars		
	Deputy James	Deputy Luxon		
	Deputy Adam	Deputy O'Hara		
3275	Deputy Brouard	Alderney Representative Jean		
	Deputy Wilkie	Alderney Representative Arditti		
	Deputy De Lisle			
	Deputy Burford			
	Deputy Inglis			
3280	Deputy Soulsby			
	Deputy Quin			
	Deputy Hadley			

3285 **The Bailiff:** Well, Members, while the votes are being counted, we will move on to the next amendments and they are the amendments proposed by Deputy Fallaize and, for convenience, we will start with 'Fallaize A'.

Deputy Fallaize: Even I can understand that, sir.

3290 Thank you. I have to say that I do share the concerns that I know some colleagues have about the completeness of the Report presented to the States today, but I have not heard any arguments – and I very much doubt that I will hear any arguments – to dispute what is, I suppose, the central claim of this Report, which is that, were it not for the existence of the FTP, the deficit in public finances today would be ten or eleven million times greater than it is.

3295 In the process, the FTP has challenged, and will continue to challenge, the practices and the culture of the public sector and that must be a good thing. There cannot, surely, be a single Member of this House who would deny the objective of reducing duplication, waste and inefficiency in the public sector, the effect of which is the need to raise fewer taxes and/or enable a greater proportion of public expenditure to be put towards essential front-line services.

3300 The FTP is obviously no panacea. It carries risks and I am reserving judgement about whether it can reasonably achieve everything which its most ardent advocates claim for it, without any damage whatsoever to front-line services. But, then, no Government policy is perfect and, as the Chief Minister and Treasury Minister are apt to point out and, indeed, as their predecessors pointed out, there is a structural deficit in public finances of around £30 million a year and the States cannot behave as if it were still generating surpluses of £20 million, £30 million or £40 million a year which was the reality as recently as the States before last.

3305 In that context, and in laying these amendments, I want to make this clear: I do not believe that we would be wise today to obstruct or delay the programme and I do not think that any of those of us laying amendments to the FTP are trying to undermine its objectives. But neither do I think that we are wise to show it blind obedience or unquestioning loyalty. As elected Members of a parliament, we must surely have a role, and arguably a duty, to challenge this most fundamental of Government policies, to question it, to test it, to review it, to probe it, to scrutinise it and to ensure that those responsible for its execution are held to account fairly and reasonably, yes, but held to account, nonetheless.

3310 The FTP is the major policy initiative of this States. It is inevitable that its outcome, whatever that is to be and, indeed, the course it takes in reaching that outcome, will have a considerable effect on individuals and families in our community. On the one hand it will affect the burden of taxation and charges upon the public and on the other, it could well affect the public services consumed and, in some cases, relied upon by the community. In laying this amendment and, indeed, other amendments to this Report, I am not interested in provoking theoretical debate about process. My concern is the impact of the FTP on the public whose interests we are here to represent. The effectiveness, impact and risks of the FTP are likely to bear upon the people outside this Chamber to a much greater extent in 2013 and 2014 than has been the case up to this point. Whereas around £10 million has been generated in recurring savings in the first three years of this programme, the plan is to save at least a further £20 million in recurring annual expenditure between now and December next year.

3325 As the programme enters its make-or-break two-year phase, there is an even greater need for us to ensure that everything done in its name is rational, thoroughly considered and based on evidence. The need for more objective and thorough scrutiny must surely be self-evident and yet, unfortunately, at present – and in my judgement if this amendment is rejected there will be no assurance that this is likely to change – the normal checks and balances which one would expect of such a major Government policy are largely absent in respect of the FTP. That is not a criticism of the Policy Council or of States Departments: quite the reverse. *Their* role is to implement the FTP. They have delegated authority to make decisions and take actions, at least to some extent, that are necessary to deliver FTP savings.

3335 The Policy Council and Departments just cannot offer detached scrutiny of the FTP. They simply cannot be busy implementing it and objectively scrutinising it at the same time, because you cannot effectively scrutinise yourself. Or, to put it another way, you cannot be accountable to yourself. Nor is what I am saying a criticism of the Assembly. Colleagues will know that I have long held the view that debate on a States Report on this subject is overdue. This is a very useful and, in my view, healthy opportunity for the States as an Assembly, as a group of 47, to go about challenging and testing and asking questions of, and renewing our commitment to, the FTP.

3340 This Assembly, part executive, part parliamentary, with all the necessary constraints there are placed upon debate, meeting once a month to deal with the whole range of matters of Government in Guernsey, cannot be the only forum or, indeed, the best forum to examine the FTP dispassionately and thoroughly. Of course, those limitations of any oversight and scrutiny that can be applied to major policy by the Policy Council and States Departments and the Assembly were exactly the reasons why, ten years ago, the States set up, for the first time, two dedicated committees of scrutiny, the Public Accounts Committee and the Scrutiny Committee. The Public Accounts Committee and the Scrutiny Committee exist to provide scrutiny, chiefly political scrutiny, by reviewing and examining policies and actions of Government Departments and Committees.

3350 Sir, it must be appropriate, surely, to expect the two Committees set up to review and examine policy to do just that in respect of *the* major policy, the FTP. The Public Accounts Committee

3355 obviously has a role in examining and scrutinising the FTP, but anyone who has consulted that Committee's mandate will see that it is very limited and restricted. It can scrutinise – and these words are taken from the Committee's mandate –

‘States’ assets and revenue and expenditure and it can examine whether public funds have been applied for the purposes intended.’

3360 So clearly it *can* scrutinise the FTP on the grounds of value for money – whether it is providing value for money. But the FTP is a matter of fundamental policy and it is perfectly obvious that its effectiveness, its impact, its risks and the way that it is implemented by the Policy Council and Departments can be examined properly only by combining the mandate of the Public Accounts Committee with the mandate of the Scrutiny Committee in a joint review.

3365 I will refer now, sir, to the mandate of the Scrutiny Committee.

‘Through a process of political scrutiny, to subject Departments and Committees to regular reviews with particular emphasis on, *inter alia*:

3370 (v) Determining how well a new policy or service project has been implemented including the development processes and whether the desired outcomes were achieved.’

The next two, I think are particularly relevant:

3375 (i) Determining the effectiveness of the policies of, and services provided by, Departments and Committees; and
(ii) Assessing the performance of Departments and Committees in implementing policies and services.’

3380 Surely, examination of the implementation of the FTP by the Policy Council and Departments is entirely consistent with the mandate of the Scrutiny Committee which I have just read out. Examination of the FTP falls squarely inside, not just the mandate of the PAC but also of the mandate of the Scrutiny Committee, indeed, arguably more so. Bearing in mind the mandate of the Scrutiny Committee, it seems to me preposterous to imagine proper scrutiny of the FTP without involving the Scrutiny Committee in that task.

3385 Belinda Crowe, who undertook a review of the scrutiny process on behalf of the Policy Council – commissioned by the Policy Council, not by this Assembly, not by the Scrutiny Committees, but by the Policy Council – commenting on how topics for scrutiny are selected, wrote in her Report,

3390 ‘At present there is no routine monitoring of either Departments or other public bodies. A scrutiny programme should reflect the State’s major priorities and areas of expenditure and risks.’

And the FTP clearly falls into the category of a major priority.

3395 Of course, she also recommended much closer joined-up scrutiny between the Public Accounts Committee and the Scrutiny Committee. Indeed, that is included in the mandates of both Committees, to liaise with each other to ensure there is appropriate co-ordination of the entire scrutiny process. Clearly, when that mandate was written, it was recognised that, in order to provide scrutiny across Government Departments, the two Committees would, at times, have to work together and I think the FTP, given the way that it ranges across Government Departments, is a very good case in point.

3400 An examination of the FTP provides the best opportunity for the two Committees to undertake a joint review of a major policy which is topical, relevant and of considerable public interest. When I say scrutinise and examine, I reiterate that I do not mean to delay or to frustrate or impede or obstruct the Policy Council and States Departments getting on with discharging, quite properly, *their* responsibilities of Government. Nor do I mean hostile opposition, destructively trying to pick holes and allocate blame. I am talking about questioning, testing, probing and challenging. That is to say, not a form of scrutiny which turns up, only once something has gone wrong and points fingers of blame but, instead, scrutiny which is embedded in the process of policy development in order to ensure that policy is probed and challenged before its flaws are unleashed on an unsuspecting public. That, in my judgement, is the sort of constructive scrutiny which Miss Crowe’s Report envisaged and, having met with her and spoken with her, I believe that is what she had in mind. I think that is the sort of scrutiny which would benefit the States most of all and it is the sort of review which my amendment has a chance of providing. It is not about the Public Accounts Committee and the Scrutiny Committee duplicating the work of States Departments. It is about using two Committees which are one remove from States Departments to provide detached, objective scrutiny which, without the involvement of the two Committees, will remain elusive and,

3415 in my view, unsatisfactorily so in respect of the FTP.

I had a long conversation the weekend before last with the Chairman of the Scrutiny Committee and I appreciate that it will take a little more time for him to be convinced of the merits of my amendment, (*Laughter*) but I am an optimist and I am hopeful that there is yet time for him to come around and join with those other members of his Committee – and he knows there are other members of his Committee – who are very keen to carry out this kind of review and very sympathetic to this amendment.

3420 I want to thank also the Chair of the Public Accounts Committee, Deputy Soulsby, who was generous with her time in advising me during the drafting of this amendment and whose advice resulted in two modifications in the final wording, specifically affording the two Committees flexibility to draft their own terms of reference for the review and also extending by a few months the deadline for them to complete the review. I think the amendment is improved as a result and I thank Deputy Soulsby for her contribution to that.

3430 The FTP, as I say, and other Members have said the same today, the major policy initiative of this States, demands more rigorous scrutiny. Surely, it is not unreasonable to want to subject it to the normal checks and balances that would be expected in any democracy. An examination of the effectiveness, risks and impact of the FTP is crawling across the mandates of both Committees of scrutiny, Scrutiny and PAC. Between them they have six staff, who are more or less integrated and working together, 11 political Members and a year to undertake this examination.

3435 Sir, I respect that there may be Members of the States who, for a variety of reasons, do not believe that there is a requirement for scrutiny and oversight of the FTP, but I do ask those Members who can see the case for scrutiny and oversight to endorse this amendment as the most pragmatic and reasonable, indeed the only obvious way of providing the necessary level of scrutiny and oversight.

3440 *The Amendment:*

To delete the full stop and add the following words to the end of Proposition 2:

‘, and in order to strengthen scrutiny of, and accountability for, that approach to the delivery of the Programme to direct that:

3445 *a) the Public Accounts Committee and the Scrutiny Committee shall jointly examine the Programme;*

b) the Committees shall agree their precise terms of reference and publish them by no later than March, 2013 and shall give consideration to including within their terms of reference examination of the effectiveness, impact and risks of the Programme;

3450 *c) as part of their examination of the Programme the Committees shall give consideration to holding a public hearing or hearings to which relevant parties shall be invited to make submissions;*

the Committees shall present the findings of their examination to the States of Deliberation as expeditiously as possible but in any event by no later than March, 2014.’

3455 Thank you, sir.

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

3460 **Deputy Green:** I do, indeed, sir and I reserve the right to speak later in the debate.

The Bailiff: Just before we move into debate, I can announce the result of the amendment proposed by Deputy Gillson and seconded by Deputy Fallaize. There were 26 votes in favour and 20 against.

3465 I declare it carried.

I will call Alderney Representative Arditti and then Deputy Gollop.

Alderney Representative Arditti: Thank you, sir.

3470 In response to Deputy Fallaize’s speech, I could simply say: not now, what he says would be ‘normal scrutiny’ would be abnormal scrutiny, what he says would be ‘proper scrutiny’ would be improper scrutiny and he takes Belinda Crowe’s comments out of context. But I am afraid I have a few more words to say than that! (*Laughter*) I ask the Assembly to bear with me if I speak a little longer than I usually do.

Although I am sure that most Members do not need me to point out the flaw in this amendment, I do feel that it is important to justify my comments to some Members who may be

3475 tempted by this amendment but, rightly, have doubts about its propriety. If I stumble a little bit, sir, I wrote this speech thinking that both amendments might be taken together and it seems to me that it might be foolhardy, if I carry on on that basis. If we are going to debate amendment ‘B’ separately, maybe I ought to reserve my ability to speak in relation to ‘B’.

3480 **The Bailiff:** Yes.

Alderney Representative Arditti: So, please forgive me if I stumble a little bit: it is not quite the speech that I wrote.

3485 We all have good reason to be concerned about the Budget deficit and about the FTP which is intended to be the cure. It is a very important issue and I fully understand that many Deputies here today gave commitments during the Election some nine months ago that, if elected, they would help this Assembly to do better than the last one. However, I regret to say that this amendment – A – if approved, would damage this Assembly, not make it better.

3490 Sir, at the heart of these amendments lies a fundamental, inescapable confusion between good *government* and good *governance*. With our current machinery of Government, it is vital that we distinguish clearly between these two very different political concepts, if we are to avoid some of the mistakes of the last Assembly. I regret that my friend, Deputy Fallaize, has committed the cardinal sin of confusing good *government* and good *governance*, with the result that this amendment would badly damage the reputation and credibility of the Assembly. I shall now
3495 endeavour to explain, with all the clarity I can muster, that amendment A is flawed – deeply and unequivocally flawed.

Analogies rarely work, but I will risk this one. A benign dictator can deliver good government, full employment and zero crime, even buses which run on time (*Laughter*) but, by definition, his or her dictatorship cannot constitute ‘good governance’. There is no transparency or public
3500 accountability or separation of powers in a dictatorship. This Assembly has the *power* to pass these resolutions, but it must resist the temptation to do so. Good governance is what gives our democratic credentials in the world-wide community and good governance is what will restore public confidence in this Assembly and *this* is what the Scrutiny Committee is for.

3505 This amendment constitutes bad governance. How? Why? Because it contains *instructions* from this executive Assembly to its *independent* Scrutiny Committee, the Committee which exists for the very *purpose* of scrutinising the executive. The flaw in amendment A is that this Assembly *is* the executive, as well as the legislature. All but a handful of us sit on the political Boards of the Departments, whose behaviour is what the Scrutiny Committee exists to scrutinise.

3510 We can each have our own opinion about whether these amendments would be effective in terms of good government but, in terms of *governance*, the position is unarguable: these amendments constitute bad governance – fact. It comes down to this: a Scrutiny Committee is not independent of the executive if it is *told* by the executive what to do, how to do it, or what not to do. These amendments do all three. If approved, the Scrutiny Committee would be instructed to drop its current and planned investigations, to take on this new investigation and to come back for
3515 the executive to vet what we propose to do – direction, interference and control of the Scrutiny Committee by this executive Assembly.

Are these amendments intended to thwart a current Scrutiny investigation which the executive finds embarrassing? Who is to know? Given the Scrutiny Committee’s necessarily limited resources, what better way for the executive to divert Scrutiny away from an inquiry which is embarrassing to the executive, or some part of it, than to *instruct* Scrutiny to engage in something else? A chilling thought and if any Member thinks he or she is satisfied about this on this occasion, what about those *outside* this Chamber? More important than us, the public, the world community, how do they know? It is unarguable; the independence of the Scrutiny Committee *has to be beyond question*.

3525 First principles of our constitution tell us that the Scrutiny Committee must be independent of this Assembly, because this Assembly is both the legislature and the executive *and* that the Scrutiny Committee exists to *serve* the Assembly by challenging and exposing the behaviour of the Departments and the Policy Council, all of which are committees of this executive Assembly. Deputy Fallaize says that the Scrutiny Committee exists in order to review and examine
3530 Government policy. *It does not*. It has the authority to do so. He read out the *authority* of the Scrutiny Committee to do so under its mandate, but this is *not* its purpose. Independence demands that a proper Scrutiny Committee is apolitical and the Committee must be the judge of whether the examination or review of any particular policy would draw the Committee into the political arena or not, the political arena from which the Scrutiny Committee *must* stay away. Not only does this

3535 amendment A ask the Assembly to instruct the Scrutiny Committee to undertake a particular inquiry and necessarily drop the inquiries in which it is currently engaged, both amendments also require Scrutiny to come back to this Chamber for the executive to vet how Scrutiny proposes to undertake the inquiry – *breath-taking!* Better to have no Scrutiny Committee at all than a tame Scrutiny Committee with a ring through its nose.

3540 The independence of the Scrutiny Committee is not compromised when the executive Assembly adjusts the authority and powers contained in its mandate from time to time, but for the executive to interfere *operationally* in the Committee’s work would be crass bad governance and disastrous.

3545 Apart from some inconsequential froth, there is no difference between the two amendments. They are both equally bad and I go no further than that at this stage. (*Laughter*) For the avoidance of doubt, it is always open to *anyone* to suggest a topic to which the Scrutiny Committee might usefully turn its attention. That is *very different* from the Assembly *directing* its Scrutiny Committee to do so. The Public Accounts Committee is comfortable with a monitoring function, unlike the Scrutiny Committee which, as its name implies, is better suited to scrutiny. I am a Member of the Public Accounts Committee and I am aware of the fact that it is their intention to undertake some work on the FTP, *regardless* of this amendment. So for those who believe that a monitoring committee would *improve* accountability for the FTP, they have the choice of PAC or, better still, an *ad hoc* select committee appointed for the purpose.

3555 If there was no bad governance issue, a debate about such matters and how these amendments would add to, or detract from, good Government, would be harmless enough. I am able to inform the Assembly, for example, that the logistics of Scrutiny complying with these instructions are dreadful. First, I would have to ask the Assembly to increase our resources substantially, in order to comply with the directives in these amendments, or the Scrutiny Committee would have to abandon the inquiries to which it is already committed, as well as those in preparation. It is far from certain whether there is actually enough time for any worthwhile scrutiny to have any significant impact on the outcome of the FTP. Then there are very real issues about how, in practice, we can properly scrutinise before or during a process and how in practice we examine and report jointly with PAC.

3560 Deputy Fallaize has said that he has sat on a joint Committee before, but that exercise did not involve employing an expert. His references to Belinda –

3565 **Deputy Fallaize:** Sorry, I must intervene because that is incorrect.

My Committee had nothing to do with Miss Crowe’s Report: it was produced entirely in-house.

3570 **The Bailiff:** Deputy Arditti.

Alderney Representative Arditti: His references to Belinda Crowe’s Report are taken out of context.

3575 I have spent many hours with Belinda Crowe since you elected me to chair the Scrutiny Committee and her comments envisage the *loose* liaison between the two Committees, which has already begun, and are directed to the *ultimate* goal of a unified Scrutiny Committee, with the three arms of legislation, public accounts and scrutiny, not some Frankenstein made up of two separate Committees, *stitched* together, trying to undertake a joint investigation and produce a joint report. (*Laughter*)

3580 We can have all sorts of differences of opinion and interesting arguments about these matters and which of them would deliver good government or bad. However, there can be no difference of opinion about the independence of the Scrutiny Committee. That instructions to the Scrutiny Committee is *bad governance* is unarguable. There is no scope for *anyone* to pretend to themselves or others that there can be any difference of opinion about this.

3585 *How on earth* would we persuade the public and the outside world that our Assembly is willing to subject its Departments and departmental Boards to *independent* scrutiny, if the self-same Assembly directs its Scrutiny Committee about what it will do and how it will do it? How *can* the Scrutiny Committee possibly be independent of the executive, if it is under the operational control of the executive? If this was not so dangerous, so *serious* a breach of good governance, I would say ‘what a howler’.

3590 With justification we are proud of our democratic credentials. These are crucial to the credibility of our finance industry and the standing of this Island around the world. I know that all Members will agree that it is important for improving public confidence in this Assembly, and for

3595 the credibility of this Assembly in the world, that we send out the clearest signal that we are a
 mature democracy, the equal of any other, with an executive Assembly which believes that
 independent scrutiny should be sacrosanct and beyond doubt. Expediency is the *enemy* of good
 3600 governance. We cannot say that the FTP is very important so we will instruct the Scrutiny
 Committee *just this once*. We cannot say that the FTP needs to be monitored and the Scrutiny
 Committee suits our purpose, so we will order Scrutiny to do this *just this once*. We cannot turn a
 blind eye to the independence of the Scrutiny Committee *just this once*, because these amendments
 suit some purpose. We cannot say we have done this sort of thing before because it was wrong
 then and it would be wrong now. Either we *are* the mature democracy we aspire to be or we are
 3605 not and I urge all Members, including those who proposed and seconded these amendments,
 (*Laughter*) to vote against them. If there is *any* Member who is thinking of voting for this
 amendment for whatever reason, I say think again. *Nothing* could possibly outweigh the damage
 which your vote will inflict upon the Assembly.

3610 Sir, history shows that every democratic institution has its defining moments and the debate on
 these amendments *is* a defining moment for the Government of Guernsey. FTP may well be one of
 the major tasks, if not *the* major task, of this term, but the democratic credentials of the Assembly
 itself – which is what this vote is about – transcend even the FTP.

I regret that this vote is not about the FTP. This vote boils down to the straightforward
 question, whether we are a Government which is willing to be *independently* scrutinised in all
 circumstances. There can be no ifs, buts or maybes. This vote will put our Government to the test.
 3615 Members have no choice: they *must* reject this amendment decisively or we fail the test. The
 Assembly *needs* a proper Scrutiny Committee and a proper Scrutiny Committee *has to be*
 independent of the Assembly.

Thank you. (*Applause*)

3620 **The Bailiff:** Deputy Gollop, do you still wish to speak?
 And then Deputy David Jones.

Deputy Gollop: It is hard to follow that, but I got the impression Mr Arditti did not like the
 3625 amendment very much! (*Laughter*)

I am not too sure that it is such a seismic constitutional crisis (*Laughter*) but I must admit I do
 not know whether to vote for this amendment or not. (*Laughter*) My instinct on it was that it was
 completely unnecessary because, whereas we have had a strong argument that this, effectively,
 was the executive or the Assembly trying to tie their hands, I just saw it as a proposition requesting
 3630 them to get on with this as a work stream – the two Committees – but they could, surely, have the
 initiative to do it, anyway. One has to question whether the best use of their time is constructing
 and reading and reviewing a Report as to whether they should be doing it, which is also part and
 parcel with this, as I understand it.

So I was agnostic about it, really, because I do feel there are better ways Scrutiny and Public
 Accounts can make an impact, even with the FTP. Surely they have the capability to bring in the
 3635 Treasury Minister, the Chief Minister the Deputy Chief Minister, not only asking them for
 documents and policies, but to bring them in to a private meeting or, better still, a public meeting,
 as previous Scrutiny Committees have done, and it would be completely open and transparent and
 we would, hopefully, all be the wiser.

3640 **The Bailiff:** Deputy David Jones.

Deputy David Jones: Thank you sir.

The problem with my good friend, Deputy Fallaize, is, of course, that he does not have a
 proper job (*Laughter*) and it is almost as if he is over qualified. You know, you get these people at
 3645 interviews and they say we cannot possibly give you the job because you are just over qualified to
 serve on anything that I have got to offer you – and this is the impression that I get from Deputy
 Fallaize at times, that he is just over qualified for all of us, quite frankly. He is clearly an articulate
 and intelligent man but he does give me the impression that he wants to run the entire Government
 of this Island by lecturing us on where we have got it all wrong and what committee should be
 3650 doing what while, at the same time, keeping well at arm's length from any responsibility.

The problem I have with the Fallaize amendments is they never seem to take us any further
 forward. Yet again, it is all about process and spending hours debating whether the treacle is thick
 enough to drag ourselves through yet again at every States meeting, as hours and hours are taken
 up with Fallaize amendments. The last States meeting we spent half of December talking about the

3655 Fallaize amendments...

I was not actually going to speak, believe it or not! (*Laughter*) It was not until I heard the Chairman of the Scrutiny Committee talk about how he felt about this amendment that made me scribble a few notes. But I did honestly believe that the Scrutiny Committee had its own workstream – and why on earth did Deputy Fallaize ever leave Scrutiny? Maybe it was so that he could instruct Scrutiny to do things from the outside that, possibly, he could not persuade them to do from the inside.

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Those may be very disingenuous comments –

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The Bailiff: This is becoming a bit personal.

Deputy Fallaize: I would not start worrying about that now, sir. (*Laughter*)

Deputy David Jones: No, but it *is* personal. (*Laughter*)

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I am sorry, it is not for me to disagree with the Bailiff and, therefore, I will not. What I mean is that Deputy Fallaize was well placed on Scrutiny to be in a position to guide Scrutiny, with the Chairman, to scrutinise all kinds of issues of government and governance and it was a shame that he ever left.

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I cannot support this amendment for many of the reasons that Chairman Arditti has said, but I do wish that Deputy Fallaize actually would perhaps give a little more thought before he brings amendments to the States that do not take us anywhere forward. I understand Deputy Fallaize's obsession at points with process. He has always been... he wants to know how things are put together and what makes them tick and what makes them work and where the breaking points and failures might be. I think we all want to know *that*, but it should not occupy our every waking moment.

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Government just gets bogged down in this treacle and we never seem to be able to move forward, if we continually worry about the process. We just have to get on with the job. I heard speeches this morning about the public out there – I think it was from Deputy Gillson – wanting to know how these things are scrutinised and where is the accountability. No, they do not. The public I meet in the Alliance and in the Co-op, and on the Bridge and all the other places, want to know when this Government is actually going to start *doing* something and get on with it! (**Several Members:** Hear, hear) The FTP, to me, is about producing savings so that we do not have to introduce tax – extra taxes – on them and while process is always important, it should not be so important that it occupies every waking moment of this Assembly.

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Thank you.

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I am not speaking generally, by the way. (*Laughter*)

The Bailiff: Deputy Ogier.

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Deputy Ogier: I was just going to ask whether *any of that* was relevant to the amendment itself?

Deputy David Jones: Yes.

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The Bailiff: Right. (*Laughter*)

Deputy Trott and then Deputy Lester Queripel and Deputy Brehaut.

3705

Deputy Trott: Sir, it is certainly reassuring for us all to have witnessed at first hand just how passionate my good friend, Alderney Representative Arditti, is as Chairman of the Scrutiny Committee and I think it is equally pleasing, from my perspective, that we have in Deputy Fallaize someone who is consistent in his view. I say that because there was an inconsistency in what Alderney Representative Arditti said. He spent some time reminding us that this legislature, whilst not unique, is unusual because we are both a legislature and simultaneously an executive.

3710

I would remind him that it is this executive – it is the 47 of us ‘that maketh and can taketh away’. It is the 47 of us who decide what the mandate of the Scrutiny Committee is. It is the 47 of us that decide the constitution of the Scrutiny Committee and, importantly, its membership.

I am reminded, so I do not accept *some* of the arguments that Alderney Representative Arditti placed, although many of them were particularly relevant and salient, but I would make one final point in defending the right of Deputy Fallaize to bring this amendment in the way in which he has. One of the key principles of Governments, irrespective of the type of legislature or executive

3715 you have, is focusing on the organisation's purpose and outcome for Islanders. That is key; that
overrides everything else. It is not about departmental or committee silos, it is about that
fundamental principle and the question that this executive needs to ask itself, if it accepts the
arguments I have laid that we are ultimately responsible for the Scrutiny Committee's behaviour,
3720 is whether or not *this* amendment would pass that fundamental test: the fundamental test being, if
this work was undertaken, would it focus on the organisation's purpose and would it benefit,
through its deliberations and conclusions in a way that was positive; a positive outcome for
Islanders? I think *that* question is far more difficult to be as equivocal about as Alderney
Representative Arditti was, in espousing his views as Chairman of the – and very well, I may say –
as Chairman of the Scrutiny Committee.

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The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

3730 I suspect I will be ridiculed for suggesting this, but I am prepared for the ridicule that might
ensue.

I agree wholeheartedly with monitoring the FTP. Would it be worth considering setting up an
FTP monitoring sub-group or committee with a mandate that would provide additional internal
control to enable corporate governance aims to be achieved? I am hoping somebody can answer
that, sir.

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The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you very much, sir.

3740 Members have remarked on Deputy Arditti's speech and I think it was a very good
performance, the likes I have not seen since I last watched *To Kill a Mocking Bird*, actually
(*Laughter*) – but it was a very entertaining speech. I think the speech saddens me: it saddens me
deeply and genuinely that the Chair of the Scrutiny Committee puts a case for *not* carrying out a
public review and it is met with resounding applause from this Assembly (**A Member:** Hear,
hear.) and there is no irony seen by Members – I will say again, 22 new Members – who came into
3745 this Assembly looking for openness and transparency, not looking backwards, looking forwards,
turning every stone...

Deputy Jean Pritchard was the first Chair of Scrutiny and she had the devil's own job. In fact,
she came to this Assembly *wanting* to do reviews and this Assembly at times took the reviews off
her. I came to this Assembly, looking to seek reviews of this Assembly. The Assembly took the
reviews off me. We know have the situation where the Chair of Scrutiny is bailing out of doing a
review that it is clearly within the Scrutiny mandate to do. Deputy Fallaize has read the Scrutiny
mandate out and the amendment is:

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3755 '...the Public Accounts Committee and Scrutiny Committee shall jointly examine the Programme.
The Committees shall agree their precise terms [...], have public hearings...'

which we have not had a great deal of, either in my time, Deputy Pritchard's time – we have not,
obviously, had a public hearing since the Election. So this is not, despite the theatre, despite the
passion, despite the genuine sincerity of the speech made by Deputy Arditti, it really – I am deeply
3760 saddened by the reception and by what he believes are the idea that this would be a drag hunt to
take Members' focus away from other things which may deserve more inquisitive scrutiny,
something I find rather strange.

3765

But I would like the Chair of the Scrutiny Committee to come back to this Assembly and argue
as passionately for staff resources, as passionately as he did then, for staff resources, rather than
bail out of the review and to receive applause from the floor of this Assembly in doing so.

Getting back to the amendment, sir, which I am just about to do, I strongly urge Members to
support this amendment, which will improve the scrutiny of this States of Deliberation greatly.

Thank you.

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The Bailiff: Deputy Robert Jones and then Deputy Green.

Deputy Robert Jones: I was quite surprised. I have spoken to Alderney Representative Arditti
over the weekend and I am actually quite surprised at the level of his passion. It did not come
across on the phone, so I am quite pleased with that.

3775 I think the issue here is that, quite clearly, a review would fall squarely within Scrutiny's
mandate and I do not think anyone would dispute that and, being a member of the Scrutiny
Committee, it is knocked about as a possibility and I am sure, over the coming months, it will be
discussed again. I think the key here is the emphasis on the Scrutiny Committee's *independence*
3780 and I think that was truly highlighted throughout the speech of Alderney Representative Arditti
and I think that is the crux to how Scrutiny is going to operate in the future.

If we are going to move towards a more Westminster parliamentary style of scrutiny, then
Scrutiny *has* to maintain its independence and I am not going to continue, I am going to stop there.
We want new scrutiny, not old scrutiny. The old scrutiny was akin to what we have seen in the
UK, in local authorities, that bog down with policy making. I do not think Scrutiny should be
3785 getting involved in policy making and policy decisions. It needs to preserve its independence and
that is all I am going to say.

The Bailiff: Deputy Green.

3790 **Deputy Green:** Sir, Members of the States, I rise to support the amendment and to second it.

To my mind, the debate on this amendment really does very clearly illustrate how we operate
within a system of government which really is not fit for purpose in the 21st century, because it is
not showing, to my mind, a clear system whereby the executive and parliamentary body can exist
in a natural way, but that was not the way I was going to start my speech...

3795 What I want to say is it is verging on the incredible that, to date, the FTP has largely been
subject to none of the usual checks and balances that you might expect to see in any democracy
and that does not do our system of government any credit whatsoever. As Deputy Fallaize has very
ably already said, the FTP is clearly this Government's most recognisable policy. It is clearly a
policy that has begun to completely dominate the work of Government, to the exclusion of pretty
3800 much everything else. Therefore, it is really not very radical at all to be suggesting that this
Assembly, as this Island's parliament, and we, as this Island's parliamentarians, should conduct
some effective, formal scrutiny of such a very important efficiency programme.

Sir, Members, too often in Guernsey we do not think clearly enough or distinguish sufficiently
between the Island's Government and our Island's parliament and Alderney Representative Arditti
3805 talked this afternoon about the separation of powers. Well, it is quite evident to most thinking
people that Guernsey does not really do the separation of powers very well, anyway. Under our
system of Government, the three branches of the separation of powers are, quite frankly, muddled
but, in my view, the States, as the Island's parliament, has a clear and very obvious duty to be
scrutinising and to be examining forensically what the Government does and what the Government
3810 does in terms of policy. That must extend to the key policy of the day, which is the Financial
Transformation Programme.

To come back to what the Chairman of Scrutiny was saying, this is not about this Assembly as
the executive 'dictating' to the Scrutiny Committee what it should or should not do. It is not
encroaching on its independence. It is about this Assembly, as this Island's parliament, suggesting
3815 that there ought to be some parliamentary scrutiny of a very important Government policy. I really
do not think that it is good enough to rely simply on Government Departments themselves to be
scrutinising the FTP, when this Assembly has already expressly formulated two parliamentary
committees to officially scrutinise policy and, on the other hand, finance. The FTP really ought to
be 'bread and butter' to the two parliamentary bodies that we are talking about and should not be
3820 seen as some kind of threat, or some kind of action which is likely to cause a constitutional crisis,
as the Chairman indicated.

The unfortunate truth is that Guernsey's political system does not possess a perfect track record
in terms of holding the Government to account and it does not hold a perfect track record in terms
of carrying out robust checks and balances. Quite the opposite, in fact. So, too often in Guernsey,
3825 we pay insufficient heed to our parliamentary and legislative duties, so we do need, in my view, a
more formalised scrutiny of this programme if we are going to genuinely try to hard wire greater
accountability into the DNA of the States in general and the FTP in particular.

Sir, there are other obstacles that have been put in the way of this amendment. For example,
the lack of resources, the possibility that this will cause some kind of melt-down of the Scrutiny
3830 Committee. As Deputy Brehaut says, if there is an issue with resources, then the Chairman and his
Members should be coming to this Assembly to argue in the most vehement terms for more
resourcing. The response to that criticism really must be, on such an important topic as the FTP,
can we really simply forget our parliamentary duties just because of an issue of resourcing. The
truth is that, as has already been mentioned by others, Scrutiny has a very clear mandate and that

3835 mandate is not optional. It is a *mandate*, it is mandatory and, regardless of whether there are limited resources or not, they have to follow it. I would have thought that working alongside the Public Accounts Committee is actually a very practical way of ensuring that those kind of obstacles can be avoided. So I actually appeal to Members of the Assembly to think about this objectively and not to be too swayed by the rhetoric of Alderney Representative Arditti.

3840 Consider yourself in the position of our parliamentary duties. I think this has real merit; it is an opportunity to strengthen the scrutiny of, and accountability for, the FTP. Think about your parliamentary duties – not just your governmental duties, if you sit on a Department – but on your burden as a parliament. So I would support this amendment in the interests of good parliamentary practice and I would encourage all Members to do so.

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The Bailiff: Deputy Ogier.

Deputy Ogier: Thank you, sir.

3850 I will be brief. If I could just clarify the language used. People are saying there is ‘no problem requesting’ or there is ‘no harm in suggesting’ to the Scrutiny Committee that they do something and there *is* no harm in requesting and no harm in suggesting at all.

3855 In this instance, the amendment clearly directs the Scrutiny Committee: the executive are directing those who are responsible for scrutinising them. I guess that is why the principles of governance are so universally accepted, in that they can, at any one time, be used by both sides of the argument. We hear from my very good colleague on my right that focusing on the organisation’s purpose and on outcomes for Islanders is the first governance principle, but when you read on to No. 2, it says ‘good governance is performing effectively in clearly defined functions and roles’. If you have the executive directing those who are scrutinising them, you do not fulfil point 2 of good governance!

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The Bailiff: Deputy Perrot.

3865 **Deputy Perrot:** In rising, could I congratulate Alderney Representative Arditti on his absolutely splendid, over-the-top (*Laughter*) performance. I loved it! (*Laughter*)

I do not see things through quite the same prism as he does. I think he is right when he talks about the independence of Scrutiny. Of course he is, but I see no harm in the States actually making a request of the Scrutiny Committee that something ought to be looked at. I do not think that that actually embarrasses his independence at all, nor that of his Members. I do worry, though, that if the Scrutiny Committee is going to do what it is being asked to do that, there will, in fact be too much of a demand upon its few resources and, frankly, I think that is one of the reasons why this amendment ought to be defeated.

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3875 But there is something else and it is this. We are quite a long way through the FTP. If it is going to work, we are going to know that, actually, by the end of 2014, so I question really whether there is any merit at all about interlarding something which is already difficult with this separate inspection by the Scrutiny Committee. We all know – we are scrutinising it ourselves. We have had this debate and I think that, although Deputy Fallaize had the best of intentions, I really do not think that this amendment ought to be carried.

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I cannot let pass something which was mentioned by Deputy Green without some sort of challenge. I actually quite like the mixture of some of our powers and I do not go along with all of this rhetoric about there being a sort of Montesquieu complete separation of powers. You look at what Montesquieu was writing about and look about the constitution of the United States, you will see that checks and balances sometimes actually wind up in a sclerotic system between the two Houses there. So I like our system as it is.

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In finishing, it has been mooted that there might be a Revue performed at some stage by States Members, so I would just like to notify Alderney Representative Arditti that he will be a very early booking. (*Laughter*)

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The Bailiff: Does anyone else wish to speak?

Yes, Deputy Spruce.

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Deputy Spruce: Thank you, sir.

Members, it was with some surprise that I read this Policy Council Report. I was surprised, not by the content of the Report, but by the Policy Council’s request that this Assembly endorse five resolutions. It is worth remembering that the previous Assembly embarked on this transformation

3895 programme for a very important reason. We had a huge deficit to deal with and action was
required. In my view, we should be debating progress against the targets and not seeking a
renewed commitment to the process. That should be taken as a given. After all, we cannot
continue to operate with an annual deficit. The Contingency Reserve Tax Strategy Fund is forecast
3900 to have a balance of only £66 million by the end of 2013. It is vital that we maintain momentum
and see through the Financial Transformation Programme. By choosing *not* to change the way
Government delivers services, we would be burying our head in the sand; continuing as we are is
just not sustainable.

What I find concerning about this debate is the amount of amendments that have been placed.
3905 They are nearly all about process and analysing our own navel. These amendments do nothing to
make the FTP a success; all they do is commit Departments to produce report after report. They
just consume staff time and achieve very little in practice. The two amendments already passed
more than adequately fulfil the requirement for openness and transparency. This amendment, if
approved, demands even more work from an overburdened work force. It is my view that we
3910 should direct our efforts towards *achieving* the FTP target, not reviewing every past detail of every
past action. Without a genuine and active commitment towards this programme, there will be no
option left but to increase taxes. That will be the only option left in town. And that option will
impact on every member of the public, resulting in further downward pressure on our economy
and lowering living standards for all.

3915 So sir, in my opinion, we owe it to each and every taxpayer to squeeze every possible
efficiency measure out of the States cost base. We also owe it to every taxpayer to work
collectively to ensure that this programme is the success it deserves to be. I therefore ask you to
reject this amendment and support the Policy Letter.

Thank you.

3920 **The Bailiff:** Anyone else?

No? I see no one rising.

Deputy St Pier, then, to speak immediately before Deputy Fallaize replies.

3925 **Deputy St Pier:** Sir, thank you very much.

First of all, I do not feel that Deputy Brehaut should be saddened, actually, by the reception
which Alderney Representative Arditti had. I felt that people were congratulating him on a speech
well made – well prepared and well made. I do not think it necessarily is an indication that
everybody agreed with the content.

3930 I actually agree entirely with Deputy Gollop and that both this amendment and indeed ‘B’ are
unnecessary. Both the Scrutiny Committee and the Public Accounts Committee already have it
within their mandates to conduct a review, should they so wish, and the Chair of the Public
Accounts Committee has already made it quite clear today that her Committee intends to review
the Financial Transformation Programme and the Public Accounts Committee has indicated, by
the first amendment today, that it intends to do so.

3935 I would suggest that this Assembly should not be seeking to micromanage the projects and
work of those Committees. That is very poor governance and I would agree with Alderney
Representative Arditti on that point. These amendments will divert resources allocated to those
Committees away from other things that they may wish to do and, indeed, the resources of the
Departments... [Inaudible] but that is a matter for those Committees should they so wish.

3940 Deputy Green referred to our parliamentary duties and I would suggest that our parliamentary
duty is that we should trust the people who we have elected to those Committees to discharge their
mandate without this Assembly meddling. So I would urge Members to reject either of these
amendments and let the Public Accounts Committee get on with their job.

3945 Thank you, sir.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

3950 I knew that this amendment would be challenging, to say the least, and I suppose to pick up on
something that Alderney Representative Arditti said and has been touched on by other Members,
that is because, precisely because this Assembly is both a parliament and an executive. It is very
difficult to persuade an Assembly where, perhaps, I do not know, 38 or 40 of its 47 Members sit
on executive Department to carry out scrutiny of the same executive. It is probably almost an
impossible task.

3955 I thought that Mr Arditti's speech was rather melodramatic and I do think that we can disregard
the spectre of constitutional crises being provoked by this amendment, if it were to be approved. It
is interesting, actually... the central core he said in this amendment was that this Assembly should
not direct its committees of scrutiny, but Mr Arditti actually voted in favour of this Assembly
3960 directing the Public Accounts Committee to carry out a very prescriptive report about governance.
I remember – and it was not that long ago – that, on that occasion, he was a very enthusiastic
supporter of that proposal, so his interpretation of how the committees of scrutiny obtain their
independence is obviously quite new.

3965 Deputy Jones said I was obsessed by process. Well, I knew Deputy Jones would say that. I am
genuinely of the view that, if scrutiny is strong, I do not mean the particular Scrutiny Committee,
but I mean if the scrutiny process is stronger, if policy is challenged more robustly and more
rigorously and more coherently, then it is likely that policy development is improved. I think that
if policy development is not challenged, then those developing policies – it is not their fault, it is
human nature – are likely to be more complacent and I suspect that is why we end up with more
3970 proposals coming back to this Assembly and being amended or rejected, because they have not
been tested and probed and challenged during the policy development process. Members of States
Departments cannot offer that kind of detached scrutiny when they are themselves developing
policy. You cannot have ownership of policy and expect to scrutinise that policy independently at
the same time.

3975 Deputy Trott asked how relevant would a review of the FTP be. Well, there is nothing more
relevant to our community than the Financial Transformation Programme. Failure to deliver means
that there will have to be more significant increases in taxation or, potentially, very aggressive cuts
in services. Those are the things we are hoping to avoid by delivering the Financial
Transformation Programme, so when the Policy Council commissions an independent report of
scrutiny and it says the Scrutiny Committee should align their work against the key priorities and
3980 activities of the States, I think that chief among those key priorities at the moment is the FTP.

Deputy Queripel wants a new committee set up to scrutinise the FTP. I mean, do we really
need more committees? I thought we were supposed to be in the business of reducing the number
of committees. The irony, though, is –

3985 **Deputy Lester Queripel:** Sir, I did not say I *wanted* a new committee. I just asked if it would
be an idea, sir. *(Laughter)*

3990 **Deputy Fallaize:** In that case, no! *(Laughter)* The problem, of course, is that what Deputy
Queripel is – well, I do not know – ‘asking’ whether it would be a good idea, not even suggesting
it, that another committee is set up by the States – the States – which, as Alderney Representative
Arditti has said, is an executive – and that new committee is populated by the States and given a
mandate by the States, all because we do not want *another* committee which was set up by the
States and given a mandate by the States and populated by the States to review the FTP, because
that would somehow compromise its independence...

3995 Well, clearly, there is a paradox in Deputy Queripel's thinking. If a new committee set up by
the States can reasonably scrutinise the FTP, then an existing committee set up by the States can
reasonably scrutinise the FTP. Why would you want to set up a new committee to scrutinise the
way in which Departments of the States are implementing a major policy when you already have a
committee with a mandate, which says:
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‘Through a process of political scrutiny, to subject Departments and Committees to regular reviews with particular
emphasis on:
...Assessing the performance of Departments [...] in implementing policies and services’?

4005 This really should be food and drink to the Scrutiny Committee and the Public Accounts
Committee.

4010 Deputy Jones – Rob Jones, the sensible Jones: *(Laughter)* he is awake, sir – wants to move to
more of a Westminster model of scrutiny, but I have here a guide for select committee members in
the Westminster model, I mean I have to say my instinct is to say we are not in Westminster, we
are in Guernsey, but if we do want to move to more of a Westminster model, one of the key select
committee tasks set out in this guide for committee members is ‘to identify and examine areas of
emerging policy, or where existing policy is deficient, and to make proposals’. So this kind of
work, where a select committee or a scrutiny committee scrutinises, probes, challenges policy as it
is being developed and as it is being implemented, is part of the Westminster model and it fits

4015 perfectly with the Scrutiny Committee.

Mr Arditti says that the parliament would not instruct its select committees to investigate certain matters in the UK, but that is simply not correct. Obviously, the executive would not instruct select committees, but then we are stuck with a situation where the executive and the parliament are vested in one body in Guernsey and, unless we are going to detach that, then we cannot simply say we are not going to direct our scrutiny committees to scrutinise departmental policy, simply because we would be doing that as the executive and we cannot do that as an executive...

4020 I mean, Deputy Trott made this point; the mandate of the Scrutiny Committee is established by States Resolution, by the States sitting as an executive. Its Members are elected by this States. In fact, I think six of its nine Members sit on States Departments, executive Departments, so the idea that the independence of the Scrutiny Committee is perfectly maintained at the moment, but is suddenly compromised if the States of Deliberation requires the Scrutiny Committee to carry out a particular review, is absolute nonsense.

4030 The States directs its Departments and Committees to do things all the time. My States Assembly and Constitution Committee was not exactly delighted to review simultaneous electronic voting for the 150th time, but (*Laughter*) it was directed – it is a parliamentary committee – and it was *directed to* by the States and it is carrying out that examination faithfully, and it will report back to the States as soon as T & R provides (*Laughter*) some information in respect of the technical systems that can be used.

4035 Deputy St Pier was reassured that the Public Accounts Committee is carrying out, or will carry out, adequate scrutiny of the Financial Transformation Programme but I have faith in the Public Accounts Committee but, again, I say that its mandate is extremely restrictive:

4040 ‘To ensure that proper scrutiny is given to the States’ *assets*, expenditure and revenues [...] and to examine whether public funds have been applied for the purposes intended...’

That is only going to allow the Public Accounts Committee to consider the Financial Transformation Programme in a very, very narrow way.

4045 Now, I suppose it *could* have been open to the States to... In acknowledging that the Public Accounts Committee wants to carry out some work, it could have, temporarily, for the purposes of an FTP review, extended its mandate to give the Public Accounts Committee itself the scope to examine the effectiveness and the risks and the impact of departmental policy. That may have been one option but, again, I suppose that would have faced criticism that it was the States, as an executive, trying to shape the scope of one of its parliamentary committee’s reviews.

4050 I want to deal with the issue of resources because I spoke to the principal officer of the Scrutiny Committee and the Public Accounts Committee – joint principal officer – only last week because I wanted to satisfy myself that this review, this joint review, was do-able if the States directed that and I was assured that it was do-able. I know the Scrutiny Committee is carrying out two reviews at the moment which are due to conclude sometime in the Spring, but I left that meeting assured that, or having assured myself that, there would be resources available to carry out this review if that was what the States directed.

4055 Now, there is a contradiction. When Mr Arditti says that there are not the resources to carry out a scrutiny review and then supports the idea of a Public Accounts Committee review, there is a contradiction in that. We are talking here about two committees who share a principal officer, who share staff, who share office space. If those staff are able to carry out a review of the FTP for the Public Accounts Committee then, by implication, they must be able to carry out a review for the Public Accounts Committee and the Scrutiny Committee because they are precisely the same members of staff. In any event, the scrutiny process has to be led by its members. A third of the members of the Scrutiny Committee, for example, do not sit on any States Departments. Ironically, three of the Public Accounts Committee’s five members also sit on the Scrutiny Committee and I think that, over the course of a year, if they are charged with examining the effectiveness and the impact of the FTP, then the members of the Scrutiny and Public Accounts Committee can carry out much of this work themselves. I do not envisage that the staff carry it out and bring it to the Committee in twelve months time and say ‘Do you want to proof read this?’

4060 This process has to be member led.

4070 The Scrutiny Committee did consider scrutinising the FTP some months ago and a briefing document was produced which assessed the merits or otherwise of reviewing the FTP and that made it very clear that reviewing the FTP fell within the Scrutiny Committee’s mandate, that a review would be increasingly topical and that the review would be concerned with States short,

4075 medium and long term priorities. This review is needed before the end of the process, the briefing document said. The question was asked: ‘Are there any particular resources that would be required?’ and the answer was, ‘Not other than normal staffing and political input’.

4080 When a committee wants to *avoid* doing something, the easiest argument is that we have not got the resources. You know, often the States has to see through that and almost always when it does, the Committee or the Department comes back having found the resources and produced the necessary work, so I do not give much credence to the argument that this review could not be done over a 12-month period by eleven political members and six members of staff.

4085 Sir, I think the most relevant points that were made by Deputy Green... and I accept many of the points that Mr Arditti makes about governance and good governance, but my key objective here is to ensure that the central policy, the central programme of this Government is subject to the kind of oversight and scrutiny and challenge that would be expected in any other jurisdiction. I think we are right to be proud of many of the features of the Government arrangements in Guernsey, but I think we can expect to provide the same kind of depth and range of scrutiny and challenge that would be found in other jurisdictions. Members of departmental Boards just cannot develop policy, execute policy and scrutinise policy at exactly the same time and I genuinely believe that, if you have better scrutiny and better oversight of policy, as it is being formulated, you end up with better policy.

4090 Sir, I ask Members to vote in favour of more rigorous scrutiny, more rigorous oversight of the FTP and to require its two committees of scrutiny, whose mandates crawl across this kind of review, to carry out this work over the next twelve months.

The Bailiff: Members, we come, then, to the vote on the amendment proposed by –
Yes, Deputy Ogier.

4100 **Deputy Ogier:** May we have an *appel nominal*, please, sir?

The Bailiff: A recorded vote, then, on the amendment proposed by Deputy Fallaize, seconded by Deputy Green. This is the amendment marked Fallaize A.

4105 *There was a recorded vote.*
Lost – Pour 10, Contre 35, Abstained 1, Not Present 1

	POUR	CONTRE	ABSTAINED	NOT PRESENT
4110	Deputy Brehaut Deputy Gollop Deputy Conder Deputy Fallaize Deputy Le Lièvre Deputy Green	Deputy Harwood Deputy Kuttelwascher Deputy Domaile Deputy Langlois Deputy Robert Jones Deputy Le Clerc	Deputy Gillson	Deputy Laurie Queripel
4115	Deputy Adam Deputy De Lisle Deputy Burford Deputy Soulsby	Deputy Sherbourne Deputy Storey Deputy Bebb Deputy Lester Queripel Deputy St Pier Deputy Stewart Deputy Le Pelley Deputy Ogier Deputy Trott		
4125		Deputy David Jones Deputy Lowe Deputy Spruce Deputy Collins Deputy Duquemin Deputy Dorey Deputy Paint Deputy Le Tocq Deputy James Deputy Perrot Deputy Brouard		
4130		Deputy Wilkie Deputy Inglis Deputy Sillars Deputy Luxon Deputy O’Hara Deputy Quin Deputy Hadley		
4135				
4140				

Alderney Representative Jean
Alderney Representative Arditti

4145 **The Bailiff:** Deputy Fallaize, would you like to wait for the votes to be counted before you decide whether to lay amendment B?

Deputy Fallaize: I do not think there is any need to! (*Laughter*).

4150 **The Bailiff:** In that case, do you wish to move on straightaway with amendment Fallaize B?

Deputy Fallaize: My answer is that I am tempted to say the same thing...

No, I do, sir. Yes, I think I would like to lay 'B', although I can speak very, very briefly to it.

4155 I believe, for all of the reasons I set out and there is no point repeating them, which it is important that the Financial Transformation Programme is subject to more rigorous scrutiny and oversight. I accept that – well, I believe – that the principal problem with the last amendment was the direction within it that the Scrutiny Committee and the Public Accounts Committee carry out a review, suggesting terms of reference and reporting back to the States during the course of 2014 – March 2014.

4160 Now this amendment is an alternative way of trying to strengthen scrutiny and oversight of the FTP but without being prescriptive to the Scrutiny Committee and the Public Accounts Committee. It requires *merely* that the two committees advise the States, by May of this year, how they intend to strengthen scrutiny of, and accountability for, the Financial Transformation Programme. There is absolutely no direction in this amendment to the Scrutiny Committee and the Public Accounts Committee about how they should carry out any scrutiny of the Financial Transformation Programme. There is merely a request, or a direction, if you like, for them to explain what they intend to do in respect of the Financial Transformation Programme. So I think that many of Mr Arditti's observations on the last amendment, the reservations about the States of Deliberation directing the Scrutiny Committee's to carry out a particular type of review in a particular type of way by a particular time, should be dealt with in this amendment.

4175 I do not expect that Mr Arditti is going to support this amendment, either. There will probably be some more reasons but I certainly think that the reasons that he raised in respect of Amendment A are addressed in Amendment B. Now if, on reflection, if this amendment were to be approved and if, on reflection, the Public Accounts Committee and the Scrutiny Committee met jointly and decided that the best way to scrutinise the FTP was for the Public Accounts Committee to do it alone, then that is what they would advise the States. If they came to the conclusion that the best way to do it was for the Public Accounts Committee to scrutinise the FTP but to ask for its mandate to be extended slightly so that it can go into the areas where, clearly, it is precluded from at the moment, then that is what they would advise the States.

4180 I suspect they would actually come back to the States and propose a joint review because, despite the last vote, I suspect that there is very close to a majority of the members of the Scrutiny Committee who favour carrying out a review of the Financial Transformation Programme. But if I am wrong, if *this* amendment is approved, in responding to this amendment, they would merely advise the States that Scrutiny is not going to be involved and the Public Accounts Committee *is* going to be involved. I think, though, that when the Public Accounts Committee properly scopes its review, it will realise just how restrictive its mandate is. At the very least, I think there is an argument, as I say, for the mandate of the Public Accounts Committee to be extended slightly, even if it is just during the course of the FTP review and this amendment, if it is approved, gives the two Committees an opportunity to consider how they will strengthen scrutiny of the FTP. So there are two simple principles: (1) scrutiny of the FTP is important and needs to be strengthened, particularly as the programme enters its more critical phase; and (2) it is reasonable to require the two committees of scrutiny set up by the States to advise the States *how* they will strengthen scrutiny of the FTP.

4195 It is a far more moderate amendment. I think it addresses many of the concerns raised in the first amendment and, therefore, I hope Members can support it.

The Amendment:

To delete the full stop and add the following words to the end of Proposition 2:

4200 *' , and in order to strengthen scrutiny of, and accountability for, that approach to the delivery of the Programme to direct that by no later than May, 2013 the Public Accounts Committee and the Scrutiny Committee shall jointly lay before the States of Deliberation a States Report*

setting out how they intend to strengthen scrutiny of, and accountability for, the Financial Transformation Programme during the remaining years of the Programme, namely 2013 and 2014.'

4205

Thank you, sir.

The Bailiff: Deputy Green, do you formally second and reserve your right to speak?

4210

Deputy Green: I do indeed, sir, yes.

The Bailiff: Before we move into debate, I will just announce the result of the vote on the previous amendment, proposed by Deputy Fallaize, seconded by Deputy Green – the Fallaize A Amendment – 10 votes in favour, 35 votes against, with one abstention.

4215

I declare it lost.

Alderney Representative Arditti.

Alderney Representative Arditti: Thank you, sir.

4220

Well, I hardly dare say a word! A melodramatic... and I have already passed an audition for the Perrot Revue, (*Laughter*) so you will all be relieved to hear me say I now revert to my customary brevity.

4225

I do thank Members – forgive me – I *am* passionate about scrutiny, I *do* want us to get it right and I am extremely grateful for the 35 Member-support in the last vote. I think my friend, Deputy Fallaize, who remains my friend – I hope (*Laughter*) – will accept that vote was a vote about not wishing, at least on *this* occasion, to *direct* Scrutiny.

He says that what is called 'malaise'... sorry, Fallaize B (*Laughter*) does *not* seek to direct the Scrutiny Committee. I am afraid it does. If I may read from it:

4230

'...the delivery of the Programme to *direct* that by no later than May 2000'

and

'...*how* they intend to strengthen scrutiny of...'

4235

It *is* a direction and it is not right for him to say that is not a direction.

4240

But he makes his point in a second way; he says that Fallaize B gives the Committee the opportunity. Well, we have the opportunity anyway. We just do not need to get into this whole area of directing, or not directing, Scrutiny Committee because the committee has the opportunity anyway and find it inconceivable that at the Chair's meeting and that at future Scrutiny Committee meetings, I find it inconceivable that we will *not* look for ways in which we can serve the Assembly in relation to the FTP. So we do not need to vote for this amendment in order to give the Committee the opportunity: it is a direction and I really do not think that you want to hear any more from me.

4245

The Bailiff: Deputy Trott.

Deputy Trott: Well, only very briefly, sir.

4250

It did seem to me that, with my good friend Deputy Arditti's constant mispronunciation of Deputy Fallaize's name, Deputy Fallaize in the future will be careful when he comes to dotting the Arditt '*i*'s' and crossing the Arditt '*t*'s' (*Laughter*).

The Bailiff: Does anyone else wish to speak on this amendment?

Yes, Deputy Brehaut.

4255

Deputy Brehaut: Very briefly, sir, perhaps another predictable appeal to get States Members to embrace the scrutiny process. I do not want to appear to be overly sensitive to the – what is the expression? – 'separation anxiety' from my former role as Scrutiny Chair but some great work is being done and previous Members have worked very hard to get Scrutiny into the position it is today.

4260

Deputy Arditti is arguing that this amendment is not relevant and they will do it anyway. I would argue that Deputy Arditti runs the risk of making Scrutiny irrelevant, if he is not too careful.

4265 There is no substitute for an amendment that leads to a resolution from this Assembly. In the eight or nine years I have been in this Assembly there have been *numerous*, countless assurances from the floor of the House, then people run down to Greffe and have to get out the CD – or read *Hansard* now – just to pursue a point because it has not been consolidated into a Resolution, has not been a Proposition.

4270 So I urge you all just to read this rather simple amendment again. I find it rather unseemly that people who may be scrutinised and called to account are arguing, perhaps, ‘We don’t want to be’ and that makes me a little bit uncomfortable. I do not think this amendment is actually asking too much, at the end of the day, and I would ask you to support it.

Thank you.

The Bailiff: Anyone else?

4275 No? Deputy St Pier, do you wish to exercise your right to speak now?

Deputy St Pier: Yes, I do, briefly, sir.

I have not got a lot more to say to that which I said in relation to Amendment A, other than just a response to Deputy Brehaut.

4280 I do not think anybody who is likely to be subject to scrutiny is suggesting they do not wish to be scrutinised. I think they are saying it is up to the scrutiny committees to determine when, how, they go about it.

4285 So I think this amendment is no more attractive than the last amendment and I, actually, somewhat fear the prospect of a States Report coming back which would, almost certainly, then be subject to further amendment and we will be having exactly the same debate in a couple of months’ time. So, again, for the same reasons, sir, I suggest we leave the committees to determine their own workload and how they wish to scrutinise the Financial Transformation Programme.

The Bailiff: Deputy Fallaize to reply.

4290 **Deputy Fallaize:** Thank you, sir.

I have very little to say, other than, through you, sir, to my friend Mr Arditti, what a dull speech! (*Laughter*) I mean, where is your life, man?

4295 I did not say that the amendment did not contain any direction at all. I said it did not contain a direction prescribing exactly how this review would be carried out, what its terms of reference would be, who would do it, when they would have to report back etc. That is what I said and meant when I said that there was not the same direction in this amendment but, irrespective of whether this amendment is carried or not, I would urge the Public Accounts Committee and the Scrutiny Committee of their own volition, then, to commission a joint review of the FTP because I share Mr Arditti’s passion for, and interest in, and commitment to, scrutiny.

4300 The Scrutiny Committee, despite its best endeavours, partly because of the way in which its members are elected, partly because of the relationship between Scrutiny and States Departments, partly because of the absence of resources, clearly since they were established in 2004, they have been nowhere near as relevant and as credible as they should be. Nothing is likely to make them more relevant and more credible than carrying out reviews in areas of policy that are highly topical and relevant, not just to us in the States but to the community outside the States.

4305 Over the next two years, what is done in the name of the Financial Transformation Programme will be controversial and I will come on to that in a moment, when I lay the final amendment I have got. It *will be* controversial. There *will be* contentious political decisions. Some Members of this Assembly, who have backed the FTP to the hilt up to this point, will not know where to turn when they are faced with powerful lobby groups campaigning on the steps of the Royal Court, deluging in-boxes, because the States is faced with what is perceived, or what is in reality, a cut in service.

4310 That is the reality and that is not a criticism of anybody inside or outside the Chamber. That is the reality of politics and it seems to me that if the scrutiny committees have something to say, when all of that is happening in local politics, when there are controversial issues coming to the States, if the scrutiny committees have been involved in the process, if they have something valuable to add at that point, then that is likely to strengthen their relevance and their credibility more than anything else. With respect to the reviews they are carrying out at present – and I think they will carry out some good work in those areas – they are *not* as relevant or as topical to the community or to this Assembly as the Financial Transformation Programme is.

4320 We are going to be discussing the FTP and various components of it time and time and time

again – £20 million over the next two years, against £10 million of savings in the last three years. That is the scale of the challenge and I think Scrutiny has to be involved in that process. I think they have to have something to say, so I say again, I would urge the Scrutiny Committee and the Public Accounts Committee, of their own volition, to carry out a joint review of this programme. But I do ask Members to support the amendment, obviously, sir.

The Bailiff: Is there any request for a recorded vote?
No? In that case, we will go straight to the vote on the amendment proposed by Deputy Fallaize, seconded by Deputy Green, that is marked Fallaize B.
Those in favour; those against.

Members voted Contre

The Bailiff: I declare it lost.
We move on, then, to the final amendment which is proposed by Deputy Fallaize, seconded by Deputy Soulsby, marked Fallaize C.
Deputy Fallaize.

Deputy Fallaize: Thank you, sir, and I apologise for the way these Amendments have been marshalled. I have laid three amendments successively but that really is not my fault, sir.

The Bailiff: It is my fault!

Deputy Fallaize: Well, I was not going to say that, sir! (*Laughter*).
This amendment is presented with proposals in the alternative, parts I and II, and I will explain why that is the case at the end of this speech. But first I want to try to make the case generally for clearer and stronger accountability and, hopefully, more persuasively than I was able to make the case for stronger scrutiny.

This amendment has its origin in concerns which I have and which, from discussion, I know are shared by a number of other States Members about lines of accountability within the Financial Transformation Programme. That is to say, basically, who is accountable to whom and for what? At present, and as I shall demonstrate, sections of the Policy Council States Report rather make the point for me, accountability is at best unclear. In the amendment I use the phrase ‘political accountability’ in order to distinguish between that and, if you like, operational accountability within the Civil Service.

The precise roles which various staff – whether the staff at the centre or departmental chief officers or other staff within Departments – play in the FTP is, for all sorts of reasons, a matter for the States supervisor, acting under the auspices of the Policy Council, to whom he reports. I acknowledge that some Members find that reporting lines within the Civil Service are contentious and confused. I and my colleagues on the States Review Committee are now growing accustomed to hearing evidence to that effect presented by Members of this Assembly. It is a *big* issue – reporting lines within the Civil Service – but it is too big an issue for a pretty straightforward and I hope relatively un-contentious amendment like this.

Rather, what I am trying to provoke in laying this amendment is a decision, a States Resolution, which makes it clear who, at a political level, is accountable to this Assembly for what part in the context of the FTP. There are various components which make up the FTP: it is not one homogenous blob. There are lots of different workstreams, there are lots of components of it. All of them need to come together in order to make the programme work as a whole and my amendment seeks to clarify who is accountable for which part of it.

Accountability is described by the World Bank in the following terms

‘Accountability exists when there is a relationship where an individual or body and the performance of tasks or functions by that individual or body, are subject to another’s oversight, direction or request that they provide more information or justification for their actions.’

I appreciate that major political decisions are likely to be referred to the Assembly for resolution but the pen is mightier than the sword and a great deal of responsibility and authority is exercised, quite properly, by those who develop and write and present policy. The question I am asking in this amendment is who – which body, which group, which committee, which council, which Department – is responsible and accountable for developing which policy changes and

changes to which services that become necessary in order to fulfil the FTP.

4385 At this point, I want to draw attention – unconventionally, perhaps, and I trust that she does not object – to the office held by the seconder of my amendment. Deputy Soulsby is, of course, the Chairman of the Public Accounts Committee, a committee notwithstanding my previous amendment which, in terms of scrutiny and accountability, might be expected to take an interest in the FTP. Indeed, Deputy Soulsby and her Committee has advised the States, apparently endorsed by the Policy Council, that they are to take more than a mere interest in the FTP: they will offer this Assembly at least some degree of scrutiny of the programme.

4390 If the States is disinclined to believe my ramblings on these matters, I trust the fact that the Chairman of the Public Accounts Committee is seconding this amendment will encourage the States to take seriously the case that there *is* a need to establish clearer lines of accountability. Those lines of accountability will be key if the Public Accounts Committee is to produce anything useful on the FTP. It is not surprising that accountability for the FTP is unclear. The lack of clarity was evident when the States established the programme in 2009 and it has persisted ever since.

4395 People more cynical than I have suggested that it was designed that way deliberately, but I am sure that is not the case. Paragraph 5.2 at page 40 of the States Report explains the position in 2009 and I quote from the Report:

4400 ‘...the States delegated responsibility for the delivery of the programme to the Policy Council [...] [5.3] The Policy Council was charged with providing the political ownership and oversight of the programme...’

Paragraph 6.4, two pages later, states:

4405 ‘This approach employed at the beginning of the programme proved problematic for several reasons. First of all, progress was slow because the importance of Departmental involvement had been underestimated [...] There was a lack of ownership and Departments felt that it was being imposed on them from the centre...’

4410 Surprising that, when the Policy Council was given complete responsibility for it. The States Report makes it clear that, at staff level, there have been some changes to accommodate greater input from departmental chief officers. Well, that is useful at the detailed operational level but if, by the end of 2014, we are to fulfil this objective, to make further recurring savings of at least £20 million a year, as I said before, there will need to be significant policy changes and tough political decisions will have to be taken. They cannot be taken at staff level. They are inherently political in nature and, therefore, surely it is necessary for the States to determine who, at a political level, is accountable for developing the policies necessary to fulfil the commitments of the FTP.

4415 It is in this respect, of political accountability, that the evidence is as confusing as it could be. Although the extant resolutions of 2009 continue to this day to make the Policy Council accountable for the whole of the FTP, with effect from 2012 a change was made, whereby Department’s budgets for the forthcoming year were reduced in line with FTP savings targets and, importantly, the Departments were expected not to exceed those budgets, irrespective of whether their FTP savings targets proved achievable or not. Accountability, at least to some extent, was transferred, albeit perhaps not as transparently as it might have been, back to States Departments.

4420 In addition, recently I came across Rule 6 Questions – they were not mine, I hasten to add – submitted to the Policy Council in which the questioner raised political accountability for the FTP. The Chief Minister’s answer to one of those questions was:

4430 ‘It is the States Departments who identify and lead the project to deliver savings in their area, both officers and politicians.’

Directly quoted from the Chief Minister’s answer: ‘It is the States Departments who identify and lead projects to deliver savings...’ Later, in the very same set of answers, the Chief Minister’s reply stated:

4435 ‘The Policy Council is accountable to the States for the delivery of the FTP.’

4440 It is plain, at a political level, that it is totally unclear who is accountable to whom and for what within the FTP. I know there are some Members listening to me – or, more probably, barely if at all listening to me – (*Laughter*) thinking why does this matter, or perhaps thinking (*Laughter*) we are all accountable for everything. Deputy Trott’s ears will perk up in a minute because I am about to mention his name, as he became very fond of saying, quite rightly, during the last States: ‘When everyone is accountable, no one is accountable.’ (**Several Members:** Hear hear.) Here are a few

reasons why this matters, and matters more now than it did in 2009 – four reasons, possibly five.

4445 First of all, the arrangements set up for the FTP in 2009, in the words of the Policy Council, ‘did not work as well as was envisaged. Progress was slow, there was a lack of ownership of the FTP.’ Well, whether that is true or not, that is the view of the Policy Council and the political accountability established by States resolution in 2009 remains unchanged to this day.

4450 Secondly, accountability matters most not so that it is clear where blame lies in the event that something goes wrong, but so there is proper political ownership of every part of the FTP, in order to give the thing the best chance of fulfilling its objectives and, as importantly, so that, in respect of every policy proposal made as part of the FTP, there is group of people – whether it is the Policy Council or whether it is the Board of States Departments matters not to me – who know, as that policy is being developed, that it is *their* responsibility, that they have ownership for the development of that policy. Here I repeat a point I made, in laying my first amendment: I do not want to provoke an arid debate about process, but I do believe that we are more likely to produce bad policy, with a greater risk of it bearing negatively on our community and with a greater risk of it failing, if we fail to establish who has ownership of and accountability for that policy from start to finish.

4460 Third, up to this point, the States has generated around £10 million of recurring savings in the first three years of the FTP. If these £20 million of savings are to be generated over the next two years – and that requires tough political decisions in every one of those instances – policy will have to be formulated, published, articulated and, in many cases, defended publicly and then presented to this Assembly. It’s all very well saying this Assembly will have the final say. I can tell you, from experience that, very often, policy is lost before it has even reached the floor of this Assembly – because it has been defended poorly, or articulated poorly or developed poorly. I do not rate as very high the chances of that policy development process, in respect of very controversial political proposals, being concluded successfully, unless we have identified in advance who is accountable to whom for the development of that policy. If we don’t do that, repeatedly there will be attempts to shift responsibility. If the Education Department comes to this, or HSSD – they are the most likely Departments – if they come to the States with controversial proposals and it is not clear whether they have developed them, or whether the Policy Council has developed them, or who has ownership of them, there will just be this constant transferring of responsibility and, ultimately, if it goes wrong, blame. It also raises the possibility that different groups of people, who have some kind of responsibility for developing policy, start disagreeing with each other. That happens in the States because we do not have collective responsibility. So you have an Education policy being developed, signed off by the Policy Council – because the Policy Council has ownership of the FTP – and, suddenly, under public pressure, you find that three members of the Education Board are saying that they do not support the policy any longer. Now that kind of thing has happened in the States before: if you are a powerful lobby group, well organised, your first line of argument is ‘The States made the Education Department responsible for education and three of their five members don’t even support this policy any longer’. The chances of it getting through the States do not just recede, they are virtually eliminated.

4475
4480
4485 Fourth, and this is a generic point, really, but the evidence and the advice is all around us about weak and unclear lines of accountability. An audit of the States in 2009 advised:

‘The States of Guernsey does not have effective systems of accountability in place.’

4490 The Report which, in 2009, led to the establishment of the FTP, which we are discussing today, identified the need for:

‘clarification of lines of accountability and responsibility’.

In 2011, the Public Accounts Committee stated:

4495 ‘It should be clear to all those involved in the States to whom they are accountable and for what, but there is no material setting out the reporting lines and lines of accountability for Departments and Committees,

and, in 2012, the Joint Committees Report stated that, in the States, there are:

4500 ‘many overlapping lines of accountability which can make it less than straightforward to establish precisely who is responsible for what’.

Time and time again, lack of clarity and lines of accountability in the States has been identified as

a major weakness.

4505 I suppose there is a fifth point which could be made and I won't dwell on it, but it is true that a very considerable number of us at the time of last year's General Election made commitments to strengthen accountability in the States. We can't do that adequately unless we have established who is accountable to whom and for what, and I hope that that is uppermost in Members' minds when debating this amendment.

4510 Now turning to why in this amendment I have set out proposals in the alternative, I say this, I deliberately made this amendment neutral on the question of precisely who should be accountable for precisely what for two reasons. First, because I did not wish to be accused of trying to engineer a particular outcome, either that States Departments should be responsible *or* the Policy Council should be responsible for the areas included within their mandates. And because I didn't want to
4515 be accused of being obsessed with process by advocating one particular set of arrangements over another set of arrangements and, second, because I genuinely believe that it is more important to establish clear lines of accountability than it is to argue over exactly who it is that should be made accountable. I am not that bothered who the States makes accountable for which parts of the FTP. I am interested only in ensuring that there is clarity in those lines of accountability.

4520 So when we leave this debate today, we embark on what are meant to be the critical two years of the FTP, with the objective of saving a further £20 million from annual revenue expenditure. I ask the States not to embark on that journey without first rectifying the confusion which exists at present about lines of accountability. Please support one or other of the proposals in this amendment, in order properly to establish who is accountable to whom, and for what, in respect of
4525 the FTP.

The Amendment:

I. To delete the full stop and add the following words to the end of Proposition 4:

4530 '*and to clarify that as part of that governance structure political accountability to the States of Deliberation for the Financial Transformation Programme is as follows: the Policy Council is accountable to the States of Deliberation for changes of policy, new policy initiatives and operational changes which fall within the Council's mandate; States Departments are accountable to the States of Deliberation for changes of policy, new policy initiatives and operational changes which fall within their mandates; and the Policy Council and States
4535 Departments are jointly accountable to the States of Deliberation for changes of policy, new policy initiatives and operational changes which fall partly but not wholly within their mandates; and also to clarify that a States Resolution shall be required to effect any adjustments to these arrangements of political accountability for the Financial Transformation Programme.*'

4540 OR

II. To delete the full stop and add the following words to the end of Proposition 4:

4545 '*and to clarify that as part of that governance structure it is the Policy Council that is accountable to the States of Deliberation for changes of policy, new policy initiatives and operational changes adopted across the States of Guernsey in order to fulfil the Financial Transformation Programme; and also to clarify that a States Resolution shall be required to effect any adjustments to these arrangements of political accountability for the Financial Transformation Programme.*'

4550 **The Bailiff:** Deputy Soulsby, do you formally second the amendment and reserve your right to speak.

Deputy Soulsby: Yes, I do Sir.

4555 **The Bailiff:** Thank you. It's now 5:27 p.m. Does anyone have a shortish speech they could deliver?

Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

4560 It's just I need clarification. I am not sure where the confusion has arisen in Deputy Fallaize's mind, sir. I presume he is referring to my Rule 6 Questions that I submitted recently. The answer to Question 13 reads as follows:

'The executive leadership team is responsible for directing and overseeing the delivery of the FTP on behalf of the

4565 Policy Council, which is accountable to the States for delivery of the programme.’

Isn’t that telling us who is accountable? I wonder if Deputy Fallaize could elaborate on that when he responds, sir?

4570 **The Bailiff:** Thank you.
Deputy Gollop, do you have a short speech?

Deputy Gollop: I have a quick one.

4575 As Chairman of PERRC – Parochial Ecclesiastical Rates Review – I am interested in theological and ecclesiastical matters (*Laughter*). I am certainly not anti-Catholic in any way and I think one can look to the Church for inspiration here, with the Father, the Son and the Holy Ghost because, of course, it is a divine mystery, whether you are in the presence of God the Father, or God the Son, or God the Holy Ghost – three in one.

4580 This is really three in one, because you have got the staff executive team, you have got the Policy Council as political collective – ten Ministers plus the Chief Minister – and you have got the Departments, all feeding in into a transparent and almost transfigured unity, transcendental unity.

4585 I think, actually, the Chief Minister has explained the point quite well that, in terms of *this* Assembly, the Policy Council is responsible for the success or failure of the programme. But the Departments are responsible to the Policy Council, so if there is a failure or break in the chain, it is the Policy Council’s duty to bring the matter to the Assembly, as one fifth of the Assembly or, if the Departments want to stop being punished by the Chief Minister and his supporters, they, too, would have the right, surely, to bring their own perspective before it got to that stage.

The Bailiff: It is now 5.30 p.m. I propose that we rise and resume tomorrow at 9.30 a.m..

THE GRACE
The Greffier

The Assembly adjourned at 5.30 p.m.