



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

Royal Court House, Guernsey, Thursday, 31st January 2013

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Present:

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

Law Officers

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 M. J. Fallaize, D. B. Jones, L. B. Queripel,
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, 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

D. J. Robilliard, Esq. (H.M. Deputy Greffier)

Absent at the Evocation

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

Deputy J. P. Le Tocq (*relevé à 09h.47*)

Business transacted

Billet d'État I
VIII. Financial Transformation Programme – Debate continued 87

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

Billet d'État I
VIII. Financial Transformation Programme – Debate concluded –
Amended propositions approved 117

The Assembly adjourned at 5.32 p.m.

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Deputy Greffier

EVOCATION

Billet d'État I

POLICY COUNCIL

Financial Transformation Programme Debate continued

The Deputy Greffier: The debate continues on Billet d'État I, Article VIII – Policy Council Financial Transformation Programme.

5 **The Bailiff:** Members of the States, I remind you we are debating the amendment proposed by Deputy Fallaize, seconded by Deputy Soulsby and marked Fallaize C.
Does anybody else wish to speak on this amendment?
Yes, Chief Minister and then Deputy Laurie Queripel, Deputy Gillson, Deputy Soulsby.

10 **The Chief Minister (Deputy Harwood):** Thank you.
I was interested in Deputy Gollop's speech yesterday, when he started using various ecclesiastical analogies. (*Laughter*) I have to say I am not quite sure that I would like to carry those analogies too far forward. I am particularly not sure which part of the Triune Deity actually applies to the Policy Council or, indeed, the Chief Minister (*Laughter*). I leave that to Deputy Jonathan Le Tocq and perhaps Deputy Elis Bebb to pursue those analogies.

15 I was also interested in Deputy Gollop's assurance that, somehow or other, the Chief Minister and members of the Policy Council have the ability to 'punish' their fellow Ministers (*Laughter*). I am not sure my fellow Ministers would necessarily agree that I have that authority.

20 However, with reference to the amendment proposed by Deputy Fallaize, I have every sympathy and I understand the reason why he is putting forward the amendment. He and I, and other members of the States Review Committee, have, indeed, considered ourselves matters of accountability and responsibility.

25 I would, however, suggest that I think it is unnecessary – the amendment in either Part I or Part II. It is clear, and the Report presented to you makes absolutely certain that the Policy Council is responsible for the Programme. We are talking about *one* FTP programme and I refer you to paragraph 3.15: the Policy Council is directed to 'establish' and 'adopt' a programme. The Policy Council is directed 'to submit annual Reports' on progress and I, therefore, believe that the Policy

Council *is* charged with that responsibility.

Paragraph 5.3 also makes clear that the Policy Council is

30 ‘charged with providing the political ownership and oversight of the programme.’

Also, paragraph 11.10 makes reference to this: ‘The Policy Council will continue to refer...’
Yes.

35 ‘There are likely to remain some policies which cannot be approved within a Department, by the ELT or indeed the Policy Council. Examples to date have included the reduction in grants and subsidies to the Colleges, SAP/STSC and the WAN project. The Policy Council and/or individual Departments will continue to refer any such projects to the States for a decision.’

40 Pausing there, I would remind Members of the House that the Policy Council actually has authority to direct a Department to bring a Report to the States, if there was any disagreement between Policy Council and an individual Department. That would be how Policy Council, I think, would tend to resolve that difficulty.

45 The confusion, if any, arises because of the change of direction that took place in 2011 when, instead of creating a top-down approach to the programme, it was recognised that, in order to get the project moving, it was necessary to move to a more bottom-up approach, which meant that individual Departments – as mentioned in my speech yesterday – were asked to identify savings within their mandates and then, after the moderation process, once the savings programme had been agreed, both by the Department and by the Policy Council and by the FTP, then the
50 individual Department would be responsible for delivering against that target.

So I would argue that the amendment is unnecessary. I think it is clear that Policy Council and, indeed, Deputy Gillson reminded us yesterday, that possibly even the Chief Minister has responsibility for the Report and has responsibility perhaps for the overall programme. I believe that the position *is* sufficiently clear.

55 I do not believe the amendment, in either the first or the second alternatives, adds anything and I would, therefore, argue that we do not need to proceed further and suggest that it would be unnecessary to support the amendment.

60 **The Bailiff:** Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

Mr Bailiff and Assembly colleagues, I am very pleased that I have made it back in time to attempt to tackle one of my favourite subjects, which is lines of accountability, albeit specifically in line with the FTP on this occasion. As I sat at home yesterday, listening to the debate with my
65 cuppa soup in my hand and hunched over a nice hot radio, I listened very intently and, even during this mini-debate on this particular amendment, there are a couple of things I would like to pick up on, or are worth picking up on.

Deputy Fallaize when he opened on the amendment said this might seem to Members to be rather a dry subject – or would Members catch the relevance of this issue? – but this is a very
70 fundamental issue and we allow it to pass us by at our peril. If this is not right – lines of reporting, lines of accountability – particularly within this Programme, so many potential pitfalls await.

So I would also... in reference to something that was said in an earlier debate, I think on an earlier amendment yesterday, something said by Deputy David Jones, my friend and neighbour, when he railed a charge against Deputy Fallaize that Deputy Fallaize was *obsessed* with process.
75 Well, sir, I am glad that some Members are interested in process, (**Several Members:** Hear, hear.) because good process is the foundation of good government. Process lies in the engine room of Government, it drives the pistons, the wheels, the cogs and we all know that engines need attention, they need maintenance, to ensure they are functioning efficiently and correctly. Otherwise, to take the mechanical analogy further, the wheels tend to come off! So it is not navel
80 gazing, it is *necessary* watchfulness.

I think we need, as Assembly Members, to take our responsibilities very seriously. We are responsible for making policy and, therefore, legislation arrives after that. If we are the only people who are going to watch the process – nobody else is going to watch the process – we are not here just as nodding dogs to pass things through, we are here as watchdogs, sir. We have to
85 watch everything and we have to watch process.

Deputy Gollop made a speech during this debate on *this* amendment and he made a game attempt at explaining the theory of what is in place at the moment and where the possible fail-safe

lie and the fallbacks might be. I know it all sounded very good in theory but is it working? Is it good enough in practice? I would say that there is enough political concern, and enough concern at civil servant level – because there *is* confusion and uncertainty at that level, I have heard that first-hand: I have spoken to civil servants about this particular area – to support the fact that there are problems here and to justify the direction that this amendment seeks to give. So I would ask, what is the problem with more clearly defining and reinforcing lines of accountability and better identifying where responsibility lies? We either want all the things that we talk about – accountability, transparency, good scrutiny etc. – or we do not. We need to be consistent in that.

So let us be under no illusion, process is important and good, sound process is absolutely essential. I think we need to support this amendment.

Thank you, sir.

The Bailiff: Deputy Gillson, then Deputy Soulsby.

Deputy Gillson: Sir, of the two options of this amendment, I favour option A where Departments themselves become accountable. As I said yesterday, if everybody is accountable, then nobody is accountable (**A Member:** Hear, hear.) and, in practice, it is going to be impossible to hold the Policy Council, as a body, to account. In fact, in some ways it would be wrong to do so, because the Policy Council was not really created as an executive, more a co-ordinating body.

But, that aside, how would we make the Policy Council accountable? If we assume, purely for illustrative purposes, that one of the two key Departments, Education or Health, did not hit a target, who is responsible? If it is the Policy Council, then would Scrutiny question every member of the Policy Council? I can imagine the reply I would get from my good friend, Deputy Jones, if, as vice-Chair, I asked him to account for why Health had failed to hit a target. His subtlety is marginally less than mine: you cannot hold someone to account for a Department that they are not part of.

But let us look at it from a different angle. If Policy Council *is* responsible as a body, *how* would we make it accountable? We could have a Vote of No Confidence against the Chief Minister – Rules allow that – but not against the Policy Council as a whole. If there was a catastrophic failure of the FTP, the only way we could make the Policy Council accountable, would be ten Votes of No Confidence. Everybody would have to have a Vote of No Confidence against themselves, in effect. It is difficult to try and make Policy Council, in reality, accountable and we know, from yesterday's vote on my amendment, that Policy Council and T & R are opposed to transparency. I think, because of the way they voted, they are probably not really that interested, or they are not totally committed to accountability and they obviously need to justify that.

Seeing the Home Minister has just arrived, I will try and remember the part that I just deleted (*Laughter*) about accountability, and I apologise about shoe-horning this into this debate, because it relates somewhat to the fraud. Since the summer recess there have been two Statements in this Assembly relating to the Lagan fraud, one by the Treasury Minister, one by the Chair of PAC, both at my instigation. I think neither would have happened, had I not pushed for them. But, in November, the Chair of PAC gave an undertaking that, every other month, there would be an update on the fraud and that the next update would be by the Minister for the Home Department. Well, that was November so, by my reckoning, the next 'other month' is this month and we have not had that update. Why? One reason could be he just decided not to do one, which is a bit embarrassing to ignore his own commitment he agreed to. The other is, he forgot, which makes you think just how important is the fraud to him. Neither is flattering.

But going back to generality of accountability, yesterday, according to two speeches that were made, the problem with my amendment, part II, it was impossible to gather information. As I pointed out – and I thank the States Treasurer again – she provided that information. Now, in order to hold people to account, we need to have the appropriate information, which is what my part B did produce and so the question is, what information did that give? Well, we have got the results of 2012 and what we have got on this is the Department target and the savings and the on-going recurring effect.

I will start, if you do not mind, sir, with the Courts and Law Officers. Their target was £30,000 and they have achieved £49,000 recurring savings. That is very good! (*Applause*) To be fair, the Policy Council's target was £50,000 and their recurring is £65,000 and we have other Departments: Commerce and Employment exceeded their target; PSD has; Housing matched theirs; Home Department matched their target. Unfortunately, Social Security's target was £80,000 and their FTP success is zero. HSSD's was £2.3 million and they have achieved an FTP

150 recurring saving target of 59%. Treasury and Resources was £560,000 and, according to their own figures, they achieved £310,000. T & R's Financial Transformation success is *less* than Health's and that is information that the Policy Council and T & R unanimously voted to block being made public. I think that is why I say I question the commitment to being truly accountable.

Sir, I think that, I three or four years ago supported the structure of Policy Council being accountable and taking responsibility for it. I think, with hindsight, I made a wrong decision when I voted then and I think I would support Proposition A.

155 Thank you.

The Bailiff: Deputy Le Tocq, do you wish to be relevé?

160 **Deputy Le Tocq:** May I be relevé, please?

The Bailiff: Yes.

Deputy Soulsby.

165 **Deputy Soulsby:** Sir, Deputy Fallaize has already made it abundantly clear how vague and woolly accountability is in terms of the FTP and, along with Deputy Gillson, I agree that it is not the only part of the States of Guernsey where this is the case.

Only yesterday we had the Chief Minister making a Statement about the reporting lines of the Chief Officers, who appear to be accountable to both their Boards and the Chief Executive. We also have a situation where the finance staff in each Department have a reporting line to the States Treasurer as well as, presumably, the Chief Officer of their Department.

170 To continue the ecclesiastical theme, even those of us who are not particularly religious understand the meaning behind Matthew 6: 24 – ‘No man can serve two masters for either he will hate the one and love the other or else he will hold to the one and despise the other. You cannot serve God and Mammon...’ and that is even before we start talking about political *v* operational accountability.

175 It does seem that accountability in the States of Guernsey is a bit like musical chairs and the person accountable is the one still standing when the music stops! (*Laughter*) It is, perhaps, no wonder that the question of accountability has been discussed frequently by the Public Accounts Committee and it is for that reason that I second this amendment.

180 **The Bailiff:** Deputy Brehaut and then Deputy Adam.

Deputy Brehaut: Thank you, sir.

185 My speech will be short, in part because of the contribution made by Laurie Queripel and the contribution just made by Deputy Soulsby. But ownership is absolutely everything in politics. Ownership is everything... I did have a bit of a wry smile, listening to the radio yesterday, hearing the Chief Minister say: ‘This is the most fundamental debate this Assembly will have. The magnitude of the concept of the debate is such that it really will be *the* most significant debate the States will have in this term...’

190 But, of course, it is a debate that we were not going to have. This debate is Plan B: it is not Plan A. This is Plan B. Plan A was to take us all to Beau Séjour, to what could be called an FTP Trades Fair, where we met and we sat with some quite nice hoardings and very comfortable chairs and the FTP was sold to us, I thought, rather shamefully, the most useful part where we were then ‘invited’, as equal members – ‘invited’ – to meet the Minister of T & R and the Chief Minister, which really should have been the main part of the session. It should have been a very long Q & A but, actually, it was not. Members will remember I wrote on a Post-it note: I said: ‘Great presentation, but a debate, please.’ I remember, vividly, Deputy Gavin St Pier looking at the note, saying ‘And, of course, Deputy Brehaut would like a debate’ – and then it moved on. I then got to my feet and I think I described myself, in the context of the FTP, as ‘a radical Muslim cleric’ (*Laughter*) in opposing elements of the FTP. If it was not for that modest bit of scrutiny, we would not be here today. So although the Policy Council here today are clear to take ownership of this very important process, it is something they would rather have done behind closed doors, if that is not too pejorative a metaphor.

200 Ownership, again, is everything. We know that the Housing target, for example, is 431 short: if you factor in lodging houses, it is probably closer to 500 or 600. Naturally, you would say: ‘Let’s get the Housing Minister in and grill the Housing Minister because we have a shortage of housing.’ ‘No, don’t invite the Housing Minister in: they do not do that, it is a planning problem.

We have got a housing target. If they do not release these housing target areas, how can we build houses for people?' You then go to the Environment Department, who will tend you but, hold on a minute, 'Housing don't want one of the housing target areas: it's one of them they do not want'.

So ownership, accountability, knowing who to speak to, knowing how to get to the truth – the essence of something – is not easy. It is not that easy and it was a fantastic speech by Paul Arditti yesterday... I did enjoy it. I came in today, wondering whether I was still on 'death row' because it was one of those fantastic pleas of mitigation, if you like, but the... I have totally lost my thread, now, I have to say, (*Laughter*) which is not unusual... (*Laughter*)

We had an opportunity, yesterday, to, I think, scrutinise – and it was prescriptive. We do not direct Scrutiny, we do not direct PAC. That is not how it works, but it is a clumsy sort of scrutiny that makes us uncomfortable. I thought – and Deputy Perrot made the point – that it is a sort of clumsy system that works and there could have been a degree of scrutiny which, sadly, we will not have.

Under our system, there is – for whatever reason, I am never too sure quite what it is – a natural reluctance for Members to put themselves in the frame to be scrutinised and the problem Deputy Fallaize has faced, and the House has faced, is that we are losing significant amendments now.

This amendment will give you something, rather than nothing, incrementally and I just ask that Members consider, please, supporting this amendment because clear lines of ownership lead to better scrutiny and greater accountability. I felt, yesterday, that the message we gave out, rather unwittingly, was a type of narrative that yesterday's meeting would be 'scrutiny, no thanks' and that left me a little bit uneasy. I think what this amendment gives you today is an opportunity to have clear lines of ownership which will lead to better accountability.

Thank you.

The Bailiff: Deputy Adam.

Deputy Adam: Thank you, sir.

I will just start by commenting on Deputy Soulsby's thing about musical chairs and 'the one that is left standing is accountable'. I heard a comment coming from my right here – Deputy Gollop saying 'Hunter, that was you!' (*Laughter*).

But, again, Deputy Soulsby has said much of what I was thinking of saying as well, especially in relation to the comment in the Statement by the Chief Minister concerning the Chief Executive Officer, his relationship with his Chief Officers and, internally, his relationship with the political Board. Also, what is even more important was the absolute statement by both the Chief Minister and the Minister of T & R, who appear to have thrown down the gauntlet.

This is a 'must do'. The £31 million is a 'must save'. We have 'no choice'. But who is accountable, who is responsible? Because, at the end of the day, what happens is that the Chief Officer of the Department and the Departments put forward proposals to the TPMB about ways of saving money for that Department. In theory, before these proposals went forward, the Departments were meant to have agreed to them and we all know, and Deputy Sillars has said, on several occasions, that his Department does not necessarily agree to the proposals that have been put forward, but that has been assessed. Likewise, for HSSD, the new Board is going to have to consider *their* proposals. Once these proposals have been considered, they will then be assessed under five criteria and then brought to Policy Council, who will decide which ones should go forward. Then it will be up to the Departments to bring them forward. But the bottom line always will be that, if there is any controversial issues, it has to come to this Assembly. So is this Assembly – 47 of us – accountable, responsible? And if the Assembly decides *against* something, what happens? Does that Department have to go back and find *further* savings because the Assembly will not accept the ones put forward or does the Policy Council have any authority whatsoever? Probably not. Or does the Chief Executive Officer and the Treasurer have authority over the civil servants in the Department?

Sorry, sir, it is a complete and utter shambles. Or, as Deputy Luxon once said, (*Laughter*) 'a dog's dinner' and it has to be clarified. We have no choice. We must have clear lines of what the situation is because the bottom line is the money must be saved.

I will be interested to hear what the ideas of some Policy Council Members are as to what the situation is. The Chief Minister has spoken and said it is the Departments. Well, no, it is not the Departments because it is this Assembly. Or is it the Assembly? Is it the Policy Council? Is the Policy Council responsible for it?

The other issue that concerns me slightly is that we have devolved down the responsibility. We

no longer look at the 107 SORs that were laid down by Tribal. That is thrown out of the window and now it is the FTP process which is both a concept of the moral and ethical aspect of looking at things, as well as ways of trying to save money, and it shifted down to Departments. But of that 107 SORs, 39 of them were cross-cutting. How many FTP projects are cross-cutting? That means things affect more than one Department. If one Department decides to do something, what effect is that going to have on another Department? That has to be assessed and discussed before it can come forward and if that other Department is not in agreement... For example, SSD may not want to pay for the secondary service that HSSD brings into the Island, although it saves SSD money – HSSD pays for it – because it is shifting money from one States pot to another States pot.

So there are a multitude of issues that have to be addressed, but the bottom line comes back to this amendment: you must ensure there is clear accountability and responsibility. Who covers the bottom line? Is it going to be 47 Members of this Assembly? Remember what Deputy Gillson said: if you have 47 people making a decision, well, best of luck to you. Can it be Policy Council or can it be Departments? I suggest, Members of this Assembly, you should support this amendment.

Thank you, sir.

The Bailiff: Deputy Le Lièvre.

Deputy Le Lièvre: Yes, sir, I do not want to speak out of turn, as the Deputy Minister of Education, but I thought I would like to explain Education's predicament because I think we are the next train in the station. We have lost our driver and the buffers are approaching at speed. It is only time before we, too, are derailed and we find ourselves faced before this Assembly with a mass of resignations, if we are not careful, because Education came to the FTP party late in the day. I am hoping, if I get things wrong, a Member of Education will stand up and correct me, but the process of determining our areas for savings was, at best, muddy. It could not be any clearer than that. It was muddy.

There was considerable discussion at Board meetings with regard to what these savings was going to be and, at the end of the day – and this is where I think I am a little bit on dodgy ground – a list was submitted which did not have the ultimate approval of the Board. The Board had significant reservations with regard to the nature of the list that was submitted to the Policy Council and I *warned* the Board – I warned the Board – that, in so doing, we would lay ourselves open to having submitted a list that the Policy Council, not unreasonably, perhaps, might accept was our true statement of where savings could be made.

But, again, please stand and correct me if I am wrong, the staff made it very clear, having listened to our objections, that was the list that was going to be submitted. Now, I am hoping my Minister will get up and say: 'You are wrong, Deputy Le Lièvre, sit down.' I do not see that happening.

This list was being submitted without the approval of the Board and, at some stage, we are going to be held to task for that list and, at some stage, we are either going to have to refuse, or concede, a saving which is going to impact on the education of this community's children and, at that stage, my resignation will be in the ring immediately.

So we do need clarity. We need clarity at the lowest level. It does not exist. Therefore, I will support the amendment.

Thank you, sir.

The Bailiff: Several people caught my eye. I am going to call Deputy Sillars next, then Deputy Stewart, Deputy Langlois and Deputy Perrot.

Deputy Sillars: Sir, I was not planning to speak in this but I only want to just clarify what my Deputy Minister has eloquently said. He is absolutely right, inasmuch that we were late to FTP coming and looking at our targets. I have always said we will look at *everything* but I have also always said we will not bring anything forward that affects the educational outcome for our children and students. I am happy to say that T & R have always borne that in mind and we have a good dialogue together, going forward.

So what happened, then? Deputy Le Lièvre is absolutely right. He did warn us, as a Board, we were in danger, putting all these things forward – and I will not go into some of them because they were very contentious, some of them – if we put them all forward, they will become part of Education's list of can-dos to hit our £7.6 million. All through Policy Council – my Board is well aware of this and Policy Council is well aware of this – I have become a stuck record, if that is the

330 right term, always explaining that we have put everything forward so that they will then be costed
and then, when those costings come back to us by our Department, by the centre, by whoever, I do
not care, as long as those costings are accurate and correct we, then, as a political Board, will look
at that and say: ‘Does that affect the educational outcome of our students and children?’ I have
made it very clear that we will not put those ‘cuts’, or whatever they may be, forward.

335 What happens after that I have absolutely no idea but I just, really, wanted to clarify my
Deputy Minister. He is right but, actually, Policy Council is also very aware of where we sit and,
as I say, laboriously, we have always said that we will not necessarily implement them when they
come back. As I say, it is according to how we see it when they do come back. Actually, I
welcome T & R and Policy Council for listening to me. Almost at every Policy Council meeting I
have brought this up and I am very hopeful that we will be able to find a way forward.

340 This is all about working together and, for me, this Policy Council *is* working together. It has
been a little rocky at times but it is working together. It is not about block votes and things like
that, it is actually understanding where we are at and what we are all about. I was not going to
touch on this but I will vote against this amendment because we are a Government. Ultimately, the
responsibility does stay with the 47 of us: it would be wrong to put it anywhere else. I understand
the point that is being made about ‘someone has got to be responsible’, but we are *all* responsible,
345 all 47 of us. So if we, at Education, decided there was a very contentious issue coming forward,
we will bring it to this Assembly – it is all part of a speech I am going to make later – we will
bring it to this Assembly.

350 Deputy Gillson has brought a very valid point for me because if I bring something forward and
my Board agree to it, and we all support it, but this Assembly says ‘No, we are going to save *x*
hundreds of thousands of pounds’, what do you expect us to do in Education? And it refers to
HSSD, as well. What are we going to do? We will save, let’s say £1 million – it does not matter
what the figure is – you say ‘No, you can’t do that’ and we have said ‘Yes, we should do that’,
what happens to that £1 million? I tell you now, I will not go and find another £1 million if we
355 believe that million should contribute to our £7.6 million because that will definitely affect the
educational outcome of our students. So *we* have to take that responsibility. It is all very well
saying that the ex-HSSD Minister... I mean, he was the last one standing. It was bloody unfair,
was it not – sorry, jolly unfair. It was not right but, because of the system of Government that we
have, we are all responsible. I would just like to leave it there.

360 Thank you.

The Bailiff: Deputy Stewart.

365 **Deputy Stewart:** Mr Bailiff, we have had all sorts of analogies. We have had the planes, trains
and automobiles... I was not going to speak but I thought I had to pull the communication cord
and stand up.

370 Deputy Laurie Queripel made this point about process: that it is the cogs, it is the pistons, it is
the engine. Well, okay, but we have to decide what are we driving? Are we driving a process
which is some ropey old tractor that is down at Portelet Bay, that goes up and down the sand and
gets stuck in it, or do we have a process which is a bit more like a BMW M3 with paddle gear
shift, air bags, traction control, interactive satnav, that helps us actually get there, safely and in
good time?

375 Now, the Chief Minister yesterday stood up and made a statement – it clearly explained – and
he has also spoken to this amendment. I do not know, really, what the Chief Minister has to do to
get the point across, whether he has to stand on his head or do a little jig but I think he has made it
quite clear and I think the Report is quite clear where the accountability is.

380 Deputy Dave Jones is absolutely right. My parishioners that I meet are saying: ‘Let’s get on
with things. Let’s not get bogged down in process.’ We have a Public Accounts Committee, we
have Scrutiny and, of course, each individual Member is happy to bring a Rule 5 or a Rule 6
Question to this Assembly.

385 We have enough process and I think that it is time that we do not get bogged down in the sand
so I will be voting against this amendment. I do not want to put diesel in my petrol tank, thank you
very much.

The Bailiff: Deputy Langlois and then Deputy Perrot.

Deputy Langlois: Thank you, sir.

I have rarely, in nearly five years in this Assembly, felt quite so down about the negativity of

the last couple of amendment debates. We seem absolutely hell bent on focusing the whole of the public view on the fact that nothing is happening, everything is going wrong, if it has not gone wrong yet, we will contrive to make it go wrong *soon* and, when it does, it will be a total disaster and *everybody* will avoid responsibility, walk away and say: ‘Nothing to do with me, mate’.

I am sorry, sir, that is not my experience of Members of this Assembly. There are people here who are prepared to stand up and be counted, prepared to take responsibility and answer in a proper way to the public, if they need to, and are also prepared to carry on working extremely hard *and effectively* on projects – programmes like the FTP – in spite of continued on-going criticism of how it is progressing. Sir, that really has got that one off my chest because that was a mood comment that I felt I had to play back.

I have had considerable experience, over my working life, at organisations – how they work, who takes responsibility and so on and so forth – and I will not bore anybody with that again. But, in my view, all the necessary checks and balances that we need are in place. Accountability and responsibility *is* clear, it has been spelt out so many times and I think the Chief Minister has put it very well on this occasion. It has been spelt out so many times, how it works, and yet people still seem to refuse that that is the case. To use Deputy Laurie Queripel’s analogy, the engine is running, it is being maintained, there are people appointed to maintain it and to have approximately 47 assistant mechanics popping in occasionally to see whether the people doing that are doing what they have been asked to do seems to me inappropriate.

Ultimately – and this is the key point here – ultimately whatever mechanism we devise for those checks and balances, accountability rests with the willingness of an individual to stand up, be counted and to accept responsibility, and the willingness of individuals still to work on getting the job done. If we do not recognise that, then the more and more barriers and hurdles we put into this process, the slower and slower the engine is going to run.

Unfortunately, I am now going to have to bore everybody stiff with an explanation of a figure which has appeared on a piece of paper because Deputy Gillson has chosen to highlight something so, fair enough, that is exactly what the piece of paper says about the FTP programme. Yes, it was approved by my Department to go out in that form.

So here are the details. By letter from the Chief Executive dated 18th October 2011, SSD was given a target efficiency saving of £80,000 for 2012. That is well documented and totally accepted. Now, the issue with the SSD setup is that the administration of it costs an absolutely tiny proportion – and a number of Members in this Assembly who have been on that Department before know this – it is an absolutely tiny proportion of the total amount of money we are dealing with and what I think, quite rightly, worries the public and Members here more is to what extent are we putting controls on the one hundred and – I get these figures wrong – the £195 million which are going out of the door to an assortment of people, rather than the small amount of money which we are spending paying our staff, who are working extremely hard – and many would say somewhat overworked – and working extremely efficiently. To carve off a tiny slice from that bit actually could be counter-productive in terms of protecting what we are doing with the rest of the money.

Subsequently, when the £80,000 was decided – following the intervention from the SSD Minister at the time – it was agreed that the £80,000 target would be shown in the published budget as a deduction from the overall budget figure without being specific as to whether it came from capped or formula-led sources. SSD pursued its FTP savings in 2012 and that was done both before my time in office and, subsequently, almost wholly through a programme involving increased scrutiny, ironically, of Supplementary Benefit based on the claimant presenting a medical certificate, a sick note. The project involves investing in a rotational training programme for Supplementary Benefit visiting officers who, subsequently, return to Supplementary Benefit duties with the confidence and know-how to reject a medical certificate where there are reasonable grounds for finding that the claimant is not incapable of work and, therefore, should not be in receipt of that benefit. Where a claim based on a medical certificate is rejected, the claimant is invited, instead, to claim Supplementary Benefit, on the basis of being capable for work and a Jobseeker – and Jobseeker claims are, on average, of a shorter duration than incapacity claims. It gets a bit technical, doesn’t it, and listening to the language – I know there is one person who understands it – let us all be very careful with the language here, because it can look like shuffling money round and still only getting it back into the same pockets. Be careful there.

A formula has been worked out and agreed between the Financial Transformation executive and Capita to produce an estimated saving per claim so the actual formula of the contract, which the FTP is based on, also enters into this and, quite rightly so, because it was a *very good deal* in the first place. People have got to be paid for the work they do and we believe that we have got

this right and it is fair to both the States and to the contractor.

450 In 2012, the estimated savings to formula-led, general revenue expenditure were, sir – and please let us make sure that this is heard clearly, after the allegations made earlier about lack of savings – £465,000, that is gross, and £414,000 net of training and a certain amount of staff backfill costs. The accounting and cashing of these savings and making the payment due to Capita is complicated because, with the overall formula-led expenditure continuing to *increase* because of other circumstances, the products of this work are not seen in a bottom line reduction. So we are
455 into either smoke-and-mirrors accounting, before anybody else says it, or we are into something which is extremely difficult to communicate. And that is all that accounting is. It is a method of communication, it is a way of telling a story and that is what you have got in front of you, with the figures you have seen.

460 SSD's original three-year FTP target was approximately £350,000, so that is great because we have done that now: £465,000, done and dusted. We can give up for the rest of the three years, surely, because that is the sort of people we are... We are not *really* here to commit ourselves to a programme like this. We are not *really* here to serve the voters and the taxpayers properly, we will just give up because we were given a target and we will get on with it. Some would have it that that is the outcome of setting a line and then allowing people to get on. *Of course*, we will not give up; of course, we will not stop. That is where the element of trust and responsibility comes. That is where somebody has to honestly say: 'Good heavens, the most amazing thing here is that we didn't think we could save anywhere near that amount and look what was actually achievable!' This is the positive side of what has gone on.

470 Our 2013 FTP target is a mere £72,000. It should not be hard, considering our past record but that is because that is the way the overall reporting pattern has worked and it is not worth applying vast amounts of additional resource to change all the rules now and move that on further. The evidence is there. It has been done. We will continue to work closely with the executive leadership team, the Programme team and with T & R, to ensure that we are more than doing our bit. Of course, I will not get too friendly with T & R because I know that is frowned on in certain areas!
475 Funnily enough, with the number of times the word 'friendship' was mentioned in a different amendment yesterday, I was amazed at what level of friendship is allowed between SACC and the Scrutiny Committee but not allowed between SSD and T & R but, there we are – a little bit of an aside there.

480 **Deputy Fallaize:** Just as a clarification, it was PAC and the Scrutiny Committee. I can assure Deputy Langlois no-one is friendly with SACC! (*Laughter*).

Deputy Langlois: Well, I suggest that Deputy Fallaize should check *Hansard* carefully because he was very much pursued and wooed by the Chairman of Scrutiny yesterday with the words 'my friend, Deputy Fallaize'... (*Interjection and laughter*) Sorry, maybe that was a different Deputy (*Laughter*) – that was my mistake.

Sir, a number of speakers have pointed out the complexity of the Programme, the difficulty of FTP over a five year term of achieving very ambitious aims and having to shift and change as it goes along. Complex discussions, difficult decisions have, and will, take place. Deputy Le Lièvre
490 has pointed that out in a very particular context. Those complex discussions will continue. Imposing any additional checks and balances because of people's unwillingness to accept that the way responsibility is represented is the way it is, is only going to make the task more difficult.

Please, sir, let the team from the Policy Council and the Departments – and it is very difficult because you have got to put those in a particular sequence and that sequence is not meant to represent any sort of hierarchy – but let the Departments, the Policy Council and the Programme team get on and do the job and make these £31 million savings.

Please reject this amendment.

500 **The Bailiff:** Deputy Perrot.

Deputy Perrot: I trust that you will not think that I am getting to my feet merely to disabuse you of the allegations made recently by the Minister for Commerce and Employment that we, in the West, are scared to speak (*Laughter*) on any subject because we are scared 'witless' – at least I hope that was the word used! (*Laughter*).

505 **Deputy Stewart:** Yes, it was, sir.

Deputy Perrot: – about losing our seats when we stand for re-election, if we do.

No, that is not why I am standing.

510 I have genuine difficulty in understanding why there should be an objection raised, as there is, by those people on the top bench to this proposition of, as we must now call him, Deputy Fall-aize. I hope people do not start calling me Deputy Pe-rrrot, as they do with Great Uncle Ross! (Laughter).

515 The point is, if we endorse this Report, this Policy matter, we are endorsing the Financial Transformation Programme and that requires there to be a recurrent saving of £31 million a year. If we do not do that because of some initiative, or some fault of the Policy Council, the Policy Council has got to be accountable. The Chief Minister has got to be accountable. We will staple his ears to the wall... (Laughter). But if the fault is one which emanates from a particular Department, then *that* Department is responsible. What *on earth* is the problem with that?

520 This amendment does not actually add at all to the burden of the Policy Council or to any of the Departments. We are all saying that we are all committed to all of this and we are jolly well going to make sure that, by the end of next year, we are saving a recurrent £31 million a year. Well, the Policy Council needs to be accountable for that, if it gets it wrong, and the Departments do, so I am supporting the proposition of Deputy Fallaize.

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The Bailiff: Does anyone else wish to speak?

Yes, Alderney Representative Arditti.

Alderney Representative Arditti: Just one response, if I may, to Deputy Laurie Queripel.

530 I share with him and Deputy Brehaut a sincere and profound belief in process. My worry is process for process sake. Process has to be the servant, in my view, never the master.

From the perspective of accountability, I would *prefer* to leave the Policy Council Report as it is but I, like Deputy Perrot, see no harm in option II of the amendment. The Report, if passed by the Assembly, commits, as I see it, the Policy Council to delivering the FTP by December 2014. 535 *They* say they will decide the policy which they consider to be within *their* remit and that they will ask the Assembly to decide the policy which is *beyond* their remit. How they achieve this is *their* problem. This provides us, in *my* view, with the clearest accountability of all. To use Deputy Brehaut's words, they have put themselves 'in the frame'. If they *exceed* their authority or fail to deliver, we have the necessary instrument in our tool box, the Vote of No Confidence – the sack.

540 Clarity: a clear untrammelled line of responsibility. Accountability depends on clarity and, in my view, accountability gives us the best prospect of a successful outcome to the FTP. Accountability depends on clear lines of authority. A slave with two masters has none.

I see no problem with option II in this amendment. It seems to me that this option repeats the commitment contained in the Policy Council's Report but, if I am wrong, and if the view is that the Report is not clear, then I would urge that we go along with option II. Option I, on the other hand, spoils the accountability contained in the Policy Council's Report and, from the perspective of good scrutiny, I hope that option I is defeated.

550 **The Bailiff:** Anyone else?

Yes, Deputy Luxon.

Deputy Luxon: Sir, very briefly, I just want to make a few comments.

555 I think I understand why Members of the Assembly have got some concern about the accountability and responsibility attached to the FTP because, for the very first time, this Assembly, the States of Guernsey, actually is not operating a silo mentality. The FTP is owned by the 47 of us. It is also owned by the 5,500 people working in this organisation and it is no wonder that some Members are trying to understand whether, in our not-fit-for-purpose system of government that we currently have... which the Review Committee currently underway will, no doubt, deal with some of the issues we are trying to tackle today.

560 I understand why there is this process of amendments being placed, which do not actually achieve anything because, in actual fact, all of the concerns that were raised yesterday and today are actually already in place. To Deputy Adam, I promise I will never use any more animal metaphors and, if I do, it will make me sick as a parrot! (Laughter) But I did understand what he was saying and I think Deputy Adam hit on the issue. The 47 Members here are ultimately responsible because, whenever any controversial, difficult policy decisions or proposals are coming forward, they will come to this Assembly. As Deputy Sillars made his point, if this Assembly U-turns a decision made by a Department, with the work of the ELT, the team that are

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leading this programme, then it will be down to this Assembly that has created a failure to deliver the FTP.

570 I wondered whether Deputy Perrot actually finished his speech – which was always interesting, amusing and to the button – but I thought he was going to say he would not be able to support the amendment. I wondered whether he got it wrong and he meant... (*Interjection by Deputy Perrot*) Sorry, you said you would support it ...

575 **Deputy Perrot:** I got it right.

Deputy Luxon: You did get it right. That's a pity because I was with you all the way right until the end. (*Laughter*)

580 Deputy Gillson, who I have got a great deal of respect for, has mentioned openness, transparency and accountability and he is right. Many of us did talk about that before we were elected but, when this Assembly elected me to the Policy Council as Minister of PSD, I do not remember seeing a coat hook that said: 'Hang openness, accountability and transparency principles on this peg as you enter into the Policy Council.'

585 Things are not done behind closed doors, Deputy Brehaut. Most of your FTP presentation was about demonstrating that the Policy Council was absolutely committed to delivering the instruction that the previous Assembly had given to get on with the FTP to deal with the structural deficit. It was not about trying to get on with things behind closed doors and I regret that you and other Members felt that was the case. This Policy Council accepted that baton of the FTP and here we are, 60% of the way through the programme and we have only achieved 30% of the savings target that we need to, which means that, in the final 40%, we have to find 70% of the savings.

590 Deputy Soulsby talked about the difficulty of having two masters. The Bible was written a very long time ago, sir, and in modern, large organisations, the idea of having joint reporting is not new and works perfectly well. It has to be structured and people have to understand and comply with the processes but joint reporting is a perfectly normal arrangement in large, complex organisations.

595 If you ask the Chief Officers and, indeed, the Chief Executive or the Chief Minister or the Ministers, I do not think you would find very many people that would say they have a problem with the current reporting structure that exists – so it is working.

600 Sir, I will not support this amendment, not because I do not believe in openness, accountability and transparency. I *do* and I believe all my 46 colleagues *do*, with a genuine vigour. It is simply that we do not need something that we already have.

Thank you, sir.

The Bailiff: Yes, Deputy Lowe.

605 **Deputy Lowe:** Thank you, sir.

I think we need to just remind ourselves about the position of the Policy Council and, indeed, Departments and Ministers, because they may be called Ministers – and, as we all know, that is a false title – they are actually Chairmen or Presidents of a Department. Therefore, if we hold Policy Council to account, that is just one person out of five on a Department. It has always been, and will always be, a Department's responsibility. That is why you elect Members onto the Department, to fulfil that mandate and to make those decisions on your behalf. You have put them there in all good faith to do that job. If they are not able to do that, you bring a Vote of No Confidence against that Department – all five Members – not just the Minister, who is on Policy Council. The Ministers sit on Policy Council solely as a Minister representing that Department, no more, no less. The power lies with the five Members on a Department, not in the Policy Council.

610 So part II of this amendment, I see as just... Well, if that goes through, we might as well turn the lights off and go home because the Ministers and the Policy Council cannot be held responsible. We are responsible, as members of Departments and Committees, otherwise you might as well just delegate everything to the Policy Council and forget about our machinery of government that we have got at the moment. We have been elected to do a job. The conduit to take that through for the FTP goes through the Policy Council but, if there is anything wrong – and things are going wrong with the FTP – from a particular Department, it comes back here, through that conduit back here and the 47 Members are accountable.

620 Deputy Langlois said he did not want 47 mechanics popping in. Well, I'm sorry, 47 mechanics have been elected and are answerable to the electorate, not to Policy Council! If they see a reason to ask questions, as Deputy Gillson has done in the past, and establish answers, as a representative or a mechanic, if you want to call people a mechanic, to find out that answer, on behalf of the

630 electorate, that is good, that is accountability. He is doing his job and, if that rattles or upsets
 Policy Council, so be it. That is clear accountability and I take my hat off to him. I think it is an
 open secret, Deputy Gillson has had a huge amount of support from the Members on the floor in
 this Assembly for asking the Questions that many of us wanted answers for and we were not
 getting that information. It was very much a case of ‘Go away: we are too busy doing the FTP.’
 We are all in this together, we all have to find those savings and all of us here will make those
 635 decisions within our Departments, as Department Members and Committee Members and, indeed,
 ratifying that in this Assembly here.

So I urge Members to support section 1 on this amendment. This is clearly your responsibility,
 as members of the Department and not just a figurehead sitting on Policy Council.

640 **The Bailiff:** Deputy Bebb.

Deputy Bebb: Very briefly., I fully endorse what Deputy Lowe has just said.

I do not believe that support – I do not personally think that the second part of the proposition
 is any way vaguely possible nor acceptable, given our current system of government, but far be it
 from me to point out that Deputy Fallaize might be so lucky even as to bring forward amendments
 645 here that actually manage to point out some failings within that system of government.

The first part of the proposition is fully compatible with our system of government. All it does
 is clarify it and I think that it is wholly appropriate that, for as long as everything goes according
 to plan and we have everything being delivered, no extra burden is actually placed on anybody but
 we do not actually always pass resolutions for the purpose of resolving things when it all goes
 650 well. Things will go wrong, there will be very difficult decisions. What part 1 does is simply ask
 for the accountability to be crystal clear, as to who is accountable when *difficult* decisions are
 made and, when those difficult decisions are made, who will be answerable for them.

Thank you.

655 **The Bailiff:** Anyone else?
 Deputy Trott.

660 **Deputy Trott:** Sir, briefly, I am reluctant to use any more animal metaphors because I did not
 expect the Policy Council to come in to debate today and approach their opposition to this
 amendment like a bull in a china shop, but I did expect it to be somewhat better than being
 savaged by a dead sheep (*Laughter*) because it has been, if I may say so, a rather pathetic attempt
 to offer reasons why this amendment should not be supported. It did not surprise me in the
 slightest when Deputy Perrot decided that he was going to support it and, I have to say, sir, I am
 very strongly inclined to do the same.

665 I am strongly inclined to do the same partly because of an answer that I was given to a question
 yesterday, when I asked the Chief Minister in a supplementary question to his Statement whether
 or not officers who now report to the Chief Executive have a greater duty in the delivery of
 corporate policy or operational policy and the answer surprised me, to say the least, because it
 seems to me that, clearly, officers who report, as they now do, in clearly defined roles to the Chief
 670 Executive *must* place corporate policy above operational matters.

However, if one looks at the States Report, one can see that we are not quite there yet, in terms
 of that because, if we look at paragraph 5.5 on Page 41, we are told that

675 ‘...the duties of the Financial Transformation Executive [are] now being discharged by the Chief Executives
 Executive’s Leadership Team. However, key leadership roles within the programme and the governance structures
 reporting into the ELT have evolved over the life of the programme and following feedback from Departmental Chief
 Officers to ensure they support delivery of a programme in a Guernsey context.’

680 That is all very good from a carrot perspective, but what about the stick? If this Assembly, who
 are the generals in the Army, so to speak, give an instruction to the Sergeant Majors, those
 Sergeant Majors should adhere to those instructions and there should be none of this wishy-washy,
 sort of: ‘Well, we’ll see if it is in the Guernsey context or not.’

This is an enormously difficult task here. Why? Three quarters of general revenue expenditure
 is attributed to Health, Education and Social Security. Now, we have heard, this morning, from the
 685 Minister of Education, who was effectively saying: ‘I am pretty near the limit here. I don’t think
 there is a great deal more I can find.’ We know, for a fact, that the Health Department are in a
 similar position and Social Security spent most of the last term advising us how difficult life was
 for them, so we are in a position where we need to find multiple tens of millions of pounds from

690 what is effectively about, or less than, a third of our overall general revenue expenditure. The only way we are going to achieve this is if we are a little bit more hardball with the way we approach this. One of the ways we do that is to *enshrine* the accountability in a proper manner and that is why, on balance – unless I hear anything else in this debate – why, on balance, I think to have that rigidity, on this occasion, is a jolly good thing because, quite frankly, the Policy Council *collectively* is going to need to get tough to deliver this.

695 I do not share, incidentally, Deputy Perrot's view about nailing the Chief Minister's ears to the mast, for one particular reason (*Laughter*) – I do not think he has done anything to deserve that yet, sir! (**Several Members:** Ear, ear!) Secondly, the holder of that Office, as I have said on numerous previous occasions, under our system of government is the *least* accountable person in this Assembly. *That must change*.

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Deputy Perrot: A point of order, sir. I actually said a 'wall'. I would never wittingly damage a boat! (*Laughter*)

The Bailiff: Anyone else?

705 In that case, on that note, I invite Deputy St Pier to exercise his right to speak.

Deputy St Pier: Thank you very much, sir.

710 Deputy Brehaut referred to feeling yesterday as if he was on death row and I sense that, perhaps, I may be sharing a cell with him. I had a vision, last night in my dreams, having listened to Deputy Fallaize, of him – in a past era – as a hanging judge, perhaps spending the next year trying on his black cap, working out who he was going to send to the gallows.

715 How exactly do either of these alternative amendments *assist* the delivery of the programme? I would suggest they do not, not at all. Forgive me if this reference is wrong but I think it was Dickens, in 'The Tale of Two Cities', who said: 'Focus more on doing the right thing than doing things right'. I think Deputy Laurie Queripel is absolutely right: process *is* important but can we also please focus on the outcome.

720 We are told that this amendment is all about improving accountability but, as Deputy Langlois made clear, accountability is not delivered by words on a page. Accountability is delivered by people, accountability is delivered by conduct and this amendment, in either form, will not change that.

725 Deputy Fallaize quite correctly said that Members of this Assembly, who have steadfastly supported the FTP, will be tested over the next two years but, having listened carefully to Deputy Fallaize yesterday, I still completely fail to see how this amendment will help Members with the dilemma that they will be faced with when making the decisions that will come before this Assembly.

730 In this case, I think accountability is quite clear. This is a States programme. The States provide overall policy direction, the States make key decisions in the programme, such as material capital items and policy changes and politically sensitive issues, as the Chief Minister has said and as others have said. Now, the States then delegated responsibility for the delivery of the programme to the Policy Council. Policy Council provides political oversight and they issue the programme and monitor its delivery. Policy Council is, therefore, accountable for it.

735 Departments are responsible for the delivery of services within their mandates and are accountable, as such. Now, Departments are responsible for bringing policy decisions within their mandate before the States so the Policy Council owns the Financial Transformation Programme and that means that the Financial Transformation Programme is owned by each and every one of the Ministers that sits around the Policy Council table and, as Deputy Lowe very correctly pointed out, by extension, it is owned by each of the Boards that those Members share. Now, if the Departments *fail* to do their bit for the delivery of a programme and their targets, then Policy Council is going to have to do something about it.

740 It is going to have to do something about it, whether or not this amendment is passed. And that something may very well be bringing the matter to the States. As Deputy Adam made clear and I think Deputy Lowe as well, ultimately, under our system of government, this Assembly is sovereign and it is sovereign to all Departments and Policy Council and this amendment will not change that. I suggest that, actually, there is a precedent here. The last Policy Council, in the last Assembly, brought the issue of reduction of the College grants to this Assembly, rather than the Education Board, which I believe Deputy Fallaize was a Member of at the time, and left it to Policy Council to progress the reform of grants to the Colleges, even though it fell within the mandate of the Education Board.

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750 With regard to Deputy Le Lièvre's and Deputy Sillars' comments in relation to Education and
 their role in the challenges with FTP, I think it is right to acknowledge, as Deputy Sillars has, that
 Treasury and Resources and the whole of Policy Council are very well aware of the comments
 which Deputy Le Lièvre and others have made and that very much has been taken into account in
 the moderation process, in looking at the value of the portfolio projects which are actually likely to
 be attributable. I think, actually, I am not sure that – just to challenge Deputy Trott – I am not sure
 755 that Deputy Sillars did make the comment which was attributed to him.

As Deputy Perrot has said, this amendment actually does not add anything, really, to the
 burden of Policy Council. I do agree and, in that sense, I am actually fairly indifferent as to
 whether this amendment is passed or not. Pass or reject, this amendment will not change the need
 or the process of delivery in any way so, ironically, despite the intent, I think it could well be
 760 argued that this amendment is poor governance. It is poor governance because it adds nothing, it
 changes nothing, it costs nothing, it saves nothing. It is pointless and I think it should be rejected
 on those grounds.

Thank you, sir.

765 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I do not think the amendment is pointless. Deputy St Pier may not agree with it but it has taken
 two hours, or whatever it is, to debate and several more Members have spoken in this debate than
 770 spoke in the debate about a scrutiny review of the FTP and I think that gives some flavour, some
 indication, that there is uncertainty, there is discomfort, certainly amongst some Members, about
 lines of accountability.

Now, parts I and II of this amendment set out – and no Member has challenged this – the only
 two *viable* options for arranging accountability in the delivery of the Financial Transformation
 Programme. Option I is that, in respect of all the initiatives within the FTP, the Policy Council is
 775 accountable for those parts which fall within its mandate, the States Departments are accountable
 for those parts which fall within *their* mandates and, if there are cross-departmental issues, then
 the Departments or the Policy Council have joint ownership and joint accountability for *those*
 initiatives. That is one way of arranging lines of accountability.

The second way is for the States to delegate accountability for the whole programme to the
 Policy Council. Now, obviously, they cannot *both* apply. We cannot have accountability, as
 described in option I and in option II because that is just... They are mutually exclusive options
 and this debate, in many respects, has made the point that I am trying to make in laying the
 amendment because I counted up six Members who told the States in this debate that they believed
 785 that, at present, option I applied – that States Departments were accountable for those parts of the
 FTP which fell within their mandates – and eight Members, albeit most of them Ministers but
 eight Members, nonetheless, who told the States that *they* believed that, within the FTP, option II
 applied and that the Policy Council was fully accountable for all parts of the programme. There
 was even some contradiction from within the Policy Council because Deputy Sillars said that, if
 790 the Education Department is asked or told – it does not really matter which – to pursue an
 initiative to deliver the FTP which they believe would be harmful for Education, he said 'We will
 not do it.' Then he said 'I have no idea what happens at that point'. Well, that is precisely the
 problem and that is because there are not clear lines of accountability.

Deputy Bebb made this point, while everything goes well, while everybody is in agreement
 795 with initiatives, then it does not matter who is accountable. What matters is when politically
 contentious policy is being developed, or when things go wrong, or when there is controversy. At
 that point, it is important that the States understands who has been accountable for policy
 development at each stage. And I think, if both parts of the amendment are defeated, the only
 conclusion one can draw is that we do not know where accountability for the FTP sits.

800 Deputy Lester Queripel said that he thought it was quite clear because he had had answers
 from Policy Council, which I quoted yesterday – the Chief Minister's answer to one of his
 questions – that:

805 'The Policy Council is accountable to the States for the delivery of the FTP.'

but what he chose not to read out was the answer which preceded that answer from the Chief
 Minister, which was:

810 'It is the States Departments who identify and lead projects to deliver savings in their area, both officers and politicians.'

It is clear that the Policy Council, even in answering that question, at least appears not to be clear who is accountable for what.

815 The only reason I can find to oppose this amendment – I listened carefully to the Chief Minister's speech opposing this amendment – is if there is some value in continuing to obstruct lines of accountability, if there is some value in lines of accountability not being as clear as they might be. I cannot see that there is any value in that.

820 Deputy Laurie Queripel made a point, which was reinforced by Deputy Pe-rrrot (*Laughter*) – I can't say it in such a flamboyant manner – when he said that there are civil servants, there are Members of this Assembly, who are not clear about lines of accountability. And I have to reinforce one point I made in my opening speech, which was confirmed by my seconder, Deputy Soulsby, we are relying on the Public Accounts Committee to scrutinise the FTP. Deputy Stewart, when he spoke, said we should place our faith in the Public Accounts Committee to do that job. Well, Deputy Soulsby is seconding this amendment. She is saying, as the Chairman of the Public
825 Accounts Committee, that the lines of accountability for the FTP are 'woolly and vague' and yet we are meant to be relying on the Public Accounts Committee to scrutinise the Financial Transformation Programme.

830 Deputy Gillson made that point, too: who is it, which group of Members is it, that the Scrutiny Committee or the Public Accounts Committee writes to, or calls in, if they identify a particular part of the FTP which they want to scrutinise? Accountability has to match ownership. Wherever policy proposals are being developed within the FTP, accountability has to sit with the ownership for those policy proposals.

835 Is Deputy Harwood really saying that, if the Public Accounts Committee or the Scrutiny Committee chooses to scrutinise an area of policy that is being developed within Education or Health and Social Care, within the FTP, that they have to call in him as the Chief Minister to account for that area of policy? Because that is the logical conclusion of the speech of the interpretation of accountability that Deputy Harwood offered the States.

840 Deputy Adam described, from his experiences at HSSD, the various ways in which FTP projects might be progressed and I think that the way projects are developed is fully understood. Now he described the arrangements as 'a shambles' but he reminded us that the most important line of accountability is to this Assembly. So it is okay, saying 'Well, we are all accountable' and I will repeat that phrase that 'When everyone is accountable, no one is accountable'. It is alright saying we are all accountable; we face the electorate once every four years. What happens to
845 accountability on every day in-between every General Election? That is the important line of accountability, if accountability matters in the States: who is accountable for what to *this* Assembly because this Assembly is, as Deputy Luxon said, sovereign. This is our parliament and this parliament has to understand who is accountable for which area of policy. It is not good enough to say all 47 of us are accountable.

850 Deputy Le Lièvre made the point that lines of accountability are unclear. Now he is the Deputy Minister of Education. Education has the second – by some distance – the second largest savings target to deliver the FTP and he is saying, as its Deputy Minister, lines of accountability are not clear. Are we comfortable leaving this Assembly with a major Department, upon which we are relying to deliver the FTP, not being clear where lines of accountability sit?

855 Deputy Perrot rather got to the nub of the issue, when he said 'what an earth is there to object to about this amendment?'. He summed it up when he said that, *if* we are all committed to achieving the savings within the Financial Transformation Programme, then accountability for each part of that programme needs to be clear.

860 I agree with Deputy Trott that, sometimes, flexibility is advantageous and sometimes it is not and, in my opinion, where lines of accountability are concerned, it is not helpful for those to be vague and unclear. It is better, on balance, to ensure that they are rigid and that they have been clarified.

865 Deputy St Pier, in opposing this amendment said it was very clear: Ministers are accountable and, therefore, their Boards are accountable. Well, that *might* be true if we had collective responsibility. If the Ministers were able to require the Members of their Boards to develop particular policies or support particular policies, then that might be true but we do not. If the Minister of Education goes back to his department and says well the Policy Council is responsible for this part of the FTP and that is what the Policy Council wants us to do and the other four Members of the Education Department, or even three of the other four of them, say, we are not

870 doing it. Our mandate makes us accountable to the States; we believe that would harm the
 Education Service, then that Board, through its Minister, is *not* accountable for the delivery of the
 FTP because we do not have collective responsibility. There is no mechanism within our
 constitution to establish clearly who is accountable for what and that is why we have to establish,
 by States Resolution, who is accountable for what. That is why we have to have Departmental
 875 mandates. In a different system of government, in the UK, for example, you do not have tightly
 prescribed mandates of Departments because all of the responsibility is just handed over to a
 Government and the Government is accountable to the parliament. In Guernsey, because we do
 not have that system, we have to prescribe lines of accountability very tightly within mandates and
 within States Resolution and that is what I am seeking to achieve today.

880 I will repeat the World Bank's definition of accountability:

'Accountability exists when there is a relationship for 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 information or
 justification for their actions.'

885 Now, clearly, responsibility for oversight and direction here rests with this Assembly but who
 plays the other part in that relationship? Which body is accountable to the States of Deliberation
 for the delivery of which part of the FTP? That is the question I am seeking to have answered by
 the States voting for one or other of the proposals in this amendment.

890 It is important, if we are going to deliver the FTP, that there is proper ownership of policy and
 that will only happen if we have established clear lines of accountability. It becomes far more
 important as this programme enters its final two critical years, or what we hope are the final two
 critical years, because, as Deputy Luxon said, we have made 30% of the savings thus far in 60% of
 the time. We still have to make 70% of the savings in 40% of the time. That will require very
 895 difficult political decisions and we have to have established, in advance of those, who is
 accountable for which decisions.

Sir, I just raise the possibility, before I sit down, that because, as I say, these two parts of the
 amendment are mutually exclusive, I just raise the possibility, if the States wishes to, of voting on
 II in advance of I. I do not mind – I said, at the outset, that I am more interested in establishing
 what the clear lines of accountability are, rather than precisely who is accountable. If the States
 900 would prefer to vote on II in advance of I, then I am indifferent to that.

The Bailiff: What do you think would be the advantage of doing it that way round?

905 **Deputy Fallaize:** Well, all I am saying is II, I think, goes slightly further than I, because it
 means that accountability is devolved not to Departments within the terms of their mandates, but is
 devolved to the Policy Council, and that is quite different from what usually happens in the States.
 I just wonder, whether because II goes further than I, we might take II first, but I but I do not
 mind.

910 What I am seeking... What I ask the States, please, is when we leave here today that we have
 established clear lines of accountability for all parts of the FTP. I think that can only be established
 if the States votes in favour of either part I of the amendment, or part II of the amendment, and I
 would ask Members to do that.

Thank you.

915 **The Bailiff:** In saying you would like II placed before I, are you envisaging that, if II is
 carried, we would not then vote on I?

920 **Deputy Fallaize:** Well, I was going to take your advice, or the Comptroller's advice, on that
 point, sir, because, if one part of the amendment is carried, the second part can either fall, or can
 be voted on and, if it wins, it can supersede the first part.

925 These are, basically, two separate amendments. I could have laid them separately but I thought
 that it would be more efficient for the States if the two parts of the amendment were combined and
 the States then had an opportunity to vote in favour of whichever part they preferred. But if you
 are more content, sir, we will keep the amendment as it is. We will vote for I. If part I loses, then
 we will vote for part II. The important thing is that, if one of these proposals is approved, then we
 have established clear lines of accountability: if neither are approved, the lines of accountability
 remain completely unclear.

930 **The Bailiff:** Madam Comptroller, do you wish to comment and perhaps advise Members on how we should approach this.

The Comptroller: Sir, I think perhaps as the amendment has been drafted, it has been drafted... In the explanatory note, it makes it clear that it was intended that they be mutually exclusive, in my view, but it is very much a matter for you, sir. It would be perhaps simplest to take it exactly as its drafted, I and then II.

The Bailiff: Certainly that is how I had understood it up to now. That may be how Members have understood it – and they might have spoken differently, had they understood otherwise.

940 **The Comptroller:** That's right.

Deputy Fallaize: I thank the Comptroller for that.

945 **The Bailiff:** So, in that case, what I would propose, then, is that we vote on the first part, which is I. If that is successful, then I would not lay II because that is what I understood to be what the supplementary note was saying. Obviously, if I is not carried, then we will lay II but, if I is carried, that will be the end of it.

Deputy Lester Queripel, did you have?

950 **Deputy Lester Queripel:** Sir, might I be allowed to clarify a statement made by Deputy Fallaize, sir, Mallaize, or whatever he is called these days.

The Bailiff: If it was misleading or otherwise comes within the relevant Rule.

955 **Deputy Lester Queripel:** My perception was it did mislead the House, sir.

The Bailiff: Well, if it was inaccurate or misleading, then, yes.

Deputy Lester Queripel: Thank you, sir.

960 Deputy Fallaize said I chose *not* to read out the answer to one of the questions I submitted under Rule 6. The reason I did not read out that answer, sir, is because the word 'accountability' is never used in that answer.

I would like to, if you permit me, sir, to read that answer –

965 **The Bailiff:** I think that will then become a second speech, Deputy Queripel.

Deputy Queripel: Alright, sir.

970 **Deputy Gollop:** I would like to ask HMC a question, because I am confused myself.

The Bailiff: Deputy Gollop.

975 **Deputy Gollop:** I would prefer, as a person, to vote for II, rather than I, but I cannot see how option II is compatible with our current system of government.

The Bailiff: Madam Comptroller?

980 **The Comptroller:** Sir, I do not personally view option II as incompatible with the system of government.

It simply seems to be saying that the initiatives adopted in relation to the FTP will rest with the Policy Council. It cannot change the mandates of the Department, as they are already written, of course. The mandates clearly say that every Department is responsible for the safeguarding of public funds, in any event, so it cannot change that.

985 I don't see that as irreconcilable, sir.

Deputy Lowe: May we have a recorded vote, please, sir.

The Bailiff: You would like a recorded vote?

990 Well, Members, what we are moving to is a recorded vote on the first part: this is I of the amendment proposed by Deputy Fallaize, seconded by Deputy Soulsby, that is marked Fallaize C: the first part of Fallaize C:

995 I. To delete the full stop and add the following words to the end of Proposition 4:
, 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 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.'

There was a recorded vote.

1005 *Carried – Pour 27, Contre 20, Abstained 0, Not Present 0*

	POUR	CONTRE	ABSTAINED	NOT PRESENT
	Deputy Brehaut	Deputy Harwood		
	Deputy Robert Jones	Deputy Kuttelswascher		
1010	Deputy Le Clerc	Deputy Domaille		
	Deputy Gollop	Deputy Langlois		
	Deputy Sherbourne	Deputy Lester Queripel		
	Deputy Conder	Deputy St Pier		
	Deputy Storey	Deputy Stewart		
1015	Deputy Bebb	Deputy Ogier		
	Deputy Gillson	Deputy David Jones		
	Deputy Le Pelley	Deputy Spruce		
	Deputy Trot	Deputy Collins		
	Deputy Fallaize	Deputy Duquemin		
1020	Deputy Laurie Queripel	Deputy Paint		
	Deputy Lowe	Deputy Le Tocq		
	Deputy Le Lièvre	Deputy Sillars		
	Deputy Green	Deputy Luxon		
	Deputy Dorey	Deputy O'Hara		
1025	Deputy James	Deputy Quin		
	Deputy Adam	Alderney Representative Jean		
	Deputy Perrot	Alderney Representative Arditti		
	Deputy Brouard			
	Deputy Wilkie			
1030	Deputy De Lisle			
	Deputy Burford			
	Deputy Inglis			
	Deputy Soulsby			
	Deputy Hadley			

1035 **The Bailiff:** Members, I believe that has been carried, but let us just wait for confirmation of the votes.

There was a short pause

1040 **The Bailiff:** Members of the States, the result of the vote on the first part of the Fallaize C amendment, proposed by Deputy Fallaize, seconded by Deputy Soulsby, is 27 in favour, 20 against.

I declare it carried.

1045 On that basis, we will not vote on the second part of the amendment. Instead, we will move into general debate.

Yes, Deputy De Lisle and then Deputy David Jones.

Deputy De Lisle: Thank you, sir.

1050 I am a strong supporter of the Financial Transformation Programme and want to see it brought in on schedule and on budget to save £31 million of net revenue expenditure by 2014. I have called repeatedly for the States to cut spending and implement proper financial controls. I am fearful, sir, that without cuts in spending by the States, the introduction of a VAT or sales tax is a real possibility, which would be very damaging to pensioners and those on fixed and lower incomes particularly. I believe that we must do more with less, as a Government. This is possible
1055 without cutting frontline services and through natural attrition, without layoffs.

1060 The FTP, to my mind, has to be viewed as a natural adjustment to changing circumstances, as the growth anticipated in 2007 and 2008 has not materialised and we enter a new era of socio-economic change. There are, of course, other ways to reduce costs and lower the deficit and reduce the drain on the Contingency Reserve, Guernsey's savings. Guernsey has to set up agreements with other authorities to share services in an effort to cut costs, and I am encouraged by the recent statements of the Chief Ministers of both Guernsey and Jersey towards future pan-Island working and cost sharing, where possible.

1065 Across England, 337 of the 353 local government councils have set up partnerships designed to drive down expenditure, to meet a 28% cut to the formula grant in the current UK Parliament and a 2% cut in administration costs. The most striking example of that is in London, where three borough councils aim to save £40 million a year through combining costs. The trio – Hammersmith and Fulham, Kensington and Chelsea and Westminster – now share £300 million worth of services, with the objective to cut management costs and reduce 175 senior posts.

1070 In short, sir, I encourage the States to stay on course with the FTP austerity drive and reap to save £31 million of net revenue expenditure by 2014 and I support initiatives to do more through other means, such as working with our neighbours, to reduce costs in delivering services wherever we can.

Thank you, sir.

1075 **The Bailiff:** Deputy David Jones, then Deputy Sillars, Deputies Duquemin, Green and Lester Queripel.

Deputy David Jones: Thank you, Mr Bailiff.

1080 Before I start, Members of the States, just to pick up a couple of points that my near neighbour, Mr. Queripel, made this morning – Laurie, that is. I agree and I was perhaps a little disingenuous to Deputy Fallaize yesterday, but it is my style, actually, to say... What comes out of my mouth is usually what is in my head... (*Laughter*)

1085 **Deputy Fallaize:** That's even more worrying! (*Laughter*)

Deputy David Jones: – and in the cut and thrust of debate it is usually what happens.

1090 Of course, I, too, think that process is important but we should never be allowed to bring something as huge as the FTP to a grinding halt just because we become obsessed with looking at the forensics of it. It reminds me of a story I was told – I am digressing a little here but I will get on in a minute – about a wounded man, who was propped up against a boulder. The forensic teams turned up because the poor chap had expired. They were looking, they got a sheet out and they emptied his clothing to see if they could get any hairs. They examined his wounds and the medical teams turned up and they were looking at the serious injuries he had. And they missed the whole thing, that the boulder they were leaning on was actually the thing that killed him. It is sometimes the forensic examination of the things that we do that tends to miss the big picture: that's really the point I am trying to make.

1095 The fact is with the last amendment, I did not support it because it is a pointless amendment. This Assembly has the power now, tomorrow, today, to fire the entire Policy Council at any time you wish. You do not need to have amendments to hold the Policy Council accountable. Deputy Lowe was absolutely right: the Ministers have no ministerial power, other than the fact that they are called ministers because that is what heads of Department are called. You have the power now, so to bring endless amendments that take two hours to debate to ask for something that you already have the power to do is a complete and utter waste of this parliament's time. That was the point I was trying to make yesterday. Anyway, we are going to move on, *thankfully*.

1105 I reiterate – I can't even say it – the debate today is probably the most important that I can remember from my time in the States, which is a point that the Chief Minister was trying to make yesterday. It is important for two reasons. The first is that we have not had to take these kinds of measures for, probably, 50 years and the second is that, without them, we will continue to slide into deficit, something else we have not had to deal with in the past, either. So what are we being asked to do? We are being asked to find £31 million of recurring savings out of an annual budget of around £350 million. In fact, £20 million now over the next three years, as we have already got £10 million of those savings 'in the bank'.

1115 The alternative to that – shall I just pause while Members sit down, because it's quite a lengthy...?

The Bailiff: Thank you.

There was a short pause.

1120 **Deputy David Jones:** The alternative, of course, is a kicking-the-can-down-the-road solution, where we draw yet more money from the Contingency Reserve, which will, no doubt, cure the immediate problem but will still leave us with a structural deficit. By adopting that course, we will also threaten, of course, the long term economic future of the Island. Worse, we could go back the hard-working public and say ‘We’re very sorry but we’ve decided to put the FTP project in the
1125 ‘too-hard tray’ because it’s just simpler to raise taxes and reduce your standard of living further than we’ve done it already’. That, really, is the stark reality of what the choices are. If we cannot make these savings across the Board then, quite frankly, in my view we should not even be in government.

1130 Just a few months ago, we were all sitting on platforms around the Island, eager to get elected and impressing the voters with our ideas about what we would do to make Government more accountable and telling them all what we are going to do to protect their family incomes, if only they would just elect us to this parliament. We were busy putting together our manifestos, telling the people that we wanted a different kind of Government, one that was leaner, more efficient, one that was less profligate and wasteful and one that recognised that we had become, over the years,
1135 overblown and inefficient. We promised them that this States would be different from all the others because, if elected, it would have Deputies who would really make a difference by making the changes needed and not just carry on in the same old way that had brought the States to the point of ridicule and widespread distrust amongst our people.

1140 Now we know that that last statement is true because the electorate made wholesale changes to those who would sit in this Chamber for the next four years, and it was one of the biggest clear-outs in political history. Well, here’s your chance to back up all that rhetoric with some action and show the public that the trust that they put in all of us in April was not misplaced because we are simply not up to the task. If we fail to support the FTP today, *unamended (Laughter)* – should have crossed that bit out – down the road lies higher taxes and, worse, a GST which will bring
1145 financial misery to many of the poorest families on the Island and it will also make us less competitive than we are at the present.

1150 These savings, in my view, *are* achievable and it is up to us, as representatives of the people of Guernsey, to ensure that they are made. It is true that I myself have been uncomfortable with some of the cost saving results, the closing of the public toilets being one of them, and some of the difficult choices Departments are having to make. But more important to me is the basic principle that we do not continue to see the taxpayer as somebody who could be mugged periodically when the States just needs more money. We have had budget after budget over the last few years, shifting the tax burden further on to our people, with very little being done to address the huge amounts we spend, as a Government, on administration and a bureaucracy that plagues all
1155 authorities. We are not alone in this.

We know that people out there in the community are already struggling – I’ll pause again so that Members can sit.

There was a short pause

1160 **Deputy David Jones:** We know that people out there in the community are already struggling now because they told you on the doorstep last April and it is not just those on low incomes, either. People on middle incomes are also finding it tough in the present financial climate. We must not take the easy option by increasing their burden further, simply because we do not have
1165 the political courage to do what is necessary to bring the Island’s finances back into balance and under our control. All across the private sector, companies and small firms, and in individual family homes, people have had to make difficult financial choices and, in many families, adjust their budgets considerably in order to make it to the end of the week or the end of the month.

1170 The FTP, really, is just a fancy title for re-budgeting, in the same way that ordinary housewives have to make difficult choices every day and we, as a Government, are no different in that regard. When our outgoings outstrip our income, then we have to take measures to rectify that position and we have to rectify it very quickly. The Billet is full of fancy headings, outlining the various areas to be tackled but, nonetheless, it comes down, in the end, to basic economics. If you look at section 8 on page 45, you will see that we have already made some real progress and 8.1 talks of
1175 the £10 million of recurring savings that have already been secured. It is a good start. There has

been some slippage since the original Report from Tribal and the Billet tells us that this is due to delivery issues and the Report goes on to explain, in 6.4 and 6.5, the reasons for that. However, and whatever the reasons, we now have an opportunity to get the programme back on track and close the deficit within a reasonable timeframe.

1180 I think also yesterday's amendment from Deputy Storey is going to concentrate our minds on doing so because the moneys will not be available for new services – other than the things that we have discussed, that the Treasury has a Contingency Reserve for, for things like medical and drugs and other things. So it will not be easy, I am aware of that, but it must be done, as the alternatives are not acceptable to our people or to me.

1185 Deputy Fallaize asked, in a recent BBC interview, who owns the process. Well, the answer, Deputy Fallaize, is that we all do, including you. He then asked who is accountable for the FTP. Again, the answer is simple, which is why I did not support the amendment: we are *all* accountable for delivering this programme and asking the question will not change that fact – and all the amendments yesterday and some of them today will not change that a single jot. So I
1190 am urging all Members of the States to support the FTP fully, get behind the Policy Council and show the public that we can be trusted to balance the books without mounting a further raid on their incomes. It will be difficult, but that is why you got the job because you told the electorate, just a few months ago, that you could handle it. Well here's your chance: don't mess it up.

1195 Thank you.

The Bailiff: Deputy Sillars.

Deputy Sillars: Sir, all of us in this Chamber today know that a hard and unpleasant task lies ahead. Ours is a solemn duty to restore Guernsey's finances to good health, which means cutting
1200 £31 million from our budget. It could be even more, depending on what happens in the world economy. Who really knows? But we must reduce the deficit which weighs upon our Island, reduce it substantially and reduce it quickly before the size, the sheer size, sinks us. There is not a Minister here today, there is not a Deputy here today and there is no one in the public gallery here today who does not grasp that sobering fact.

1205 When we were elected, we were elected in the sure knowledge that this is our reality. We were sent here to effect change. If we cannot accept that truth, we should not have allowed our name to go before the electors. This States has to tackle the deficit. If we do not, it will be too late for the next one.

1210 The Financial Transformation Programme – the FTP – showed us a way forward. It recommended a different way ahead for the States, a new way of thinking. It was a signpost, showing the way to delivering better services more affordably and gave us a start in the long march towards our destination, balancing our books. Every Department is affected and, at times, the medicine offered looks pretty nasty. I would like to spend a few minutes – which you would expect me to – explaining how the process affects my own Department, Education, and how it will
1215 affect us in the coming months and years.

Deputies, we were charged with the responsibility of finding immediate savings that gouged deeply into our budget. We have fully supported FTP, a great example. We embrace the process and the outsourcing of the Youth Services: they are now delivered by the YPGA and independent community effort more efficiently, saving money while offering an enhanced service. That is what
1220 FTP is all about for me, providing services smarter, better, more efficiently.

This plan was first mooted ten years ago by two on my right but nothing much happened until this current Education Board got hold of it and made it happen as part of our decisive commitment to FTP and our community. In 2012 we found the necessary savings through efficiencies, recruitment freezes and other temporary measures. It was a real achievement and a contribution
1225 towards the target we set ourselves as a responsible Government. To achieve these savings we also committed ourselves to big reductions in spending in two major areas: the grants to the Island Colleges and grants paid to the Higher Education students. These are just two.

I should say that we have one determining principle which guides our actions in these matters. This Board will never implement any decision which will harm the educational outcome of any
1230 child or student – but we are all in this together. As another politician said, 'Money must be saved: hard times, hard choices'. Thus far, we have done what we have been asked of us in Education. In 2012 our FTP target was £1.6 million and we delivered this target with FTP savings and short term savings. But, of course, there is more to do, much more. FTP demands a total reduction in the Education budget of £7.6 million, or 8% of the annual revenue budget, by the end of 2014. I have
1235 to tell you, Deputies, that while we are all here to save money and reduce our deficit, in Education

for many moral, practical and legal reasons, you cannot simply wade into a budget with a slash-and-burn mentality. Not when you're talking about people's lives, children's futures, Guernsey's future. It requires surgery, not butchery.

1240 Take, for example, the higher education grants. Although the same principle applies to large areas of savings, changes have to be phased for very human reasons. It was inconceivable for us to have raised parents, contributions for students already away studying. That could have added an unbearable burden on their household finances and with untold consequences. Piling extra outgoings onto the shoulders of parents and students would have been totally wrong, unjust and, in fact, cruel. We would not do that. As always, you have to examine the human consequences of your decisions and how they affect the lives of real people – but over the next five years grants paid to higher education students will fall. We anticipate a £900,000 saving towards the FTP target over that time, but that does not forestall the cuts to our budgets which T & R will apply in 2014 if the current process is followed.

1250 To meet those cash limits, we would be ordered to make harmful short-term arbitrary cuts which would directly affect the education of our children and students. We are already working closely with T & R to prevent that eventuality. Let us remember that FTP was never intended to be a punitive instrument: it should serve our aims, not dictate them. The same principle of phased savings apply to the grants to Colleges. It would have been a death sentence – or could have been a death sentence – for those fine schools if we had followed FTP slavishly. This is not a tap we can simply turn off.

1255 While we are striving to make these savings, Deputies will be aware that Education is also charged with implementing a radical overhaul of the Island's school system, following various reviews into schooling, from pre-school right through to life-long learning. Even now, the Education Board is preparing its strategic vision for education with one aim in sight, introducing bold changes to our education system from nursery through primary into secondary education and on into tertiary and beyond, to life-long learning. We will launch our vision at the end of February, making life-enhancing education a golden thread through the lives of Guernsey people from the cradle, through childhood and on, enriching us all in adulthood. Deputies, we should make a solemn vow to improve education in the Bailiwick. Despite Guernsey and Alderney's size and the financial straits we endure, we are rich Islands financially, but especially in talent. We owe nothing less to our children than schools which rival the best in the world. We *can* do it and we *will* do it. How we do it is for debate another day.

1260 The job that Education has is difficult yet, nevertheless, one we accept with honour, to improve standards whilst reducing annual expenditure. We are studying many areas of potential savings. It is too soon to say which areas will be affected, it would be wrong to give a list that might cause needless uncertainty. When you are examining savings on the scale we have to make, nothing is off the table. We will look at everything and anything. A majority of these changes will never take place but I promise nothing will be done in secret and everything will be done with the education of our children at the forefront of our minds.

1275 Deputies, I conclude with this appeal. Difficult decisions are inevitable and they are coming. Please remember that, when you are dealing with education, you are dealing with people's lives and their futures. You cannot forget a moment that you are *not* playing with numbers in a Government Department ledger, moving columns of figures from here to there, you are dealing with flesh and blood. You are wise to make change judiciously. Drastic, instant answers are seldom wise. They trigger unintended consequences, which can cause real pain, real dismay, real harm, in the lives of real people. When you are making savings on this kind of scale, you tread carefully, for you tread on people's lives.

1280 Savings *can* be made, savings *will* be made, and savings *are* being made in Education and everywhere else in our Government – but give Education flexibility. Don't ask us to carry out this operation with our hands tied. FTP is incredibly important to the States and the current and future stability of Guernsey. We have already demonstrated our commitment to the process but my plea is this: don not let an inflexible commitment to an arbitrary financial target damage the education of our children. There is a value to that education and it far exceeds any savings which we can force through for the sake of short term fiscal goals. Guernsey's future hinges on the calibre of our youngsters who emerge from our schools. There are many things we cannot afford in these budget-stretched days, but gambling with that most precious of resource is not one of them.

Thank you.

1295 **The Bailiff:** Deputy Duquemin.

Deputy Duquemin: Mr Bailiff, the decision is already made. The States will vote for the FTP at the end of this debate.

1300 ITV Channel Television's news website says, this morning: 'It seems there's no one in the States who doesn't want to balance the books', and if all the soundbites and the 'Yes/No' answers in the recent *Guernsey Press* survey are true, we have already made up our minds how to vote. Sir, the decision today is not a difficult one. As the Chief Minister says, failure is not an option. So what happens after today? That is when there will be, as Deputy Fallaize quite rightly points out, difficult decisions.

1305 Mr Bailiff, as well as telling Luke Richardson from the *Guernsey Press* that I am more interested in progress than process – and I make no apology for that – I was also quoted in the *Guernsey Press* talking about the all-important departmental ownership of the project to help make certain that the targets are met. Regardless of what we thought about, or how we voted on Fallaize amendment C, back in the real world of progress, not process, the Department offices and, more specifically, the tables at the Department Board rooms are where the battle to wipe out this £31 million deficit will be won or lost. Policy Council, T & R, the Chief Minister, the T & R Minister, can all issue a battle cry, but the fight will largely be fought elsewhere. And it is in this regard to these decisions ahead that I would like to concentrate.

1310 Back in the 1990's, I went to a marketing conference in London, one of a number that I attended. I do not remember much from what was often 'death by Powerpoint' but you always go to these conferences in the hope that you will leave with at least one nugget. One slide still resonates with me, 15 or more years later after these conferences, and I have remembered it word for word: it was a real golden nugget. It said: 'The 21st century consumer will economise on the basics, spend on the authentic and splurge on the exceptional'. The 21st century consumer will economise on the basics, spend on the authentic and splurge on the exceptional...

1315 I'll explain briefly what this means to me, using travel as an example. Economise on the basics: take a Ryanair or an Easy Jet flight to Barcelona. Spend on the authentic: that might be staying at a nice 3- or 4-star hotel in the centre of the city but nothing flash. Splurging on the exceptional: if my geography is correct, that is, maybe, where the El Bolet Restaurant is, or was, the most famous in the world, and arguably a meal at that restaurant would have cost more than the whole of the weekend put together. That is how I understood that phrase to be.

1320 So why am I telling you all about this? What relevance does it have to the FTP? What does this all mean to Government? I would like to suggest that there is a parallel for Government and this is it: this is the main focus of my speech and my hopes for the all-important business end of this FTP five year initiative. I believe the 21st century system wants Government to do the same, economise on the basics, so it can still afford to spend on the exceptional. Economise on the basics, so it can still afford to spend on the exception.

1325 As I said in my 2012 manifesto, and as I say now, eight some eight or nine months later, the FTP does not have to mean cutting back on services, just cutting the cost of providing them. People talk – and I think already have in this debate – about the 'low hanging fruit', quick wins... People talk – and I know Deputy Quin favours this phrase – about the 'must-haves' and the 'nice-to-haves', but it appears to me that the low hanging fruit, the quick wins, the easy decisions, will mean cutting back on services, albeit those perceived to be the nice-to-haves, but let me provide a different perspective and talk about the *brave* decisions, the brave decisions I hope we make, instead of the easy ones, and provide an example of what I mean about economising on the basics so we can spend on the exceptional.

1330 Education – sorry to pick on them for my example again, but we all have similar challenges and situations in our various Departments – Deputy Le Lièvre and Deputy Sillars have already spoken on the Department's challenges and it is perhaps apt that I am following them. Education: where is it going to find the millions in FTP savings? I hope that it will economise on the basics and doesn't stop spending on the exceptional. What do I mean by this? It may mean – and we've already heard it hinted this morning – rationalising the schools needed to deliver the desired educational outcomes. That may be in respect of future numbers to form entry etc, but that means they can still carry on spending on the exceptional and for that I would highlight, as an example, such activities as the schools music service.

1340 I am going to incur the wrath of Alderney Representative Arditti and Deputy Perrot and repeat a good old cliché: let's not be guilty of knowing the price of everything and the value of nothing. The value of the schools music service – just one example of many – should be something we all accept and it is considerable. We can still afford things like the school's music service if, and only if, we work hard and are brave enough to find sensible savings elsewhere. I support Deputy De Lisle in highlighting closer working with Jersey. In my manifesto, I referred to them as our

‘frenemy’ and, for me, as somebody who has spent much of his working life in pan-Island businesses, it is just plain common sense.

1360 All 47 of us have a role to play. The FTP is as strong as its weakest link and that could be any one of us. As I mentioned, going back to the Education example, as I mentioned at our monthly meeting with the Castel Douzaine prior to Saturday’s surgery, one of the triggers that made me stand for election was what I perceived to be the incredulous decision not to close St Andrew’s and St. Sampson’s infant school in the last term, despite what I thought and hoped would be a clincher of a speech by then Deputy Mahy, a man who knows a thing or two about education. He explained that not only were there economic benefits, there were also educational benefits, too: the benefits of two or three form entries rather than a single form entry. I will not go on. So if, or as Deputy Sillars has hinted, probably, when Education comes to this Assembly wanting the green light to rationalise the school system, we *must* support them.

1365 Despite any lobbying and election promises that many, I say wrongly and perhaps foolhardily, made in their manifestos – and I thought some would know better – we support them in Education in their changes. But I do want Education to economise on the basics – and I apologise for the repetition – so they can spend on the exceptional.

1370 Mr Bailiff, let’s get this FTP job done. Who is responsible and who is going to make it happen? We all are, all 47 of us, every Department. I would like to issue my own battle cry to everybody and repeat, for the last time, let’s economise on the basics, so we can afford the exceptional services that 21st century Islanders want and deserve.

1375 During last month’s budget debate, I highlighted some concerns about the relationship between Department cash limits and the FTP targets. It was a point that I raised again during the FTP briefing for Deputies in early January. I was comforted by the answer I received from the T & R Minister at both, where he highlighted that the Budget Reserve was in place. I am sure that Deputy St Pier is aware of my concerns.

1380 Sir, it is said that this is an important debate but, as I said at the outset, we know how the vote is going to go. What is important, what is vitally important, is what we all do when we walk out of that door. And to borrow the catchphrase of Magnus Magnusson – the FTP: ‘We’ve started, so we’ll finish’. Let’s leave the States meeting and, to borrow Deputy Sillars’ vernacular, ‘Let’s jolly well get the job done!’ (*Laughter*)

The Bailiff: Deputy Green.

1390 **Deputy Green:** Mr Bailiff, Members, I rise, too, to support the FTP in general debate, but it is not without some misgivings, which I will go into.

1395 I and some other Members feel that your perspective on the FTP really depends on where you sit in the States, to a certain extent. The view of the programme looks very different if you sit on Health & Social Services or Education, in contrast to the view from, say, Public Services, Housing or the Environment Department, where smaller savings targets can perhaps be negotiated with greater ease and less pain.

1400 At Education we do not have the facility to simply increase charges or levies to help make the books balance. We also came rather late to the FTP process, in that the Department only began to fully consider its FTP response from Spring or Summer of last year upon the election of the new political Board. There can be little doubt that much of the heavy lifting for the FTP, to be effective, will come from the two biggest spending Departments, HSSD and Education.

1405 I did not join the Education Board because I had a manic desire, or a political motivation, to take a metaphorical axe to core education services. Far from it. That said, I am fully prepared to try and save significant sums of public money for the Education budget through efficiency, through smarter working and, yes, some cuts to none core areas. As Deputy Sillars, the Minister – who is no longer in the Assembly – referred to before, the recent decision to outsource the youth service to the third sector is an obvious and perhaps classic example of how a Government can do things differently, whilst saving money, but also improve the service delivered as well. So I, therefore, say that I do have energy and determination to meet our departmental targets, but where I and perhaps some of my colleagues may draw the line, however, is in doing anything that will adversely affect the quality of the education received by our students and children, a point made very clearly by the Minister this morning. In my submission, that would not be in the public interest, neither would that be good for Guernsey’s long term economic competitiveness. So some very careful analysis and fine judgement will be required in dealing with the FTP proposals in the educational sphere and it will, no doubt, be difficult to navigate, particularly where educational outcomes could be adversely affected. On some of those difficult decisions, the Assembly here

will undoubtedly have an important say, and one of those issues could well be the issue of primary rationalisation, as Deputy Duquemin touched upon just a moment ago.

1420 Speaking more generally on the FTP, ultimately my view is that it has to be about more than just competent accountancy. It has to be much more about other issues. Yes, we must eliminate the budget deficit but it must be done in a way that protects those key frontline services that people depend on and it must also protect those on the lowest incomes. *Our* austerity programme must be inspired by the very best progressive principles, not simply by accounting principles. It is perhaps worth saying that, in our determination to sort out the Island's finances, we should not forget our wider social responsibilities and we should not seek to balance the budget on the back of the poorest in our community.

1425 Mr Bailiff, Members, I do want to conclude on a more positive note. I am not a fiscal conservative by any means, but the reality is that there is nothing at all progressive about running a large budget deficit either. Neither is there anything progressive in tolerating inefficient practices or needless bureaucracy at the heart of Government Departments or in the Civil Service. The States does need to demonstrate a certain level of fiscal credibility, sooner rather than later, so we do need to make a success of the Financial Transformation Programme. But my own view is that we, as a States, have a special responsibility to balance the budget in a way that is fair to all in our community.

1430 So I will support the FTP today in the interests of fiscal credibility but let us not undermine key public services in Health and Education in that process.

The Bailiff: Deputy Lester Queripel.

1440 **Deputy Lester Queripel:** Thank you, sir.

One of my parishioners told me recently that she thought I had been rather subdued during the December debate (*Laughter*) but she told me that she was very disappointed that I had been so subdued. So I assured her that I would not be so subdued in future debates and I sincerely hope that she is not disappointed with the speech I am about to make. I make no apologies if it is considered to be over the top or too passionate. I see no reason to apologise for either, sir.

1445 Sir, every Member of this Assembly will be aware, by now, that I have real concerns about the levels of communication both within, and from, the States and I want to focus in this speech on my concern regarding communication within the States in relation to the FTP. For the FTP to stand any chance at all of being successful, we are all going to have to work together as responsibly and as professionally as possible. And the key to working together is communication. Communication is the golden thread and there are two main areas, main avenues, to be aware of regarding communication within the States and the first area I want to focus on is communication between *ourselves*, the politicians.

1450 Sadly, for some reason known only to themselves, there are a handful of Deputies who seem to find it difficult to even say 'Hello' to me, let alone communicate and work with me. That kind of unprofessional and irresponsible approach is not only going to handicap the progress of the FTP but also of all the other issues we need to resolve. I was really pleased to hear the Chief Minister say, in his *excellent* speech yesterday, that we need to be real. I am being as real as I possibly can: my definition of the word 'real' is to be sincere and not false, to be honest and true to yourself and everyone else.

1460 Sir, I can honestly say that I am prepared to work with anyone in an attempt to benefit the community. The fact that certain Members may not actually like me, or I might not like them, (*Laughter*) should be completely irrelevant. Cannot we simply accept our differences, put personality issues aside and get on with the job that we have been elected to do, as responsibly and as professionally as possible? I am not the only one who has to deal with this communication problem because we have all witnessed personality clashes between other Members. The people of Guernsey elected us in good faith: surely, they have every right to expect that we conduct ourselves in a mature and responsible manner.

1465 I sincerely hope no-one is sitting in this Chamber thinking 'Who does he think he is?', because this is not meant to be a criticism: what it is, is an observation. One of the first things that really hit me, as soon as I was elected into this privileged position of Deputy, was that the levels of communication within the States really do need to be improved because, in my view, if we can master effective communication and attain a joined-up Government, then we will *automatically* become a lot more professional.

1470 As well as being a community, Guernsey is a business and every business has good times and every business has bad times. At the moment we have got a black hole, we have got a deficit. We

are having to introduce the Financial Transformation Programme in order to identify where we can make efficiency savings. And to do that successfully, sir, we need to be as professional as possible and I think the success of the programme will hinge on effective communication.

1480 My second point regarding improving levels of communication focuses on the concerns expressed by Ed Freestone, the President of the Association of Guernsey Civil Servants, and I have a press cutting from the 13th October 2012, which is headed 'We are not being listened to over the FTP, civil servants claim'. Several Members of this Assembly have told me that this is only the view of one man but, actually, the reality is Mr Freestone was expressing the concerns of several civil servants. In the article, Mr Freestone is reported to have said

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'We do not feel as though we are being *engaged* and, in our view, there is *disconnection*'.

Those comments concerned me, so I set up a meeting with Mr Freestone to listen to his concerns, having had several conversations with Deirdre Dudley-Owen, the FTP Communications Manager. I also spoke to Mr Eddie Pinkard, the Programme Manager, and I was impressed by the commitment to the cause expressed by the FTP team and by their desire and intention to improve the levels of communication right across the States. So I went back to Mr Freestone and he told me that he had also been in contact with the FTP team and he had been assured that improving the levels of communication was very much a priority. He did still, however, have concerns about the levels of communication from Departments and from politicians themselves. So I then submitted thirteen Questions under Rule 6 and all Members should by now have received copies of those questions and the answers unless, of course, there has been a problem with communication somewhere along the line! If Members do have access to those copies I suggest they look at Question 4.

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Question 4 asks the Minister to please tell me what is being done to rectify the communication problems highlighted by Mr Freestone? The answer focuses on five specific bullet points, which tell us there are regular e-mail newsletters at Department level, that training takes place for employees involved in delivering projects, also that information is posted on the HSSD website on a regular basis. The paragraph below the bullet points tells us that 'the responsibility for *specific* communication lies with Programme Managers and HR and Communications Officers'. The last sentence tells us that the FTP team 'are always looking at routes to improve ways to engage staff'.

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So everyone seems to be aware, within the Civil Service, of what they need to do to improve the levels of communication and that certainly allays my concerns somewhat. If we, the politicians, can improve *our* levels of communication, then I see no reason why the FTP will not achieve the savings that we need to make. That is, of course, as long as there are no 'sacred cows' and if Members look at Question 7 in the list of questions I submitted under Rule 6, they will see that I ask if anybody is investigating the possibility of superfluous middle management within the States. The answer tells us that the programme itself *will* include reviewing staffing structures in a number of areas and I am really pleased to see that. Before I continue, sir, I want to emphasise that the States *do* employ superfluous middle management but what I am saying is that it does happen in large organisations and it is important we ensure that it is not happening in the States.

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I would also like to point out that I have either worked with, or had some kind of communication with, civil servants from every Department in my nine months as a Deputy and I have nothing but admiration for all of them. They are totally committed to their jobs and they have never once failed to answer any of my questions. Therefore, I have every faith in the ones that I have worked with but we have got 5,000 civil servants here in Guernsey, therefore I needed to know that someone is looking into whether or not we are carrying any passengers in the system.

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I am sure that every Member will be pleased to hear that one of my Christmas presents was a new calculator, sir. (*Laughter*) It has not got a battery but we shall see... (*Laughter*).

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Deputy Trott: It needs work, sir, because we have got less than 2,000! (*Laughter*)

Deputy Lester Queripel: Actually, I was thinking of giving my old calculator to the Treasury Minister because his does not seem to work very well.

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Sir, my calculations need never be questioned ever again – (*Laughter*)

Deputy Trott: It is not the calculations, it is fact...

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Deputy Lester Queripel: – despite what Deputy Trott has just said.

Now, I am sure we have all heard members of the public ask why it takes 5,000 civil servants

to run an Island of approximately 62,000 –

1540 **Deputy Brehaut:** Sorry, sir, I have to point out that, unintentionally, the Deputy is misleading the House.
We have public sector employees: we do not have 5,000 ‘civil servants’.

The Bailiff: Thank you, Deputy Brehaut.

1545 **Deputy Lester Queripel:** Sir, I was getting to that. I just wish people would have patience (*Laughter*).

Deputy Brehaut: I am trying! (*Laughter*).

1550 **Deputy Lester Queripel:** As Deputy Brehaut often says at presentations, it is customary to let people finish.

1555 Now, I am sure, if I may just be allowed to repeat that sentence, sir, we have all heard members of the public ask why it takes 5,000 civil servants to run an Island of approximately 62,000 people. If you break that down even further, we have actually got a workforce of just over 30,000 people. So that means almost a sixth of our workforce are perceived to be civil servants. To the lay person that sounds like an extraordinary amount of people to run a small island but I suspect that some of them think that every civil servant goes to work in an office all day. They seem to forget that nurses and teachers are civil servants, caretakers, road sweepers, maintenance men, are all employed by the States and, therefore, the public perception is they are all civil servants.

1560 Sir, we really do need to have a clear understanding of who civil servants actually are (*Laughter*) and I mention this because several members of the public have spoken to me about this. They are concerned and I am really pleased to see that we are making an effort to answer the questions and that someone is looking at the possibility of superfluous middle management in the States. I think it is worth mentioning that if civil servants *are* doing their jobs properly, then they have nothing at all to worry about. The only civil servants that *do* need to worry are the ones who, perhaps, are not doing their job properly if, in fact, any of the latter do actually exist.

1570 Just to focus once more on the questions I submitted under Rule 6, if Members look at Question 1, they will see that I asked whether it was the intention of the FTP to simply cut services and increase fees or was the intention to identify real efficiency savings. And I took great comfort from the reply, which told me that, fundamentally, the programme is not about making cuts in services. In fact, we are told that only 2% of the savings made to date have resulted from cutting services. And the reply concludes that the projected savings for 2013 and 2014 are categorised at 81% efficiency savings and 19% income generation. The last sentence was a welcome sight and this is a sentence that finally sold the whole programme to me and that sentence reads:

1575 ‘There are no further cuts in the portfolio.

1580 I just want to repeat that, if I may, sir, because that sentence is music to my ears. ‘There are no further cuts in the portfolio.’ It is because of that sentence that I am going to embrace the FTP. I will never be in favour of cutting vital services that the taxpayer already pays for but I will *always* support a programme that makes efficiency savings. And I was really pleased to hear recently that the States has managed to cut its energy costs by 20% and, although I suspect that the majority of those savings were achieved by what my dear old mum and dad used to call common sense, e.g. put the light off when you leave the room, put your computer off overnight, do not put the photocopier on for the whole day if you are only going to use it for five minutes and put radiators and heaters off in rooms that are not being used... What it actually proved is that there are savings there to be made and it is our responsibility to identify where those savings are.

1590 Some Members seem to be viewing the FTP with an air of suspicion. They have not effectively conveyed what those suspicions actually are because, personally, I do not see a problem with a programme that harbours the intention of making efficiency savings. So I am happy to say the majority of my concerns that I had about the programme have been allayed. To recap, I had concerns about communication within the Civil Service, I had concerns about the ‘cuts’ and I had – and still have – concerns about the communication levels and personality issues between us politicians. But, for the moment, I will have to settle for two out of three and I sincerely hope that
1595 we can all work together in a professional manner to resolve number three because I am proud to

be a Member of this States of change and we really do need to implement changes that benefit the *whole* community. We need to *transform* the way the States operates and we need to streamline the operation. I honestly believe we *can* save £31 million a year purely by making efficiency savings and not cutting vital services.

1600 The dictionary definition of the word ‘transform’ is to change the shape and the character. For us to be able to identify where these changes need to be made, communication has to take place and questions have to be asked. If those questions do not get asked, nothing ever changes. A classic example of that is a story I heard many years ago. It is a story about two newlyweds: these two newlyweds were spending their first weekend together in their new home and, whilst the newlywed wife was cooking their first ever Sunday lunch, the husband noticed that she had cut off all four corners of the Sunday joint and thrown them in the bin. Well this went on for weeks until, 1605 one day, his curiosity got the better of him and he asked his wife why she always cut the corners off the Sunday joint and threw them in the bin.

1610 She looked at him and she replied: ‘Because my mother always used to do it’. So the husband then asked why his wife’s mother did that and his wife told him she did not know. So the husband then telephoned his mother-in-law to ask why and the mother-in-law replied, ‘Because the joint was always too big for the roasting tray!’ I say that, sir, to give an example of the things we do, either out of habit, or because we have seen someone else do them. The moral of the story is do not do something a certain way simply because it has always been done that way.

1615 The FTP is the perfect opportunity for us, the States of change, to transform and streamline the way the States operates. So, sir, I ask Members to embrace the programme, as I intend to do, and I sincerely hope my disgruntled parishioner was not disappointed with that speech...

1620 **The Bailiff:** Deputy Langlois and then Deputy Perrot.

1625 **Deputy Langlois:** Sir, because this debate is broadcast outside of the Chamber here, can I just make it absolutely clear, on a point of correction, that ‘civil servants’ are a particular group of employees – there are in the region of 1,650 of them – and that there are 5,000 ‘public servants’, of whom 1,650 are ‘civil servants’. The remainder I will only offend by missing people out, so I am going to give examples only: teachers, nurses, police officers, public sector employees and a whole raft of other people. They deliver vital services for this Island that we have chosen, as a States, to deliver from the public sector. So it is just a clarity for, particularly people outside of here, that we do not have 5,000 civil servants.

1630 **The Bailiff:** Deputy Queripel.

1635 **Deputy Queripel:** Sir, I rise just to say that those were not my words. I know we have got 5,000 ‘public servants’. The perception amongst some of the Islanders is that we have got 5,000 ‘civil servants’. That is why I included that in my speech, sir. *(Laughter)*

The Bailiff: Deputy Perrot.

1640 **Deputy Perrot:** I am sorry to hear that Deputy Lester Queripel is downcast. Let him rejoice and be glad! *(Laughter)* We have three more years to communicate in this States but, please, let us cut down on the e-mails.

As one looks back over one’s life... *(Laughter)*

Deputy Brehaut: That is going to take some time!

1645 **Deputy Perrot:** Not so long!

...one hopes that the regrets are not too unbearable, that the high points more than counteract the lows. Now, in my case – and I hope there will be an expression of sympathy here – I really want to succeed at *something... anything*. It would have been nice to have won a squash league, to have been top of the squash league, or to get a First in Physics... or to become Bailiff! *(Laughter)*.

1650 Actually, no, that is just a joke! *(Laughter)* I am allergic to ermine! *(Laughter and applause)* But, in an inverted way, I have done it. I have actually succeeded at something. Do you know what that is? I am a Member of the worst States *ever* – *(Laughter)* with all of you. Congratulations.

1655 How do I know that? This is coming up to a more serious point: I have read that in one of the letters in the *Guernsey Press*. We all read the *Guernsey Press*. We moan about it, we moan about its political columnist sometimes but, if you cast to one side the obsessives who write all the time

and those who are a bit too cowardly to put their names to letters and you look at the centre of gravity of, for example, the Letters page of the *Guernsey Press*, like any good – which it is – local newspaper, it is a very good barometer of what people think. Of course, there is a whole spectrum of thinking but you can make a fair judgement about that and one of the recurring themes which one sees in the *Guernsey Press* is that people expect the States, having made a decision, to stick to it. One of the things which emerged out of the last Assembly and, indeed, the one before that, was that there was a feeling of extreme dissatisfaction at one of the more egregious examples of constant changing of corporate mind and that related to waste disposal.

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1665 So it seems to me – I know we are not governed by the *Guernsey Press* and I will go on to something else in a moment – that is a fair barometer of how people think. Of course, the FTP is a decision that we have made: we ought not to be overturning that just because we are a new States. We ought to be bound by it, just as the last Assembly was.

1670 When talking about the *Guernsey Press*, though – I do not want to make too, too much of it – again, as a barometer of what people think, the opinion column, the leader column, can sometimes be taken to be a reflection of what people think and here is something from the *Guernsey Press*, from 5th January, which I think is probably to the point. It says this:

1675 ‘Despite the worst slump since the 1930s, what has Government done over the last five years to adjust to what even its own economists call “the new normal”? Staff costs continue to rise, the pension scheme is still unchanged, performance related pay still has not been brought in, not one Department has been axed or one element of Government outsourced and it is surviving only by spending its savings. In other words, Guernsey is probably the only jurisdiction in the developed world that believes it does not have to do anything to adjust to the new reality and that it has no need to trim the profligate amounts of fat that consultants identified as having been accumulated during the boom times.’

1680 Perhaps a little bit excessive but I think it is a point well worth making. For my part, I am of the very firm view that we ought to stay fully committed to the FTP. Not to do so would be to give in to what would emerge, and we have heard a little bit this morning, that special pleading, but it would also be a breach of a compact with the public.

1685 Before the Zero-10 provisions came in, the Treasury and Resources Department, led by its then Minister, Deputy Lyndon Trott, took great care to talk to as many interested parties as they were able to when going round the Island. The message which they received from pretty well everybody, I think, was that, yes, the interested bodies, whether they were bankers, employee associations, GIBA, lawyers, accountants, what have you, they were prepared to go along with something that which was going to be really pretty radical. But there was a risk in all of this and what people said to Deputy Trott then, was ‘Yes, we will go along with this but there has got to be a reduction in spending, in real terms, of the States’. I am not using exactly technical language. Deputy Trott, as he quite often does, might stand up and say that I have got something wrong... He is nodding – that’s good! (*Laughter*) That was it. That was the compact between Government of the day and the public and I think that we break that compact at our peril.

1690 As Deputy Duquemin quoted, so will I. I look at my manifesto, except mine was only five bullet points, as compared with his pages and pages of them... I look at mine every day because it is in my study and I have only got five to read and one of them was an undertaking to make sure that, by the end of this parliament’s life, the States lives within its means and, by that, I mean that there is no capital funding other than out of surplus on revenue account.

1700 In past times, money was plentiful and I think that, perhaps, we did not take a great deal of care then over what happened to some of our surpluses. We allowed the States, like Topsy, to grow. That has *got* to be reversed. Of course, investment in infrastructure is essential. Every Government must do that, but we have got to have care about it and we must make sure, for example, that we do not invest in vanity projects any more. There will have to be cuts and there may well be, it seems to me – I know that people do not like saying this – but it may well be that there have to be cuts in services. It may well be that there will be redundancies within the States. It is no good just shuffling people around from one Department to another because you are still paying the same people. There will actually have to be a proper analysis, where we think that there is an over-bloated management structure. I do not want to pre-judge anything but it could well be that the Department of Health and Social Services might be a possible Department to look at in this respect. All of these things must be done. We are at a watershed, it seems to me. Either we become, as we used to be, a Government which balances its books or we become a tax-and-spend economy. I do not believe in the latter.

1715 Two things, in closing. First, this was discussed by the St. Saviour’s Douzaine at its Douzaine meeting this week and, to a man and to a woman, I think, everybody agreed pretty well with what

I am saying now. And can I say also, I found this Report actually rather *difficult* to understand. It did not have a natural flow to it. I am grateful that we were allowed a presentation on this by Treasury and Resources but, actually, I still did not *quite* understand some of the answers to some of the questions that I put. Frankly, I was too scared to show my ignorance and did not pursue the matter any more!

If this comes back before – as I hope it does – if this sort of Report comes back before the States, I do hope that it is written in language which is much more easily understood, that sheds its jargon and does not confuse the FTP with budget savings and all the rest of it. It seems to me that we need to look at the Financial Transformation Programme in isolation to see what is being saved from *that*.

The Bailiff: Thank you very much.
Deputy Fallaize.

Deputy Fallaize: Thank you, sir, just three or four minutes... I agree entirely with Deputy Perrot's last point. I think there is not clarity sometimes about what is an FTP saving and what is a budget reduction brought about in another way. I think the FTP is, actually, fairly discrete. It is a large, but fairly discrete, programme and I think it needs to remain that way.

Deputy Perrot implored the States not to change course with the FTP and he, quite rightly, talked about dissatisfaction with the last States and, indeed, previous States to that, for changing its mind on occasion. Of course, the reason for that – and I do not want to labour the point and run the risk of Deputy Jones accusing me, again, of being obsessed with process – is that, in other jurisdictions, it is perfectly possible for Governments to agree to things and then to *know* that they will be carried out because they have collective responsibility. Because this Assembly is both Government and parliament – and you just cannot impose collective responsibility on every Member of a parliament – we are at great risk, in the States, of changing our mind as the political winds change.

I do not think that there is anything in the FTP which changes that basic constitutional reality so, to pick up on something that Deputy Jones said earlier, actually this Report does not lay out action, this Report lays out a road map. The real action comes when Departments, or the Policy Council, come back to the States, one proposal at a time, to generate savings... and school closures is a good case in point. It does not matter how legitimate our commitments are today to deliver the FTP, it comes down, ultimately, to Members of this Assembly – when they are not bound by collective responsibility, when we have all made different electoral promises to our electorate independently of each other – I do not want to use the word 'courage', but whether Members have the resilience to make these savings one proposal at a time.

Like Deputy Perrot, I support the FTP. I do not take the same view that he does about the acceptability of cutting services but that is just a political difference of opinion. The reason I fully support the FTP is because I detest the idea of what I call 'deficit funding'. My view is that the States, for too long now, has spent money which is available only because of the Contingency Reserve. This deficit in public finances has existed for too long. It should have been tackled before now.

I have said previously that the way we are spending now is not consistent with the Fiscal Framework of the States. The deficit was *meant* to have been eliminated by now and that is the primary reason why I am speaking now because I understand, from this Report, that this is Plan A, if you like, to eliminate at least most of the deficit by the efficiency savings generated through the Financial Transformation Programme. But I would like to understand the relationship between the FTP and the broader fiscal policy of the States. I want to know what Plan B is, or what Plan A2 is, in the event that the States does not generate £20 million in FTP savings over the course of the next two years. What will be done with fiscal policy to eliminate the deficit – because we cannot continue to fund public services out of our reserves. Those reserves, although I did not disagree with allocating one half of the Contingency Reserve to the immediate post-Zero-10 period, that Contingency Reserve was not built up in order to fund revenue expenditure simply because the States has not had the courage *either* to cut services or to raise taxes.

I do not want to wait until sometime late in 2014, if it becomes evident that we are not going to generate the necessary savings through the FTP, for us suddenly then to say, 'Well, actually, we had better start thinking about Plan B' because that will mean that deficit funding will be extended into 2015 and 2016. So alongside the plans laid out in the Financial Transformation Programme and the difficult choices that are contained within that programme, there is another set of tough political decisions which I think we at least have to plan for as a contingency and that is, the extent

to which we are prepared to cut services and/or raise taxes if this programme does not deliver. I would like to have some indication that that is being planned for when there is a reply to this debate.

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Thank you, sir.

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

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

Billet d'État I

POLICY COUNCIL

Financial Transformation Programme

Debate concluded

Amended Propositions approved

The Deputy Greffier: Debate continues on Billet d'État No. I, Article VIII – Policy Council Financial Transformation Programme.

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The Bailiff: The general debate continues.
Yes, Alderney Representative Jean.

Alderney Representative Jean: Sir, Ladies and Gentlemen of the States of Guernsey, may I start by thanking you for the warm welcome extended to me in your greeting. I thank all of you for making yourself known to me, friends old and new, I hope. I can tell I am one of the rare ones who returns again after an absence of eleven to twelve years. It was with great regret I left this House at the end of 2000: different times, strong debates, great speakers and an in-built prosperity, which is not the same today. *(Laughter)* There is the answer to the question: I step up to the plate again. I was being asked again and again to stand for election in Alderney and, looking at the situation, I had to and, believe me, I wanted to. It is an honour for me to serve here as one of our two Alderney Representatives again.

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David Jones' speech puts it in a nutshell for me: we all need to support FTP. We have to make it. We cannot expect the public to pay any more. In Alderney, they certainly can pay no more. Alderney's population continues to depopulate, making those who are left feel less secure, with all the talk of reduced services, 170 houses for sale and many other properties up for sale or empty, 135 pupils left at St. Anne's School – a gentle hand on the tiller there, I think. I am myself in private business, a landlord, not popular with everyone, but I follow the trend and put my prices down and my properties are all occupied. It is not easy but I try to help and support those who are with me. We must all cut our cloth according to our means. That is what the private sector does.

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The electorate here, in your Parishes, made significant changes in the elections back in April and I followed those with great interest. In Alderney, a few months later, the same thing happened on a much smaller scale but, nevertheless, very significant for Alderney. Your population here and in Alderney have placed their faith in us and we must do everything in our power not to let them down, as we make our way and keep our public with us and well informed.

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I intend to support these measures and help all I can and I thank you for the warmth of your greeting.

Thank you. *(Applause)*

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The Bailiff: Anyone else?
Deputy Sherbourne.

Deputy Sherbourne: Thank you, sir.

Before I speak to the motion I would like to align myself with Deputy Laurie Queripel's

1820 comments this morning with regard to yesterday's proceedings and the validity of the amendments that have been placed. As far as I am concerned, it is the only mechanism that a backbencher, as it were, has to raise issues that we feel need to be drawn, or teased out, of any Policy Letter and long may that continue. I am more than happy to spend as many hours as necessary debating that, if there is clarity and understanding that results from it.

1825 If I may, sir, I would like to read a short extract from an economics paper written in March 2009 by an eminent economist. He says:

1830 'There are two ways for Governments to get organisations to do what they think is in the public interest. One is telling them what to do: this can mean prescribing the outcome, prescribing the process or even both together. These are forms of regulation. The other is to explicitly recognise that organisations are run by people not by automata waiting passively to be told what to do.'

1835 Such recognition suggests that, rather than simply issuing instructions, one should organise incentive structures such that these rational individuals, out of their own self-interest, do what the Government wishes. The latter course can best be described as governance. In general, governance is better than regulation in two ways. First, it is more likely to achieve a desired result and, secondly, it is likely to be effective for longer.

1840 Like most Deputies here today, I will do all that I can to be a corporate Member of this Assembly. I have always been a team player and will usually do whatever I can to support decisions made by the majority in the interests of our community. I want to support the FTP, as the basic concept of spending wisely and efficiently should be the touchstone of all Departments. However, I have great reservations about the way the FTP has been introduced and managed, bereft of any scrutiny. It was a given that previous States had to respond to the problems associated with the introduction of the Zero-10 Policy. That was self-imposed. A strategy needed to be devised to compensate for the lack of income and I am sure that many hours of deliberation by the Policy Council assessed a range of options. Generating income was identified as a bedfellow of the FTP but is definitely the weaker twin, in that very little seems to be happening.

1845 I am aware that Commerce and Employment are making great efforts to encourage growth and the development of new initiatives but I also know that they are hamstrung by restricted practice and unhelpful interpretation of planning and regulation policies. It is taking far too long to mobilise the entrepreneurial spirit that exists in this Island to secure the growth we need. The possibility of state borrowing was examined, proposed and eventually rejected. The possibility of raising income through direct taxation was, and probably still is, being considered but there is little sign of a collective desire to go down that route. Indeed, the inability of the States to consider *any* alternative revenue raising strategy, such as paid parking, a general sales tax, raising Income Tax standard rates and a substantial extension to the Zero-10 net has resulted in restricted options and the dominance of the FTP as our saviour.

1850 In 2011, FTP targets for Departments were determined, based on the 9% reduction in any annual expenditure. This target, we are told, will put our revenue account in balance. This general reduction was applied to *all* Departments, whether they were trading departments or had an element of income generation within their means or not. This decision has put unreasonable pressure on Departments whose options are far more limited. In short, I believe we are putting too many eggs in the one basket, that is the FTP. We are relying on that to solve our fiscal problems instead of a multi-faceted strategy. We are relying solely on savings and cuts in services to meet our revenue deficit.

1865 The first two years of the FTP process was effectively wasted by its failure to engage with the States workforce. It was, in fact, a top-down model of change which stood little chance of success. You might be interested to know that the author of my opening definition of governance and regulation was none other than Professor Geoffrey Woods. What a shame we did not employ this man to assist with the strategies to be employed for the implementation of the FTP, rather than to assess its effectiveness. In 2011 the management focus of the FTP was changed to encourage far more departmental ownership of the process. This should have provided Departments with an opportunity for managers to engage with all staff and embark on an efficiency finding search with the help of Capita personnel. Those on the shop floor often have extremely valid perspectives on operational and wasteful practices and certainly know where savings can be found.

1870 I would now like to be more specific and share with you my experience of the FTP as a Member of the Education Board, which I joined proudly as a Member at the beginning of this new States term. I soon learned that little progress had been made with the implementation of the FTP for various reasons. Time was of the essence and a concerted effort in June and July was made by the Departmental Officers and the Board to identify potential savings and much progress has been

made to date, some of which has been described by the Minister earlier. However, the point remains that a substantial chunk of the £7 million of savings we have to make will have to be made over a two year period. We are going to be *severely* challenged to find sufficient savings to meet the targets without impinging on service delivery. Many of you will remind me of that, using that well-hailed expression, ‘We are where we are’. That may well be the case but, please, let us learn from this appalling example of change management and not make the same mistake again.

I am far from happy with this process and would welcome the opportunity to start again. Sadly, that is not to be. I will vote for the principle of the FTP – efficiency savings, cultural change – but I cannot support the direction of travel which will inevitably impinge upon service that this Island can ill afford to lose or to be depleted. Sooner or later, the Education Board will have to draw a line under those proposals for change that are educationally unacceptable but necessary to meet the targets. At that time, we will have to face your displeasure, receive our punishment and move on. I, for one, will not sacrifice the vision of a high quality educational provision without a fight. We have much to do before we can hold our heads up high in the international educational environment. Investment now is needed like never before.

Thank you, sir. (*Applause*)

The Bailiff: Deputy O’Hara.

Deputy O’Hara: Thank you, sir.

I would like to make it quite clear that I am absolutely totally in support of the FTP – totally in support of it – but I have had my concerns for a while and I would like to air them now if I can.

I thought that Deputy Sillars’ speech this morning was excellent. He came out with a phrase, which was ‘surgery not butchery’, and I think that is very relevant. I have made it clear, on many occasions, that I am very concerned that, in our efforts to make these savings, we do not forget the effect that our actions could have on our community. Guernsey has got where it is today through the devotion and unselfish efforts to the community of so many and, indeed, continue to do so today. These third sector efforts have to be encouraged, even more so in these difficult times, and any attempt to restrict their efforts through subjecting those organisations to reductions in grant is not only self-defeating against the principles of this Government embracing the third sector but it simply does not make common sense.

Indeed, common sense to all possible efficiency savings or cuts has to be paramount in all Departments’ minds. We must look beyond simply making cuts for the sake of budget and look at the effect that those cuts have on our community at large. We are told that we must make difficult decisions and that is *absolutely* true. However, we must be equally strong enough not to be dragged into making decisions which we could regret in the future. We must give absolute and far reaching consideration to all that we decide to enter into the FTP’s table. I believe firmly that, once decisions have been made, it is very difficult to reverse so I said we must be extremely considerate. I will emphasise again: I believe in FTP, it is just about being cautious. I know that not everyone in the Chamber will share my feeling. However, I like to think there are quite a few who will. As I said, I am not saying ‘No’ to FTP but simply asking that we take the utmost care in ensuring our decisions will not affect Guernsey’s cherished way of life and, importantly, not to be afraid of opposing those cuts that you feel *would* affect that way of life.

I am sure that the majority of Guernsey knows that we need to make savings. However, equally, there are many who do not so we need to educate our society and take them along with us through this difficult journey. It occurs to me that, throughout this journey, we could be criticised for simply taking all the time – take, take, take – and not giving anything back. We know, as an Assembly, that is not the case. We know that we have been looking to providing schools and medical facilities etc. etc. That is lovely, that is great, but there might be some things that we could do, just smaller actions, not necessarily too expensive, which we could create some confidence within society as we go along this austerity road. As I said, I know that some of you may disagree with what I believe in but, as I said before, I am really concerned that we could lose the great Island pride that Guernsey has developed over time. Believe me, it can happen so easily and before we know where we are, the damage has been done.

We are looking to save £31 million, which represents a great burden to all our Departments, great sacrifice and great difficulty. Education have made it quite clear to us at Policy Council that they have a timing issue and I, for one, believe that we should give them those times to really get down and resolve the problems and T & R are talking to them about it. Equally, HSSD have had the most difficult time, indeed, with health issues constantly, you know damage – it is a led budget. It is very difficult and, in fact, I would like to say now that I felt it was a great shame that

the previous Board had the difficulties they had. Indeed, I think if they had not taken the action and not felt pressurised to keep within FTP, I think they would still be in office.

1945 What we learned from that episode was just how Departments could find themselves in similar difficulties in their attempts to hit the FTP targets. It is, therefore, important that we all – we *all* – act corporately and look to assist and understand the problems of individual Departments and support them, where necessary. The Policy Council has made a commitment to act in this way but it is also important for all States Members to act similarly, when necessary.

1950 We must learn to act in a responsible way and give Departments the opportunity and the room to carry out their duties. Constant criticism of departmental operations does not help in these difficult times; in particular, HSSD is having to undergo constant scrutiny. I would say to those people who feel that it needs to scrutinise that Board that they just allow the Board and staff the time to deliver the service and let them get on with the job that they are supposed to be doing. They are having to devote considerable time to answering constant criticism and they just cannot get on with what they want to do. It is just simply not productive.

1955 Well, no-one has a crystal ball, but I have to say I wonder what position we will be like in 2015 and what plans we might be putting to one side. I feel that, at this moment in time, the FTP may leave us in a void, where we have had no initiatives, no incentive and no motivation to look to future targets or projects. We must try to avoid this situation and one of the things we could do, of course, we must try to increase our income stream. That could be done through new and commercial developments and I know that Commerce & Employment and Environment are working hard together to try to be progressive in this area but we must not dwell on approvals, we must try to get things done.

1960 So, sir, to summarise, I will emphasise again to the Assembly, I totally support FTP but I ask that Departments apply common sense to the efficiency savings, I ask that they give consideration to the effect that those savings will have on our future, I ask that we support the third sector and not reduce their grants or totally remove them and I ask if possibly, wherever we can, as Departments, we give that little bit back to the community where possible. Finally and importantly, we must all seek to make sure that we do not damage the superb community sense of achievement and pride that Guernsey developed over the many years.

1970 Thank you, sir.

The Bailiff: Deputy Brehaut, then Deputy Dorey.

1975 **Deputy Brehaut:** Thank you very much Mr Bailiff.

It is important that this collective of States Members gives a very clear... makes its views very clear to the public that we embrace the FTP, we are all on board, we understand where it is going, we understand the sacrifices but that we have to be made to deliver the FTP. We want to give that mature message to the community, that the States are doing the right thing, we are balancing our books, although I do not buy into... the last States was profligate and never intended [*Inaudible*] any of these things. I think it is just a question of getting the ball rolling.

1980 But I have to say I am more pessimistic than States Members on this because I think this debate may be known in years to come as the pre-tax debate and I think this is what has not been said so far in this debate. We cannot go to the community and ask them for more taxes until we have got ourselves in good order and that worries me because I am deeply concerned that as our balloon of the FTP gets closer to the ground we start throwing out the sandbags to gain height to elevate the FTP and, in doing that, we throw out things that, ironically, some months down the line, or a year down the line, we might have to introduce taxes for because we, potentially, lost services that the community valued. So I see this debate as essential, important and – sorry if I have gone a bit off script or off the collective message – but I do see this as the fundamental debate before we get on to that: it is not a four letter word but until we address taxation. It has been said time and time again, by people other than me, that ‘Guernsey people get 30p in the pound services for 20p’. That cannot go on for ever, so I would appreciate some remarks, perhaps, from the T & R Minister because I appreciate there is a review of taxation but I feel, in a way, that there is something beneath the veil. The veil has not yet been lifted and I think there needs to be an awareness within the community. I think it is a bit of a white lie to say ‘We can deliver, we can do all of this for you.’ The community cannot shoulder the burden of corporation tax that is lost and, sooner or later, taxation will have to increase.

1990 Which Department you are on, I think, as a Minister or as Members, ultimately affects the way that you view the FTP. Deputy Jones – I was going to say he will not mind me saying this but, no doubt, he *will* mind me saying so (*Laughter*) – sits on the Corporate Housing Programme of

2005 several million: they have been in the position to hand £2 million back and that is the FTP bit done! Commerce and Employment has met the targets, Environment will meet the target by fees and charges, actually – that is the reality of it – but Deputy Jones said earlier we cannot be expected to go back to the public and ‘mug’ the public, I think was the term he used. Actually, it is a very fine line between fees, charges and taxes and the level of charges, not in this first round but the second and third round, the level of charges I think, once there is an awareness of them – and I am a bit concerned that, when you add in all the RPI basket, the Government imposes enough fees, charges and taxes to raise the level to what could be, potentially – this is going to sound alarmist – marginally inflationary, and the Government could be costing itself more at some stage. So where you sit, which Department you sit on, especially if you are a Minister, dictates, I think, your view on the FTP and, of course, the majority of Ministers will meet the target without putting themselves through the mill.

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2015 HSSD has a *massive* challenge, the Education Minister has a huge one, as does the Minister for the Home Department and I am noticing what Ministers are saying and I am fascinated by the comments made by the Education Department and just a moment ago by Deputy Mike O’Hara is that ‘I embrace the FTP, but...’ It is the ‘but’ that, perhaps, should have been explored, or could be explored, in a bit more detail. If, listening to what the Deputy Minister of Education said – I think I made a note of it – and what the – sorry, *the* Minister of Education said – something like do not let an arbitrary number dictate children’s futures or something along those lines, but it *is* an ‘arbitrary number’... 10% is an arbitrary number. That concerns me immensely and the FTP making its way through... going into an election, awful decisions will have to be made... I am sorry, but I do not think that this Assembly will make some of those decisions: they will not be able to make some of those decisions.

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2025 So although we are all embracing FTP, we acknowledge that it is something we all want to do, I am sure it is going to be much, much more difficult than, even now, we believe it will be to implement.

2030 Just two very specific observations and I would like the clarification from the Treasury and Resources Minister. The £2 million that Housing returned as a sort of hand-back, I have to say – I may be put right and run the risk of embarrassing myself a little – I would be horrified if 6.5% of the Housing Benefit was taken by, not Capita, but by the company. That would concern me no end if a hand-back, a goodwill gesture to bring the FTP on track, then fell under the FTP: it does not feel morally right that a housing benefit would be used to deliver the FTP in that way.

2035 I will not embarrass the person who said this – but it was said and it remained said and it alarmed me – it was said that Capita were ‘not that motivated’ at one of the presentations we went to. Capita were ‘not that motivated’. That says to me that, if there is a rich seam of gold running through there, somebody is going to be interested and are going to want to get it out. If, however, the savings are not as great as people thought they had been then, you can see why people are, perhaps, less optimistic about the outturn – and I was disappointed to hear that the consultants, who are getting 6.5%, were not that motivated.

2040 But again, sir, in ending, my biggest fear is that we sell the FTP to the community, to say we have delivered it, we have balanced the books, we have delivered it for you and, several months later, we say, however, to keep the services that we decided we could not loose means that Guernsey people pay 22p in the pound. That is a much bigger conversation but it needs to be raised in this debate and I felt I was obliged to do that, sir.

2045 Thank you.

The Bailiff: Deputy David Jones.

2050 **Deputy David Jones:** I did not want to interrupt the Deputy Minister but just a point of clarification.

The £2 million that we have foregone from Treasury has nothing whatsoever to do with the FTP savings that my Department will have to make. It is a completely separate issue, so we have still got to find that other sum of money.

2055 **The Bailiff:** I have indicated to Deputy Brouard that Members may remove their jackets, if they wish to do so.

Deputy Dorey and then Deputy Burford.

2060 **Deputy Dorey:** Thank you, Mr Bailiff.
I would like to start by offering my full support for the Financial Transformation Programme.

As the largest operational general revenue-spending Department, HSSD faces a huge challenge in meeting the FTP target. That is not to say that the Department *cannot* and will not deliver against this challenge but I think it is worth the Assembly clearly understanding what it will mean to HSSD.

2065 As Members of the Assembly will know from previous recent debate, HSSD faces a considerable increase in demand. The department, based on the increasing trend of expenditure in other jurisdictions, has controlled cost increases since 2009 by at least £13 million. I accept that 2009 was a high spending year but a lot of effort had been made since that year. As has been said on many previous occasions, the Department will not be able to sustain the increases in demand it faces within the budget the States provide to it without changing the services delivered or how it delivers them. Some serious, difficult decisions will, therefore, be necessary.

2070 Since 2009, HSSD has made considerable savings both for the FTP Programme and also for reduced costs and the impact of demand. It is not simply a case of HSSD's budget being reduced to meet the FTP targets. HSSD also has to try and contain the costs of increasing demand within its authorised budget. From the probable outturn for 2012, HSSD represented 32%, with St. John's Ambulance, of the net revenue spend. The HSSD FTP target overall represents 34% of the overall target and, to date, HSSD has achieved 25% of the target, compared to the average across Departments of 26% – that is, excluding the Guernsey Registry. The Financial Transformation Programme will undoubtedly help to identify ways in which we can mitigate these future pressures.

2080 As we will hear later, there are also some fundamental systemic issues in which the current Health and Social Care system works in the Bailiwick. The current system does not lend itself to the most efficient way of delivering services. The 2020 vision will examine these and provide some solutions to these issues. However, there are longer term strategic challenges, some of which will not be realised until *after* the end of the FTP programme. I believe that is a good thing because the FTP does not, and should not, end in 2014. We are committed to reforming our services way beyond 2014 and that is the 2020 vision.

2085 In approaching the FTP, I believe we have to ensure that these projects will deliver our keeping in with our long term strategic plans. It is also worth remembering that the FTP is not just about efficiency. As the Report reminds us on page 33, reducing services where they do not add value and providing the right services, are also key for the future stability of services.

2090 So far, HSSD have delivered part of the FTP programme and it will continue to do so but that will come with some difficult decisions within the Board, which we will have to consider. The Assembly also needs to clearly understand that meeting the FTP programme targets does not guarantee that HSSD can remain within budget if demand on services continues to rise.

2095 I would just like to make a couple of comments about some other speeches that have been made. I say to Deputy Perrot – he spoke about over-bloated management – there are very different sizes of Departments within the States. He mentioned HSSD: we have over 1,800 staff, the next smallest Department has 1,200 staff and there are a number of Departments which have under 100 staff, although some of them have entities which report into them. So there are very different management structures within the States. In fact, I would say that the evidence shows that our management systems are lacking and that we are not making the most efficient use of what we have because we do not get enough information, so perhaps we do need to spend more, initially, on management to improve our management so we can deliver our services more efficiently...

2100 He also mentioned about the *Press*. I would say to him, do not take too much significance of what is written in the *Press*. It is not always accurate! (**Several Members:** Hear, hear.) (*Applause*).

2105 Finally, I would like to thank Deputy O'Hara for his kind comments and support. I welcome his comments and I say to him, in relation to the media, the number of detailed requests we receive become excessive at times and involve a considerable amount of staff time and, therefore, cost us, as a Government, a lot of money.

2110 Thank you.

2115 **The Bailiff:** Deputy Burford and then Deputy Gollop.

Deputy Burford: Sir, as a preamble, unlike Deputy Perrot, I do not have a *Press* cutting from the Leader column in my pocket but perhaps it is worth mentioning that the same column recently reported that the number of public sector employees had risen by 110% since 2004. The true figure, I believe, is 16%.

2120 Moving on, I am rising to make a small plea for honesty in the terminology we use in respect

of the FTP. The word ‘savings’ is used in a generic manner and routinely appended to the phrase £31 million. To my mind, however, a saving is something you do not spend. Thus inventing or increasing charges beyond RPI is not a saving. We are regularly told by some Members that a failure to achieve the FTP savings will inevitably lead to an increase in the tax burden and I digress for a moment to question that loaded term. Whilst no-one likes paying tax, to habitually refer to it as ‘a burden’ is to fail to appreciate that taxation is our individual contribution to living in a civilised and caring society.

Returning to the point, we must not conveniently at best, or dishonestly at worst, overlook the fact that extra charges impact on Islanders every bit as much as extra tax. It is clear that most Departments will be able to meet their FTP targets, Environment and PSD could increase charges for planning and waste, Culture and Leisure could increase charges for Beau Séjour or, in accordance with the currently fashionable ideology, ‘outsource’ it to a private operator for it to do just the same.

But for some Departments the social impact of meeting targets may be very unpalatable, indeed to both Islanders and Members alike and, despite the endorsement of the FTP, which will occur today or tomorrow, I am not convinced that when these unpalatable choices arise we should rule out, entirely, other ways of balancing the annual budget.

The Bailiff: Thank you.
Deputy Gollop.

Deputy Gollop: Sir, thank you very much. It is interesting we have heard today quite a lot of Members are likely to support or vote for the FTP despite disliking some or many of its potential actions and consequences, because I am rather in the other camp, in that I support much of the FTP but will not vote for it! (*Laughter*)

It is quite interesting that we heard – I cannot remember from which speaker – a discussion on dogs and it was about watch dogs and nodding dogs, but in the role of scrutiny. I remember a former learned Member of this Chamber said that I reminded her of Churchill and I was rather flattered (*Laughter*) – and I remember Deputy Quin writing a poem about me on that when I was the ‘Sarnia Sage’, as well. But she did not mean the great war Prime Minister, (*Laughter*) Sir Winston – who Deputy O’Hara is successfully imitating – to remind us of what he contributed to our society, she meant Churchill, the nodding dog, (*Laughter*) because I said ‘Yus’ to everything. What she means by saying ‘Yes or yus’ to everything is, it is very easy when Deputy Perrot eloquently speaks about the need for cuts, to agree and then, when people say we must not break the fabric of our society, to agree with that as well. But the reality was I voted for Zero-10 and I do not regret doing that because I think it was a component part in moving forward the financial services sector and I think Deputy Trott has proved to us that we did weather the recession surprisingly well, compared to most other places.

But one thing we did not produce was the spectacular economic growth that had been a format of earlier years and the consequence increase in our revenues. So when Deputy Perrot says a contract was made with the States and the public at that time, he is right in part, but there were other aspects to that contract as well. Public spending restraint was a key part of it, so was the redistribution of wealth, where necessary, which is something Deputy Trott took up as Treasury Minister in the initial Government Business Plan and the third aspect was that, after a period of harsh restraint – belt tightening – we would see a degree of economic growth. What, instead, we have seen is growth in *some* sectors, especially those that perhaps Deputy Stewart and others are working towards, but plateauing in others and perhaps an increase in income differences. For those reasons, *some* of the assumptions behind Zero-10 have had to be modified and we have seen, to be fair, a degree of realism from both the Corporate Sector and the Treasury and Resources Department, who changed the rules a little bit last year.

I do not want to jump into debates about whether we should have a 22p tax rate or any of those arguments but it is important that we do look at the income-raising side of the equation as well. I agree in part with what has been written in the *Guernsey Press* today by a former HSSD Minister, Mr Peter Roffey, about it being foolish to have *blind* faith in the process and that, based upon *not* a lack of scrutiny – I think we do have a degree of scrutiny in this Chamber and the amendments we passed will ensure that there is more – but really through a lack of awareness of the consequences because we do not know – I do not know – what the Education Department are going to adjudicate on in delivering their £7.6 million because there are only two options at the end of the day, apart from it being deferred again. They either deliver that amount or they do not.

If they deliver, they will presumably make decisions which will be hard and they may bring

2185 them back to this Chamber, or they may not – and they may be overturned at that point, of course. Or they do not deliver and then we go back to arguments on accountability. But the collective vote we have just had, in which we endorsed one of Deputy Fallaize’s amendments clearly has now made the point that we are all in this together. I kind of want to, therefore, vote against some aspects of this as my ‘get-out-of-jail’ card, as my walk away from responsibility, if you like, so that I am not perceived as part of it. I want to go it because the process... it has certain endemic flaws within it.

2190 The argument that we should have external consultants to do things better is obvious. It is *obvious* that every one of us, including all ten Departments, have a responsibility all the time for continuous improvement, management efficiencies, saving money, doing things better and the Policy Council is our ‘Big Brother’, in a sense. It has an even greater duty to oversee this, bring out co-ordinating activity and move it forward on a cross-departmental level. But I cannot say for certain that we are inevitably doomed to a regime of restraint or cuts. As the disabled people’s champion and in other roles, too, I can see that there will be need in some areas for retained expenditure, or even enhanced expenditure and enhanced services and plugging gaps in service provision, and so on.

2200 So we cannot look forward, on the horizon, to a period of reduced State activity in every area. I suspect that will not be true, either, in terms of the increasing army of regulators and laws that we are being seen to do. The problem I have with the debate is we will vote today to endorse the FTP because it is the sensible, corporate, joined-up measure to do, we will then delegate most of these decisions to the Departments, who may or may not deliver, but then we will not like the consequences. So, instead of looking at alternative models of delivering the essential objectives of reduced public expenditure in some areas and greater efficiency, we will, effectively, have not gone at the debate from the right angle because this particular debate can only be solved by a zero-based approach, in which you look again at not only every service that you deliver but at the levels of pay delivered to people who run the service, and the number of hierarchies, and so on.

2205 I heard a comment earlier from one Member, who said they supported the efficiencies but not the consequences in cuts. I am not sure they necessarily even supported the efficiencies because, in the small print of the FTP, there is a certain mention, not just – and I take on board Deputy Burford’s point about increased charging – but there is a reference to outsourcing: not all of us support outsourcing and we have certainly not come to an argument as to how widespread that could, or should be, across the hospital, across educational ancillary services and many other areas. Until we have that decision, and difficult conversations maybe with civil servants, the trade unions and other stakeholders, we are not really supporting efficiencies. So there are a lot of words being spoken about at the moment, but we have not actually got to the point of agreeing what ballpark we are on and so I regret that this debate has really come along before we have had the other key debates, which are a component part of it.

2215 Deputy Duquemin has mentioned advertising and branding and ideas like that a number of times and, to my mind, the FTP is a tainted brand, because of the number of times it has changed direction. What we want is a structured efficiency model, but I do not believe the FTP is quite the right way to deliver it.

The Bailiff: Deputy Trott, then Deputy Adam and Deputy Soulsby.

2225 **Deputy Trott:** Thank you, sir.

2230 There is no doubt in my mind that the FTP is already a success and it is already a success because of its fundamental principle and that is the need to exert a downward pressure on expenditure. It has been successful in delivering that. Why do I say that? Well, very few of us were in this Assembly in what happened to be my first term, the term of 2000-04. During that period, public sector expenditure was growing at such a rapid rate that, if it had been left unchecked, in less than a generation public-sector expenditure would have doubled, to give you some idea how *rapidly* public-sector services were expanding, albeit on the backs of some very large surpluses, which I shall return to in a moment.

2235 This morning, Deputy Fallaize said that the deficit should have been tackled before now and to make that comment is to forget, I think, some of the history. This is, as others have said, part of a bargain that we struck with the electorate; a bargain that included, of course, getting a fiscal certainty of our corporate tax regime and that is a fairly recent event. We have only very recently received that certainty and, as a result of receiving that certainty, one of the very first things that the Treasury and Resources Department did was bring forward measures that this Assembly approved which resulted, or will result, in an extra £10 million worth, or thereabouts, of corporate

tax revenue.

2245 But there is another reason why I disagree with the comments that this should have been tackled earlier and, in some respects, Deputy Gollop touched upon them in his speech. There is no doubt that we underwent a very significant period of growth post Zero-10 implementation. We got a real bounce from it and, not long after that bounce, the world entered a fairly deep recession. A fairly deep recession, most economists will tell you, is precisely the wrong time to be aggressively cutting public services. You want to ensure a much more gradual reduction for, I think, well-accepted economic principles alone. So the gradual transfer was needed.

2250 Deputy Fallaize also said in his speech the Contingency Reserve was not built up to spend on deficit funding. What *are* we spending the Contingency Reserve on? We are spending the Contingency Reserve on capital, as I have said before, because when we wash our face, in terms of revenue expenditure... In fact, the situation is forecast to improve very significantly: this year we will have a surplus. That surplus will become a deficit, once capital costs are taken into account but, in terms of what we spend on an ongoing, yearly basis, we are washing our face.

2255 Why is that significant? Because back in that period 2000-04 when public services were growing at a *phenomenal* rate in this Island, they were doing so on the back of £50 million a year surpluses and those surpluses – and Deputy Harwood touched upon this yesterday in reference to a conversation he had had with a former States Member of yesteryear, someone I suspect from the 1990s – but they did not really know what to do with it, so they put a whole dollop of money into a Capital Reserve, but not all of it, because otherwise States Members would have embarked upon a quite ludicrous building programme, so they put some of it into a Contingency Reserve for a rainy day. Effectively, that rainy day has, to all intents and purposes, been stuff that would have otherwise been in the Capital Reserve... In other words, we have used those funds to build buildings, rather than to fund, generally speaking, ongoing public services. So I fundamentally disagree with Deputy Fallaize for those reasons.

2265 I would like, if I may, to draw Members' attention, on page 51, to the very last paragraph on that page, because there is a statement there that I think requires some debate and it is this:

2270 'The Policy Council remains convinced that a target of a reduction in baseline expenditure of some 9% over five years is reasonable.'

2275 Let me tell you that most people who work in senior positions within the private sector would laugh at that; they would laugh at that as being pathetic. I am not laughing at it. I think that is a very challenging target for a whole variety of reasons. Some of these reasons I have given before, but I will repeat them again. As a percentage of our total workforce, 17% or thereabouts employed in public services is one of the smallest anywhere in the world. It is a tiny amount. I have used that extreme example before but, in Northern Ireland, for instance, somewhere around 50% of all employees are engaged in public services.

2280 Deputy Brehaut said earlier that we get 30% public services for 20% tax contributions and I think he is probably about right, because we have a 21% long-run balance, as economists would say, in terms of the amount of our GDP that we spend on public services. Again, that is one of the lowest and the point about those two statistics is that we have, notwithstanding my earlier comments, started from a much lower place on the ladder than many outside of this Assembly would have you believe.

2285 I would like to finish, if I may sir, with a lesson really about the importance of getting the timing of cuts right. Let us imagine that we had started this cost-cutting process ten years ago and one of the consequences of that was that, instead of wearing ermine, sir, you got to wear cat! (*Laughter*) If that had happened, assuming, of course, that my good friend Roger Perrot is not allergic to cat in the same way as he is to ermine, he could well have ended up sitting in the big chair, sir. (*Laughter*) The lesson is that timing is important in all of these things.

The Bailiff: Deputy Adam.

2295 **Deputy Adam:** Thank you, sir.

I found Deputy Gollop's presentation very interesting. It was a very well thought out and measured statement concerning his attitude towards FTP and I agree to a certain extent with some of his comments. This Assembly is being asked to agree to a States Report which does not have much meat in it. In other words, as he says, what are the consequences of the issues that may be brought to this Assembly for decision making?

2300 We do not know the details of proposals that have been put forward by Departments. The

2305 DBNB is to provide the ELT – which is the group that is looking after it – a final Report, which will provide a co-ordinated programme and profiled benefits by quarter over the next two years, and this, the ELT – the Executive Leadership Team – will take this Report to Policy Council, I believe at the beginning of February. I feel, to a certain extent, that it would have been beneficial to this Assembly to have had some idea of what challenges you have to make in the not too distant future, if you do not start making the savings within the first two or three months of this year. Remember, the savings for this year have to be made in the nine-month or six-month period, as opposed to a twelve-month period. So there is always a risk of delaying things.

2310 If these savings are *not* accepted, then things will go back into the box and alternative savings will need to be found within the overall portfolio that has been put forward.

2315 The other point, sir, that I wish to raise, is one that is very simple. On page 57 the States are asked to decide... and we have got various propositions. It is the third one that I wish to highlight, because it is laid out on page 38 and it gives a list of what you are committing to the Financial Transformation Programme principles, as laid out in paragraph 3.14 and 3.17 of this Report. I ask Members to read these and make sure you understand what you are supporting today, without the knowledge of what savings or costs increases are likely. I suppose, to a certain extent, I may be fortunate, in that I know what the list has gone forward from HSSD – but it may well be changed by the new board and it will be interesting to see the new one. But things like accepting the

2320 ‘diversion of staff resources away from routine work, in order to deliver change.’

Our staff in many Departments actually do not have spare resources, especially when they are trying to think of ways of meeting FTP budgets...

2325 ‘Recognise the need to prioritise and resource long-term corporate initiatives over short-term Departmental [change].’

The question was asked by Deputy Gillson, ‘Are corporate initiatives more important than departmental initiatives’, to the Chief Minister and I am not too sure we got a clear answer concerning that.

2330 The other ones you can read for yourselves.

‘Accept that difficult [...] decisions lie ahead...’

2335 We have not got a clue what they are, but everyone tells you that there are going to be some difficult ones. I –

‘Accept that investment is vital in key areas to unlock the savings potential and provide a platform for sustainable delivery of savings.’

2340 As you may remember, in the Budget for 2013, T & R put aside what I, rightly or wrongly, call a ‘slush fund’ to make some moneys available for projects which are a case of saving money, if we have to spend to save that money, and there might be an example of the SSD and T & R assessment of taxation etc. and certainly the healthcare review.

2345 But that is a list that you are agreeing to. Please remember when you come back here with another debate concerning FTP issues, this might be thrown at you: ‘You agreed, you committed to the FTP. You committed to this list, as detailed on page 38.’ The ones on page 39 and 3.17 are more bland and not so relevant.

2350 Despite, sir, what I have said, I personally feel it is *essential* that we do go ahead with the FTP programme. I do not like it, I do not think it is fantastic, but I do not see any other way around. It is a method of creating efficiencies, which includes efficiencies with the Civil Service, the number of civil servants that are employed, and I still wonder – I am sorry, Deputy O’Hara – why a new chief officer for Culture and Leisure was appointed, when actually the review committee is looking to see the number.

2355 The last thing, sir, I do support it; I will be voting for it, but I will be voting with the knowledge that I have read this and fully understand that, really, this Report goes a lot further down the road than it should do, because of this lack of information concerning the savings that might come forward.

2360 Lastly, I would like to – I was interested in the speech of Deputy Dorey, the Minister of HSSD, saying that they are having problems with demand and increased cost of services, but they hope to get the FTP done and, actually, again, that T & R have increased the Budget Reserve for 2013 from a miserable £6.5 million, or thereabouts, to over £11 million, so there should be a

contingency available, if HSSD does go over budget.

Thank you, sir.

2365 **The Bailiff:** Deputy Soulsby and then Deputy Kuttelwascher.

2370 **Deputy Soulsby:** Sir, in anyone's book, the FTP is a massive undertaking and I agree with Deputy Trott's comments with regard to the quantum of savings being sought. Trying to make 10% recurring cost savings would result in a sharp intake of breath for any self-respecting CLO – and I know that from personal experience. However, when an income stream dries up overnight, radical measures do have to be taken to reduce costs. The question is what to do and how to do it. The former has been considered by many today, so I am going to concentrate on aspects of the latter that have raised concerns for me. What surprised me when reading the Report – and it is something Deputy Sherbourne has also raised – was that, whilst the key aim of the FTP was to create:

2375 'a culture of cost consciousness and shared responsibility for delivery, the FTP failed to engage those who basically held all the cards.'

2380 I welcome the honesty in admitting this was the case in this Report. Samuel Johnson is always good for a quote and he comes up trumps here again. He said:

'Change is not made without inconvenience, even from worse to better.'

2385 He was right, but attempts should be made to reduce that inconvenience, as far as possible. Change can be frightening; the *status quo* is comfortable, known and does not challenge. As Deputy Lester Queripel says frequently and, indeed, has done so today at quite some length, communication is key to enable real change to happen and it works both ways. Clearly, this has been a lesson learned and I hope this is disseminated across and within Departments for future benefit.

2390 Having said that, it does appear that the programme has moved from one extreme to another. It seems that the FTP has morphed into an enormous black hole that sucks up everything in its path and from which nothing re-emerges. It was always appreciated that Departments have to accept resources would be needed and Members resolved to accept the necessary diversion of staff resources away from routine work, in order to deliver change. However, as intimated by Deputy Adam, I feel this has gone beyond the original understanding and the approach taken has significantly impacted on the day-to-day operations of Departments. The staff have not been able to be brought in to cover. There has been a rise in overtime and more pressures on Departments.

2395 Of additional concern is the amount of senior officer time being taken on the FTP. The Chief of Police is Head of the Procurement Review of the FTP and I do wonder how he can now fit that in with his new role as head of law enforcement. I believe it was thought that things would improve after the implementation of the SCSC and the upgraded SAP system. However, from what I have heard from different Departments, it would appear that this will not happen any time soon. Financial accounts for January have not been able to be produced and there are problems with various aspects of the system that are having knock-on effects for various States bodies. I would, therefore, like to seek the Chief Minister's assurance that matters are being resolved as quickly as possible and that issues are prioritised on a risk basis.

2400 In relation to the SCSC, I would like to raise an issue that came out of the presentation given to Deputies on 9th January. It was explained that credit would be given to Departments for those staff transferred or lost as a result of the creation of a hub, with costs being retained within T & R. This means it will be far harder for anyone outside T & R to know whether savings have been made, bearing in mind we were advised that the £7.9 million costs of the SCSC would be recouped largely through the reduction of 50 posts, whereas we are now being told 30 posts are going. Does the Chief Minister agree with me that, in order for greater transparency, a recharge of the costs of the hub should be made to each Department?

2405 Finally, and despite the issues I have raised, I am happy to support the FTP. Of course, I support the FTP, as I believe that it is the only way of bringing costs under control. I think it has resulted in a slow, gradual change of culture from spend, spend, spend to a more business-like footing and that will be its ultimate legacy.

2420 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

2425 In debating this FTP Report, we are debating Guernsey's very own bespoke fiscal cliff scenario. The circumstances may be different from those of the United States, but the consequences would be as unpalatable, if we were to abandon the FTP.

2430 The delivery of the FTP savings poses the least risk to our economy in our pursuit of a balanced Budget. There do remain savings to be realised and I will focus in just one area. A report from HSSD entitled Health System Review was recently presented to T & R for comment. Originally, it was to be presented at the February States meeting, but has now been delayed. In paragraph 94 of that Report it states:

2435 'HSSD has calculated specific savings that should be achieved through a review of the health system. These would amount to potential savings of between £7 million and £22 million every year.'

2440 In paragraph 95 it lists the areas where these savings would be realised. They do not include any cuts in services, but focus on improved delivery. So what are the risks if we were to abandon the FTP process? Abandoning fiscal discipline, and choosing to spend at our current rate, would necessitate increases in existing taxation or new taxes or a combination thereof. Increases in taxation would be a high-risk strategy at a time of economic stagnation. The recent Budget was described as dull, because it only linked tax rises to inflation, except, of course, tobacco duty. T & R did *not* wish to undermine our economic growth prospects.

2445 There is some headroom in the rates of TRP. Fiscally, the most attractive tax would be GST, although this would be very unattractive politically. (**Members:** Hear, hear.) Raising rates of Income Tax would, I believe, undermine business and investor sentiment. It is no wonder that Jersey did not go down that route. There are five European Union countries with a top personal tax rate of less than 20%. Members of the last States may remember the concerns that were being raised by the public and some Members about the ever-increasing costs being suffered by residents. In this Report, paragraph 2.4, on page 33, reflects this and I will read it:

2450 'The general public's views on States expenditure were very strongly expressed in the consultations on the Strategy and the need to control public sector expenditure was the item which was commented upon by the largest number of responses, with 97% wishing to see restraint and there is no evidence to suggest that this is any different today.'

2455 So, in summary, the least risky route to a balanced Budget is to support the FTP *and* deliver the savings. Supporting the FTP will be good for investor sentiment, business confidence and our economy. It is supported by the electorate and supporting it would put the possibility of GST on the back burner. Let us step back from our fiscal cliff and embrace fiscal discipline. We need to act, even if our actions prove to be a little imperfect.

2460 I have read and understood all five propositions and I am quite happy to turn them into resolutions.

Thank you, sir.

2465 **The Bailiff:** Deputy Le Tocq and then Deputy Hadley.

Deputy Le Tocq: Thank you, sir.

2470 There has been much debate about all types of things, in some ways going far beyond the FTP and that is fine, because it raises the question, for example, of fiscal change, which Deputy Kuttelwascher has just alluded to, that others have mentioned as well. But to some degree it seems to me it is a bit like the fact that we have been on this course for some time and it goes back to the previous Assembly. It is a little like a game that a family get at Christmas and are very excited about it and they want to play it, but when you have played a little while and you find yourself losing, you tend to say: 'Well, I don't enjoy this game so much any more. Let's do something else.'

2475 Sir, I do not believe that is where we should go at all. I want to start by making some comments about accountability, which Deputy Fallaize and others have talked about with regard to the FTP. Anything as comprehensive and cross-cutting as the FTP is likely to be messy. It is messy and we are in that sort of situation at the moment, which means that it is going to be difficult to see how we got here and where we are going. That is inevitable, I think, and should have been realised and I think was realised by some, who were at the beginning on this, with fundamental spending reviews and the like.

2480 It is going to be messy, especially in a place like Guernsey. We can have accountability, but it

2485 will not necessarily look like it does elsewhere: not unless we want to pay a lot more in terms of
time and money than elsewhere. This is primarily because of the economies, or diseconomies, of
scale, the lack of anonymity here, so that element of personality and risk is much higher. As a
result, certain sections of the media and individuals in our community can create a
disproportionate amount of work on quite minor issues. For example, I spent over an hour last
night, and about the same time again this morning, dealing with a fairly minor incident relating to
2490 the media and our law enforcement agencies which, in a larger jurisdiction, I am absolutely
certain, would be unlikely to have occurred at all. The issue of accountability, therefore, means
there must be responsibility by us all and that means we need to take people outside, and
organisations outside of this Assembly, as well. With regard to being realistic, in terms of our
expectations, there can be an increase in accountability and responsibility, but it needs to come
with proper delegation of power and that is where the FTP, I think, has not been as clear perhaps
2495 as it could have been. So I welcome this debate, in that sense.

Some of Deputy Fallaize's amendments, especially (D), were, in effect, more about our system
of government and how we deal with a project like this, which our system chooses, effectively, not
to give much authority to Ministers and Departments, let alone the Policy Council. That is really
for another day, sir, but I believe that debate, earlier on, illustrated the frustration and dilemma that
2500 we are in.

Deputy Fallaize asked who is accountable, each day, for things like the FTP between elections?
Well, you could take it further – who is accountable every hour of every day and every minute?
My goodness, who is running this, while we are in here debating things? So the fact is, we all have
an element, a degree of responsibility and accountability and that includes public servants, civil
2505 servants and the whole. Responsibility, ultimately, for the broad direction rests with this Assembly
and this Assembly chose to make certain delegations to certain bodies, including the Policy
Council and to Departments, and that may have been a different Assembly, sir, but we are here
today and we are choosing, or not – I choose to agree to that and to confirm it.

I want to speak for a few moments about the Home Department and, to some degree, I have to
2510 say the Home Department has done fairly well, not that our current Board would take all the credit
for that, but we have done well, I believe, because we came on board very early in the FTP and
signed up to it, both politically and at staff level. That was very important and has been important
in the whole delivery of the FTP because, as some have mentioned, this is not just about savings, it
is about transforming the way in which we think about things and make decisions on the way we
2515 use our resources. That needs to remain with us, because it is a cultural change.

As I was saying, our Board bought in early – that is the previous Board – and our senior staff,
politically, many of whom work, as Deputy Soulsby mentioned, on the FTP and on projects which
are cross-cutting corporate projects right across the States as a whole. I believe that that is a good
2520 thing. It is a healthy thing for our Department. It has meant that, because they are doing that out of
their own goodwill, they are doing that alongside their normal day jobs. I have *absolute*
confidence, as does my Board, that those of our staff who are involved in those things can deliver
because (1) they are high calibre and experienced but, also, because they are enthusiastic believers
and supporters that we can do this better.

Taking tough, potentially unpopular and, at times, radical decisions which do not affect
2525 frontline services is not easy and demands a high degree of political courage. For example, our
decision to press ahead with, and now to implement, the single head of law enforcement is nothing
new, in a sense, but something that required a political boldness to make that decision and to
implement it and to move it forward because it involves long term efficiencies and, therefore, a
change in culture. In a democracy the size of Guernsey, there is *less* flexibility, in terms of finding
2530 the right key individuals and members of staff who can, quickly and efficiently, respond to this
sort of cultural change. This is where our expectations need to be challenged. We have to live with
that and the effects of trying to implement this are likely to be more publicly felt in Guernsey than
they would elsewhere. The risks are higher and it requires a greater degree, as I said before, of
political courage and leadership.

The Chief Minister has said publicly that failure is not an option and I totally agree with him
on that. We need, therefore, to define success, to be clear and to know what failure is, otherwise
we could be we could be whipping ourselves when there is no need. It is important and vital, I
believe, to define success, otherwise we can easily fudge things – which we have been accused of
many times... the States has been accused of – because, in our current system, it allows that sort of
2540 blurring of responsibility, which is why I started with that, accountability and responsibility. I
think this issue has been illustrated very well by that debate on Deputy Fallaize's amendment D.

So how do we define success? I want to use the illustration of targets because that is a word

2545 that is used in the FTP and in the Report in front of us. A target means we have something to aim at. It is tempting to aim at nothing because you're sure to hit it! A target normally has a centre – a bull's eye – but there are also other possible areas to hit. The FTP, I believe, should be seen more like a dartboard. As certain things change and materialise – and some are outside our control, we have to accept that, to a certain degree – we will need to aim at slightly different areas and sectors of that board, in order to get our overall target results. This will affect and encourage us to think about the way in which we do government and the way in which we *run* our Island: I believe that is a healthy thing. Therefore, for me, the aim is that we hit these overall targets; we don't miss the target altogether, in terms of money and timescale; we don't fudge things by changing the timescale. If you like, making the target bigger would make it easier to hit but that would be fudging things. Coming forward and being closer to the target would make it easier to hit but that would not be right, either. We need to keep on track. We may not, therefore, end up with bull's eyes in every area but we must continue to aim for the target.

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2560 Sir, I and my Board are totally behind the FTP. We realise it is a culture change and it requires not only ourselves but others to be realistic about that. We cannot afford at this juncture, I believe, to start changing direction, to start moving the targets, to start moving ourselves so that we are better placed to do that. Neither are we, sir, to say: 'I don't like this game any longer: I want to play another one!' It is time for us to sign up and confirm that we are totally behind the FTP.

The Bailiff: Deputy Hadley.

2565 **Deputy Hadley:** Mr Bailiff, I listened with some interest to the speech given by Deputy Duquemin and it does emphasise that we came into the States of Guernsey for different reasons. *He* came because we did not close St. Andrew's Primary School and St Sampson's Infant School: *I* came because I felt that we had poor social services and, incidentally, I voted against the closure of either school.

2570 Someone also said that we were elected because we committed ourselves to cut public spending. Again, I did not make that commitment when *I* stood for election and I refuse to rule out a sales tax. That is probably how I came sixth in the south-east (*Laughter*) and Deputy Soulsby came number one. I was upset about being at the bottom but somebody said to me: 'Actually, when you told the world you were an atheist, you wouldn't rule out a sales tax and you supported the former Social Security Minister, we thought you were trying to *avoid* getting elected!' (*Laughter*) In fact, I have always worked for myself and tried to eliminate waste and make a profit. That's what businesses do.

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2580 In the States things are rather different. Deputy St Pier said that it is the duty of every States Member to ensure the Government is as efficient as possible. Now, I wasn't going to mention the King Edward VII Hospital but the sideswipe that Deputy O'Hara made a short while ago, with a 'Hear, hear' from Deputy Quin and Deputy Brehaut, (**A Member:** Hear, hear.) means that I cannot leave this issue without some reference.

2585 Before I asked *any* questions of the new Minister of HSSD, I offered to go and meet the Chief Officer of HSSD with him to discuss my concerns. That was before Christmas. That meeting was never arranged so I told the Minister I would place the Questions. I have not had an aggressive agenda against the new Board, as people are trying to imply. I have not had a vendetta against HSSD, which my Minister tells me some people think I have. I asked *two* questions and it illustrates the problems that we have with the Financial Transformation Programme. The first Question I asked was concerning staff because, as former members of the Board know, it is my view – and the view of some of my colleagues – that the HSSD Department is very poor at the recruitment and retention of staff.

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2595 In their answer to one of my Questions, which was how many people have left the Department as a result of the 5-year licence, the answer came back 'one'. That Question was not placed for the reason you might think: it was because, for years, the Department has had a policy where, after three years, people were given a big bonus, so they leave the Island. It cost £75,000 *per post* to the Department as a maximum and £50,000 as an average. So every nurse that comes here and leaves on a five year licence, on average, costs HSSD £50,000. The Department has known about this for years and they have done nothing about it. I have been on the Board twice. It has been an issue raised all that time.

2600 That was one Question I asked: the second Question was regarding the cost of running the King Edward VII Hospital. The answer is very illuminative. The answer is that it costs about £4 million a year and, because it primarily is there to serve only less than 20 patients, you can do the sums – it is an enormous amount per patient. I have to say that if the Department has had to spend a

lot of time coming up with that answer, they jolly well should have known it. But it does illustrate that if a Member tries to find out what the costs are, what the efficiencies are, they can get into hot water.

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On the issue of recruitment and retention of staff, incidentally, one of the big benefits we saw from the Island Hospital programme, and the reason why Deputy Lowe and I argued passionately for that programme to be made, was because it was a wonderful advertisement for the Island, and should aid recruitment of staff. That programme would *never* have happened but for the fact that Deputy Lowe and I fought tooth and nail to get it through but – yes, but you’re a late convert, Hunter – Deputy Adam – (*Laughter*) with respect, sorry, sir, through you.

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The real problem with HSSD is that staff are told they must not talk to Deputies – and I believe this is also a policy of other Departments: HSSD I do not think are alone. Deputies are also told they should not concern themselves with operational issues. So how, then, can a member of the Board of HSSD seriously make sure that services are delivered efficiently if they are not supposed to involve themselves in operational issues and are criticised if they ask a Question, such as I did, on the King Edward VII Hospital. I know the *Press* made a lot of this over several days but let us remember I only asked two Questions and that is being flagged up as a ‘vendetta’ against the Health and Social Services Department.

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I got involved in health politics over 40 years ago and I know only too well that real efficiency savings are very difficult and it is much easier to cut services. I think when we are talking about the cuts that we need and the cost of our public services, we need to get a sense of balance. The government of the United Kingdom currently has a debt of around £2 trillion. Our economy is roughly a thousandth of the size of the United Kingdom so, if we were in the same place that they are, we would have a national debt of £2 billion – and we haven’t. We have got £2 billion in the bank, so while we are talking about the ‘desperate position’ we’re in and trying to fill our black hole, realistically we are not in that bad a place.

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We also had a very interesting presentation from the States economist on Monday, many of us, and it made the point there that we spend less per capita on public services than the United Kingdom, Isle of Man or Jersey, despite the fact that it costs us much more to deliver those services on this Island. It is likely to cost us much more to deliver health services on the Island per capita in the future than it does today. One of the big problems that we have, for example, is with medical specialists, surgeons, where because of increased specialisation, the cost of delivering up to date services is going to get more and more difficult. Again, the Board of Health and Social Services Department were warned years ago that these costs, costs of new drugs, were going to become very difficult to bear.

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While, incidentally, we were talking about the cost of health services, the Chief Minister said to me I was being ‘economical with the truth’ because, in actual fact, we spend more than the UK. With respect, through you, sir, the figures given in the presentation for the United Kingdom did not include social services so, in fact, I still maintain that we actually spend less. Reducing the cost or standard of public services I might think can mean that, down the road, costs will be much greater. If we do not invest in better services, social services, services for children, I think there will be a greater increase in criminality down the road and a greater burden on the police force. Lack of early years’ education will be a long term cost to society.

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What worries me about supporting the Financial Transformation Programme is that the Chief Minister has made it clear that he believes damaging our public services to bring us into balance is a price that we must pay. Even at the beginning of *this* session, the States Treasurer came round to the Department and said ‘No, no, no, it wasn’t about cuts, it was about efficiency savings’, but you have all seen, over the last nine months, this is more into ‘Well, we’re going to have cuts if we can’t make efficiency savings.’ So I think that if you support the Financial Transformation Programme you are, without a doubt, voting for a cut in public services. We already do not deliver many of the health services that they are delivering in the United Kingdom and I cannot accept that we have a downward slide in our public services.

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Thank you, sir.

The Bailiff: Deputy Langlois.

Sorry, Deputy Dorey, are you –?

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Deputy Dorey: Sir, I have to correct the information that Deputy Hadley gave about King Edward VII. It does not help if a Member of this House gives incorrect information and the media then report it.

The cost of running King Edward VII – the hospital part – for 2012 was £2.43 million and a

2665 detailed – and this is where it does cost because, in order to get the figures out of the accounting system, there was a considerable amount of work to separate the costs of the different services which are run from the Hospital and they also counted the number of bed days occupied at the Hospital.

2670 Because the number of patients has reduced over the year, the average number of beds occupied for the whole of the year was 25 – sorry, on average that is the actual number of beds occupied – which is equivalent of 25 patients for 365 days of the year. So you have to take that £2.43 million against the 25 and that works out at £97,000 per patient. Now we also get a co-payment from those patients and, if you take that co-payment into consideration, it works out at £90,000 per patient.

2675 There are a number of other services which are run from King Edward. It is not *just* a hospital: there are two day centres. One is for the people who are physically frail, which run five days a week, and one is for people with mental health, early stages of dementia, and that is run five days a week... There are also some clinics which are run from there, including the wheelchair service, which uses a considerable amount of space because of storage of equipment. There is a network club which is run for the Estates Housing Department, the estate near to it, and there is also a nurse's home. So there are many services which are run from that site: therefore, if we were to close that, we would have to find a location for those services and there are the capital costs in moving them.

2680 It can be closed and I clearly said to the media, before any decisions are made, we would consider the needs of the patients who are there, the staff and the families of the patients. But I think it is clear that there are some patients who are very frail. Comments have been made about putting them into the private sector, in some cases: that is just not possible because of the services which are given at that hospital.

2685 Thank you.

2690 **Deputy Hadley:** On a point of correction, Mr Bailiff, the decision was made to close the Hospital in 2009 and that is part of the reason why I placed the Questions. So when the Minister says they are considering whether to close it, I presume he means they have reversed, at some stage, their previous decision in 2009.

2695 **Deputy Dorey:** The current Board has not discussed closing it but obviously that will be something that we will consider, as I said, when we have all the information in due course. Firstly, we have to do that consultation and have to find a location for all the services which are there.

The Bailiff: Deputy Langlois.

2700 **Deputy Langlois:** Well, sir, this debate gets more interesting by the minute. (*Interjection and laughter*)

2705 It is hard to know, in some ways, why a debate of this kind is necessary until you remember that this Assembly, this theatre of dreams – sorry, it is not a football reference – sort of sends messages out as part of the States communication system, a matter very close to one Member's heart. Of course, this communication that comes out of this place ideally is clear, it is concise and it is reasonably united. I suspect we do not very often tick many of those boxes but I think there are occasions where we really should tick those boxes.

2710 In this case, I think unity is absolutely essential. Correct me if I am wrong, but I have not heard much *outright opposition* to the FTP and to its continuation. I have *certainly* not heard any magic alternatives and that is any outright opposition would have to come with something to replace it, please. So, sir, in my view, today is not a day for clever tactical voting or for point scoring, other than bringing properly, absolutely properly, bringing matters to the attention of Members and of the public but not a day for clever tactical voting.

2715 Guernsey taxpayers expect us to deliver on this one. I therefore urge *anyone* thinking of making some obscure point, some obscure political point, by voting against this report, to reconsider. It will send all of the wrong messages. Any split vote will indicate a wider gap than actually exists and a lack of will which we just do not want people to think that we have. So, sir, let us have unanimous support for this Report in the context of all the proper concerns and reservations that have been rightfully expressed today.

2720 Vote for all of these propositions to show our taxpayers that we are serious, we mean business and we will deliver.

The Bailiff: Deputy Lowe.

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Deputy Lowe: Thank you, sir.

I was going to say very much the same as Deputy Hunter Adam because he highlighted virtually all the items I had here in the States Report, so thank you for that because it is very important that, when you look at the resolutions – I have never seen resolutions like we have got here in this Report before – because of the word ‘commit’, you have been around the States now long enough to know that when the Report comes with the meat on the bone, this is going to be raised at you. There is no doubt about it because, in previous years, it has always said, to ‘support in principle’. There is a big difference with the wording in this one: I have never seen it before. When we actually supported these Reports before, in principle, even in those days it would be ‘You supported this’ – ‘Oh, yes, but in principle’.

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We needed to know what was behind that all because, as far as I am concerned, this Report has just enabled a talk shop because we can all stand up and talk the talk. It is great, we can all stand up and say we support the FTP. Wait until the chips are down; wait until the actual detail comes forward and especially if we are talking about 2014-15, with an election coming up. If I was a betting person, I would put a whack of money on it now because I doubt very much some of those things would go through because, when the chips are down, it is unlikely to happen. I hope I am wrong, but I have been there before and I know what it is like. I have seen it. But I do draw Members’ attention to those areas on 314 and some of them on 316 because that is what you are committing to and Deputy Adam read out the exact ones that I had here to read out, so I will not actually repeat them but be aware of that when you are making your vote today.

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It was suggested to me last week some time that, maybe, Members should stand up, talk the talk and then vote against because you have not committed yourself. You will then leave it that you have supported it in your speeches that, actually, you think it is a good idea but do not commit yourself and put yourself in a corner, when the next Report comes with all the detail, which the Ministers up here have the privilege of knowing what is on the next Report... Perhaps not collectively but they all know what they have put forward. Deputy Adam told us before, and that is right, because some of the other Ministers have actually referred to it but we, down here, do not. So they have got *some* idea, we have not. They have been very clever. The timing of this Report has been very clever because they want you to sign up today and then they will tell you what you have signed up to.

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It was also said, as well, by Deputy Trott in his speech before about the private sector. They would laugh at that 9% in there. But does that surprise anybody? Does the private sector have to look after those less able in the community? Do they have responsibility for that? No they do not: they are looking at a business, end of. I think that, as well, is reflected in the previous States and the previous States before that, where some of the business community struggle with the social issues and the cost that this Government has to pick up because it is more about bottom line and we have a duty, as part of Government, to look after those who are less able. I also smiled when he said about how, not long after Zero-10, the costs were roaring up about how much expenditure... It was quite interesting, really, because a lot of it was 40-plus staff that nobody knew about, that was actually working for Policy Council because there was no control on them whatsoever because there was no political lead. It was a bit of a shock to some to find out how many staff were there. But I believe that has now been addressed.

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I also listened with interest – Deputy Soulsby was one and there were others – and I understand exactly where she is coming from, when you hear the expression ‘Spend, spend, spend’. Our Chief Minister told us this morning about this bucket load of money. Well, I have been around 18 years and I do not know where that has come from because if we ‘spend, spend, spend’ and if we had more money left over than we know what to do with, can somebody tell me how we can justify Les Beaucamps school falling down, La Mare is still falling down, we have bad infrastructure right across the States with many of the buildings that need looking after? Are we proud that the Castel Hospital is still falling down and it was top priority in 1982 by the President of the Board of Health at that time? If we had got some money left over, would we really be in that position? I do not think we would be. I do not think we did have.

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There was always a case, at the beginning of the year, it was a rush to get States Reports in because of that pot of money but there were also a lot of Reports that did not go forward because there was no money left. So we did not actually have as much money as, perhaps, is being portrayed now. We had more, of course we did, but we did not have lots of money left over because there was always this scramble and that was another reason why they said they wanted, under the machinery of government, a Policy Council so that the pot of money would be there. All

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2785 the Departments would be sitting round that table and they would come with their lists and say this is the expenditure of *our* business plan for this year and it would be decided and then a Report would come to the States and a priority list of how that expenditure would take place, rather than a race to get the fastest Report to this Government for decisions.

Thank you, sir.

2790 **The Bailiff:** Deputy Harwood.

Deputy Harwood: A point of clarification, sir.

2795 I do not recall having used the expression ‘bucket loads of money’. I was referring to a former States Member. who told me that, in the halcyon days of the past, all that they had to deal with was a surplus that was thrown up and I do not remember using, and certainly did not use, the expression ‘bucket loads of money’.

Deputy Lowe: I apologise to you. I knew it was something similar but it was – the inference was there.

2800 **The Bailiff:** Deputy Dorey.

Deputy Dorey: I do not think that it is good that it goes on record saying that the Castel Hospital is falling down.

2805 It is providing a service to people who desperately need that service. The problem is that the States did spend a little bit of money, a few years ago, improving the facilities but the facilities are still far short of what we should be using in today’s world.

The Bailiff: Deputy Lowe.

2810 **Deputy Lowe:** I accept it is not falling down but if you are proud to actually cover it over by saying it is ‘acceptable’, I do not think it is.

The Bailiff: Does anyone...

2815 Yes, Deputy Bebb, then Deputy Brouard.

Deputy Bebb: I have prepared a speech but, since writing it, I have been hearing a lot more so I might diverge from it occasionally, so please bear with me.

2820 Sir, I am here in order to address the Assembly with regard to the FTP. I do feel as if we are actually, finally, debating here in the Assembly what has been debated out in private for what seems like time immemorial – and there is this slight moment where you realise that it is not actually as pleasant a debate as you would have hoped that it is.

2825 I find it surprising to hear certain Members proclaim that the FTP is ‘agreed upon’ and that we should move on with it. I personally have not cast my vote and to prejudge other Member’s votes is presumptuous and, quite frankly, rude. No-one would disagree with the statement that we need to balance our books. I would take this further and quote Governor Brown who, in his latest budget report – which was the final budget that saw California return to a surplus, as opposed to a deficit – actually stated:

2830 ‘Fiscal discipline is not the enemy of democratic governance but, rather, its fundamental predicate,’

2835 a statement that I am sure most of us can agree to. But the method of delivery is the bone of contention. FTP is the chosen method and, with no other option available, we are tied into a presumption of either being responsible for our support or profligate in our dissent. Mine is not such a black-and-white world. Reality is rarely so convenient and the nuances are where we differ in our opinion as Deputies. I am on record as stating that the FTP is a blunt financial tool and that I do not believe the programme to be deliverable without increasing taxation or reducing services. I have no fear of either of those positions. I believe that embarking on this programme will result in a combination of savings, increased taxation and cuts to services. Doubtless, some services can be delivered in a more cost-effective manner and that is the focus of the report, as it is not contentious.

2840 But we should not shy away from the other two options. Increases in taxation are a reality that is pursued by Departments but we are reluctant to use the term ‘indirect taxation’ and think it more

2845 acceptable to use the term fees. No-one would disagree with the proposition that people should
pay to submit a planning application but we get a little less comfortable charging for school
attendance or for access to police services. In equal terms, some services will be cut. When we
raise the threshold for accessing services, we effectively remove that access to certain people. The
unfortunate reality is that the less well-off in our society are the ones that generally lose access
and, therefore, become further disenfranchised. Clearer understanding of the actions that we will
2850 take minimise this but I fear it will not be completely be resolved. The same cry will be heard, and
will resonate, that the working man will be hit hardest; I would also agree with certain Deputies
that such statements should be made a little more gender neutral.

So what is the measure of the task ahead? As has been stated, we have 70% of the savings to
make in 40% of the time but let us have some perspective on the issue.

2855 Deputy Hadley raised the reality of the deficit that the UK sees. Having recently been to
California, I can tell him that I have actually seen the reality of the situation there. Deficits of \$20
billion annually are what they have been suffering for the past ten years, figures that would make
your eyes water in relation to expenditure: profligacy gone mad. This year, for the first time in ten
years, they have balanced their budget but it has been achieved with swingeing cuts to services and
2860 temporary tax hikes, two that we seem unable to commit to here. I see people constantly shying
away from understanding that, at certain times, we may find cuts to services *more* attractive than
to hobble and actually cause damage to a long-term financial position and, in equal terms, the idea
that even a penny on a pound in tax might that much damage our industry and finance industry, I
do not believe is founded, especially if we believe that it could be put in as a *temporary* tax
measure.

2865 Whilst we see a very fortunate position here, I do note that, in California, because of their tax
hike, they have *increased* investment in health and education. The UK has ring-fenced its NHS
budget, although I suppose some people would question what that ring fence actually means, but
still we here in Guernsey have *not* made such provisions. We honestly believe that we are all in
this together. But I am not so sure that we are because, let us face it, the FTP is not about ten
2870 different Departments' budgets and then a little bit more, it is about three. Three Departments'
budgets matter – HSSD, Education and Home. Whilst we believe and put, quite rightly, measures
on each Department to meet a certain percentage of the return, those percentages in real terms are
not as large as what we would expect in return from those three Departments. I find it strange that
we think it is perfectly acceptable to cut in the same area that other governments feel they simply
2875 cannot cut.

Therefore, I am happy to state that, yes, increases in taxation are happening, will happen. We
have a proposal that we will charge additionally for certain services within HSSD. This is part of
our FTP plan. The same, I believe, is being investigated in Environment and a whole host of other
2880 areas. That *is* tax. Please stop shying away from the term. Cuts in equal measures should also be
acceptable because we have to realise that certain services, maybe, should not be delivered by this
Government.

I had some other grave concerns about the FTP and I think that it is fair to say that the focus of
the Report has been on those easy, achievable, nice, comfortable projects that translate well into
2885 the Report. SAP, I have no doubt, is the right thing to do but its delivery has been less than
elegant, there are some very real concerns with regard to some errors that are happening within
SAP and what it could have meant in certain areas of HSSD. Fortunately, those have been avoided
and I do not really want to enter into scaremongering in the Assembly. But, in equal terms, the
WAN project, in order to deliver a new network for the States, has been heralded as a triumph but
2890 it has not delivered the savings that were expected. This is where I return to the propositions and it
is interesting that the propositions ask us to support 3.14 of the Report, and here it says that we
should:

‘Acknowledge the risk that not all of the proposals will deliver the anticipated change or savings,’

2895 but makes no measure of what we should do if the measures do not achieve them. I am less than
comfortable in committing to such a statement without stating that ‘yes, some things will not be
achieved but we are also shying away from taxation or cuts’.

There is also the statement that we

2900 ‘Recognise the need to prioritise and resource long term corporate initiatives over short term departmental issues.’

Well, good Lord, I have heard certain Deputies, quite rightly, condemn certain Departments for

stating that short term measures have not been taken in order to look after the PEH recently. In equal measures, I cannot understand that if we are putting an agreement to that, what else?

2905 We are now approaching a point where, with the Mental Health Act, we will finally see a Mental Health Act being brought into place that will be fit for purpose. I know that it is possibly one of the most extreme examples that I could pick, but why not? It is fair enough to say that our lack of policy progression in relation to mental health means that, today, we are still reliant on a
2910 Mental Health Act that predates the Occupation. Pre-Nazi policies are not exactly something that we should be proud of and the FTP will commit us to seeing a continuation of a lack of policy development as a result of diversification of our resources. I am quite happy to support that if I felt that, on the occasions that problems happen, I would have the support of 46 other Members. I regret to say that I do not feel so comforted, hence the reason that I am a little reluctant, at this point in time, and I still have to be persuaded, to support *every* proposition here.

2915 Thank you.

The Bailiff: Deputy Brouard and then Deputy Conder.

Deputy Brouard: Thank you, sir.

2920 I think it was very helpful that Deputy Trott took us back to some of the history because the reason why we are here today really examining our expenditure is because of the Zero-10 position and there are not many countries that I know of, where they have managed to forego a third of their income – some £100 million for us – and we ended up in virtually a race to the bottom when the Isle of Man decided that they were going to go in this particular direction. Part of that pact, as
2925 it were, was that we were expecting economies to grow by 2% and, had they done so, we would probably not be having this conversation here today. We probably still *should* have that conversation today because every Government needs to look at its efficiency but I think we have got to put it... we have almost got to sense-check it. There is a danger that the FTP becomes so ingrained that it has to be achieved and, as Deputy Brehaut said, you do not know quite what you
2930 will be throwing out in the sand bag to try and make the balloon float.

And the consultants, when they came, they were so buoyed up, because I was there when they came in: ‘Yes, we can make savings. We have been to Africa. We have seen what countries there... what we have managed to be able to do there and what sort of local authorities in England, we really showed them...’ And they came here and they were scratching. They were scratching
2935 around to find the efficiencies. Okay, a new computer system for the SAP; okay, the great ones like closing of the public toilets... Come on, they were really... They had difficulty in finding projects because there was not the fat there that they thought there was. So we ended up with this arbitrary ‘Well, everybody can do ten per cent’, and that is how it sort of dribbled down through. So, I think Deputy Trott was absolutely right, we must not beat ourselves up that we are failing in
2940 FTP. There was not a great deal to be mined there in the first place: should be done, needs to be done.

The other thing is we also get the situation now where we are in danger of... we will be making short-term decisions. We will be back to the ones, like the very early seventies, where they said, actually, ‘Let’s build a school. We haven’t got very much money so we will just build it for
2945 25 years and we’ll build it out of prefab and sticky paper, and whatever it is’ – and we end up with La Houquette and La Mare de Carteret. So what my fear is now that, on the back of this, we will be, somehow building the next school in the same sort of way to save a few pounds here and there and that is just not what we should be doing. We have got to be looking at this, sense-check it for the longer term. If we are going to be building schools, let us build them properly, let us make
2950 proper decisions. If it costs a little more, well, it costs a little more and if I have to wait a little longer before I get it, then I will have to wait a little longer.

I was paying 20 pence in the pound Income Tax in the seventies and eighties. I was not expected to live as long as I am probably, hopefully, going to live (*Laughter*) but it was a different world. I was not expecting the cancer services, or that the word ‘cancer’ is now longer a forbidden
2955 word to say, but in the seventies and eighties it was. So I am expecting loads more services but I am still paying 20 pence in the pound. Maybe that may not be the magic figure any more. Maybe, as a society, we decide we actually want to pay a little bit more and get a little bit more back. I do agree we do need to have a look at what savings we *can* make but they have got to be sense-checked, sensible savings – not closing public toilets. (*Interjection*)

2960 Another one I thought was a classic one: we have had a couple of people who have been saying, ‘How silly of them to embark on a savings scheme and then they spend the savings. How *stupid* of them!’ Okay, so what do we do with the money? Well, Mental Health Strategy, £180,000

2965 – silly waste of money that was; Community Service, £150,000; Domestic Abuse Strategy, £200,000; Children and Young People’s Plan, £500,000; Housing Control, some more officers, £110,000; an Employment lawyer – just cannot get enough lawyers! And it goes on! These were not exactly poor things to do. These were good things to do and, in fact, only today there were some papers I saw... you know, we are going to be bringing in the Mental Health Tribunal and stuff like that. Where is the money going to come from? Well, it is coming from here, from the savings that we have made earlier! Museum objects, £250,000; the wheelchair service, that is better because we voted for that money. So there is a point that comes, if you did not spend that money now you would be worse off because you would be trying to find this money now again on top of what you have already banked. Bowel cancer screening, £328,000; respite care, £355,000; even the *Hansard* report, to remember what I said this time round, £20,000.

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2975 You know these were not flippant, foolish things to do and yet some people are castigating the last term for spending the savings. No, we are trying to run a Government for the people and I think, on balance, we get it about right. It is good to have these tussles but, please, do not throw the baby out with the bathwater. Use the FTP as a guide, as a control, do not make it become your master. Use it to help your way through but, at the end of the day, it may be enough, it may not be.
2980 If the growth does not come from the economy – and that is the other end of the telescope. I mean, we have been focusing today at one end: you know, looking at ourselves – we need to look at the other picture. When Commerce and Employment come up and pitch up for the £3 million that we have spent on this, that and the other, can we have your support because we have got to try and get business to come in; we have got to make Guernsey a good place to do business; we have got to make sure that we have got all the tools in the box; we have got to make sure we have got the foundation laws and the aircraft laws; we need your support on that but some of these things cost money!

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2990 We are struggling in Commerce and Employment to get some of the staff to do some of this work which then brings in the money, so you are almost turning off a tap that actually turns a bigger tap *on* somewhere else. So, please, just sense-check it.

2995 I think we are all basically, one way or the other, tied up with the idea. If you said to someone, ‘Do you want to have an inefficient, bloated, overgrown organisation?’ we would all say ‘No’. If you said, ‘Do you want to have efficient, lean, well-run machinery?’ we would all say ‘Yes’ and I think that is where we are, but just take a bit of sense with it. Just make sure that, as Deputy Lowe said, we are running a Government for the people. Some of the companies, they will make a decision that may put some people out of work. They could have, perhaps, made a different decision that kept that person *in* work but we still have to pick up that person when they come out. So please just sense-check it.

Thank you.

3000 **The Bailiff:** Deputy Conder.

Deputy Conder: Thank you, sir.

3005 Mr Bailiff, fellow Assembly Members, I have been really proud to be in this Assembly room this last 48 hours. I have heard colleagues struggling with an enormous problem that I do not need to reiterate, but the same problem I have been struggling with, to understand how you can bring these issues together and resolve our problem and it has helped me enormously to hear such excellent speeches and presentations.

3010 I think the problem is you cannot half support FTP. At least, I cannot. Therefore, I start off by saying I unequivocally support the FTP programme, not with great joy, but I think this is actually the first time, in my eight or nine months here, that I feel as if I am having to get to grips with the really difficult problems and take responsibility. So I do unequivocally support the FTP and I will do whatever I can to help our colleagues and Policy Council and elsewhere to achieve it. Nothing could be more dishonourable than allowing our fiscal deficit to grow and expect future States and future generations to address our failures and pay the price. I believe, from what I have heard, that
3015 this States has the courage, the will and the determination to address a problem which we inherited and which has the potential to blight the lives of generations to come.

3020 Sir, I will not repeat the excellent speeches of my Minister, Deputy Sillars, and my fellow members of the Education Board. I stand full square with them in our commitment to achieve our FTP savings. I accept those targets and I expect to achieve them but I note and recognise that we inherited a poisoned chalice and, again, I admire the way the officers of Education and my colleagues in Education are trying to deal with this extraordinary saving of £7.6 million. We will do our best to get there, I am sure. There is a ‘but’, of course and, sir, that ‘but’ is that we cannot

3025 allow those savings to impose irrevocable damage on the education system, all those young lives for whom we have a huge responsibility. You do not need me to say it, colleagues, but I will: a young person who loses a year of their education life, loses that year for ever. You cannot give it back.

3030 We often – and I have heard it – talk about efficiencies and cuts but, of course, one Department's, one person's, cuts or efficiencies are another person's cuts. If we return to this House in due course and talk about our primary rationalisation, which we might – but we have not yet made a decision, –and that is about closing schools, that will be efficiencies for us and we will be looking for your support. That will be 'cuts' to some of you because you will be facing massive lobbying from various sources and it will be a very difficult decision to make. I suspect, from hearing the debates up to now, we will make the right decision because we all know where we are.

3035 Sir, I have said it before and I will say it again I am fiscally conservative, inasmuch as I do not believe the answer to closing a deficit is to introduce new taxes or crank up taxation rates. That inevitably impacts upon the most vulnerable members of our society and that is my political mantra. VAT, goods and services tax, selective employment tax are all regressive and impact upon those least able to afford it and, of course, they increase the cost of Government. I will go to the wire to stop the introduction of GST within this Island.

3040 I am heartened by the taxation benefits review that is ongoing. It does, in some ways, actually dove-tail with what we are talking about. It is, of course, a debate for another day but I hope that will now afford protection to our fellow citizens that these cuts, efficiencies will impact upon and I look forward to that debate because I think it will help us to address some of those weaknesses of the FTP programme. Sir, I believe the FTP has to succeed. It has to succeed beyond 2014. I have spoken before about the macro-economic situation which we all face. I do not believe we have weathered the recession: I think we are barely into it. I am no economics guru but all of the experts out there, and the key economic indicators, tell us that this world is facing a financial tsunami. It is likely that we will be looking back in a few years' time and thinking, reflecting, that these were, actually, the comparatively easy times. We have to confront these issues now.

3050 Sir, it is clear that there is a will and a commitment in this Assembly to confront the cost of Government through the FTP process and there is a willingness to take some measure of collective responsibility for delivering that programme. We may not get all the way but simply by committing ourselves we will get a long way down the path. There will be lines in the sand which we find it difficult to cross but it is clear, I believe, from hearing the debates up to now, that there is a determination, there is the courage, there is the courage, the resilience and the understanding of what we face. I think we will see this process through. I think, colleagues, we *must* see this process through. There is little alternative and we owe it to those who come after us.

Thank you, sir.

3060 **The Bailiff:** Deputy Luxon.

Deputy Luxon: Sir, very briefly, there are 10.8 million reasons why the FTP programme made sense and that is because we have achieved those savings in the first three years.

3065 I was appalled in the HSSD debate in December when I learned that there is a system in place that causes financial difficulty for HSSD: that medical insurance companies would actually 'bribe' some of their clients to not claim on their medical insurance for operations in Guernsey with overnight stays, with £100 a night payment to that client who has taken out that insurance, so that client will use our general hospital services. I think that is appalling! Deputy Gillson let me know that it is a well-known fact and that everybody knew so I apologise for my naïvety, but I was *appalled*. What impact does that have on HSSD's budget, the budget allocation that we give? What inefficiency and what waste does that create?

3070 There are opportunities. I absolutely hear what the Education Board Members have said today, in unity, in terms of us not making the wrong decisions. I do hear that but there are ways that we can achieve this £31 million. We have achieved £10.8 million and I would just like to share four examples.

3080 PSD before – in fact, the previous PSD Board – deserves a great commendation from us because, over the four year period, 2009 – 2013, the PSD General Revenue budget allocation will drop by almost £4 million. PSD's FTP target is just over £1 million. Deputy Scott Ogier, my Deputy Minister, often regrets PSD having done what they did before the FTP started and the States Treasurer did comment to him that perhaps they showed their hand too quickly! So I applaud the previous PSD Board and I also applaud my current Board: there are five members of that Board and we are all very different in our thinking and in our approach but we have applied

3085 ourselves to the FTP programme and we have struggled with it and we have come up with our savings over that period and we, at the moment – our Department – is talking to three other Departments. We are talking to the Home Department, the Treasury and Resources Department, through the SBS, and, indeed, the Culture and Leisure Department, about some cross departmental opportunities that exist that, if they are able to be enacted, would make this Government work more effectively and may or may not lead to some cost saving, but it is likely that it would. So I think that Deputy Gollop, in his ‘We’re doomed, we’re doomed’ expression earlier... I do not think we are. I think there are lots of opportunities to do the things that we want to, without risking Deputy Sherbourne and Deputy Green’s desire for us *not* to make mistakes with our education for our children, going forward, and for Deputy Brehaut and the other HSSD members who, *equally*, feel passionately about health care for our Island. We do not have to necessarily damage the level of services but we have to be more efficient. This Government has done poorly, over many years, in actually telling the people of Guernsey the successful things that have been done and the progress that *has* been made. The PR – our self-PR – and our self-communication, Deputy Queripel, has not been great in terms of that external sharing of the progress that has been made. That does not mean to say we should be complacent or that we have done enough, or that we cannot do more, or that a 9% saving over five years is something that would be laughed at by the private sector, because not everything that happens in the private sector is wonderful, either.

3090 I support the FTP. I support what it is, what it says it is, the principle behind it and that it may well lead us, beyond 2014, to continue to examine how we could more effective, more efficient and use our resources.

3100 This Island’s economy is *incredibly* resilient: when you look at the initial financial collapse in 2007-08, the double dip, triple dip, mega whammy that has happened globally and in the UK and Western Europe, and yet we still have no real debt, we have unemployment at benign levels... The previous unemployment level, pre-financial market collapse, of 250 is now 400: that is not good, certainly not good for those 150 people and for their families but it is not a *massive* problem. We have a small structural deficit because we took a decision to allow our financial sector services to remain viable into the future. Right call. Well done, States of Guernsey, you did not get lots of credit for it but you should have done. We now just have to finish off some of the implications of that decision. We never thought we would end up with a structural deficit. We actually thought we would have, through the various mechanisms, including growth – which we now know is not happening – we thought we would get there. It moved... the target moved and the targets will continue to move and we will want to support amendments, proposals, of the sort that Deputy Le Lièvre brought last year in Quarter 4 for the SSD Report, which I wanted to support as a member of this Island and a Member of this Assembly and which I was not, in the end, able to support because of my realisation that our commitment to the FTP, and responsibility that we have to the people of this Island, the taxpayers. I want to be able to support those sorts of initiatives and some of those that Deputy Adams, Minister of HSSD, shared with us towards the end of last year.

3110 We all want to support those improved services for the people of our Island and not to neglect their best interests but we have to get our financials under control first, do the right things, not the wrong things. I hope the Education Board members and HSSD Board members will actually see that this Assembly *will* be supportive of the problems and strains that they will have, will recognise them. I believe this Assembly does have a conscience and we will find ways to deal with those hiccups when they come.

3125 Thank you, sir.

3130 **The Bailiff:** Does anyone else wish to speak?

Yes, Deputy Robert Jones.

Deputy Robert Jones: Yes, sir, I am standing mainly just to reaffirm some of the statements that I have already made, mainly round the time of the election.

In my manifesto I stated:

3135 ‘I fully support this programme but all the efficiencies must be sustainable and we must ensure vital public services are not reduced for those that are most in need.’

3140 By endorsing the Policy Council’s approach to delivery and accepting the principles that are set out in the Report before us, I believe I can stand by that statement. I believe we can maintain our vital services and, by vital services I am, obviously, meaning those services that are absolutely necessary. We can maintain them by providing those services in the most efficient and effective

way.

3145 I also agree with other colleagues who say that the alternatives... I do not believe the alternatives to the FTP were any more palatable than the fiscal discipline that the FTP programme imposes upon us. I will fulfil my duty, I will work hard on the Public Services Department, I will work hard on Scrutiny if, and when, we feel it is necessary to scrutinise. I do not believe that yesterday was the death of scrutiny, by any means. I believe we have kept our independence intact and, as and when it is necessary to possibly review, we will review. I will also work hard to help
3150 colleagues on Education, Health and Home and all of those other Departments that *will* find the next two years a challenge and I think we can work together, as a group, to help those Departments make the difficult political decisions that will inevitably come before us in the next couple of years.

3155 **The Bailiff:** Anyone else? No?
Yes, Deputy Inglis.

Deputy Inglis: Sir, Members of the Assembly, I think, for me, finding out what happens in the Assembly is a big learning curve but one of those is the word 'timing'.

3160 My timing is not always that good when making a speech because, if you jump up too early, you can say things that people might not agree with but, then, if you jump up too late in timing, you suddenly find that everyone's said everything that you were planning on saying. So I just want to reiterate quite a few things that people have said, which came out in various guises.

3165 One thing I want to say is that I still have a copy of the Tribal Report issuing out the 107 work streams. I do not agree with all the work streams, but what is key and fundamental in here is the rationale and thinking behind it all: that is one thing I would encourage anyone who has not read this to get hold of it and read it, because it gives the background thinking to where we could end up and the reasons why we should be thinking about it.

3170 It is all about expectation. Expectation, from our viewpoint, might not be the expectation that the people out there, who are suffering, in terms of the person on the street. Their expectation is what this book says: 'unbeatable services'. They still expect those services and it is very much a key for us, as politicians, to pass on the information which, as Deputy Lester Queripel is very keen to encourage with us, that clearly gets *them* on board, as much as we, as ownership... as the 47 Members have to acknowledge, as well.

3175 The other part of the strapline here is 'efficiently delivered', and that is very important. Delivery is something that we really must get under way. Deputy David Jones said, right at the beginning: 'We've just got to get on with it'. Whilst I acknowledge there was a big cry to have this debate and to bring us all up to speed on what is happening, it is very important that we really do get moving on this now and the engagement with everybody, in the way that Deputy Rob Jones has just said. He is supportive, he wants to support other Departments. That is nice to hear. It might not be necessarily be the view of every Member in the Assembly here, but it is important, very much so, that we work as a group that wants to make the achievements that the FTP is seeking.

3185 One of the positive things that has, I feel, come out through the Civil Service – if one wants to give them praise for what's going on – they are definitely thinking outside of the box. They are forcing us to look at things, albeit we have got to make the decision, we have got to stick our necks on the line, but the most important thing is ideas are coming forward. The dilemma, of course, is the idea as to whether it is something that we will inevitably be charged for through the fee structure that Capita now – excuse me – do benefit from. But, in business, you pay for a service, you demand a service, you expect a service. This costs us a lot of money. I can only
3190 reiterate, read it, please, and understand what all the rationale is.,

That, for me, concludes what I feel, having acknowledged that a lot of what I would have liked to have said has already been said. I just have one worry, and I could be worrying unnecessarily, but Deputy Adam brought this up in relation to what we are signing up to. We are signing up to something we do not fully understand the ramifications in cost and how it might affect us. I have seen the start of other initiatives coming along, where we are being asked to sign up earlier that we should be and without any cost implications. So I do request and hope that the Policy Council will be more forthcoming with any costing implications that we have to make decisions on.

3200 Thank you.

The Bailiff: Alderney Representative Arditti, then Deputy James.

Alderney Representative Arditti: Sir, thank you.

3205 I feel I have not spoken for quite some time! (*Laughter*) I also felt under some pressure because everybody else has spoken so well, but I'll do my best.

3210 Listening to everybody, it just seems to me that FTP finally boils down to three things: cutting waste – this is what we all passionately hope for. We hope there is more waste out there because that would avoid the horrible policy decisions that we will have to make, once it is declared that there is no more waste. So cutting waste is our hope and our ambition but, when the point is reached, we will then, inevitably, have to make policy decisions, and there are only two types of policy decision: cutting services and raising taxes.

3215 For me, FTP is the deadline: December 2014. By then, we have to have made a decision about what, if any, more waste there is to cut and what have been our policy decisions in order to bring the deficit to a close. Personally, I regret that we have chosen the least clear line of accountability but, no matter, life goes on. I simply now await our first policy debate, because that will be our first *real* decision.

The Bailiff: Deputy James.

3220 **Deputy James:** Thank you, sir.

I, like many Members of this Assembly, came in late on the FTP bus journey. However, I was more than happy to get on that bus and go on the journey. I did not have any intention of speaking because, as David Inglis just said, there have been many, many good speeches this afternoon, most of which I agreed with. But I was driven to stand to speak following Deputy Adam's request to this Assembly for us to focus particularly on what we have been asked to sign up to.

3225 The one thing that I picked out in particular was to accept the necessity of diversion of staff resources away from routine work in order to deliver changes. I was reminded of the many examples that I have seen, of what I would say, the very valuable clinical skills that we have across our workforce, particular skills that Guernsey has to import, particularly into Health and Social Services, skills like occupational therapists, speech and language therapists, physiotherapists and nurses, many of whom are brought over to Guernsey on licence. Then, lo and behold, within a relatively short space of time, we see a number of these very, very skilled and highly qualified clinicians being drafted into areas that I consider – my personal view – inappropriate areas of work, like electronic health care records, like delivering SAP. This worries me terribly, that we are losing such incredibly valuable skills into areas of technology. Sir, I just felt that it was absolutely important for me to say that.

3230 The introduction of SAP: I know I have been called a Luddite. I think that is the second time that that expression has been used today in terms of technology. No, I am not. I appreciate it, like the rest of it, if it can help produce and deliver services more effectively. Those that know me have often heard me be critical and use the expression 'I get sickened when support services become more important than core services', and for me that is a good example. I have made enquiries recently and have learnt today that 32 nurses did not receive their correct salary for January because of hiccups in staff. That may not seem a disaster for you, but many of these nurses are at the lower end of the pay bracket, they rely on their special duty payments and the special duty payments that they were required to have were the hours that they worked in December. I am assured that these issues have been dealt with but I can tell you that that has caused a lot of anxiety.

3240 So what I would say is, let us not take our eye off the ball. Let us embrace new services but let us not lose the perspective of where we are going on this. There are many, many staff, as I have said, who are being taken away from their core clinical skills. I was asked recently by a Chief Officer... He came up to me and said, 'Sandra, you've usually got your ear to the ground. How is SAP being embraced by the staff?' And I am going to give you... I'm not sure whether you will think it a rude analogy. I hope you don't, but I said 'Can I put it like this... Can you imagine? Well, maybe not imagine but it's a bit like me trying to squeeze into a very, very tight girdle! (*Laughter*) Fat doesn't disappear, it just pops up somewhere else!' (*Laughter*) I just hope the *Guernsey Press* do not capitalise on that as a cartoon because Deputy Soulsby has already done her best... (*Laughter*).

3245 In essence, what I am trying to say is whatever fancy electronic system you may introduce, it does not necessarily relieve others within the organisation of additional work.

3260 Thank you.

The Bailiff: I see no one else rising. Unless anyone else wishes to speak, I will call on Deputy

St Pier to reply to the debate.

3265 No? There is no one else.
Deputy St Pier.

Deputy St Pier: Thank you very much, sir.

3270 Mr Bailiff, Tina: does anyone remember Tina? (*Interjection and laughter*) I was beginning to wonder whether I was the only one who would remember. I am going to come back to her later.

Sir, on behalf of Policy Council, I would like to thank everybody for their contribution to this debate. Clearly, many Members have contributed. It is going to be difficult for me to name check everybody but I do wish to try and address quite a number of points which have been raised during the debate and forgive me if I do not name check everybody. This is not in any particular order: it is simply as I hope it will flow relatively naturally.

3275 Deputy Perrot and Deputy Fallaize raised the question that it was unclear about what an FTP saving is and I actually think it is relatively clearly defined. It is something which is a recurring saving. If it is not a recurring saving then it will not fall into programme.

3280 I would like to join with others in welcoming Alderney Representative Jean and congratulating him on his maiden speech of *this* term. His points were very well made in relation to the economic position in Alderney and, perhaps, its inability to carry any greater tax burden.

3285 Deputy Brehaut raised concerns about the possibility of the £2 million transfer in respect of the Housing Fund triggering a payment of the 6.5% fee and, as I have reassured Deputy Le Lièvre who, as many Members will know, has a similar concern, I can assure you that no payment has been made under the contract. That £2 million sum is not included in the moderated balances which were referred to in the Report.

3290 Deputy Brehaut also said that Capita were ‘not that motivated’ and that statement had been made. I am not sure that is exactly what was said. I think what was said is: ‘I’d actually say that Capita are *very well* motivated. They are motivated by the risk and reward nature of the contract.’ In other words, they only get paid on success. I think the point was being made that Capita, having taken over from Tribal, may well have had different commercial terms if that had been available to them.

3295 Deputy Adam has asked when will the results of the departmental management boards and the Executive Leadership Team and their presentation to Policy Council be made available, but I think that misunderstands the nature of what *is* being made available to Policy Council, which is the long list of opportunities. It will then be down to each Department, where they are departmental projects, to take those proposals forward, to work out whether they are going to proceed with them and either to go ahead and do so or bring them to this Assembly, as they see fit.

3300 Deputy Lowe suggested that it was only Ministers who knew what was going on with that list but, of course, members of the Ministers’ Boards will also be aware of what is there in respect of their own list.

3305 Deputy Soulsby was concerned that there would be no visibility of the savings, without re-charging between the Departments. I think they are two separate issues. There will be absolute clarity of the Shared Transactional Services savings, and there will be a post-implementation review which, of course, will be available to the Public Accounts Committee, that will, amongst other things, examine actual savings realised versus those planned. In terms of re-charges, that is always an issue within any organisation when you start re-charging between Departments and it can, of course, create a whole industry in itself. It is not something the States has traditionally done and it does open up a whole new set of issues.

3310 Deputy Lester Queripel raised the question of communication and I hope he will agree with me that the Policy Council has done its best to try and improve communication on this whole issue since the summer. There are many methods of communication and it is always a balance between doing the communicating and actually doing the deliver. But I would also refer to him, if he has not yet seen it, to keep an eye on – and I know many Members will groan at this reference – The Bridge and the information that is posted there.

3315 Deputy Bebb passed a question which was: ‘if the FTP is fully delivered, when do we last have that level of expenditure?’ I have sought to get the answer to this during the debate and I believe the information is that if you do deliver the full £31 million, then we will have the same level of spending in 2014, in real terms, as we would have had in 2008. I hope that answers Deputy Bebb’s question.

3320 Sir, before I go any further, I think it is appropriate to thank all those involved, particularly in the project management office, in preparing for this debate, the Beau Séjour event – which I think many Members found very useful – the recent presentation and, indeed, the States Report and

3325 handling all the subsequent questions and enquiries that there have been. Accepting and notwithstanding Deputy Gillson's and Deputy Perrot's criticisms of both the Report and the level of information that was provided, I think that we should recognise the huge amount of work that has gone on behind the scenes to provide Members with the information that has helped inform this debate today. I think we should also acknowledge the huge amount of work which has gone in across the States in the delivery of the Financial Transformation Programme so far and, after this debate, clearly, we need to get back into the delivery phase, which I think is a point which Deputy Inglis made.

3330 Sir, we must not forget why the previous Assembly adopted the Financial Transformation Programme. Firstly, it was to have Government deliver services in a more joined-up way, such as the Shared Transactional Services Centre. Secondly, it was to provide taxpayers with better value for money, such as changing the way we provide off-Island placements for people requiring acute care or with complex needs – and that has already saved HSSD £990,000 – or by changing the way planning services are delivered. By doing that, the Environment Department were able to complete a staff restructuring and release £90,000. Thirdly, it was to help reduce the structural deficit created by the change in the corporate tax regime and that was the *quid pro quo* or, as Deputy Perrot and Trott referred to it, the 'compact' for increasing the tax burden on taxpayers. Now, all those drivers for change remain as valid today in 2013 as they did 2008 and 2009. In fact, I would argue more so. Resources are scarcer, growth in the economy, as Deputy Gollop acknowledged, has been weaker and therefore the tax take has been weaker. Service demand, as we have seen with HSSD and public expectations, as Deputy Brouard and Deputy Inglis pointed out, has not decreased and, of course, we know demographics are against us.

3340 First and foremost, this is a *transformation* programme and the clue really is in the title but we have all focused on the financial part. Working across and outside Government is part of that transformational change and we need faster, not slower, transformation in order to create greater accountability in practice and, at staff level, we need to push on with developing enhanced systems of staff performance management. Transformation should not, must not, and will not, stop at the end of this part of the programme in 2014.

3350 We all knew that 2013 was always going to be the toughest year, but taking £20 million, or around 5%, of spending out of the Government over the next two years is, as Deputy Luxon said, and as I agree, I think it is achievable. Within the portfolio of opportunities, we have 210 departmental opportunities, 85% of which have been classified as 'tasks' or 'small projects' with an estimated risk adjusted benefit of £15.5 million – that is a number which, as I say, does not include the £2 million Housing Transfer – £12 million of which are savings and £3 million of which are income generation. I will come back to that later, because that is a point that has been raised.

3360 We have inter-departmental projects such as Property Procurement and Support Services, with £5.8 million of estimated projects. Now, will all those projects yield all that is expected of them? No, I think, as has been highlighted with the WAN, for example, almost certainly not. Some will not go ahead, some will fail, some will yield *more* than is expected, and new opportunities will, I am sure, and should, be identified. That is entirely to be expected. That is the nature of a transformation programme, and I agree with Deputy Luxon that we still have opportunities which have not yet been explored or fully explored. We still have three Departments that help the unemployed: SSD, HSSD and Education. We still have at least three Departments managing property portfolios: T & R, Education and HSSD. We still have three Departments involved with Education itself: Education obviously, but also HSSD, through the Institute of Health and Clinical Studies and Commerce, and Employment through their responsibility towards the Guernsey Training Agency. No conclusions have yet been reached on any of these examples to determine whether or not there *is* any real opportunity to produce savings but, in response to a question from Deputy De Lisle, I would like to just say we have not even begun to scrape the surface of the opportunities that *may* arise from increased working with Jersey. In a transformed public service these sorts of opportunities will be picked up and looked at as a matter of routine and not as an exceptional one-off programme.

3375 In a transformed public service, to reassure Deputy Lester Queripel, staffing numbers and management structure should be looked at as a matter of routine and not as an exceptional one-off item and that is what Capita are there to do, to provide the training and transfer the skills to enable change to continue after they have left us at the end of the FTP next year.

3380 Capita are there to provide a resource, to address Deputy James' concerns about resourcing and raised by Deputy Adam as well. That is a resource which is available to us to the end of the programme and Departments should exploit that and I know Education, for example, in recent

3385 months have made greater use of that resource, with results. I would also point out to Deputy James, actually, the electronic health care record scheme is not actually part of the FTP but I appreciate it is still a pressure on the Department.

It has been misrepresented that FTP is all about ‘cuts’ and so I do reject Deputy Hadley’s comments in that regard and also Alderney Representative Arditti’s comments that once we get to the end of the waste then the only alternatives are cuts or tax rises. It is understandable, and I know it is inevitable, with targets, that Departments are focused, quite rightly, on living within cash limits but the question is going to be ‘What services do we cut?’ But I think I do *wholeheartedly* agree with Deputy Sillars and, indeed, Deputy O’Hara that if Departments, if Boards and staff are asking the question ‘What services do we cut, or how do we cut costs?’ then they are asking the wrong question.

3390 As Deputy Bebb posed, it is entirely legitimate to ask ‘Are there services currently provided which could be reduced, or switched off, or ceased altogether?’ There are likely to be quite a few of those, but it is a legitimate question. The more difficult and the more challenging questions are ‘Are there services currently provided that could be better provided by a third party, or how could we cut the cost of providing the services that we do provide? Or are there services currently provided that could be provided more efficiently?’ What I heard from Deputies Dorey, Conder and Sillars was their request for political support in delivering the answers to those questions and what I heard from Deputy Luxon and Deputy Rob Jones was very much an indication that there is support for helping to answer those questions.

3395 As Deputy Sillars and I think – forgive me, at least one other Deputy – referred to the excellent example of Youth Services: the running of all Youth Services has been handed over, as he mentioned, to the Youth Partnership for Guernsey and Alderney – YPGA. As part of that deal, the partnership will receive a Government grant of £550,000 a year, which will cover all staff costs. All of the current Youth Service staff will be seconded to the YPGA. YPGA will rely on charitable donations and fund-raising and will make use of volunteers to work alongside staff. Education estimates it will be spending around 15% less per year on youth services, as a result of this transformation in the delivery of these services – and I think as Deputy Sillars was saying earlier – hopefully with an improved outcome, as well.

3400 There has also been criticism that putting up charges is, in some way, a fudge and was never part of the programme: Deputy Burford referred to that. For the record, to date of the £10.8 million savings delivered, aside from the Guernsey Registry increases, which the States had already directed, only 7% or £754,000, relates to increased fees or charges. If the public sector continues to provide services which are enjoyed and consumed by individuals in the private sector below cost, that is inefficient. If we were a private company, we would rapidly find ourselves insolvent and out of business. I am not suggesting, and I have not heard any suggestion, in response to the comments that Deputy Bebb made of an education attendance fee or a fee for access to police services. That is not what we are talking about, but HSSD’s review of private patient fees and the Law Officers’ review of their fee schedules are excellent examples of where a review of charges is entirely appropriate.

3405 Having a robust, consistent methodology – which should be rolled out very shortly – for charging fair value, when appropriate, and it will not always be appropriate, for public services is entirely sensible and is, in fact, essential As Deputy Sillars and Deputy Dorey said, there will be a challenge for Departments in delivering against cash limits when the benefits from the FTP projects may take time to come through. This is well understood by me, it is well understood by the States Treasurer, it is well understood by the Treasury & Resources Board and it is well understood by the Policy Council. This is the reason, as Deputy Duquemin mentioned – and was made very clear at the time of the Budget – for the significantly higher Budget Reserve this year.

3410 Sir, as I said yesterday in the 2012 Budget the States decided that all Departments should be issued with a target and the Budget Report stated if the efficiency target is not achieved through the FTP, then Departments will still be expected to balance their 2012 budgets, either through true efficiency measures or one-off in-year cost reduction measures. Before any consideration can be given to accessing the Budget Reserve, Departments will be asked to demonstrate all possible alternative, and all reasonable short-term, measures have been considered and investigated, including, importantly, an assessment of the probable impact of those measures. It is, therefore, important to look at the impact of any cost reduction measures before deciding whether they are, or are not, an acceptable means of delivering against budget. This will require open and timely communications and monitoring of Departments’ progress on their FTP target and dialogue between Departments and Treasury and Resources. That has already begun with Education, in particular, at both an officer and political level. There is flexibility within the Budget Reserve for

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3445 managing the pressures on departmental cash limits as a result of timing of delivery of benefits through the FTP. This is to ensure that Departments are not unfairly disadvantaged by the timing of its savings, by being forced to take short-sighted short-term measures to deliver on their cash limits.

3450 All challenges are opportunities. Working together to deliver the FTP is an opportunity for this States to improve the quality of Guernsey's public services and give a fairer deal for taxpayers. The FTP is not a plan that needs rescuing or revising, ripping up or rescheduling. It is on track, with the original programme at least, and on target. The FTP is a plan that has momentum and I think Deputy Inglis referred to the work that he had seen from staff. It needs to be continued.

3455 The private sector has had to adapt to the challenge of the so called 'new normal' and I think Deputy Perrot referred to that. Slower growth, difficult decisions and transformation is the 'new normal' in the public sector – not just in Guernsey but, as we know, in Jersey and in the United Kingdom and across the developed world. As the Chief Minister and Deputy Chief Minister have said, failure is not an option and there is no Plan B and no Plan B has been developed. In Deputy Fallaize's question in that regard, I would suggest that now is not the time. We need to focus on the delivery of Plan A. We need to monitor closely this year, we know this year is a significant hill to climb; we will have a much better idea by the end of this year whether we can indeed achieve Plan A.

3460 In any event, Plan B as has been noted, could only involve – Alderney Representative Arditti noted this – higher taxation, which holds, I suggest, no attraction to anyone. And to answer Deputy Brehaut, I do not think that we should be embarking on that until we have done all we reasonably can to deliver the Financial Transformation Programme. Raising taxation is not going to be a panacea in any event, as Deputy Kuttelwascher said. And as Deputy Jones, I think made the point, Deputy Rob Jones, tax raising questions are going to be as difficult to answer as spending decisions and even more so in a weak economy, as Deputy Trott pointed out.

3470 Sir, this brings me back to Tina, that child of the 1980s: 'There Is No Alternative'. I do urge all Members of the Assembly to support the propositions. I think we do have to give credit to Deputy Brehaut's Post-it at Beau Séjour in recognising how we got here.

3475 Today has been an important debate. There are important decisions. It is a watershed and I think, as Deputy Langlois said, unity is important. Sir, I do ask that we have an *appel nominal* on propositions 2, 3 and 5. I think Deputy Adam drew attention to proposition 3. I think calling for an *appel nominal* does give Deputy Gollop the option to vote against it but, with regard to proposition 3, I would just say to Deputy Lowe that the commitment is a commitment to the principles, so I am not sure that is significantly different from what she was referring to before.

Thank you very much, sir.

3480 **The Bailiff:** Can I just clarify. Are you calling for a separate vote on 2, 3 and 5?

Deputy St Pier: Yes, sir.

3485 **The Bailiff:** Yes.
Deputy Gillson.

Deputy Gillson: Sir, sorry, I did not want to interrupt the Minister but I think he may be inadvertently misleading the Assembly.

3490 I fail to see how £2 million of fees generated by the Company Registry cannot be classed as 'fees'. Annual Returns used to be £100 and are now £250, for instance.

The Bailiff: Deputy St Pier, do you wish to reply to that?

3495 **Deputy St Pier:** Yes, I do, sir.
I just wish... If I could just pick up exactly what I said in relation to that point, I said, for the record, 'aside from the Guernsey Registry increases', so I was acknowledging it.

Deputy Gillson: Apologies. I missed that.

3500 **The Bailiff:** Members, can I draw your attention to the propositions because they have been amended.

The original ones are on page 57. I am going to take you through and say how I think they have been amended and I am sure Madam Comptroller will jump up if I get any wrong.

Proposition 1 has not been amended, nor has the first of the original Propositions No. 2, so the first No. 2 has not been amended.

3505 A new 2A has been added as a result of the Deputy Gillson/Deputy Fallaize amendment: that is, the amendment that requires the Policy Council in delivering the Financial Transformation Programme and presenting its annual reports to categorise the savings in a particular manner and includes certain details. I will not read the whole amendment out to you.

3510 The second Proposition No. 2 is now No. 3 and that has been amended so that the word ‘this’ report is now ‘that’ report. That is the only amendment to that Proposition.

A new 3A has been inserted by the Deputy Storey/Deputy Trott amendment, which is to agree to set all FTP savings against the fiscal deficit and not utilise them to fund services until the fiscal deficit has been eliminated.

3515 The original No. 3 is now No. 4 and has been amended as a result of wording inserted by part 1 of the Fallaize C amendment.

What was Proposition 4 is now Proposition 5, otherwise unamended, and a new Proposition 6 has been inserted by the Deputy Gillson/Deputy Fallaize amendment, which is directing Policy Council to provide PAC with copies of its Financial Transformation Programme Status Reports on a quarterly basis.

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Deputy Soulsby: I think that was a different one. That was Soulsby/Le Clerc, the PAC...

The Bailiff: Sorry, that is Soulsby/Le Clerc, is it? Sorry.

Right. Thank you.

3525 As we have had a request to have separate votes on 2, 3 and 5, I think probably the best way is just going to be to take every Proposition separately, take them one at a time.

So, the first vote – and there is no request for an *appel nominal* on this one – is on Proposition 1.

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Those in favour; those against.

Members voted Pour

The Bailiff: I declare it carried.

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Then we have a request for an *appel nominal* on Proposition 2:

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:

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

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There was a recorded vote.

Carried – Pour 45, Contre 1, Abstained 1, Not Present 0

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POUR

Deputy Harwood
Deputy Kuttelwascher
Deputy Brehaut
Deputy Domaille

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Deputy Langlois
Deputy Robert Jones
Deputy Le Clerc
Deputy Sherbourne
Deputy Conder
Deputy Storey
Deputy Bebb

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Deputy Lester Queripel
Deputy St Pier
Deputy Stewart
Deputy Gillson

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Deputy Le Pelley
Deputy Ogier
Deputy Trott
Deputy Fallaize

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Deputy David Jones
Deputy Laurie Queripel
Deputy Lowe
Deputy Le Lièvre
Deputy Spruce
Deputy Collins

CONTRE

Deputy Gollop

ABSTAINED

Deputy Hadley

NOT PRESENT

3570 Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Paint
Deputy Le Tocq
3575 Deputy James
Deputy Adam
Deputy Perrot
Deputy Brouard
Deputy Wilkie
3580 Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Sillars
3585 Deputy Luxon
Deputy O'Hara
Deputy Quin
Alderney Representative Jean
Alderney Representative Arditti

3590 **The Bailiff:** Members, the result of the vote on Proposition 2 was 45 in favour, 1 against, 1 abstention.

I declare it carried.

3595 So, next, we have Proposition 2A, which is the Proposition inserted by the Deputy Gillson/Deputy Fallaize amendment, requiring Policy Council, 'in delivering the FTP and presenting its Annual Reports, to categorise the savings and give certain details'. There is no request for a recorded vote on this so we will go *au voix*.

Those in favour; those against.

3600 *Members voted Pour*

The Bailiff: I declare 2A carried.

And, then, Proposition 3, which is the second one, No. 2. at the foot of page 57 in the Billet d'État and there is a request for a recorded vote, so we will deal with that.

3605 So this is on what is now Proposition 3:

To commit to the Financial Transformation Programme principles as laid out in paragraphs 3.14 and 3.17 of this report.

3610 *There was a recorded vote.*

Carried – Pour 43, Contre 3, Abstained 1, Not Present 0

	POUR	CONTRE	ABSTAINED	NOT PRESENT
3615	Deputy Harwood Deputy Kuttelwascher Deputy Brehaut Deputy Domaille Deputy Langlois Deputy Robert Jones	Deputy Gollop Deputy Sherbourne Deputy Bebb	Deputy Hadley	
3620	Deputy Le Clerc Deputy Conder Deputy Storey Deputy Lester Queripel Deputy St Pier			
3625	Deputy Stewart Deputy Gillson Deputy Le Pelley Deputy Ogier Deputy Trott			
3630	Deputy Fallaize Deputy David Jones Deputy Laurie Queripel Deputy Lowe Deputy Le Lièvre			
3635	Deputy Spruce Deputy Collins Deputy Duquemin Deputy Green Deputy Dorey			

3640 Deputy Paint
Deputy Le Tocq
Deputy James
Deputy Adam
Deputy Perrot
Deputy Brouard
3645 Deputy Wilkie
Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
3650 Deputy Sillars
Deputy Luxon
Deputy O'Hara
Deputy Quin
3655 Alderney Representative Jean
Alderney Representative Arditti

The Bailiff: Members, on Proposition 3 there were 43 votes in favour, 3 against, 1 abstention.
I declare Proposition 3 carried.

3660 Next we have Proposition 3A, which is the one inserted by the Deputy Storey/Deputy Trott amendment, to agree to set all FTP savings against the fiscal deficit etc. We will go *au voix* unless anyone requests otherwise. No? *Au voix*.
Those in favour; those against.

3665 *Members voted Pour*

The Bailiff: I declare it carried.

Next, Proposition 4, which is the one that was originally Proposition 3 and has been amended as a result of the insertion of part 1 of the Fallaize C amendment. We will go *au voix*.

3670 Those in favour; those against.

Members voted Pour

The Bailiff: I declare it carried.

3675 Then Proposition 5, which was originally 4:

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

There is a request for a recorded vote.

3680 *There was a recorded vote.*
Carried – Pour 44, Contre 0, Abstained 3, Not Present 0

	POUR	CONTRE	ABSTAINED	NOT PRESENT
3685	Deputy Harwood Deputy Kuttelwascher Deputy Brehaut Deputy Domaille Deputy Langlois		Deputy Gollop Deputy Burford Deputy Hadley	
3690	Deputy Robert Jones Deputy Le Clerc Deputy Sherbourne Deputy Conder Deputy Storey Deputy Bebb			
3695	Deputy Lester Queripel Deputy St Pier Deputy Stewart Deputy Gillson			
3700	Deputy Le Pelley Deputy Ogier Deputy Trott Deputy Fallaize Deputy David Jones			
3705	Deputy Laurie Queripel Deputy Lowe Deputy Le Lièvre			

3710 Deputy Spruce
Deputy Collins
Deputy Duquemin
Deputy Green
Deputy Dorey
Deputy Paint
Deputy Le Tocq
3715 Deputy James
Deputy Adam
Deputy Perrot
Deputy Brouard
Deputy Wilkie
3720 Deputy De Lisle
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
3725 Deputy O'Hara
Deputy Quin
Alderney Representative Jean
Alderney Representative Arditti

3730 **The Bailiff:** On Proposition 5, there were 44 votes in favour, none against, and 3 abstentions, so I declare it carried.

Finally, we come to Proposition 6, inserted by the Deputy Soulsby/Deputy Le Clerc amendment, and I apologise for getting that wrong earlier. We will go *au voix* – yes, *au voix*.

Those in favour:

3735 *Members voted Pour*

The Bailiff: I declare it carried, so all Propositions, as amended, have been carried. That brings us neatly to closing time. We will resume tomorrow at 9.30 a.m.

THE GRACE
The Deputy Greffier

The Assembly adjourned at 5.32 p.m.