

Present:

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

Law Officers

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

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, 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, J. P. Le Tocq, S. A. James, M.B.E., A. H. Adam

The West

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

The South-East

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

Representatives of the Island of Alderney

Alderney Representatives L. E. Jean, E. P. Arditti

The Clerk to the States of Deliberation

S.M.D. Ross, Esq. (H.M. Senior Deputy Greffier)

Absent at the Evocation

M.M.E. Pullum, Q.C., H.M. Comptroller; Deputy M. J. Storey (*indisposé*)

Business transacted

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCATION

Procedural States Assembly to convene on Tuesday, 29th October 2013

The Bailiff: Members of the States, before we resume debate, the Chief Minister wishes through me to produce a procedural motion.

5 Chief Minister.

The Chief Minister (Deputy Harwood): Thank you sir.

I am mindful of the fact that at the October sitting of the States, although the numbers of items to be brought before the Assembly are not huge, there are three items in particular that I believe will engender considerable debate, namely the Budget, the Report of the Education Department and also the Report of the SSD.

10 In light of that, sir, I would ask the leave of the Assembly that the meeting in October actually convenes on the Tuesday 29th October, to allow full debate on those items.

15 **The Bailiff:** Members of the States, what I will put to you in a moment is a Proposition that the Budget be convened for the Tuesday – it will be Tuesday, 29th October.

The October Billet has already been issued. That meeting has been convened for Wednesday, the 30th. The Budget meeting is always a separate meeting and under the Rules is held prior to the ordinary business of the meeting. So what I will put to you in a moment is a Proposition that the Budget meeting be convened for Tuesday, 29th October.

20 Obviously, if that is carried then you can anticipate a four-day meeting in October. If it is not carried, then the Budget meeting will be convened as normally on the Wednesday and you can anticipate a three-day meeting and the Rules, of course, provide that if the business is not completed in those days, then it is adjourned for two weeks until the Wednesday two weeks following, which would be Wednesday 13th November.

25 Now, I know there are some Members who would like to be debating this morning when the Education proposals in relation to primary schools should be debated. There is no provision under the Rules to have that debate. If there is a proposal to delay an Article, that amounts to a *sursis*.

I discussed this yesterday with the Procureur and we could not see any way of bringing a *sursis*, which effectively would be until the Article has actually been laid. I know that runs contrary to the wishes of some Members who would like to have that debate this morning.

30 But, Procureur, do you agree with me that the Rules do not provide for that? (**The Procureur:** Yes, sir.) Because in fact what we would end up with is a debate, because those who want to delay the education debate will want to explain why they want to delay it; those who do not want to delay it will want to explain why they do not want to delay it, and that then becomes a debate and becomes a *sursis* –

The Procureur: And that is an archetypal *sursis* –

40 **The Bailiff:** Sorry?

The Procureur: Yes. That must be right.

The other thing to note, sir, which I had not before, is there is a requirement for the Budget Billet to be published not less than three weeks before the meeting, so you will have to bring
45 forward your publication of the Billet by one day.

The Bailiff: Publication paper will have to be brought forward, exactly. I assume that that is possible for the Treasury and Resources Department. I assume that the Chief Minister has confirmed with them and that they are in a position to do that.
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The Chief Minister: Sir, assuming of course that it is the will of the Assembly, then we will have to comply.

The Bailiff: Right. In that case, this is a procedural motion. There can be no debate on it. The Proposition is that the Budget meeting be convened for Tuesday, 29th October. Those in favour; those against.
55

Members voted Pour.

The Bailiff: Well, there is a majority in favour of convening the Budget meeting for Tuesday, 29th October and the October meeting will follow, but not before 9:30 on the Wednesday, which is when it has been convened for. At that meeting, I am sure there will be debate as to the order in which items in that Billet are to be debated.
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The Culture and Leisure Minister wishes to say something, but –

Deputy O’Hara: Sir, I am very aware of the *sursis* arrangement – very aware indeed. I have been in the States long enough to know. The difficulty about laying the *sursis*, it would have to be in October and by that time, we will be debating it.
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Our problem is, Members – I do not want to go into a big speech, but really – the people who are challenging this particular policy letter – we have very little time. Thank you very much, that is... I am sorry about that – Five weeks plus one of those weeks is a half-term week. That is why we are coming to you as Members to consider it very seriously. We feel that we need a bit of time.
70

I do not want to open a debate. That is the difficulty we have got. I will leave it to you own conscience. I feel that we have not had enough time.

Thank you.
75

Billet d’État XIX

TREASURY AND RESOURCES DEPARTMENT

Capital Prioritisation

Debate continued

The Bailiff: Well, we need to move on with the business of today. We were debating the amendment proposed by Deputy Bebb, seconded by Deputy Trott, that Category D projects be considered as pipeline projects of the States Capital Investment Portfolio. Deputy Dave Jones, do you wish to speak or do you wish to speak a bit later?
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Deputy David Jones: I would rather, sorry –

The Bailiff: You would rather speak later. Deputy Luxon, then.
90

Deputy Luxon: Thank you, Mr Bailiff.

Sir, I will not support this amendment. PSD feels it is unnecessary and just for clarification, yesterday when Deputy Bebb validated the amendment by referring to Proposition 5, on page 1679, actually that reference has nothing to do with this amendment. I only make that point for clarification for *Hansard*: the Proposition 5 relates to a very different matter than this amendment.
95

Secondly, rather strangely, although Deputy Bebb has laid this amendment, it would appear T&R have actually drafted it – which does seem very odd. Why draft an amendment to one's own report via another States Member? I just make the point, I just find it strange.

100 Sir, on page 1679 of the Report, Proposition 2 already achieves what Deputy Bebb is attempting to achieve. In fact, at paragraph 47, they will see that T&R detail very clearly their intention in terms of the process and specifically talk about including the governance and financial approval arrangements for projects not funded from the capital reserve Category D projects that T&R would come back with a States report in the second quarter.

105 So for all sorts of reasons PSD has a problem with this amendment, sir, and what I want to try and do is to give some very clear and specific examples. The amendment adds a level of bureaucracy over an existing process and system that is in place which just simply is not good government. Also making this decision now pre-empt the Commercialisation Report which PSD was tasked to bring back to the States and which we hope to bring back to the Assembly in January – certainly, that is our intention.

110 Again, on page 1656, items paragraphs 73 to 74, T&R refer very clearly to the fact that they recognise that much of the treatment of the Ports and the PSD items will be considered once PSD have come back with their plans and ideas for commercialisation. So again, we feel that this amendment undermines that process that was already in place and that we feel would deal with the issue that is referred to in Deputy Bebb's amendment.

115 Sir, if I can give you an example, Guernsey operates clearly providing both fresh water and deals with waste water to the Island. It makes charges and it creates surplus funds to reinvest in the infrastructure. Guernsey Water is an exemplar by anybody's standards. It has very high service delivery, it has now got the infrastructure of Guernsey Water to an excellent condition, and we are in a process now of trying to maintain that to make sure that this part of the Island's infrastructure assets are well maintained.

120 Waste water was added to Guernsey Water's mandate just over a year ago and it is fair to say that the waste water network and infrastructure assets are in a very poor condition, but through the process that we have in place, we are already following a strategy to be able to bring that Guernsey waste water infrastructure into the same condition as we have for Guernsey Water.

125 Sir, this amendment talks about specifically that:

'as detailed in that Report, should be considered pipeline projects of the States Capital Investment Portfolio...'

130 Sir, by actually approving this amendment, what we would do inadvertently, I and the Department believe, is that we would take what are very routine capital investments on a day-to-day basis in these trading entities and these infrastructure capital entities... All of the items virtually, apart from one or two, are routine capital replacements, day to day, must do to carry on being able to deliver the services. This amendment, by suggesting that those Category D items should go into the pipeline process as described in the amendment simply would force PSD to bring to this Assembly a whole variety of States reports, unless of course T&R did decide to use their delegated authority. Because the Category D items consist of a composite project.

135 Sir, if I can just give some examples, and we are not talking about a single big capital project in Category D, as we are in A/B/C. We are looking at, for instance with Guernsey Water, the replacement of strategic raw untreated water mains between water resources and those are several different projects. It is not just one big project. It is all part of maintaining the infrastructure and the services.

140 Replacement of main water trunk mains between water treatment works and the distribution network and so it goes on, throughout the whole 31 to replace existing water mains in order to manage leakage, and to replace manhole covers.

145 My point, sir, is that in Deputy Bebb trying to have the category D projects treated in exactly the same way as A and B items, I can understand what his thinking was in terms of parity or fairness, but in actually fact we are mixing apples and pears.

150 The trading entities of Guernsey Water, Airport and Harbour day to day have to invest in those infrastructure assets that they have. I just think that this Assembly would not be best happy seeing States reports being brought to this Assembly – and by far PSD has the most number of capital projects within this Capital Prioritisation Report.

155 I just think that inadvertently we would be putting a layer of bureaucracy for ourselves, a layer of bureaucracy over the PSD entities, the trading entities, and we are not remotely trying to resist the need for good governance, oversight and value for money appraisal. Those disciplines are already in place and, of course, with any major capital items they would come back to the States – the Belle Greve Phase 5 outfall, of course, a multi-million-pound project that would come back for the normal rigorous approach for a States report.

160 So, sir, I am not sure why T&R have decided to support this, as Deputy St Pier said in his opening comments. I am not sure why his Department are happy to support this. Already within the Report his Department had dealt with the desire to look at how the PSD and Category D items should be treated and that a report would come back early next year. This late, last minute, amendment for me risks us making a decision that may look as though it has no unintended consequences but it absolutely does, and so I would urge all Members not to support this amendment, not because PSD does not wish to see the intent fulfilled, but because we believe
165 T&R already has that covered in the Report itself, so I would urge Members not to support this amendment.

The Bailiff: Thank you.
Deputy Dave Jones.

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Deputy David Jones: Thank you, Mr Bailiff.

Much of what Deputy Luxon has said resonates with me. We are in danger of becoming or adopting the English disease of bringing this States and this Government to a grinding halt while wading through vergees of treacle to get even minor projects done.

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The fact of the matter is, as Deputy Luxon pointed out, the kind of belt and braces they are already in this Report. From a Housing perspective, and I have no knowledge whether Deputy Bebb is laying his second amendment, that is something I will come on to if he does. But certainly the GHA are an independent company, they build houses. How would the GHA, for instance, face Gateway reviews and all the rest of it? But I will expand on that if that amendment is laid.

180

But certainly as far as this amendment goes, while I understand Treasury – it is a belt and braces thing for Treasury – but it is already in the Report and I am fearful that if this amendment is adopted by the States then this is going to bring almost everything that PSD does and others to a grinding halt.

185

If they get a major pump failure – and we have seen sewage pouring down Belle Greve Bay and into the streets and all the rest of it – and it is a half a million pound fix, what do they do then? They run around and they get an emergency Billet together and come to the... It is simply nonsensical.

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PSD's mandate is massive, it is huge. The same with the Airport, they get a systems failure up there. They need to act very quickly, and this is just adding another layer of bureaucracy that they probably do somewhere else and it is being treated as if it is the way the States should move forward.

195

The public out there have already accused previous States of government on the hoof, and I thought actually when we had this new administration that we had done away with the bad old days of behaving in that manner of last minute amendments that have unintended consequences. But the fact of the matter is we have not. In fact, it has got worse, in my view.

So I would support what Deputy Luxon says, but I understand Treasury's point of view on this, but I think their own report contains the kind of information that the States needs to know and we should vote against this amendment.

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The Bailiff: Deputy Trott.

Deputy Trott: Thank you to Deputy Jones for giving way.

205

The Bailiff: I think he's finished (*Laughter*) Or has he?
Yes, he has sat down and finished.

Deputy Trott: Oh, this puts me in an awkward...

210

The Bailiff: I thought you were rising to make a speech.

Deputy Trott: No, sir, this puts me in an awkward position. I was trying to interrupt him but he was in full flow. How do we move on from this, sir? (*Laughter*)

215

A Member: You sit down...

The Bailiff: You could make a speech either now or later.

Deputy Trott: I shall be quicker next time, sir.

The Bailiff: Deputy Fallaize.

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Deputy Fallaize: Thank you, sir.

These amendments are always a bit puzzling where the promoter of the amendment says, 'Well, actually, all that he is trying to do is to convert into the Proposition things which the Department – T&R on this occasion – anticipates doing anyway', because if that is true then the amendment is entirely superfluous. If that is not true, then the proposer of the amendment is hoping to achieve something rather more than he is suggesting. I am sure that is not the case, but Deputy Bebb will be able to clarify that when he replies.

225

The problem with this kind of amendment really is the one of unintended consequences. I have quite a lot of sympathy for the idea that all capital projects undertaken by States Departments or their partners ought to go through exactly the same process. I have had this conversation with Deputy Jones about the existence of the Corporate Housing Fund and, philosophically, I can see the case for saying that all capital projects ought to be funded through general revenue, not least of all because while we fund so many capital projects through user charges, it only encourages States Departments to hike up user charges and for fewer and fewer capital projects to be funded through general revenue and therefore general taxation. So philosophically, I am attracted to this idea.

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But the problem is, at the moment, housing projects are funded through a corporate housing fund through the Corporate Housing Programme and PSD's – I cannot stand that word 'entities' – trading boards are funded through user charges, by and large.

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Unless we are going to undo all of that and fund these projects in a completely different way and put them ordinarily through the capital prioritisation process, I cannot see that there is any purpose in agreeing to these amendments.

I accept that the second amendment certainly goes further in that regard than the first amendment does.

245

If this were a proposal from Deputy Bebb directing the relevant Departments to reconsider the whole basis of funding housing projects and projects of the Public Services Department's trading boards, I would be minded to support it. But unless we are going to have a comprehensive review of that and have the arguments laid before the States in full, I am rather suspicious of an amendment of this nature laid just a few hours before the debate.

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Thank you, sir.

The Bailiff: Deputy Hadley.

Deputy Hadley: I again fully support Deputy Luxon's point that he made.

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From one of these early things that happened to me is that I heard criticism of the length of time our housing stock was vacant, and questioning the Department about this, myself and fellow Board members were taken on a tour of some of the houses that were being modernised, and when we are talking about houses built in the 1930's and 1940's, where people have been, families have been in these houses for 20 or 30 years, when they eventually leave the houses the level of modernisation is huge. Cavity walls did not exist, the wiring is obsolete and these are fairly major pieces of renovation. If we had to come to the States for the funding to do the modernisation, we would end up with vacant properties all over the time, because we cannot predict when these houses are going to be modernised, and the sums are fairly substantial.

So in the same way that PSD do not like this amendment, I am afraid that I do not either.

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The Bailiff: Deputy Trott.

Deputy Trott: *[Inaudible]*

270

The Bailiff: Is this a speech?

Deputy Trott: No... *[Inaudible]*

The Bailiff: No, he had finished. *(Laughter)*

275

Deputy Trott: It appears I am going to have to be even quicker yet, sir! *(Laughter and interjections)*

Deputy St Pier: Sir, Deputy Trott seems to be having difficulty with this concept of giving way and he seems to insist on waiting until people have sat down. *(Interjections)*

280 **The Bailiff:** Does anybody else wish to speak on the amendment?
Deputy Duquemin.

Deputy Duquemin: Thank you, Mr Bailiff.

I understand the issue that we are talking about today is – in my office as a member of PSD –
285 why should PSD and Housing be treated differently?

The answer to that question, sir, starts for me back in May of last year. When I was first elected I had no thoughts for one moment that I would be sitting as a member of PSD. Indeed, I wrote in my manifesto that I thought my most likely Committees, Departments would be Culture and Leisure and Commerce and Employment and I do sit on one of those.

290 But what actually happened was I did take some advice from one –one who did not take no for an answer, Paul Luxon. Deputy Luxon did not take no for an answer, but I was also told by a fellow Deputy, somebody with considerable States experience and very wise advice to share – I know that he had considerable States experience and wise advice to share, because the seconder of this amendment did tell me that (*Laughter*) – that PSD was a very good learning Department, a
295 very good experience for any new Deputy. But he also told me then, in a phone call that it was different to most other States Departments. It had a big brief and there were big decisions and there were big, big projects. He himself, as I understand, learned his craft at the Board of Administration.

So why is it different? Well, I think very quickly after May of last year, I did learn as a
300 Member that PSD as a Department has a 24/7, 365 impact on Islanders and capital investment in the Island, and the Island's infrastructure is integral to that.

I think Deputy Luxon did quote from the bid document from PSD to T&R on our capital prioritisation bids, and it was a huge big piece of work. The numbers involved were £200 million, £208 million, and even if you took out the £80 million for the deep water berth, there is still £130
305 million of what can be described as almost routine capital expenditure, work that we need to do.

Deputy Fallaize spoke about the trading boards, the trading businesses, the trading entities, and he is right they are different. I am sure, if you are like me, that you were driving in to St Peter Port this morning and you would have seen maybe a States Works vehicle or a Guernsey Water vehicle or a yellow sewage cart. It is a very intensive, capital intensive in business, where an awful lot of
310 what we do relies heavily on capital.

Not only that, there is a need in the commercial – I will say the word commercial – in the commercial environment that these businesses do operate, in that we do need to be very, very fleet of foot. Guernsey Water, Guernsey Airport, Guernsey Harbours, States Works, they are different and I think, even when we think about States Works as being our fourth emergency service, that
315 was needed very much so when we had the snow back in March. We realised just what an important role they do.

When we submitted, at the PSD, the capital prioritisation bid, we did not ask for the bids to be necessarily treated any differently and I think, on reading the Billet, T&R's Report, it was very welcome that, in categorising them as Category D projects, they had recognised that a lot of the
320 work that was done by PSD was different.

And here – and I did write it down before you said it, Deputy Jones – I am going to use one of the phrases that you used. The concern here is that T&R are always going to keep an eye on what we do. There is a reporting procedure, there will always be the need to report all of the finances of the Department and the trading entities through T&R, but this is an unnecessary bureaucratic
325 treacle that we need to wade through, and that is very unwelcome for these, and I deliberately use the word, businesses. We will be bringing back, as Deputy Luxon said, a report of commercialisation of the things and our stance on it which is very much almost complete. But these businesses are slightly different. They do need that little bit of freedom to operate in a very business-like way.

330 Taking on board an ethos that I have certainly spoken about in this Assembly before, sir, that – borrowing the phrase again of Deputy Allister Langlois yesterday, when he spoke about Sir John Harvey Jones – what we need to do is make this happen (**A Member:** Hear, hear.) and here once again through 'process', we are in danger of trying to make things not happen, (**A Member:** Hear, hear.) and that for me is of great concern.

335 Sir, I think the question I pondered too, I asked at the start of this small speech, was why should PSD and Housing be treated differently? Hopefully, I have answered some of those questions, that it is different. I have learnt that in the last 18 months. I have compared the work that I have done on the two Departments I have worked on.

340 In Culture and Leisure, very good work we have done over the 18 months, but capital expenditure is not an everyday occurrence at board meetings. We do not discuss it at almost every board meeting.

But let me tell you that with the board papers for PSD, there is arguably not a fortnight that goes by that – as Deputy Luxon made the point and I will reiterate that point – we do not talk about capital investment in the Island in some way, and what we do not want to do is clog up the wheels of Government by having that unnecessary treacle to wade through. We want to make things happen and, sir, I urge Members to not support this amendment.

Thank you.

350 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

I was not going to speak, but I was just starting to get annoyed. (*Laughter*) Sir, I think the problem here is people are both looking at the same issue, but from two different positions.

355 These Category D projects are of routine capital maintenance and had the Education Department and the Health Department ensured that they had proper rolling programmes for maintenance that the PSD, etc have, they may not have the major knock down and rebuilds which perversely gives a premium for dereliction, and it is just that they come from different positions.

360 We have had these trading boards that have been investing, putting money back in from the receipts from people and I do not want to see us dismantling that and making it as bad as the other departments. I want the other Departments to raise their game (**Several Members:** Hear, hear.) and taking the three words from Deputy Fallaize yesterday I think it was, with ‘weak, weak, weak’, I think it is being more assertive, assertive and assertive.

365 The Education and Health in particular should not be saying, ‘Oh, look at them, look how well they are doing, learn from what they have got, get a proper programme in for maintenance, do not build flat roofs, make sure that you clean the gutters out (*Interjection*) and then the buildings you have got might last a little bit longer.’

So there is a very good argument for a level playing field but not at the bottom, up your game and bring the level higher, (*Interjections*) bring that playing field up.

370 I would very much support Education and Health in being assertive to Treasury and saying look this is a routine capital project we need the money for it. That is the way. We have got to maintain what we have got, because we look foolish at the moment. We almost looked with envy at Guernsey Water and now Guernsey even... It was not the same about six or seven years ago, but waste water has come on leaps and bounds. We had a situation where down at Belle Greve, if we had a couple of storms going wrong at the wrong time, we would be overtopping that pit quite happily, because no-one was putting in the infrastructure, no-one was doing the maintenance, no-one was modernising it.

375 So please do not let us look to try and take this down to the bottom of it. Let us move the playing field up to a higher level and have a proper programme for doing our maintenance.

Thank you sir.

380 **Several Members:** Hear, hear.

The Bailiff: Deputy Ogier.

385 **Deputy Ogier:** Thank you, sir.

This was presented yesterday morning for a debate beginning on the same day, and that is probably okay for many amendments, we can understand why that is done.

390 But this, however, is quite a fundamental change, and perhaps with hindsight I suggest it might go further than the original Propositions, as this Report is to prioritise various identified projects against each other. It has not been drafted for us to make decisions on how the framework of the prioritisation will take place. That point is past, however.

But this amendment is not as benign as the proposer suggests. We on PSD have not begun to understand all the ramifications of passing it, as we have not had time to gauge all the unintended consequences.

395 This amendment placed yesterday speaks to how the projects in Section D be treated from this point on, and essentially they become pipeline projects, they are not currently pipeline projects.

Currently the projects in Category D have to go through the Gateway process as usual, where good governance is executed, and where due scrutiny occurs. Becoming a pipeline project means they then have to become the subject of a States Report unless T&R use their delegated authority,

400 but we heard yesterday that T&R do not intend to use their delegated authority. As Deputy Luxon details, that would mean bringing so many pieces of relatively minor capital expenditure before this Assembly, and to me this amendment seems fair, but feels foul.

I have not had the time since yesterday morning to approach the trading entity managers to be able to gauge the ramifications for them. The ramifications have not been properly assessed for
405 this move. The heads of the business units most affected by this move have not even been consulted, their opinions not gauged, the political board which oversees these trading entities have met only briefly on the subject last night, just to begin discussions on some of the ramifications we could see with this – which is quite a complicated amendment in practice, although it seems simple.

410 Members this has not been thought through properly. The ramifications have not been thought through properly and despite months of work on this document, we get what is a quite fundamental change in the framework of how the prioritisation of section D occurs on the date they have the debate itself.

For something with the changes that could occur from this. It is late, last minute and urging us
415 to head into unknown territory without which the benefit of the points of view from anyone connected at all with this change have been gauged.

The fact that an amendment of such far reaching results is here on the day of the debate itself starts to tell us how much thought has gone into it, and how much preparation has been done.

420 The Minister of PSD nor the Board have been approached, the business units and trading entities have not been approached, the Policy Council not approached and here we are with a proposal to change the framework process of prioritisation itself is here on the day.

425 What information Members do we have before us to enable us to fulfil good governance, to make informed decisions? Do we have a carefully crafted report on this amendment, on the ramifications of change in the prioritisation framework? No, we do not. Do we have a comprehensive consultation with all stake holders? No. Have discussions with stake holders over how it would work occurred? No. Do we have a meticulously drafted amendment dealing with all the major issues? No. Do we have someone's gut feelings encapsulated in a poorly drafted amendment? **(Severall Members: Hear, hear.)** Yes, yes. To be fair, we do have that. *(Interjections)*

430 We answer no to all the stages we need to make an informed, educated, good governance decision and we answer yes to all the things we should not be using in our decision making. I hope my very good friend Deputy Trott is merely seconding this with a view to giving it an airing. *(Interjection)* Members, I urge you not to head into last minute outside of the scope changes and be more reflective, considered and cautious when it comes to this, no matter which way you think on it.

435 Some amendments can be placed close to the debate; some should not be, and this is one. This simply is not the way to do this, to change the framework. To piggyback changes of this scale on the back of this Report is like hiding 10,000 Greek soldiers in a matchbox and asking a passing Trojan if they would like a light. *(Laughter)* I urge you not to make decisions like this, utterly lacking in any analysis of the ramifications, utterly lacking in any consultation with the key stake
440 holders, utterly lacking...

The Bailiff: I was waiting to see if Deputy Trott asked you to give way. He did not. *(Laughter)*

445 **Deputy Ogier:** I had reached my last word and I was waiting for him to stand up but – *(Laughter)*

The Bailiff: Does anyone else wish to debate this amendment? No?
Deputy Dorey and then Deputy Soulsby.

450 **Deputy Dorey:** There has been mention about Departments like HSSD and Education being able to spend the money, but we have a system of routine capital expenditure and that is allocated in the Budget and Departments which do not have an income have obviously less flexibility because we do not have an income and we have to get our budget approved.

455 We are working closely with T&R and they are using budget reserve to help us in relation to some of our equipment renewal, but it is how much control this Assembly wants over capital expenditure. For Departments without income, there is obviously a greater degree than Departments without income. Perhaps that is right or that is not right, but when I read this amendment, it says to report back. I have listened to many speeches as if everything is going to be changed, but the key words here are to report back. I actually think that it is acceptable for T&R to
460 come back to this House and report back and we have a properly informed debate about what

levels of control there should be over what is called routine or capital expenditure of different Departments, because there is no doubt there are different levels of control.

So I will –

465 **Deputy Bebb:** Sir, point of clarification please sir.

The Bailiff: Yes, Deputy Bebb?

470 **Deputy Bebb:** Sir, in the amendment, it does not say to report back. It actually says ‘should be considered pipeline project’. It says that and later on, it says, ‘and should report back on the governance details’.

Sorry, Deputy Dorey is not just quite correct in that interpretation, and I apologise for interrupting.

475 **The Bailiff:** Deputy Dorey.

480 **Deputy Dorey:** I fully accept and perhaps the T&R and the proposer can clarify that, because there are two separate bits to this amendment, as you say. It is to assume oversight and to direct T&R’s report back, so I read that as some intervening controls until they report back in June. I would be pleased to have them clarify that, but I do think there is a genuine topic that needs to be discussed and I think that this Assembly should discuss it and we should agree, because I think clarification would be a lot better.

Deputy Fallaize made the point earlier on about ‘is this trying to change the rules?’ Well, I do not think it is; I think it is to have a debate and I think that would be good.

485 **The Bailiff:** Deputy Soulsby.

490 **Deputy Soulsby:** Sir, I just wish to say I cannot support this amendment for the reasons so well put by Deputies Jones, Luxon, Brouard, Ogier and others today. All this will do is slow things down unnecessarily.

495 As a member of the Dairy Management Board, the thought of having our proposals in the future slowed down even further than they are already fills me with dread. Trading entities are those who least need to go to and fro with the Treasury and Resources Department. Of course, the Treasury And Resources Minister wants this amendment to succeed. T&R must be rubbing their hands in glee that they can get their grubby tentacles around the trading entities. (*Laughter*) The whole point of these bodies is that they can act more commercially, and all this amendment does is make them less commercial, less efficient and effective, with potentially serious consequences to the services provided to the people of the Island.

I cannot support this amendment.

500 **The Bailiff:** Deputy Langlois, then Deputy Domaille.

505 **Deputy Langlois:** Sir, I feel I should come in almost as a neutral in this because, as a Minister of a Department rarely involved in capital expenditure, I am hearing two different sides of the story here.

510 My problem with the amendment in its present form relates to what Deputy Luxon said when Deputy Dorey was speaking, in that it seems a strange sort of break in the middle of it, where it says ‘report back but this is the answer that you are reporting on’, in the first bit and it says what you are reporting back on, what the answer should be. If it had been phrased – and I am not inviting a change to the amendment, please, at this stage – in a way of saying that ‘T&R should review the capital expenditure of funding arrangements, blah, blah, blah’, I might have been minded to support it, but please do not come back with another amendment.

515 Sir, the trading bodies we are referring to here, the clue is in the name, right. We have made a decision that certain bits of public services, certain bits of States business, are best run in a business like manner, in a trading manner, we have got the Corporate Housing arrangements we have got all sorts of other examples, and this would lead inevitably to the most micro-management by this Assembly of the most absurd type.

520 The only way that business planning can work for these units is to have a management team who know what they are doing, to have a political board that has time and skills to give proper oversight and governance to it and put a lot of time and investment into their own learning of what they are approving and not approving. This would inevitably lead to a point where all sorts of stuff

came back here and I am sorry, but if the other 46 of you think you have got both the time and the skills and the capability of understanding every tiny technical detail of every project that the States is going in for, then I cannot join that club, I certainly cannot manage that, so let us please get rid of this now and save T&R another job. I believe T&R are quite busy at the moment in one way and another. Let us save them this job.

The Bailiff: Deputy Domaille.

530 **Deputy Domaille:** Thank you, sir.

First of all, I do not think there is any doubt at all that Guernsey Water's projects are actually pipeline projects. (**A Member:** Oh!) (*Laughter*) Sorry!

I have to say Deputy Fallaize's philosophical points have leaned me towards supporting this amendment. I actually believe that all projects should be properly scrutinised and proper prioritisation process is not bureaucracy; it is an essential part of Government, and I think given the statements made yesterday by the Treasury and Resources Minister concerning the States financial position, proper scrutiny of major sums of expenditure I think becomes more important than ever.

540 All that said, I do look forward to the clarification on the amendment that has been requested by Deputy Dorey, but at this moment in time, I am minded to support the amendment.

The Bailiff: Are you rising?

The Chief Minister (Deputy Harwood): Thank you, sir.

545 I would just like to say at this stage, I whole-heartedly support the comments made by Deputy Fallaize, if this is an attempt to bring back through a back door means a debate on the funding model, well have that debate, but do it properly, with proper consideration, properly researched, properly evidenced, and let us have a debate on that, I am not suggesting we should do, but the concern I have is that this particular amendment actually is beginning to suggest that.

550 I also agree that I think that if this amendment goes through there is an unnecessary level of bureaucracy. I believe that we can place trust in PSD and Housing Departments respectively to exercise the scrutiny on capital projects within their own Departments. There is a different funding model here it applies to those Departments, and we should allow the Departments and the officers responsible for the trading entities to run accordingly.

555 Also, I would urge the States Members in rejecting this amendment to consider that in looking the items in Category D these are not one-off capital projects. This is a rolling capital expenditure plan. It is not one single item. If you look at water resource, water treatment, water distribution, sewage, are we seriously suggesting each of those should be brought back to the States every time a particular item has to be spent in relation to those headings? I suggest not.

560 We are in danger, if we accept this amendment, of digging into the areas of micro-management –

The Bailiff: Do you wish to give way to Deputy Bebb?

565 **The Chief Minister:** Fine, I will give way to Deputy Bebb.

Deputy Bebb: I thank the Chief Minister for his grace in giving way.

Would you not agree that the capital prioritisation is simply the rolling programme of capital projects of the States?

570 **The Chief Minister:** The key here is of the different funding model that applies to the case of Housing and also to PSD. As I said, sir, and in conclusion, if we accept this amendment, we are in danger of digging into areas of micro-management, which, as Deputy Langlois says, I do not think any of us are particularly qualified or have any great enthusiasm to do so.

575 I therefore urge Members of this Assembly to reject this amendment.
Thank you sir.

The Bailiff: Deputy Le Lièvre.

580 **Deputy Le Lièvre:** Thank you, sir.

I was not intending to speak, until Deputy Domaille referred to every little project coming back for our approval.

585 This amendment is a nonsense, specifically in regard to Housing. I know I was accused by the
Minister of Housing of launching an ever-vicious attack on the Corporate Housing Programme,
and I am certainly not a lover of it. However, Housing has in excess of 1,700 properties that have
to be maintained and modernised and if you spend some time in the library like I do, and reading
backwards, you would find that the Housing Authority of the day used to come back to put
cookers in States houses. In fact, it built an estate and it forgot to put any gas cookers in and it
came back to the States to ask for 30 gas cookers or 30 bathrooms – I cannot remember what it
590 was. Do we really want to waste our time considering items like that? Of course we do not.

But, Housing has an essential job to do. The States houses, social housing units must be
modernised, they must be modernised quickly and it does not need the authority of the States to do
that. I would ask that we seriously consider the practical problems that such a change of policy
would do. I know and in fact I am becoming ever more, if you like, looking back and favouring
595 the system of first come, first served. I am losing faith in the number of Gateways, starting grids,
or whatever else has been put in the way. (*Laughter*)

Having said that, this particular amendment is destructive, and it will impede Housing's
maintenance and modernisation for those people who are the poorest members of our community.
They are going to be hammered next month, I already appreciate that, and I do not know whether
600 anybody else does, but I certainly think that is the way it is going to happen. We do not need to
send out a message that, 'We are not only going to maintain your houses badly, we are not going
to modernise them and we are going to charge you an extra lot of money.' I think this is very bad
news and I would ask you all to reject this amendment.

605 **The Bailiff:** Does anyone else wish to speak on this?
Yes, Deputy Robert Jones.

Deputy Robert Jones: Yes, very briefly, I am not going to repeat anything that my colleagues
at PSD and other Members of the Assembly have made.

610 One thing I would say is that, if we do hear in the summing up that this only reflects or
reaffirms what is already in the Report, that is not true. That would be misleading. What it actually
does is it takes the Category D projects and makes them pipeline projects – that is the key point
here. They are not treated as pipeline projects in paragraph 44. Whilst they will be subject to the
Gateway process and being part of the portfolio, in the Report they are not treated as pipeline
615 projects. That is the key here.

This amendment actually goes beyond what is actually said in the Report and adds to the level
of bureaucracy that has already been talked about over the last half an hour. Secondly, it does pre-
empt the Commercialisation Report that PSD will be bringing in the New Year, and I think that is
the appropriate forum to discuss how these entities go forward in the future.

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

Deputy Le Tocq: Sir, just as my friend Deputy Trott seconded this amendment – and I had the
pleasure of serving under him for four years, when he was Minister for Treasury and Resources – I
625 would like to ask for his reasons as to why he is supporting this.

I give him an opportunity to make me give way now. (*Laughter*)

Deputy Trott: Sir, I would have done, had the Deputy Chief Minister not already sat down!

630 **A Member:** He is learning! (*Laughter*)

The Bailiff: Does anyone else wish to speak on the amendment?
Deputy Trott.

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

Sir, I ask Members to cast their attention to page 1679 and in particular Proposition 5. A little
later on this morning when we enter the general debate, many I suspect will wish to speak on this
particular Proposition which reads:

640 'To direct the Policy Council to consider and determine whether capital investments through the Corporate Housing
Programme Fund'

– and I note that the Policy Council strongly supports this Proposition, sir –

645 ‘or by the trading entities’

– the very people we are talking about this morning –

650 ‘should be taken into account when assessing compliance with “... the assumed ‘norm’ for permanent capital expenditure to be 3.0% of gross domestic product...” in the Fiscal Policy Framework.’

The answer to that question for me, sir, is an unequivocal yes, of course it should, it is all part of the way we conduct our business in the public sector. It is all part of how we stimulate our economy and it is an essential part of the business we do.

655 Now, there have been many interesting speeches this morning, the majority of which have been particularly protective of the mandates of the Departments that people sit on, or the legacies of that time – Deputy Brouard being an obvious example as a former member of PSD. Someone, sir, I forget who, referred to the fact that I am a former member of the Board of Administration, the only one in this Assembly. That is true and I have always been a supporter of the Port’s holding account for what it achieves.

660 However, whilst I am the only former elected member of the Board of Administration, we have in our midst the very able Deputy Roger Domaille, who was for many years an adviser to that important group. Deputy Domaille not only worked for the Board of Administration for many years, in his capacity as strategic adviser, but – do forgive me if I am wrong – I do believe he is the only member of this Assembly who is a chartered surveyor. In other words, he is the only Member of this Assembly who actually has the expertise to advise this Assembly on matters of this type, the importance of Gateway reviews for major items of –

Deputy Domaille: Important point of clarification.

670 I am now retired – (*Interjection and laughter*)

Deputy Trott: That may be the case, but one does not lose one’s knowledge and expertise overnight – at least I hope one does not! (*Laughter*)

675 I have a variety of questions that I would like to pose, if I may, to the Treasury and Resources Minister. I have not given him advance notice of these questions, sir, and it may be that he cannot recall them from memory. However, they are: how much taxpayers’ money passes through the Corporate Housing Fund? We are not talking tiny sums, and may I say, I am a big supporter of the Corporate Housing Fund and always have been. But the principle is that very, very significant sums of money pass through the Corporate Housing Fund and the investment that emanates from that has a very significant effect on the fiscal position of this Island, both in terms of the cost and also of course in terms of the stimulus.

680 May I also ask him, what is the extent of loans to the Guernsey Housing Association underwritten by the taxpayer? Remember that in the event that the Guernsey Housing Association should undergo some form of catastrophic corporate event, the assets of the Guernsey Housing Association would come back to the public sector. They are merely an extension of Government nothing more.

Sir, Deputy Ogier says the amendment seems fair. He then went on to make some slightly less supportive comments, but he is right that on face value the amendment does appear fair, because it is. (*Laughter*)

690 Now sir, if one looks at page 1645, Category D items are displayed there, and for me the utter hypocrisy of the issues springs out at me.

695 Take Airport equipment, for instance. Airport equipment is an ongoing item, until a major Airport rehabilitation project takes place and then a whole load of things that should have been done over many years are suddenly amalgamated into a major capital project that becomes something that would form part of a Gateway review. It is so opaque, sir, it is not clear as to why these things should be treated any differently.

700 Let us take admittedly an even more extreme example: Harbours safety at sea. You have got the *Leopardess*, which is a Category A project, that has a big water cannon on the front, so that it can be used by the fire brigade to put fires out at sea, safety at sea, but it is all wrapped up in a single capital request for a new fisheries protection vessel. We artificially make distinctions between capital expenditure, when the reality is it all comes from the same pot, at the end of the day.

705 That leads me to the key part of the amendment for me, and the reason I chose to second it. I thought it was helpful that some of these figures that I hope the Treasury and Resources Minister will remind us of later are in the context of this debate, but also because the amendment says to direct the Treasury and Resources Department to report back to the States on the detailed

governance and financial approval arrangements for these projects by the end of June 2014. It may be at that time that a detailed report comes before us and much of what has been said by the Housing Minister and the Public Services Minister in particular this morning is agreed with, but it may be, just may be, that they will not and I suspect, sir, that is why there is such resistance from those Ministers because the reality is – and I am a supporter of both the Port Holding Account and the Corporate Housing Fund – the reality is they are the two remaining silos of this Assembly, and in deciding not to support this amendment today, you must be aware of that. You must realise the autonomy that we are giving to very, very substantial sums of money.

If that is the will of the Assembly, sir, then I shall certainly abide by it, but when you are asked by your electors whether you have control over public expenditure, the reality is that for very significant sums of money, you do not. You delegate that authority to those who sit on those two Departments and those sums are very material indeed, as you shall learn soon.

Thank you sir.

The Bailiff: Any one else? No.

I will invite the Minister of the Treasury and Resources Department then to speak, immediately before Deputy Bebb replies.

Deputy St Pier: Thank you very much, sir.

The Bailiff: Deputy St Pier.

Deputy St Pier: Deputy Luxon referred to Proposition 5 and said that it is not actually relevant to this amendment, and I would agree with him. It is addressing a different issue.

Deputy Trott spoke to that. It is a question of whether all of the wider funding for other capital projects which goes through the so-called trading entities and others should be included within our fiscal policy framework and this amendment is dealing with the Government's framework for our capital spending, so I agree with Deputy Luxon's analysis of Proposition 5.

Deputy Luxon questioned the Treasury and Resources involvement in the drafting of this and I think he deserves an explanation for that, which I am happy to give him and the Assembly. As I referred to yesterday, sir, in opening the debate on this Report, Deputy Bebb was kind enough to approach me with some concerns he had in relation to the Report and with quite a number of amendments that he was considering, and in responding to that, the response was that this wording was the only wording that we would be able to support and we could not support any other amendments that he was thinking of. Beyond that, I had no idea whether the amendment was going to be placed or not until we saw it at the same time as everybody else yesterday.

In relation to the delegated authority undertaking which I gave to the Assembly yesterday, that of course was only in relation to items A and B, so to the extent that any delegated authority is required in relation to D, it would not be our intention to waive our delegation and bring every item back to the Assembly. It would be inappropriate in many of the cases that we are talking about.

In essence, this amendment is consolidating what appears in paragraphs 44 and 47, which explains why it is in two parts. Paragraph 44 says:

'that in order to give appropriate assurance as to their governance and value for money, these projects should follow the same Gateway process and be admitted into the States Capital Investment Portfolio at the appropriate time',

which was the phrase I referred to yesterday, because we do recognise, Treasury and Resources do recognise that there are different funding streams for Housing and for PSD and therefore there is work to be done, not least a dialogue as Deputy Ogier referred to. There has not been dialogue between Departments on this issue and that dialogue is required. That is what we envisaged by the reference to 'at the appropriate time'.

Then of course paragraph 47 refers to –

The Bailiff: Deputy Robert Jones is asking you to give way.

Deputy Robert Jones: Yes, could you please just clarify whether paragraph 44... when you mentioned that it be subject to the same Gateway process and admitted to the States Capital Investment Portfolio, could you confirm whether that includes dealing with it in the way that the pipeline projects are dealt with? I am quoting from paragraph 40, which states that if it is a pipeline project:

770 'This means that further work will need to be undertaken to develop each project's specification and its costs in more detail following a rigorous option appraisal.'

Could you just confirm that would apply to Project D under paragraph 44?

775 **Deputy St Pier:** I think that is precisely why the phraseology 'at the appropriate time' was included in paragraph 44, recognising the differences between the nature of the projects.

Deputy Luxon also said that this pre-empts the commercialisation debate and I certainly understand that point, but of course, we are dealing... in a sense we have no idea what PSD may or not bring to this Assembly and when that will appear, and of course whether or not the Assembly will accept that. So in a sense we have to work with the known knowns, as opposed to
780 the unknowns.

In relation to the trading entities of course the Dairy is part of Commerce and Employment and they have no items appearing on any of these lists, simply because their capital expenditure they expect to deal with within if you like their routine capital spending, which is under the limits and therefore is not part or has not been part of the capital prioritisation, which in a sense shows that
785 this whole process is not a perfect process, which ties back to the comment which was made by Deputy Brouard for the need for a proper replacement programme across all our assets, and that is an obvious lacuna in our structures.

Deputy Dave Jones said that this in essence is not necessary, it is in the Report and I think that is in essence what we have said. Then Deputy Fallaize said it is superfluous. Whether it is passed
790 or not, I do think that actually it has been very useful to highlight issues which I would suggest would otherwise have gone unnoticed in this Report. They would have been buried perhaps in paragraphs 44 and 47 without drawing attention. So I think, irrespective of the result of the debate on the amendment, it has been a very useful debate to have.

I think many do regard the funding for Housing in particular, the Housing project, as being a mite unfair and that is something which Treasury and Resources and Housing have been working on to address some of the concerns in relation to the way Housing is funded. That is something that I hope we may be able to provide further information on in the Budget in due course.

But PSD and Housing are different and it is, I would suggest, inappropriate to apply exactly the same governance rules which is why we did intend in paragraph 47 to return with proposals in
800 June 2014, once that dialogue has taken place.

Deputy Brouard referred to Education and Health needing to come up to the same standards as PSD and Housing and in relation to maintenance in particular which was also an item which came up in yesterday's discussions and that I think is a very valid concern, many people have observed that and noticed it. I have noticed it. I have made my own reports of blocked gutters at the hospital
805 to the various teams up there and it has been a challenge for Education over the years and I think that has been recognised.

Certainly Treasury and Resources do recognise that there is a backlog of maintenance issues across many of our properties and that is again something that we intend to address through the routine capital allocations as part of the budgeting process.

810 But of course the big difference between Education and Health and PSD and Housing is of course that Education and Health do not have their own income streams and I think that does have to be recognised.

Deputy Ogier referred to the unintended consequences and that is precisely why there does need to be a period in which there can be a good dialogue between Treasury and Resources,
815 Housing and PSD on what the appropriate governance arrangements should be.

And certainly, as I think Deputy Langlois said, Treasury and Resources have absolutely no desire to be clogged up with reviewing every pipe replacement. We do not have the resources either or the staff or at a political level to deal with that.

820 Deputy Dorey referred to the two parts of the amendment, and I think again I have hopefully explained the construction of paragraphs 44 and 47, and 44 puts the projects into the pipeline and then the different governance and oversight arrangements will follow once proposals have come back to the Assembly.

The Chief, and I think that also addresses Deputy Le Lièvre's point that every project, his suggestion that every minor project will come back here and that certainly I do not think is or
825 would be the consequence of this amendment.

Deputy Trott asked two questions, how much goes through the Corporate Housing Fund I am afraid I am not able to give that information to him on the hoof without potentially misleading him and the Assembly, but I can confirm his assessment that it does represent significant sums and therefore it should, in my view and obviously in his view, be part of our assessment of what we

830 spend on capital funding as part of the fiscal policy framework. But I do think it is a slightly different issue because he was talking about that in relation to Proposition 7.

In terms of what extent of loans have been extended to the GHA which are underwritten by the taxpayer, I believe that is currently in the region of about £80 million and grants to the GHA on average are about 10% of the cost of the project, or probably nearer 35% if you include the value of land.

835 I think that Deputy Trott also usefully referred to Table D on page 1645 and in Deputy Luxon's comments and many of the others, of course, we have been talking typically about the projects that were referred to were perhaps those that related to Guernsey Water. I think everybody can more readily question why replacement pipes should or should not be part of this programme.

840 But if you also see on 1645, we have the Master Plan implementation for the Port. I would suggest to you that there is no difference – or there *ought* to be no difference – between the Master Plan implementation, given it represents potentially a significant change with that, and some of the other projects which appear on A and B.

845 **The Bailiff:** Deputy Luxon.

Deputy Luxon: Sir, thank you to Deputy St Pier for giving way.

Exactly our point: on the Category D schedule, sir, there are some items that we would regard as big capital projects and of course in the Ports Master Plan, we did say that we would bring back to the States those items that were concerned with those big issues.

850 The problem is that T&R have captured in a composite way the submissions that PSD gave in April to T&R for capital prioritisation which were made up of all of those small, minor, as Deputy Domaille said, pipe replacements and the like, dredging of the harbour. The harbour, if it gets silted up, has to be dredged. It is not a question of whether or not one can or cannot do it; it simply has to be done, if we want to continue our services.

855 So my point, sir, is that, yes, there are some that should follow the more stringent route and we totally agree with that, but the vast majority of the 31 items that it captured and the 11 items there, are actually routine, day-to-day replacements to keep the infrastructure of the Island going.

Thank you very much for allowing me to...

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The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

I actually think that Deputy Trott's speech is one with which I agree. I think he summarised the reasons and the impact of the amendment very, very well.

865 Sir, Deputy Soulsby yesterday expressed some frustration that there were no costings in this Report and therefore we do not really know what we are approving, and indeed Deputy Trott yesterday on the voting on Deputy Dorey's amendment, I think expressed some surprise, or even... yes, surprise I think would probably be the right word, at the fact that I had supported that amendment. I am not actually going off topic – this is relevant to this amendment too.

870 So sir, if you will just bear with me, I think the key issue is one that I sought to emphasise in my summing up on yesterday's amendment. Actually, we are not yet supporting any of the projects on A or B and I certainly do not support, as yet, any of the projects on A or B, because we are not at that stage and a lot more work needs to be done. I felt that more work needed to be done on... it was not inappropriate that more work is done on the re-profiling of the hospital. But, and the reason that I do not support any of the projects is because we do not know how much is actually available until we have looked at the funding options.

875 Which really brings me to this amendment, because as the Chief Minister said, in essence this is... he queried whether this is about funding and I would suggest that actually ultimately this is about funding because the issue is that Housing, as Deputy Trott said, Housing and PSD do have their own funding streams and in essence can do their own thing.

880 So I just want to share with you, if you like, my own insight or at the moment my thoughts on the funding issue, because I do think we actually need to get a bit more sophisticated. We have an over simplistic view on funding, I would suggest. We tend to be thinking that saving is good and spending is bad, which ignores that actually investing in infrastructure is actually essential for our economy.

885 We tend to think that spending from reserves is good and borrowing is bad, but that pays no –

The Bailiff: Deputy Hadley.

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Deputy Hadley: The Minister for Housing can do his own thing, but I think for clarification, I would like him to confirm to the Assembly that we cannot spend a surplus of money without the approval of his Department.

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

Deputy St Pier: Deputy Hadley, sir, is of course correct that there are authorities in place. It was more of a generic statement about the level of freedom which Housing has compared to perhaps some of the other Departments.

900 So sir, as I say, our view on funding pays at the moment no heed to the cost of capital. The cost of capital is actually very high for us, in the sense that the opportunity cost for our investment returns is around about RPI plus 4 plus 5, so it is 7% or 8% for every... when we spend from reserves, which is very, very expensive and, as a result, we have this situation where we are in essence forcing the trading entities to save to spend, and they need to build up their own reserves from which they can then spend. I would suggest, sir, that it may actually be that there are better funding options and that we cannot have ring-fenced funds. At the moment, we do have this. We have got to recognise that so long as we do have these entities in our ownership or our control, then their reserves are our reserves, and it does not really matter what the ownership structure is. It does not matter whether it is a corporate structure, whether it is already commercialised like GEL and GPL, whether it is within the current structure and control of the boards such as PSD and Commerce and Employment with the Dairy, whether there is some other structure that PSD are going to come up with. Even though the GHA is not owned by us, of course it is a public body for which we will retain ultimate responsibility, as such.

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915 Whatever the result of this amendment sir, we do have to face that and have that debate about what is the most appropriate way to fund our capital structure and that is the debate that we will be having I would suggest in the second quarter of this year and in that sense whether this amendment is passed or not we will not be able to avoid having that debate. Thank you.

920 **Deputy David Jones:** On a point of information, Mr Bailiff, and to help Deputy Trott, there are some projects of course that receive no grant funding at all, which is called a park, although the land value is still there and as the GHA becomes more mature, it is envisioned those will require no help from the States whatsoever in the coming years.

925 **The Bailiff:** Deputy Ogier.

Deputy Ogier: Just for the purposes of *Hansard*, I think Deputy St Pier referred to the discussion occurring in the second quarter of this year. Of course, you meant the second quarter of next year.

930 **Deputy St Pier:** My apologies.

The Bailiff: Deputy Fallaize.

935 **Deputy Fallaize:** Sir, may I just ask Deputy St Pier to clarify something, because I am now genuinely and totally confused.

940 In his opinion as T&R Minister, can he just explain to the States what the difference is between the last sentence of paragraph 47 of the Report and the amendment, because listening to debate there appears to me to be confusion about whether the effect of the amendment is that all of the projects bound up in the Category D projects, in the event that the amendment is successful, would have to come back to the States before seeking final approval, or whether the effect of the amendment is to give the T&R Department some kind of oversight of those projects? They are two quite separate issues.

945 I remember as a Member debating the kind of projects that are in Category D. The Housing Department spent money on extra care housing which came out of the Corporate Housing Fund, but they came to the States. There is an impression being created that all these Category D projects will proceed without the States having any further involvement at all, and if they do have to come back to the States, those reports are submitted to T&R for letters of comment in any event.

So could Deputy St Pier just clarify exactly what he believes the effect of this amendment is and the difference between this amendment and the intention of his Department in any event?

950 Thank you, sir.

The Bailiff: Deputy St Pier.

955 **Deputy St Pier:** My interpretation, sir, would be the latter interpretation, i.e. a level of oversight by Treasury and Resources, and I would suggest that the only difference between the Report and the amendment is simply the direction to Treasury and Resources. The intention is expressed in 47 and the amendment provides a direction.

960 **Deputy Fallaize:** So, sir, it is right to say that the States will have the same level of oversight – not the Department, but the States will have the same level of oversight of these projects, irrespective of whether the amendment is carried?

The Bailiff: Is this a speech?

965 **Deputy Fallaize:** No, I am asking that question: will the States have the same level of oversight of these projects as an Assembly, irrespective of whether the amendment is carried?

Deputy St Pier: In essence, sir, yes.

970 **The Bailiff:** Deputy Bebb, then, will reply to the amendment.

Deputy Bebb: Thank you, *Monsieur le Bailli*.

I feel that a lot of the questions that were raised have been very eloquently answered by both Deputy Trott and Deputy St Pier.

975 I will actually talk about a few items that I think people have raised.

Deputy Luxon asked why were T&R involved in drafting. I never thought that I would hear someone ask for non-joined-up Government. I did not think that myself actually discussing the possibility of my concerns and how I would like to raise an amendment and therefore discussing that with the Department could be viewed as undue. I would suggest that that is the absolute positive influence of joined-up Government that I would like to work with Departments where I have concern.

980 He speaks of an additional bureaucracy, but as we have heard, that is not necessarily so. Part of the Gateway project that I understand at this point in time, part of the Gateway requirement is to actually have a discussion with T&R and the amendment itself, as is evident, reports that the governance structure that is going to be proposed would not come back to this Assembly until June 2014. Therefore I do not see anything hugely differing, except the fact that we cannot say that this should be part of the same governance process which I think is obviously correct.

985 In all honesty Deputy Duquemin made one of the biggest cases to include this, because he made reference to the fact that we are talking of expenditure of £200 million – that is, phenomenal sums of money that would be going out into our Island's economy and we are saying that we want this to be outside of the other controls that we have in place with regard to our routine capital. Therefore, I would actually suggest that and we are also talking of £80 million that has actually been referred to in relation to the House Project.

I give way...

995

The Bailiff: Deputy Duquemin.

Deputy Duquemin: Thank you, sir.

1000 Just to make a point clear on that, I did mention that the total bid in the capital prioritise... prioritisation – a word I am struggling with today – from PSD was £208 million; but of course circa £80 million of that was the deep water berth which is included as a Category A, not as a Category D item. Just for the record, sir.

Deputy Ogier: Point of order, sir, if I may.

1005 No-one is suggesting that these Category D projects are outside of the normal controls. They go through the Gateway process, they go through T&R, and many of them will have a States Report.

The Bailiff: Deputy Bebb.

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Deputy Bebb: And therefore I would suggest, Deputy Ogier, that this is not particularly onerous upon the PSD Department, as has been referred to. (*Interjections*)

1015 But what I would say is that we are actually talking about the question. The other question raised by Deputy Luxon was in relation to the commercialisation intentions. Well, if the intention of the Department is to commercialise these trading bodies, then so be it and at that point in time, as is evident from Guernsey Post and Guernsey Electricity, then obviously different governance structures go in place, but they are not there at the moment, and I would suggest whether we need to decide upon that as a separate matter.

1020 Deputy Dave Jones was talking about minor –

The Bailiff: Deputy Luxon is asking you to give way

Deputy Bebb: I give way –

1025 **Deputy Luxon:** Sir, I apologise, Deputy Luxon did not say that PSD were coming back with proposals to commercialise any of these entities. Deputy Luxon said that, as per States resolutions, we would bring a report back with our proposals, and as per the T&R report, it specifically reflects that decisions should be held or interim measures should be held until that Report is presented.

1030 So all we are saying is that at the moment, we do have the ability to incur routine capital expenditure, as seen in Category D. This amendment would change things. I just wanted to correct Deputy Bebb.

1035 **Deputy Bebb:** Sorry, as I said, the debate about whether we actually commercialise that system or not is a separate debate. I think that realistically what we are looking at, at this point in time, is to actually consider due control of the States over the total capital expenditure of this programme and how we actually do that.

1040 Deputy Fallaize, he was asking... Well, I thank him for his reference as to my Machiavellian ways, I did not think that I was quite that capable! (*Laughter*) But realistically, I see this as bringing forward by four years what I believe the Department suggests that it would like to do. I just feel that four years' time is not the right time; now is the right time.

1045 Deputy Hadley talked about major changes, the idea that we would actually need to come back to the States and many Members talked about micro-management. That is a red herring, and I hope that the Minister of Treasury and Resources' comments in relation to the delegated authority was in reference to category A, B and C, or rather A and B items, and it made no reference to Category D.

The amendment by its very nature, as Members will have read, gives until June 2014. That is nine months of consultation which I think was another general theme, and I would suggest that nine months' consultation is probably sufficient. I would also suggest that at that point in time, we would understand where T&R would want to use their delegated authority, and that would come back to this Assembly for a debate at that point in time.

1050 I am making no judgement on that basis here and now, and I am quite sure that the Minister of PSD and the Minister of Housing will have robust discussions with the Minister of T&R in order to debate what they feel would be appropriate in relation to delegated authority. I definitely, Deputy Le Lièvre, would not expect to be seeing any reports on cookers here. But I think that once again, it is a red herring that you actually said.

1055 Deputy Duquemin made reference to how PSD is different, because it has an influence on people over 24/7. I did not realise that the PEH shuts at 5.00. He knows full well that it is not the only Department that has influence on people for 24/7, and this idea that they have a different funding stream, well it is perfectly possible for HSSD to simply suppose that we create a trading company called the Princess Elizabeth Hospital and charge everybody for all that they do there, but he knows full well that that would not be acceptable.

1060 Deputy St Pier makes reference to the whole funding question and how that needs to be addressed and therefore I will go no further. But the idea that PSD is somehow unique and therefore should not fall within the control of the full capital prioritisation governance, I would suggest is erroneous.

1065 Deputy Brouard made reference to routine capital being needed in order to maintain items. Well, HSSD yesterday with references made to £20 million in relation to the PEH reconfiguration, I believe that HSSD's routine capital allocation this year was £1.5 million and that capital will be spent fully on allocated projects that is part of the regular routine maintenance that we have in place. The idea that we do not have the proper... or that we can improve it without increasing the amount of money and therefore that we should maybe create, as I suggested previously, a trading entity of the PEH, I would suggest is erroneous. Realistically, what I am saying is that all things should be considered in the same governance structure here.

1075 Deputy Ogier once again makes reference to the time to discuss. Well, I would suggest that as I said, the nine months until June 2014 when we would expect T&R to report back is sufficient time for any Department to discuss it.

I thank Deputy Dorey for his comments on it and I fully agree with them.

1080 Deputy Soulsby – I have to say that I was a little surprised that the Chair of PAC would suggest that we do not have good governance over the... or rather that governance structures should be different for different Departments.

I give way –

The Bailiff: Deputy Soulsby.

1085 **Deputy Soulsby:** It is precisely because I am Chair of PAC that I made those comments, because I think considering that value for money... and I think Treasury and Resources' time might be better spent looking at zero based budgeting and implementing SAP properly.

Several Members: Hear, hear.

1090

The Bailiff: Deputy Bebb.

1095 **Deputy Bebb:** I thank her for her comments and I do not necessarily disagree with the need in order to actually implement those, but the idea that those are done at the expense of other things is also erroneous.

Deputy Harwood was talking about a change of funding. I did not see anything in the amendment that would suggest a change in the funding, and therefore I would suggest that that is also a red herring.

1100 Members, once again, I find that I am not suggesting that... Oh! (*Laughter*) I give way to the Chief Minister –

The Chief Minister: I am grateful to Deputy Bebb for giving way.

What I said was that if the purpose of this amendment was to suggest that we should look at the funding, that should be the subject of a separate fully informed debate.

1105 Thank you.

Deputy Bebb: And I would fully agree with the Chief Minister on that proposal, but the amendment does not make reference to the fact that we should change the funding, and therefore I would stand by my earlier comment.

1110 I find it strange that... well, I am not finding it strange, that I receive some level of rejection because of certain Departments currently enjoy a greater degree of autonomy than others. All I am suggesting is that we should all be subject to the same degree of oversight, and I would actually suggest that that oversight has not been agreed on fully, but would be investigated by the Treasury and Resources Department.

1115 I thought that this was a modest amendment that deserved, that I thought would have actually been accepted quite easily. I am surprised as the fact has realised that people were so reluctant in order to see that measure actually undertaken.

Oh! Deputy Fallaize, I give way...

1120 **Deputy Fallaize:** I apologise for standing and asking Deputy Bebb to give way again, but I think he is misleading the House and I would like him to consider whether he agrees with me. (*Laughter*)

Deputy Bebb: In which case, I can answer the question: I probably will not.

1125

Deputy Fallaize: Does he not agree with me that no Department of the States has any more freedom than any other Department? Any States Department is free to turn up at this Assembly with a States report proposing a capital project whenever it likes. There is nothing in the Rules of Procedure which precludes a States Department from doing that, and therefore it is totally wrong to suggest that the Housing Department or the Public Services Department or any other Department has any greater freedom than any other Department.

1130

The Rules apply equally to all Departments of the States. If Departments voluntarily decide not to submit States reports until they have the support of the Treasury and Resources Department,

1135 then that is a matter between them and T&R, but it is totally wrong to suggest that any Department has any more freedom than any other.

The Bailiff: Deputy Bebb.

1140 **Deputy Bebb:** I would suggest that the funding stream makes it different, and therefore the funding stream in itself actually gives a varying degree of what Departments are able to do.

But what I would also suggest to Deputy Fallaize is that of course he makes no reference to the fact that a degree of oversight in relation to the effects of that – and he is obviously not listening. (*Laughter*) I would also suggest, Deputy Fallaize, that the degree of oversight in regard to the amount of money that is actually spent by the States and the effect that that has on the economy currently, because of the different funding mechanism, is not in any way part of the same governance. That is part of what the amendment actually seeks to address.

1145 I think that evidently Deputy Fallaize will remain confused, but we will wait for his vote on it.

Members, I thought that it was a moderate amendment that I thought brought greater governance into control. I thought that Deputy St Pier and Deputy Trott have actually answered the questions far better than I have, and I would ask all Members to actually support the amendment.

1155 **The Bailiff:** Members, we vote then on the amendment proposed by Deputy Bebb and seconded by Deputy Trott. Those in favour; those against.

Some Members voted Pour, others voted Contre.

1160 **The Bailiff:** In my view, the *Contres* outnumber the *Pours* (**A Member:** Hear, hear.) and I declare the amendment lost, unless anybody wants a recorded vote on it, but I think it was a no. Amendment lost.

Next, is Deputy Bebb intending to lay his amendment number 2?

Deputy Bebb: No, I will not be laying the other amendment, but I will make –

1165 **The Bailiff:** (*Interjections*) He is not laying the other amendment. In that case, we will move on –

Deputy Bebb: Oh, I find it surprising the Members support, but I will be making reference to those points in general debate.

1170 **The Bailiff:** Thank you.

We move on then to the amendment proposed by Deputy De Lisle and seconded by Deputy Gollop which has been circulated, and Deputy De Lisle, just for clarification, am I right in thinking that the version of the amendment that we are to debate is one that begins with the words ‘To insert a new Proposition 1A as follows’?

Deputy De Lisle: You are correct, sir.

The Bailiff: Thank you, that has been circulated.

1180

Deputy Gollop: Sir, I think I have signed the wrong amendment. (*Laughter*)

Deputy De Lisle: I think it has to be signed.

1185 **The Bailiff:** Can we just clarify, because we have had throughout this meeting a number of versions of different amendments circulating and it has caused some confusion?

Can I just clarify that what we are about to debate is an amendment that reads:

1190 ‘To insert a new Proposition 1A as follows:
“To direct that the States Report outlining detailed proposals in respect of the Belle Greve Wastewater Outfall shall include sufficient information to enable the States to reach an informed decision about whether or not to pursue full sewage treatment as an alternative to existing plans.”’

1195 That is the amendment that we –

Deputy De Lisle: Yes, that is the amendment that I would like to speak on, sir.

The Bailiff: Could I ask then that that be signed and that the other signed version be torn up. Thank you.

1200

Deputy De Lisle: Sir, I would like to put forward this amendment and remind Members also, of the key points of Deputy St Pier's initial speech with regard to the Capital Prioritisation policy letter that we have got in front of us, and that was to approve a pipeline of proposals that go forward to the next stage of development. He mentioned the fact that it is important to have the right projects that go forward and I would just like to preface my comments with that.

1205

I would like to also state that the spend on the Belle Greve Wastewater Outfall outlined on pages 1674 and 1675 is now estimated at £15 million, up from £4 million to £6 million with the final figure unknown as the work is specialised and difficult to forecast. This change is outlined, as I say, on page 1675 and it calls for the refurbishment of the long sea outfall which is now unfeasible, as originally stated, due to its location in a permanently submerged tunnel.

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Additionally a study on the dispersion characteristics of the long sea outfall recommended that the discharge point needed to be extended and hence a new long sea outfall pipe is now required, so in other words the project has changed immeasurably.

1215

Now, had these increased costs to the outfall been known, it may have influenced the States in the 2012 debate to look more favourably on conducting all the preliminary investigations for full sewage treatment and to not withdraw the wastewater surcharge to fund further investigations.

The States had already twice committed to full sewage treatment, first in 1997 and again in 2009. Spending a further £15 million on the pipe, Guernsey will continue to discharge untreated sewage into the sea. There is relatively no change. The fact is that we will continue, despite spending £15 million, to do the same damage in the Belle Greve area.

1220

In fact, the continued pumping of 16 million litres of raw sewage every day into Belle Greve Bay constitutes a pollution risk to our beaches and a health hazard to bathers and those partaking in water sports, and is a stain on our Island's reputation and international image in light of modern global ecological thinking and environmental responsibility. (**A Member:** Hear, hear.)

1225

It is common knowledge, sir, that untreated sewage contains a wide array of pathogens and chemicals, many of which pose a serious threat to human health. The continued pollution of Belle Greve Beach, the beach itself and the outlying waters is a total disgrace.

We risk damage to our valued tourist industry and related cruise liner business. We have to redress once and for all the negative publicity that this Island has received in the international press to this pollution problem as quickly as possible, and extending the pipe, the Belle Greve Wastewater Outfall is not a sustainable solution in the modern world.

1230

Guernsey cannot continue to turn a blind eye to the new European Marine Strategy Directive which aims to restore European marine waters to their natural biological condition by 2020. This Directive will have to be applied to Guernsey's waters and there will be international pressure on Guernsey to implement this Directive.

1235

PSD admitted in its January 2012 States Report that installation of full sewage treatment would improve the effluent quality; remove the harmful bacteria content of the final effluence; comply with European Legislation; and improve public perception of wastewater disposal.

Government priorities, are our Government priorities to protect the natural environment must not fall on deaf ears. This Belle Greve Wastewater Outfall's project spending £15 million on a new sewer pipe to do what the existing one is doing essentially will discredit the Government's Strategic Environmental Plan. The project if supported will, sir, seriously undermine the credibility of this Government. Spending so many millions on the pipe is throwing money down the drain. (*Laughter*) Guernsey has to wise up to the 21st century technology and become more progressive environmentally.

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1245

We cannot go on denying the facts and covering up with excuses what we are doing. Jersey at the Bellozanne Treatment works treats all sewage, 25 million litres a day with holding tanks with capacity to store one day equivalent. They have had full treatment since 1959 and in fact Jersey had the first large UV system in Europe. Here we are still dumping 16 million litres a day into Belle Greve Bay without any treatment whatsoever, only now preliminary screening with this new works at Belle Greve Bay.

1250

Treatment at the Jersey works involves a number of processes, screening, grit removal, primary sedimentation, secondary aeration, final sedimentation, UV ultraviolet treatment, sludge digestion and disposal. The quality of sea water around Jersey's coast is important to that island for a number of reasons, and those reasons I think we should reflect very closely in Guernsey. The health of the public swimming and those involved in water sports; pollution of the environment;

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Jersey's tourism which prides itself on having some of the cleanest beaches in Europe; aquaculture industry – that is the oyster and mussel farming industry; and also to gain the most popular beaches.

1260 So do we proceed with a new £15 million pipe to do essentially the same work as we are doing now, shunting 16 million litres of raw sewage every day into Belle Greve Bay and the risks that that entails, or should we proceed with sewage investigations leading to secondary treatment and tertiary disinfection in the future, so that full treatment of the sewage disposal problem can be implemented?

1265 Sir, I look forward to the day in the not-too-distant future when Belle Greve Bay will be clean and provide a respectable beach for all in Guernsey to enjoy without the threat of pollution.

I ask Members to support this amendment to direct that the States Report outlining detailed proposals in respect of the Belle Greve Waste Outfall shall include sufficient information to enable the States to reach an informed decision about whether or not to pursue full sewage treatment as an alternative to existing plans. I ask that, to the betterment of clean water quality standards in our waters, to put an end to the risks to the health and welfare of our people and to the benefit of our tourist industry and our international reputation.

1270 It is very important that we continue initiatives that are directed to cleaning up the Bay, but we only have a very restricted time period to do this, because, as I said earlier, by 2020 we have to clean up on international European standard basis and pipes are not the answer. It is not clean, it is not perceived in any way as clean and we have to take the measures that are internationally respected. It is important for our tourist industry but it is also important for our international image.

I would ask Members to support the amendment.

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

Deputy Gollop: Yes, sir.

1285

The Bailiff: Deputy Adam?

Deputy Kuttelwascher: Sir, could I propose a motion, please?

The Bailiff: I think Deputy Adam perhaps is about to propose –

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Deputy Kuttelwascher: Are you going to do the same thing? (*Interjections and laughter*)

The Bailiff: Would somebody give way? (*Interjections*)

1295 Deputy Adam is about to refer to Rule 13(6). If that is what Deputy Kuttelwascher is going to refer to, then it is the same. (*Interjection*)

Yes, Deputy Adam.

1300 **Deputy Adam:** Yes, sir, I would be obliged if the Assembly could have your opinion as to whether the amendment that has been proposed by Deputy De Lisle and Deputy Gollop goes further than the original Proposition and should be ruled that the amendment be not debated and no vote taken thereon.

The Bailiff: Thank you.

In my view, it does go further, but Proposition 1 as presently drafted directs:

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‘that further work be undertaken by Departments to develop each project’s specifications, following an option appraisal, and refine their costs.’

1310 The project to which this relates is the Belle Greve Waste Outfall. The effect of this amendment would be to require that there be a States report to enable the States to reach an informed decision about whether or not to pursue full sewage treatment, which is potentially a different project.

1315 So in my view, it does go beyond the Propositions and therefore, I will put to the States the Proposition that you are asking me to put: that the amendment be not debated and no vote be taken thereon.

So Members, if you do not wish to debate this amendment, you vote *Pour*; if you wish to vote to debate the amendment then you vote *Contre*. The motion is that the amendment be not debated.

So *Pour* means a vote in favour of not debating the amendment, and there will have to be... No, under the new Rules, of course, it is a straight majority of the Members voting now, rather than a one third majority.

1320

So I will put it to you, unless anybody is requesting a recorded vote – no.

Deputy De Lisle: I would request a recorded vote, sir.

1325

The Bailiff: You would like a recorded vote?

Deputy De Lisle: Yes, thank you.

The Bailiff: Thank you.

1330

The motion, as I say, is that the amendment proposed by Deputy De Lisle and Deputy Gollop be not debated and no vote be taken thereon.

There was a recorded vote.

1335

Carried – Pour 27, Contre 19, Abstained 0, Not Present 1

POUR	CONTRE	ABSTAINED	NOT PRESENT
Deputy Kuttelwascher	Deputy Harwood	None	Deputy Storey
Deputy Domaille	Deputy Brehaut		
Deputy Langlois	Deputy Gollop		
Deputy Robert Jones	Deputy Sherbourne		
Deputy Le Clerc	Deputy Conder		
Deputy Bebb	Deputy Lester Queripel		
Deputy St Pier	Deputy Ogier		
Deputy Stewart	Deputy Fallaize		
Deputy Gillson	Deputy Laurie Queripel		
Deputy Le Pelley	Deputy Lowe		
Deputy Trott	Deputy Le Lièvre		
Deputy David Jones	Deputy Green		
Deputy Spruce	Deputy Dorey		
Deputy Collins	Deputy Wilkie		
Deputy Duquemin	Deputy De Lisle		
Deputy Paint	Deputy Burford		
Deputy Le Tocq	Deputy Sillars		
Deputy James	Deputy O'Hara		
Deputy Adam	Alderney Rep. Arditti		
Deputy Perrot			
Deputy Brouard			
Deputy Inglis			
Deputy Soulsby			
Deputy Luxon			
Deputy Quin			
Deputy Hadley			
Alderney Rep. Jean			

Deputy Gollop: Sir, I would like to propose a short recess, because we have got to consider, I would be willing actually to propose the alternative amendment that was circulated to Members yesterday afternoon, which I think would not fall outside of the Rules of going beyond the Proposition.

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Deputy Fallaize: Could you rule on that before we go to recess?

1345

The Bailiff: There have been so many amendments circulated, I am not sure which one Deputy Gollop is referring to! (*Laughter*)

Let me just clarify. Is he referring to the amendment that says:

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‘To insert at the end of the words in Proposition 1: “, subject to the deletion of Belle Greve Wastewater Outfall from the Category A projects listed in the table in paragraph 28 of that Report”.’

– is that the – ?

Deputy Gollop: That is it.

1355

The Bailiff: If that is the one, then I agree with you that it does not go beyond, because that is simply deleting a project from the list of projects that the States have been asked to approved.

1360 **Deputy Fallaize:** Okay, sir, now could you give a ruling on whether it engages Rule 13(2), please?

The Bailiff: Well, let us just have the result of the vote on the Proposition that has been put.

1365 I would remind Members, the Proposition was that the amendment proposed by Deputy De Lisle and seconded by Deputy Gollop be not debated and no vote be taken thereon: 27 votes were cast in favour with 19 against. I declare the Proposition carried, and therefore that amendment will not be debated.

1370 Now I am being asked to rule on Rule 13(2) and I think what Deputy Fallaize is referring to in particular is Rule 13(2)(b)(iii) that, and I will read it to you, for those Members who have not got the Rules in front of them. I will just read the relevant wording:

1375 'A Member who proposes to move an amendment ...
(b) to a proposition relating to expenditure which may have the effect of –
... (iii) altering the timing of any works;
... must furnish the proposed amendment or sursis to the Presiding Officer [and to certain other persons] not later than 15:00 on the day preceding the seventh clear day before the meeting...'

So in other words, it is about giving notice.

1380 The question really is whether the Proposition to which it relates is a Proposition relating to expenditure and I know that HM Procureur has been giving some thought to that, and perhaps his advice would be of assistance to me.

Mr Procureur.

1385 **The Procureur:** I think, sir, there are actually two questions: the first is whether it is a Proposition relating to expenditure in the first place; and the second if it is a Proposition relating to expenditure, whether the amendment may have the effect of altering the timing of any works.

This is a very complex report. I must admit I find it quite difficult but the noises that I have heard coming out of Treasury and Resources suggest that this is but one stage in a process and a great deal more has to happen before any actual capital works are undertaken.

1390 I think you would be wise to be guided as to the effects of the amendment in some measure by the Treasury and Resources Minister. *(Laughter)*

1395 **Deputy Luxon:** Sir, could I just ask a question? It is specifically on what the Procureur has just told us. If this particular item is deleted, then it falls away, it will not come back to another stage. I do not see how it cannot actually affect the timing of –

The Bailiff: Can I suggest, Deputy Gollop was asking for a short adjournment to consider whether he is going to bring this amendment. Can I put it to the States that we do have a 10-minute adjournment to see where we are going on this?

1400 Those in favour of a 10-minute adjournment; those against.

Some Members voted Pour, others voted Contre. (Laughter)

1405 **The Bailiff:** I think we need a 10-minute adjournment. That was a close vote but we need the 10-minute adjournment.

*The Assembly adjourned at 11.31 a.m.
and resumed its sitting at 11.42 a.m.*

1410

**Capital Prioritisation
Debate continued**

The Bailiff: Well, Members, I thank you for allowing us that brief adjournment.

1415 Deputy St Pier, are you able to answer the question that the Procureur asked you immediately before we rose, which was to explain what the effect of the amendment would be on the timing of any works?

Deputy St Pier: Sir, as I understand it, in consultation with the PSD Minister, this particular project is Phase 4 of the Belle Greve Project, which of course is part of the bigger project and therefore this amendment would actually delay the timing of the delivery of that whole project.

I hope that assists.

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The Bailiff: So in other words, it would affect the timing of works already approved by this Assembly.

Deputy St Pier: As I understand it, sir.

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The Bailiff: Yes, in that case, in the light of that Rule 13(2)(b)(iii) is engaged and proper notice should have been given of this amendment and that has not been given, so –

The Procureur: And that, of course, is the point of the Rule, (**The Bailiff:** Exactly.) is that if notice is given, then all the relevant people can maturely consider the amendment, sir.

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The Bailiff: Yes, consider what the effect of the amendment would be on the works. So in that circumstance –

Deputy De Lisle: Sir, if I can just make the point –

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The Bailiff: Deputy De Lisle.

Deputy De Lisle: This particular project was stopped. It has not been continuing. This part of the work has been reassessed, and in fact this is going to be an entirely new project that is going to be put forward.

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I think people should read page 1675 carefully, (**Deputy Gollop:** Yes.) because it makes the point very clearly, that:

‘As part of the assessment of the proposals that concluded the approval of this scope and rejection of the full sewage treatment option, it was deemed essential that adequate treatment and dispersal of flows via a long sea outfall (LSO) was critical to the success of this strategy.

1445

Studies subsequently undertaken on the condition of the existing outfalls (... which is used during extreme storm conditions), has concluded that refurbishment of the LSO is now unfeasible due to its location in a permanently submerged tunnel. Additionally, a study on the dispersion characteristics of the LSO recommended that the discharge point needed to be extended...’

1450

And then in the next paragraph, it simply states:

‘Hence a new LSO is now required...’

1455

It is a new project, sir, and it is going to cost £15 million, instead of £4 million. (*Interjections*)

The Bailiff: Deputy Luxon.

1460

Deputy Luxon: Sir, Deputy De Lisle gave the game away when he said it is ‘part of’, and this is part of a bigger project, a series of projects. Although Deputy De Lisle has explained how the specification has changed as more investigations have taken place and, yes, additional work is needed to be taken, but it is still part of that original Belle Greve Project. It is Phase 4, Phase 5 having just been completed.

1465

The Bailiff: So it would affect the timing of works.

Deputy Luxon: It would affect the timing of works, sir.

1470

The Bailiff: So Rule 13(2) is engaged. Deputy Gollop?

Deputy Gollop: Thank you, sir.

The Report did not make clear that we were in the middle of a project, but I do accept the ruling from the Chair and the advice from the Procureur. I would like actually to put forward an amended version of the amendment that we were to put which I think would satisfy most of the criteria and would be congruent with the withdrawn amendment 1A that the States by majority chose not to debate.

1475

1480 And my amended version of the amendment would be to insert at the end of the words in Proposition 1, ‘subject to not the deletion but the re-categorisation of Belle Greve Wastewater Outfall from the Category A projects listed in the table in paragraph 28 of that Report to the Category C.’

1485 **The Bailiff:** Does that not do the same thing? Does that not still alter the timing of any works? (*Interjection*)

Deputy Gollop: Not necessarily, because we have not had a report back on the changes.

1490 **The Bailiff:** So it does have the same effect because Category C are frozen for the period of this Capital Prioritisation Report.

Deputy Fallaize: Can I just seek clarification?

1495 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Is this project going to be the subject of another States Report?

It says under Category A that there is not delegated authority for T&R to approve any further expenditure. If there is not, the thing will come back to the States and then the Members will have an opportunity to lay amendments at that time.

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The Bailiff: But we do not know whether it... I was understanding earlier that it was part of a project that has already been approved, so I do not know whether it does or does not have to come back. But certainly as far as the amendment that we are looking at is concerned, the ruling I have given is that it does alter the timing of works. Rule 13(2) is engaged and sufficient notice has not been given and therefore we cannot debate the amendment that was being laid, and even the revised amendment that Deputy Gollop was suggesting he might lay, in my mind – and I see the Procureur nodding in agreement – does engage Rule 13(2) as well.

Mr Procureur.

1510 **The Procureur:** I do not know about you, sir, but certainly I need to give reliance on the advice of those who have the expertise and if we are advised that it may alter the timing of the works, and the Rule does not say that it will alter the timing –

1515 **The Bailiff:** No, ‘may have the effect of’.

The Procureur: – of the works – I heard Deputy Gollop say not necessarily, the Rule says it may alter the timing of the works – if the Ministers of T&R and PSD are saying that it may, well who am I to argue?

1520 **The Bailiff:** Then the Rule is engaged. As you say, the wording is ‘may’ and this just illustrates why good notice must be given of amendments, (**Several Members:** Hear, hear.) rather than moving them on the floor of the States.

1525 **Deputy De Lisle:** Sir, surely to goodness we cannot actually go forward with a project valued now to cost £15 million, as opposed to what the original cost was, three times the original cost and not come back to this Assembly –

1530 **The Bailiff:** I do not know what... I do not have in front of me the Proposition, Deputy De Lisle, that the States have approved. I am told that this is part of a project that has been approved by the States –

Deputy De Lisle: No, but I am told it is not going to come back to this Assembly for approval. It has to, sir.

1535 **The Bailiff:** Well, that –

Deputy De Lisle: If the amount has been changed –

1540 **The Bailiff:** I cannot give a ruling. I cannot give a ruling on that, sitting here, Deputy De Lisle.
(Deputy De Lisle: Well, I –) All I can look at is the amendment that was before me, **(Deputy Fallaize:** Sir.) and I have given my ruling –

1545 **Deputy Fallaize:** Sir, an amendment to that effect would not go beyond the Proposition, would it, to require this project to be subject to a States resolution before the expenditure is? That must be the effect of this States Report, surely. All these Category A projects are not just going to go ahead where T&R does not have delegated authority anyway without States approval. *(Interjection)* So surely an amendment to put that beyond doubt –

1550 **The Bailiff:** Well, it depends what –

Deputy Fallaize: – would then bring the thing back and the Members could then lay an amendment at the time in accordance with the Rules.

1555 **The Bailiff:** The Procureur.

The Procureur: The point is not that it goes beyond the Proposition, but that it may have the effect of altering the timing of the works. That is what we are advised.

1560 And may I, with respect...? You have made your ruling. Rule 11(3) says it is the duty of every Member to observe the rulings of the Presiding Officer and one has to have some finality in these matters.

The Bailiff: Yes. **(Several Members:** Hear, hear.) If other amendments wish to be laid – and I do not think we can draft them sitting here in committee – if people want to lay amendments, then they can do so and we will consider those amendments, as and when they are produced.

1565 But I have given my ruling on the amendments that we have seen, so as we stand, as we sit here at the moment, there are no other amendments of which I have notice and we will therefore proceed with general debate.

Alderney Representative Arditti.

1570 **Alderney Representative Arditti:** Thank you, sir.

I regret that an important bid has failed to make it to the Capital Prioritisation Programme. I speak of the upgrading of the Airfield in Alderney. No-one in this Assembly or in Government in Guernsey is to blame for this. Unfortunately, my colleagues in Alderney did not put in the bid and that is something which Alderney Representative Jean and I will try to address in Alderney as quickly as possible. But the sins of Alderney politics, if you can call it that, must not be visited on the people of Alderney. They are not to blame.

1575 My purpose in addressing you in this debate is to acquaint you with the vital importance of bringing the Airfield in Alderney up to date and to ask you to cut some slack for my fellow Alderney Representative and I, when we seek your indulgence to hear from us about this crucial item of expenditure in the coming months – as far as we are concerned, as soon as possible.

1580 The reference to the Airfield in Alderney in Category A of the Treasury and Resources Department Report before us, concerns emergency work necessary to keep the Airfield open or patch up. What is missing is Alderney's bid for catch-up, that is the vital upgrading and updating of the Airfield.

1585 Why is updating the Northern Airfield so important? Quite simply, Alderney's recession is deep, and has endured for too long. Despite the Herculean efforts of the people of Alderney, sadly last week we saw the Belle View close its doors, our second largest hotel, and we heard of another two families leaving the Island. There is no lack of effort in Alderney, the work ethic of the people of both Islands is the same – not surprising, bearing in mind their shared roots. This entrenched recession is not about effort. No community could have tried harder than Alderney, it is about opportunity, and it is now affecting morale.

1590 Our census in April has shown the serious rate at which we are depopulating and the atypical shift in our demographics towards the aged. The number of children in the Island has reduced by 50% in 12 years, and the proportion of our population over 50 years of age is now 50%. Need I say more?

1595 We are two Islands with one economy, born out of a shared taxman and shared services, and this census is bad news for us all.

You helped us to make our hospital fit for purpose in the 21st century and we are in good health. You helped us to make our commercial quay fit for purpose in the 21st century and our

1600 ability to supply and feed ourselves is secure. Now we need your help to do the same with the Airfield, in order to repopulate and revive the economy in Alderney with the returns that this will bring for the shared economy and services of both Islands.

The essential requirement for every meaningful initiative for addressing the economy and depopulation in Alderney is transport links, and in Alderney this means the Airfield. Airfield first, 1605 Airfield second and Airfield third. We have two very welcome 12-seaters which serve the Island by sea, but in Alderney our lifeline links to Guernsey and the UK are by air. This is not because the sea is not good enough for us. History shows that ferries, unlike freighters, have come and gone as Alderney Representative Jean will confirm and this is because of our geography. Now the sheer size of vessel required to make travel by sea economic means that Alderney is more 1610 dependent on its Airfield than ever before. The first airfield in the Channel Islands was located in Alderney and this tells us something. Alderney has no lifeline links by sea and is unlikely to have lifeline links by sea in the future.

I use the expression 'airfield', because I want to draw a distinction between the Airport Terminal which is adequate and what lies airside, which is not. The runways and other bits which 1615 should be open to a variety of aircraft providing lifeline and commercial services, appropriate to a healthy economy in an Island of our size and appropriate to the expectations of people who would otherwise repopulate Alderney with their families and their businesses. There is no shortage of enquiries but the Airfield is always the problem.

The arguments which applied, when I voted in the last States of Deliberation to spend £83 1620 million to bring the Airfield in Guernsey up to date and the arguments to do the same to the Airfield in Alderney are identical. Happily the scale is very much smaller.

Interestingly, in Alderney you can see what would have happened in Guernsey if the Airfield here had not been updated. In Alderney, you can see how the economy has declined while the Airfield has stood still, in terms of matching the expectations of visitors and would be new 1625 residents and businesses.

Rightly in Guernsey the work has been done pro-actively in order to protect the economy in Guernsey as the Treasury and Resources Minister said earlier this morning, investment in infrastructure is good.

Perhaps this is the occasion to explain my mantra about crosswinds – my crosswind moments. 1630 *(Laughter)* Well, my purpose is to emphasise that Alderney is closed for business more by reason of crosswinds than fog. What opportunity do we have to turn round our economy and stem and reverse the depopulation of our Island while this outdated problem persists?

I have consulted in every sector of air travel in the Islands and nobody has suggested to me any doubt that Alderney's transport links would improve dramatically if, for example, the main 1635 runway were enlarged and strengthened. The land to do this was purchased more than 12 years ago.

I thank you for listening, or at least for looking as if you were listening. *(Laughter)* As I said at the outset, I make no criticism of the CPP and the small amount of emergency work allocated to the Northern Airfield in Category A, and I make no criticism of any member of Government in 1640 Guernsey. I understand fully the constraints under which we must operate, about which I feel Deputy Ogier spoke so powerfully yesterday.

If we reach the vote before the witching hour of 4.45, I shall vote in favour. After that Alderney Representative Jean and I must leave because our antiquated Airfield closes at six o'clock. *(Laughter)*

1645 Thank you, sir.

The Bailiff: Alderney Representative Jean.

Alderney Representative Jean: Thank you, sir.

1650 My partner Mr Arditti has truly said most of what needs to be said, but I would like to talk of sea links past and present.

I travelled on the old *Island Commodore* boats, the *Island Commodore* and the *Commodore Queen*, as a child – quite an outing, quite an adventure. But since those times there have been others who have run consistently other ferries, but not for a long time now. We are grateful to have 1655 *Bumblebee* and the *Vedettes du Cotentin* doing all they can over our summer months helping to bring passengers in. But in the winter, because those boats are not large enough, we lose even their ability to bring in the limited numbers to the harbour to us. This is also because the seas around Alderney contain very strong tidal currents, the Swinge and the Race and when it gets rough around Alderney, it gets rough.

1660 So for many years now Alderney has not been able to attract a large enough ferry operator to make a difference, and I agree with my colleague, Mr Arditti, the Airport in Alderney is vital. Because most people today want to travel by air in comfort. As vital as your Airport is to your Island in Guernsey, our Airport in Alderney is vital to every man, woman and child in Alderney.

1665 Many years ago in 2000, at the end of that year, I ended my first term of office, both here in Guernsey and in Alderney. We had already back then made plans and bought land necessary to widen and lengthen our runway, and I was involved in some of those negotiations. Although not all of that work had been completed by the time, I had stood down at the end of 2000, I followed with interest as the work continued.

1670 As I remember, we discussed how much longer it would remain economic for Aurigny to continue to run their Islander planes. The time is coming, need I point out, and the end of those is near. The Airline Aurigny might require the modernisation of the Alderney runway themselves, also there are indications that other airlines might offer us some other routes into Alderney. These offers might be limited, but even the indication that they might be there has to be better than no change at all.

1675 So vital is the case for our Airfield to be brought up to date, no doubt it would deliver a message of encouragement in an economy, which is struggling and this would echo right down through our business community. Alderney is open for business, and available, along with the very good work taking place in Alderney to market our Island in a different way, concentrating on our many points of interest. Through niche marketing, wildlife, Victorian forts, German and military history, puffins, gannets and all that is so wonderful about our Island. Alderney needs this significant and vital investment to deliver a very important message to the outside world. We have kept up we have the right modernised and up to date Airport and that says, ‘Yes, we can take on board your business.’

Thank you, sir.

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The Bailiff: Does anyone else wish to participate in general debate? Deputy Bebb.

Deputy Bebb: Thank you, *Monsieur Le Bailli*.

1690 Members, when I actually look at this Report and we had actually had the presentation from T&R regarding it, I have to thank them for it, it was very helpful. It shows the process that we have in place in order to actually deal with capital prioritisation, and it was interesting that having entered into further discussions with the Department in relation to the multi-criteria analysis, it became evident that it was quite realistically merely a guide. I understand that the process itself will never be perfect. I am not asking for a complete overhaul, but it is quite interesting that the amendment that I did not lay...

1695 If I could ask Members to look at that amendment, however, you will note that the projects in Category D, and a similar question was asked by Deputy Gillson in relation to those projects in Category A, as to which ones would have appeared in Category B and which ones would appear in Category C, were they to be subject to the same criteria. It was interesting – and the States Treasury confirmed – that the process does need some further refining.

1700 The point that I have is that, of those items in Category D – and I do recognise that they are all PSD items, the Minister is not present, but I realise that the Deputy Minister is here and so is the rest of the Board. I recognise that some items, if they were subject to the same multi-criteria analysis, would also have appeared in Category A, but others would not have appeared in Category C.

1705 I would like to make the request of the Department that any items that would have appeared in Category C, having not fulfilled the criteria of the multi-criteria analysis, could I ask the Department to be so good as to bring the Report back, because obviously if they are not fully aligned with the States priorities, I think that... I am not saying that they should not proceed, but I think that they should be subject to some further scrutiny of the States. I do recognise that a lot of those items from Category D would have appeared in Category A as replacement items, but it is true that some of them would not have met the appropriate criteria. That is the first part that I want to raise.

1715 The second is in relation to the amount of IT expenditure that this Report asks for. You will note in Category A that there is a replacement to the corporate ICT Data Centre infrastructure and a replacement Income Tax Electronic Document and Records Management System. Further down you will see in Category B that there is a replacement to the contributions system of SSD and T&R. This is a fairly major quantity of work that we are asking of the IT industry and the way that the States of Guernsey’s IT departments currently work is that a lot of the work that we ask in this regard is required of external factors. We do not have the skills in-house. The decision has been

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made not to employ the people who would do this in-house and I do not disagree with that decision, but we therefore will make great demands at certain points in time of the whole IT industry in the Island, and we have not given consideration as to how that will affect the costings; the amount of people available; whether local companies would be unable to undertake this work or whether because of the sheer volume of work that is already going out into the IT industry they simply will have to pass and therefore contracts will disappear to those providers who are off Island. I know that there are a number of companies in Jersey would be quite keen to take on a number of these projects.

1725
1730 But I have to say that whereas we have thought, and I see that T&R have thought, very carefully about the need to smooth out the amount of money that goes into the general economy, a similar consideration has not been made in relation to that IT industry, and it is a niche market over here, and we will always need to make requirements of companies outside of Guernsey, but we need to think much more carefully about how we make that demand upon the IT industry on the Island.

1735 There are a few points that I would also like to raise in relation to specific projects, I also find it disappointing that the Minister of Home is not currently at his seat, but I will ask it of the rest of his Department. The replacement of Island-wide public safety CCTV and security systems. People will not be surprised that I am not a fan of CCTV. Too frequently have I been to the police station in order to be advised of (*Laughter*) how the camera is pointing in the wrong direction when someone stole something from my bike.

1740 But to give a more serious note, there is unfortunately some evidence in the UK that CCTVs have lead to perpetrators of crime using CCTV to their advantage. When CCTV was introduced in the UK, a general big-bang approach was taken to it and the idea was that this would simply improve policing, and the consequences were not duly considered. I was looking at a report from the Scottish Government recently that CCTV, when it was implemented, had an initial effect of reducing crime, but that overall it did not in the long term reduce crime.

1745 I also note a report from some of the domestic abuse charities. I am sure that Deputy Lowe is very aware of this, in her role that she plays in relation to the Guernsey Women's Refuge – an essential service that is provided to the Island – that there are some very unfortunate and real tragic circumstances where perpetrators of sexual offences have purposely used CCTV in order to parade in front of it hand in hand with their victims in order to give the impression of consent.

1750 I know that those are extreme examples that happen in the UK and therefore... but I think it does illustrate how CCTV has a lot of questions to be asked of it, and I am not saying that it is the wrong answer, but before we undertake such a large expenditure, I would hope that the Department would return to this Assembly with a good evaluation of the benefits against some of the dis-benefits and some of those benefits which really it does not achieve.

1755 I also note that Treasury and Resources are undertaking the replacement of the crematorium and emissions equipment in relation to the Foulon. I will also suggest to the Treasury and Resources Department that that is dealing with one side of the problem. The Foulon Cemetery is likely to be full within the next 25 years and in relation to its graves and the burials available. There are schemes in the UK that look to reuse land and they are quite innovative and I think that it is important that we deal with that aspect as well, because legislation that is available in the UK at this point in time, realistically, is not available here.

1760 But it does make a demand that a 50-year moratorium on any further burials within an area is undertaken before re-using that land. Obviously with only 25 years left, that leaves us with a 25-year gap, and I do not know whether the Minister of the Environment or his Department have given due consideration to that, but when thinking about the land planning that is coming up, obviously we need to think very carefully about ensuring there is sufficient provision for burial on this Island which, at this point in time, in relation to the Parish of St Peter Port, the Foulon is one of the few cemeteries available for burial.

1765 I think that I have made my points with regard to the cost of burial, which I think is also currently unreasonable, especially on those people in St Peter Port and I hope that the Report would also address that issue.

1770 But overall I think that the other question that I would make is that this process is not perfect. Nobody has ever said that it is and I am not asking for it to be changed. I think that, when we are talking about the number of projects that we are, and in a four-year programme, then it is perfectly acceptable, and I would not ask for large major changes, other than those modifications that the Department recognise that needs to be done.

1775 But when we spoke about the Government Service Plan, the idea that was presented is that this process would be acceptable in relation to our revenue expenditure. The lesson that I have learnt is that this really would not be acceptable for our revenue expenditure. The process is perfectly

adequate for a once-every-four-year process in relation to our capital, but the idea that we would enter into a discussion that would involve... what people have said in relation to my amendment would have been the minutiae of Government in relation to revenue expenditure. I would suggest that that would be a bureaucracy too far.

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I do not want to detract from this particular debate, but I think that it was worth highlighting that particular point. Thank you.

The Bailiff: Deputy Laurie Queripel, then Deputy Lester Queripel.

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Deputy Laurie Queripel: Thank you, sir.

I must apologise I had forgotten about the new ruling that says that we have to stand if we want to contribute to debate, but bearing in mind – oh sorry – bearing in mind, my lack of inches I am not quite sure you would have seen me anyway. (*Laughter*) Five foot five in my socks, sir.

1795

I am aware that one or two of my contributions towards debate over the last few days may have appeared to be a touch contrary. In fact, somebody did ask me – and I hasten to add outside of this Chamber – if my happy place had been removed at the same time as my appendix. And it was not, sir, the ubiquitous Mrs Le Page.

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However, Members may be aware at Commerce and Employment, we are progressing an ICT Strategy and this is far from my field of expertise, I have to admit, but I realise it could be something that could be of great benefit to the business community, great potential for employment and training and for careers, and economic gain for the Bailiwick.

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But, sir, picking up on something that Deputy Bebb was speaking about, I am becoming rather dubious about IT and computer systems in the Government context. Yesterday, we looked at a system for the Police, which I can clearly see the benefit of. In Billet XIX, we have the Corporate Data Centre, the Income Tax computer requirement, and also as Deputy Bebb mentioned CCTV facilities.

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Sir, we have been told over the years that all of these things, all these technologies would cut the cost of Government, that a slimmed down administration would result, Government would run more efficiently, etc. Well, actually, as far as I can see, it has certainly added to the cost of Government and there has not been a significant slimming down. Okay, perhaps, we are just at the beginning of the journey, a long implementation stage, but on a fairly regular basis we see systems and upgrades on the agenda and we are told that –

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The Bailiff: Deputy Queripel, Deputy Bebb is asking you to give way.

Deputy Laurie Queripel: Oh sorry, Deputy Bebb, yes –

Deputy Bebb: I thank the Member for giving way.

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I would just like to highlight to him that the electronic health and social care record currently has an expenditure in the region of £11 million. That has provided the HSSD Department savings in the region of £13 million.

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Deputy Laurie Queripel: Thank you, sir. That is just the kind of information I was seeking and I will go on to elaborate on that.

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But, sir, we do see these systems and upgrades on the agenda on a regular basis, and then we are told that this is the one state-of-the-art must-have and so I was saying yesterday how terms like ‘fit for purpose’ and those kinds of terms have lost their meaning. We seem to regard anything that is purely or merely adequate or functional to not be good enough, and that concerns me. Adequate or functional just will not do; it has to be state-of-the-art, it has to be the latest must-have. As a lay person from the outside of the States, I will be questioning the value for money, the real benefit for the wider community of all these systems and upgrades.

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So many stories, sir, not just locally, but beyond these shores, about governments installing systems, then finding they are not quite what was expected, there are teething problems, budgets are exceeded, and one cannot help but wonder how those funds could have been used in direct services to members of their communities and our community.

1840

And lo and behold, sir, just a few years later, things have moved on and upgrades and new systems are required and, once again, we are told ‘now, this is the one’. But it all comes at a cost to the public and a continuing cost, so what I wonder, sir, are we on the road to an administration nirvana or is it a spaghetti junction?

Is it possible to carry out some sort of analysis or audit to ascertain what has been saved, gained, at what cost and the direct benefit for taxpayers and members of the public, bearing in

mind that some very basic services and provisions have been reduced, causing some hardship to some members of our community?

1845 Sir, for all that, I am not against Government working in that way, but it would be reassuring for me and I believe members of the public, if it was possible to measure or quantify, as Deputy Bebb has pointed out, the benefits direct and indirect to the community of working in this way.

1850 Recently, sir, there was a *Press* comment that said this is a time of year that States Members like because it enables us to spend money, but I am sure that I speak for all Members of this Assembly when I say I loathe spending public money, unless it is absolutely necessary. But I really believe, if we purport to be good and responsible custodians of the public purse, then these questions have to be asked, and need to be asked.

1855 So, sir, I thank you and I thank colleagues for tolerating perhaps my alter ego, Deputy Grumpy, but I believe these points need to be made and these questions need to be asked, and I will look forward if at all possible, if we could have some sort of assessment or some sort of analysis or some sort of audit that tells us exactly what we have gained from spending and progressing these upgrades and these computer systems.

Thank you, sir.

1860 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

1865 Picking up on Deputy Collins' comment in one of his recent speeches when he said, 'I am sure that Deputy Lester Queripel is out there somewhere', (*Laughter*) I can assure him, sir, that wherever they perceive me to be, I am always rooted in reality. I am only too aware, as we all are, that there are needs and there are wants, but I would break that down even further. I would break it down into three categories, and they would be: immediate needs; eventual needs; and finally, wants.

1870 An immediate need is something that I see we need now or as soon as possible, because we simply cannot carry on without it; an eventual need would be something that we know we have to have, but we do not have to have it right now, it can wait; and then we have wants, the things we would like to have, maybe for reasons of status or for whatever reason there may be.

1875 Well, sir, I want a Ferrari, I want a five-bedroom marble-floored villa on the Costa Blanca and I want to be able to sit by my swimming pool in the Costa Blanca, drinking champagne –

Deputy David Jones: So do we! (*Laughter*)

Deputy Brehaut: Have you considered a job in the private sector? (*Laughter*)

1880 **Deputy Trott:** It's not all it's cracked up to be, honest. (*Laughter and interjections*)

1885 **Deputy Lester Queripel:** Sir, whilst I drink champagne by my villa, preferably with a beautiful blonde-haired woman by my side, (*Interjections*) but sadly, sir, none of that is ever going to happen, and it certainly will not happen on a Deputy's salary, that is for sure!

Deputy Trott: It is the law for you.

The Bailiff: Deputy Langlois is asking you to give way.

1890 **Deputy Lester Queripel:** I give way, sir.

Deputy Langlois: Sir, I was just trying to explore the possibility of a late amendment for a new project which we could... (*Laughter*)

1895 **Deputy Lester Queripel:** I will second that amendment, sir. (*Laughter*)

The Bailiff: Rule 13(2)!

1900 **Deputy Lester Queripel:** Sir, I simply have to accept that none of that is ever going to happen and I get on with my life and I have to make the best of it, because I do not need any of the things that I want.

In a sense, sir, I really wish we could just stop spending until our economy picks up, but the irony is that we cannot afford to stop spending because we have to invest in our future, and that is

1905 the dilemma, because we have to decide what we really need for the future and then put our list of wants in the waste paper bin.

Yesterday, I voted in favour of Deputy Dorey's amendment to move re-profiling the PEH from the C list to the B list and whilst I am a little bit surprised that some of our other Ministers have not laid similar amendments to move their items from the C list to the B list, I assume, rightly or wrongly, it is because they have studied the lists and they have accepted that there are other items on the A and B list that really need to be on those lists because their needs are more immediate.

1910 Maybe I am having an 'out there' moment and I apologise if I am missing a fundamental point, but I think this is where we have to be sensible, because as Deputy Laurie Queripel said in his speech, not everything has to be state-of-the-art, all-singing, all-dancing with polished granite and marble floors. Surely the issue is that they are built to last and that they serve the purpose.

1915 In conclusion, sir, I would like to ask the T&R Minister two questions regarding Cabernet Limited, which is on the Category A list. Bearing in mind that every business reviews its practice in times of hardship and duress, can the Minister give me an assurance that everything possible is being done by Cabernet to identify efficiency savings within Aurigny?

1920 And the second question is, does the Minister think there is any merit in us undertaking an independent review of the airline to satisfy ourselves on behalf of taxpayers that no stone is left unturned in an attempt to identify efficiency savings within Aurigny?

Thank you, sir.

The Bailiff: Deputy Quin.

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Deputy Quin: Thank you, sir.

The last Deputy's wish list, it sounds like one of the CPA travel things that the media keeps saying we have, 'jollies', (*Laughter*) except I have missed the car, missed the blonde – but I was with Deputy Le Clerc last time, so that is worth any blonde. (*Laughter*)

1930 I rise in support of our Alderney Representatives. A couple of weeks ago, Deputy Lowe and myself went on business for the Home Department and during the course of the meeting, when the meetings had finished, Alderney Representative Louis Jean took us for a tour. He took us round the Island, a beautiful place, with his dulcet tones – it was better than a trip with David Attenborough. I can tell you that, having gone to Alderney, being a bit... I do not know, told I had to see it is costing us too much money, I have become an Alderney fan. I would ask T&R when they look at Alderney, it is pretty obvious to me that the biggest obstacle they have got is travel. Travel is the biggest obstacle. I would ask you to help them to help themselves. I am now an Alderney fan.

Thank you, sir.

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The Bailiff: Deputy De Lisle.

1945 **Deputy De Lisle:** Sir, can I ask through you the T&R Minister to confirm whether the Outfall project will be subject to a further States Report and if not, why not? Perhaps he might give me that assurance one way or the other after lunch. Thank you. Or now, yes, if he has got the –

The Bailiff: Deputy Le Clerc.

1950 **Deputy Le Clerc:** Just following up on Deputy De Lisle's point, I would just like a point of clarification as well. I have always been the sort of person that has never been afraid to ask the stupid question in a meeting, because I have usually found that actually it is the question that everybody else wanted answered but were too afraid to stand up. (*Interjections and laughter*) On that point, I would just like to know or to be confirmed whether all of these projects will be coming back to the States for approval, because having looked through the Propositions, I am still a bit unclear on that, and I think that would be useful for everybody.

1955 And then on Proposition 6, I know this is in respect of routine capital allocations and that is different from the capital reserve, but it says:

1960 'Treasury and Resources Department to approve capital votes, without financial limit, for projects funded from routine capital allocations.'

So I interpret that as that not coming back to the Assembly, and are we allowing, therefore, unlimited spending from a routine capital allocation? So again it is just clarification on that, please. Thank you.

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The Bailiff: It is now nearly 12:30 can I just have an indication of how many more people wish to speak? Deputy Ogier, Deputy Trott, Deputy Lowe may do, Deputy Green, Deputy Paint...

In that case, I do not think we will be finishing before lunch. We will rise now and come back at 2.30.

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

**Capital Prioritisation
Debate continued
Amended Propositions carried**

The Bailiff: Members, we resume debate then on the Treasury and Resources Department's Capital Prioritisation Report.

1975

Who wishes to stand in their place, so that they can be called to speak?

Deputy Gollop.

Deputy Gollop: Yes, sir. Sorry I missed a little bit of the last part of the morning but I was at a disability and inclusion group that is making excellent progress.

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But of course, I did hear by the magic of radio many of the speeches and I do entirely concur with the Alderney Representatives' desire to see work done, not just on Alderney Airport but on Alderney runway. I note that they were not included in Category D, because they are not self-funding and although consumers of air services do park on the Airport, I think even Deputy Kuttelwascher from Treasury and Resources has acknowledged that it is unlikely that air services to Alderney are likely to be particularly profitable.

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It is very much an infrastructural service to develop the Island's economy and indeed it helps develop the whole Channel Islands economy as well in so doing. It is also a social necessity. And as Deputy Quin observed the progress of Alderney's economy is linked to the progress made at the airport.

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The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: I would just like to correct a reference made to what I said. I said that the *current* services are not profitable. I did not imply that they could not be in the future and I think that is a possibility that they could be.

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The Bailiff: Deputy Gollop.

Deputy Gollop: I thank the Deputy for his intervention, because actually he strengthens the case for infrastructural investment in Alderney Airport, and indeed there is no reason why the Island's population might not rise to 3,000 people, if there were sufficient links and tourism interest there.

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On the other topics, it has been suggested that there has not been much dissent in the Chamber about the overall prioritising of the list. I personally would not entirely agree with that. I attended the Bus Users AGM and it was a fairly divided group, because I think nearly everybody there wished to see progress made with the bus fleet and we see that the bus fleet is in category B, although I do not personally think it has to be one item. Individual buses, new or second-hand could be purchased on the particular basis. But the bus depot garage facility has been cast aside to sea.

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Now, whilst some members of the Bus User Group did not want to see the States jeopardise its physical probity by further increasing the unsustainability of our capital programme, it nevertheless seems logical that a depot or garage, assuming we continue with the one operator model, is essential for the Island, and indeed it was a previous error of the States strategically to allow what was a purpose-built garage facility to be used for other purposes. So I think there is a problem with that one.

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There is also a question mark I think about, dare I suggest, the urgency of the fisheries protection vessel. I think it should be a multi-purpose unit, but I do not understand why it has to be brand new or why some other vessel could not be adapted or why we could not look at a new

2020 model of a craft that could, for example, also work as maybe an extra lifeboat or something along those lines. I think we have to question that.

Indeed, there are also many other elements within this whereby we have not had reports. It is interesting that yesterday the States overwhelmingly supported the HSSD proposals on the hospital, when in fact that very debate and outcome could materially affect the progress of the other capital projects in A and B, because you have added an additional one that will require work and you have added another potential £20 million to the pile.

I think that we in the Assembly, especially given the large number of new Members and new Department Members, would wish to see all of the Category A and B projects returned to the States for individualistic reports outlining their merits and business case, particularly with regard to changes that have taken place. Now, we know the Home Department has done just that with the Police IT, but not all the other Departments have done that.

On the one unanswered question really, the elephant in the room, if you like, that has rarely been mentioned, but Deputy Ogier certainly highlighted yesterday, as to the affordability of the capital programme, I think ultimately we are left with two choices, apart from the obvious one of not actually implementing the programme. The first is to borrow money – and I must admit I will be much more sympathetic to doing that this time around than last time, should the case be made with greater commercial responsibility, combined with a smaller sum of money to which we had a business plan that was relevant.

The second alternative is to raise taxation, and I have to say I am in the camp of believing that, in one way or another, we have to increase the revenues to the State. That is not just for economic growth, although I think we should facilitate that with the most competitive fiscal environment we can come up with, but it is also through raising taxation by one route or another.

The Bailiff: Deputy Fallaize

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Deputy Fallaize: Thank you, sir.

There is a third option. And the third option is, in my view, preferable – certainly preferable to borrowing, about which my views are well known, from the debate we had four years ago, but also preferable to raising taxation in order to fund this programme, although I do agree with Deputy Gollop that the States needs to raise additional revenue. Notwithstanding that, the third option is to lengthen the programme.

There is no funding shortfall, although the Treasury and Resources Department claim there is a funding shortfall. There is not really. The only reason they are able to claim that is because this indicative programme they have put together takes into account only three years' worth of appropriations from general revenue in the years 2015, 2016 and 2017. There is absolutely no reason why the appropriation should stop after 1st January 2017, or those that are taken into account and this programme should stop after 1st January 2017. The last capital programme approved by the States ran from 2009 until 2014. It took into account, I think it was five, it might even have been six years' worth of appropriations from general revenue.

If one takes into account an additional two years of transfers, that amounts to about another £60 million, and the shortfall which T&R suggests exists is £70 million. So that brings the shortfall down to £10 million and if the appropriations are increased by £2 million a year, which really in the grand scheme of things is not a great deal, given that we are talking about £30 million appropriations, then there is no funding shortfall and actually all the projects in categories A and B can be...

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I will give way to –

Deputy Adam: Sir, Deputy Fallaize forgets that the amendment put by HSSD would actually increase the shortfall by another £20 million. Would you like to calculate that in?

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The Bailiff: Deputy Fallaize

Deputy Fallaize: Yes, I accept that, sir, and therefore there would have to be another £6 million. It would be a total of £6 million a year additional appropriations. But in any event, I do not think the States is going to carry out *all* of the projects in categories A and B.

Actually on that point, we have a history – or T&R has a history, and its predecessors – of over-stating how much money will be spent on capital projects and also being overly ambitious about how quickly projects can be carried out.

I remember when we debated the funding model in 2009, T&R was proposing external borrowing. Their main objection to the alternative model that was put forward was that the capital

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reserve might run out of money. Well, if one looks at page 1652 of the Billet, we are now told that the balance in the reserve as at 1st January 2015 will be £67 million. That is rather a large difference from the capital reserve running out. The reason for that is that projects very rarely proceed along the timetable initially indicated. There are all sorts of reasons for that, but that is typically the case with States Capital projects.

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I think it would have been a huge, huge mistake, and completely unnecessary for the States last time to have borrowed externally to fund projects without an income stream. I think it would be equally as much of a mistake this time around.

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But lengthening the programme is a very realistic option. I accept that sometimes when projects are delayed additional costs are incurred – that has to be factored in. But I do not believe that is a make or break argument and I am quite happy for this programme to last an extra two years if it needs to, in order for the work to be carried out without the need to raise the burden of taxation unnecessarily and without the need to borrow externally.

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On that point about borrowing, I notice that in this Report, Treasury and Resources states that:

‘Over the long term, the cost of funding capital investment through annual appropriations or through the servicing and repayment of loans is more or less the same.’

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– which is a different position than T&R took in 2009 when they were advocating borrowing. I accept that the costs are probably more or less the same, but of course there is a very considerable difference, in that if we do not borrow, we do not incur debt for future generations, and if we do borrow we do incur that debt.

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Whatever funding model T&R eventually proposes, I would urge them not to do what I think T&R, or a majority of T&R, did in 2009, which was basically to kick the can of funding down the road. Because they proposed borrowing without any associated proposal of how the repayments would be funded, and if we were having to pay those repayments now we would be sinking about £10 million a year into a fund to afford the repayments.

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So whatever funding model T&R comes back with, I urge them to make it completely coherent and not to predicate it on some future revenue stream which is completely uncertain or which they have not even yet identified. But overall I very much hope that they will *avoid* external borrowing for projects without an income stream and when I look at the membership of T&R, and their voting record on the amendment against borrowing in 2009, I am very hopeful that we will avoid proposals to borrow.

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Thank you, sir.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

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I think I need to correct something Deputy Fallaize said. He said that T&R overestimated the cost of these capital projects bids. These are submitted by Departments to us, we do not provide those estimates, so it is really nothing to do with us.

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I do agree with him that a lot of these bids are over optimistic and then on past history you will find that the actual cost, once they go through a business case, could be substantially less so the projected shortfall could be less, but we are in the world of speculation here and there really is not any point going further down that route. However, I would like to comment on something Deputy Bebb said and Deputy Laurie Queripel in that I concur with the concern, particularly expressed by Deputy Laurie Queripel that not enough focus has been given to, shall we say, measuring the delivery of benefits as a result of ICT projects, and I think that is quite true.

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In the past, an ICT project has been managed by a project board and the focus has been on delivering it within budget. Then it kind of stops and there is a feeling now, and I certainly share that, that we need to then measure and continue to measure and monitor the benefits actually being delivered by these projects.

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It may inspire him a little to know that the Treasury and Resources Department has now constituted a committee to oversee ICT, and in particular with regard to this respect and we have our first meeting next week. So it is a matter which has not gone unnoticed and it is being addressed, but like everything else, I am sure it involves the management in all sort of change and therein lies the difficulty in managing change as we have seen elsewhere.

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I make one final plea. A lot of comments made by Deputies could be classified as moans. And you hear them on the radio, you read them in the *Press* and elsewhere and in my commercial life, whenever I went to a business seminar and you came up with a moan, you were immediately volunteered to solve the problem. So, how much more helpful it would be if anybody has got an issue, whatever it is with anything, if they could actually suggest a solution and then all our

meetings will be all that more productive. In spite of the fact that some solutions are quite inappropriate, (*Laughter*) that is something that can be debated.

2145 At the end of the day, I ask Members to accept this and to remind you that all we are accepting is that these projects go in a pipeline. We have not accepted any of them as going forward to completion yet.

Thank you, sir.

2150 **Deputy Gollop:** Point of order, sir.

The Bailiff: Deputy Gollop.

2155 **Deputy Gollop:** My main moan is my solutions are not listened to. (*Laughter*)

The Bailiff: Deputy Duquemin and then Deputy Ogier.

Deputy Duquemin: Thank you, Mr Bailiff.

2160 Deputy Gollop probably just stole my thunder. I do not want to moan about the Report and I draw particular attention to page 1676. I 110% agree and will support the recapitalisation of Cabernet Ltd, but it is a moan.

2165 But I have given a solution (*Laughter*) and very genuinely and seriously a solution, a point I did make at T&R's briefing on this Report when they made it at Beau Séjour is, yes, there have been £10 million of accumulative losses plus, and they are likely to continue in the short term, but the solution, Deputy Kuttelwascher, that I gave a short while ago is that these losses could be turned into profit *if* and hopefully when the airline changes its name to either Guernsey Air or Air Guernsey. (**Several Members:** Ooh!) That will make a difference. That is a real world solution to a problem.

2170 I do not want to be here in 2023 approving another recapitalisation of Cabernet Ltd so, yes there is a solution and to quote Sir John Harvey-Jones again, 'Let's make it happen.'

Thank you.

The Bailiff: Deputy Ogier.

2175 **Deputy Ogier:** Thank you, sir.

I want to speak briefly. Bearing in mind that I do not intend, at this stage, unless something miraculous happens between now and the time that decisions have to be made, to spend more than we have available on capital. I do not intend to spend £225 million now, £245 million when we only have £155 million in the capital pot. That is not a decision that I am going to take.

2180 Between now and then, these projects need to go into a pipeline, need to be worked up, they will eventually get to a stage where they will be further reprioritised. Then we will either choose to find money for these projects somewhere else or we will have to chop some of the projects off.

2185 Now, I am in favour of prioritising further earlier, so that we do not waste money on £90 million of projects coming to a point where they are not necessarily accepted. I would like to ask the Treasury and Resource Minister how much he thinks we could be wasting by progressing £240 million of capital projects, if we end up only prioritising £155 million. Is it worth making a decision earlier rather than later, saving funds which do not need to be expended or whether we could end up wasting money on projects that do not come to fruition? Does he have an idea of the sort of amounts that could be wasted?

2190 Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

2195 Sir, more so than with other items of expenditure by the States, there is a good time and a bad time to undertake capital expenditure.

2200 Two Assemblies ago, extensive work was done on modelling the construction industry in a way that enabled the States to hopefully take advantage of troughs in private sector capital construction activity. What that Report enabled us to see with clarity was that sometimes a public sector investment can stoke capital inflation; sometimes it can be of enormous benefit and advantage. And it may just be that, in the years ahead, stimulating Alderney's economy becomes essential, and stimulating our economy becomes desirable, which is why it is always better to keep an open mind, I think, in particular when it comes to big ticket capital expenditure.

2205 But on page 1653, we are reminded that, notwithstanding the comments of the Treasury Minister earlier on in this session of the States with regard to the projected shortfall on revenues, even including that, we still wash our faces as a community, in terms of our revenue expenditure after routine capital expenditure. That is graphically illustrated on page 1653, where we are told that a surplus of £11 million is forecast – admittedly that will now drop to £1 million, if my understanding of what we were told earlier this week is correct.

2210 The point is this – that we wash our face with revenue expenditures – it is not until we spend on capital items that we go into deficit. And how do we fund it? Well we fund it from the contingency reserve tax strategy, the 50% of that reserve that was put aside to help mitigate against the shortfall created as a result of reforming our corporate tax regime. That contingency reserve is the product of surpluses that were accumulated by this Assembly during the 1990's and 2215 the early part of the 2000's when, on occasions, we were running surpluses of between £35 million and £50 million.

The point of that is – because I doubt there is a Member in this Assembly that is not aware of that – the point of that preamble is this: it is entirely synthetic what we do with this expenditure. We decide to apportion half of that contingency reserve for a rainy day fund for the future, and 2220 half of it *effectively* to spend on capital, because that is what we do with it. We do not spend it on day-to-day routine things.

Why? Because that element of our budgeting washes its face, we spend it on capital items. So it is up to us whether we wish in the future to accelerate that programme and all it would require is a simple resolution drawing down more on that contingency reserve.

2225 Now, whilst that is not a structural solution, it is certainly *a* solution which we may wish to use. I would like to emphasise this point because sometimes I feel as if this Assembly, and previous Assemblies, have been rather disingenuous about how positive our position actually is. Yes, we need to constrain revenue expenditure, absolutely. But we are still one of the very few places in the world that does not have massive oil reserves at its disposal to boast surpluses or 2230 reserves that are 30% or 40% of our annual GDP, when most countries have public sector borrowings that are 70% or 80% of their annual GDP, the UK being a perfect example.

So a sense of perspective must be maintained. We do have options and it may well be in the future that those options need to be more carefully considered than maybe they are right now.

2235 So can I conclude by just offering a word of wisdom to my good friend Deputy St Pier, who I think has had a very good States session, if I may say so, in getting across T&R's point of view. He said earlier on today that there were known unknowns and there were unknown unknowns. Well my advice to that is Members should always try and avoid double negatives. I think they are an absolute no-no. (*Laughter*)

2240 **The Bailiff:** Deputy Hadley.

Deputy Hadley: If we go back to 2009 and the prioritisation we did then, a number of projects which were not prioritised by delivery in the long run – I am thinking of the issues reported by the 2245 Commerce and Employment Department – when they were eventually implemented, it saved the Island a lot of money, and I think to have, as Deputy Trott has just said, considerable reserves in the bank, and not spend them on projects that will in the long run, or even the short and medium term, save us money is just silly.

2250 One of the projects that we have put in, to the reluctance of one or two Members, was re-configuring the wards at the Health and Social Services Department and I can only repeat what I said then, if that work is not undertaken and the Department cannot deliver its services, it cannot do surgery on Island, the cost to this Island, apart from the trauma to the people involved, the cost to this Island of shipping people to the UK for their operations would be enormous. So that is one project where it does save money – apart from, as I think Deputy Dorey said, it will in itself, having a modern building save some of the running costs.

2255 When you look down the things that we have to do, I think we take some of these things out at our peril. Damaging the infrastructure for the future, perhaps giving our Islanders poorer education, too many of these projects are urgent and it is far more important to deal with them now than wait for the future.

2260 What is the point of stretching the programme on, as Deputy Fallaize said? If you are really that worried about it, let us do the projects now and have a couple of years with a freeze on capital expenditure.

But I do think delaying a lot of these projects does more damage than good.

The Bailiff: Deputy Gillson.

2265 **Deputy Gillson:** Thank you, sir.

I will be brief. I think this is a good Report. I think the process is a good evolution of the privatisation process and I think T&R should be commended for it, and I support the Report *mostly*.

2270 The risk of this sort of Report is that everyone focuses on the big Propositions and there are a couple of little ones which just sort of slip through and no-one focuses on, and I am going to focus on Proposition 6 which is:

‘To delegate authority to the Treasury and Resources Department to approve capital votes, without financial limit, for projects funded from routine capital allocations.’

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I find it very difficult to support a Proposition which is so open-ended, unlimited. I would defy many people to really know the level of authority that we are always being asked to delegate in practice to T&R, because I am not certain what it is and it concerns me. I draw a parallel from my time in industry, often I would issue powers of attorney to people to operate in different countries for various things, but they would always have restrictions. They would often have a time limit restriction, always built in parameters of maximum amounts they could spend and cost. I would never contemplate issuing a power of attorney which is just open-ended. This to me is too open-ended. I really am concerned about just giving this authority, as a matter, not as a reflection of the team on board we currently have, as a matter of good governance. Giving that sort of authority I think is not good governance.

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So sir, I can only ask you take that Proposition separately, because I intend to vote against it and I hope other Members will as well.

Thank you.

2290 **The Bailiff:** Sorry, just so I am clear, which Proposition were you asking to have taken separately again? Proposition 6, thank you.

Does anyone else wish to speak in this debate? No, in that case the Minister of Treasury and Resources Department will reply.

2295 **Deputy St Pier:** Thank you, sir, and thank you once again to all Members for contributing to that debate.

I am conscious it is three o'clock on Friday afternoon and Members have been sat here since Tuesday morning and no doubt would like me to be as brief as possible. I will endeavour to do so. (*Laughter*)

2300

Nevertheless, many Members have spoken, many Members have raised some very valid points. I do wish to just address those in my summing up sir.

It started with Alderney Representatives Arditti and Jean speaking about the economic environment in the northern Isle. Of course, I cannot comment on the project that was not put into the process and how it might of scored, because it was not there. But I think the wider point which the Alderney Representatives were seeking to make is one that we do often forget: that we are in a fiscal union with Alderney, and that of course many of their capital projects they fund from their own budgets, but their economic challenges are also our economic challenges. I think their speeches very much served, along with Deputy Quin, to remind us of that fact.

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In relation to the travel and travellers as an enabler of economic growth, this is an issue which has been raised in the Alderney Liaison Group, which is an informal group which has been meeting periodically with representatives from the States of Alderney and it is an issue which we will be looking at in terms of what to what extent the transport links are an enabler of economic growth for Alderney.

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Deputy Bebb kindly described us as being a further refinement of the previous process and that it is not perfect, and I think that is a fair acknowledgement of how I have introduced this Report as well. But I would submit that it is an improvement on the process, even if it is not perfect.

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His comments in relation to the IT industry and in particular managing the work that is presented to them, because it is a small industry which if you like could be over-heated by some of that work, I think serves to illustrate why IT, together with all other capital projects should be overseen as a portfolio. That is precisely one of the reasons that we do need to think about what is going into our economy and that we have that overview through the portfolio approach, with T&R discharging that role.

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CCTV: well, he will have his opportunity to speak again on that subject, when the States Report on that comes back, if indeed that project were to proceed.

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The Foulon: I think his comments on the Foulon are definitely beyond the scope of this Report, but I think are noted.

2330 And I just really wanted to correct his comments in relation to revenue expenditure. I do not think I was, in speaking on this before in the Government Service Plan debate, seeking to say that this was the right process for the allocation of revenue expenditure, but merely that prioritisation is needed for revenue expenditure, not necessarily that we would seek to transpose this process because clearly it would not necessarily be appropriate. But certainly I think the key point was that prioritisation is needed and that is one of the objectives of the Government Service Plan.

2335 Deputy Laurie Queripel spoke about IT, and again very expensive replacements. In a sense, and the fact that querying whether that ever reduces the cost of Government, which is one of the promises of IT, and I guess we all experience that in our daily lives – we buy the latest phone thinking that is it, that will do us, and then of course within a very short period of time it is out of date and that is always one of the challenges of technology. I think that is one of the key things why in all projects, not just IT, we need to be much more focused on the whole of life costs of the projects that we have and that is a very pertinent issue for education and the schools and so on.

2340 Deputy Lester Queripel was speaking principally in relation to Cabernet, and asked me a couple of questions: whether everything had been done that could be done in relation to efficiency savings. Well sir, I cannot of course give him a categorical assurance that is indeed the case, and indeed I would submit to him, sir, that focusing simply on Cabernet because it is loss making is inappropriate.

2345 We can ask exactly the same question of Guernsey Electricity and Guernsey Post: are they as efficient as they can be? We have not asked the question because they are not in this Report and they are not loss making. That is why we appoint commercial boards; we seek to discharge our role as shareholder so that we put in the best and most competent boards we can to be asking those questions and to be as efficient as they can be.

2350 He asked if there was any merit, did I believe there was any merit in there being an independent review of that in relation to Cabernet and Aurigny. He and I have had this conversation outside of the Assembly, sir, and I will say now what I said to him then, which is no I do not for one moment believe there is any merit in that. I think it would not be a good use of money to be spending further funds on that.

2355 We have a chairman who was appointed 18 months or so ago, we have a new managing director in there. We do have confidence that we have a good board who are doing everything they can. There have been various reports in relation to Aurigny and its alternatives; there is no merit in my view on further expenditure on that.

2360 Deputy Gollop raised the question of taxation as a funding stream, as a funding option for the capital programme and Deputy Fallaize spoke about lengthening the programme and Deputy Trott spoke about the contingency reserve as being a source of funding for the programme, and I think these are all undoubtedly part of the options that Treasury and Resources will need to look at in the next few months before we return with a portfolio and the funding options that are available to us.

2365 However, I would say in relation to Deputy Fallaize's comments, I think they are a little over simplistic to say that we can simply extend the programme by a couple of years and our problems will go away because we will have more years of appropriations, because of course we are all saying this is a pipeline and therefore by definition we will have more projects queuing up to join the end of that pipeline as well. So I think it is superficially attractive, and may help at the margins but it does not solve the problem that we do have a minimum level of infrastructure spending which we will have to find a way to meet.

2375 He also said that Treasury and Resources had perhaps in the past over-stated the amount and the number of projects that could be carried out, and again I would echo the minutes of Deputy Kuttelwascher that of course we are reliant on the information which is provided to us by Departments. This is Departments telling us what they think they can do and when they think they can do it, and again this illustrates why it is so important that we do have a portfolio approach so that we as Treasury and Resources and therefore on behalf of you, the Assembly, have greater visibility on what is going on and we are in a better position to report to you on what is going on.

2380 He asked that we do come back with a coherent funding plan and I very much intend that to be the case, sir.

2385 Deputy Duquemin focusing on Air Guernsey, Guernsey Air, whatever it should be called, would solve the losses of Cabernet. This is probably timely to be saying that actually I think, as I indicated when this was debated in July, the key for the financial position of Alderney will be the Gatwick route and we will be looking to bring a States report to this Assembly as quickly as we are able to amend the air transport licensing policy in relation to the Gatwick route, and that I would suggest is probably a more effective issue or solution than a re-brand.

2390 In relation to Deputy Ogier's question, what is it going to cost us to be reviewing all these projects that may not proceed if we only spend £155 million – a very pertinent question and I think that is again precisely why we are recommending the process we are, because we will be now making decisions much earlier rather than later, which is the phrase he used, and that is what this is designed to do – that we will have that portfolio, we will come back, so we will, yes, be spending some time and money between now and the time of that report coming back, in terms of working out the options, but that is considerably less than we would have done if the next opportunity to review projects was the tender process which is the process we had before.

2395 So again, to repeat what I have said elsewhere, the Assembly will have two further opportunities to look at this programme: one is the portfolio stage, before the end of the second quarter next year; and secondly, at the individual report stage at Gateway 1, which is before the tender stage, because it is often where the tender stage a lot more money has been spent on working up the tenders, there is risk built in by those that are bidding and so on.

2400 So we believe this is... I cannot answer Deputy Ogier's comment exactly what the amounts will be, I could not possibly do that now – but we do believe that this is a better way of controlling those at the risk of wasted expenditure.

2405 Again thank you to Deputy Gillson for acknowledging the evolution of the process. Both he and Deputy Le Clerc have referred to Proposition 6. I must congratulate them on being eagle eyed and spotting this one.

The Bailiff: Deputy Hadley would like you to give way.

2410 **Deputy Hadley:** Just to clarify that on item 6 – I have not looked at it but if this is deleted that might...*[Inaudible]* by the Housing Department. I would like him to clarify the effect of deleting that... *[Inaudible]*

2415 **Deputy St Pier:** Well, I think I can deal with that point first, if I may sir, having been raised last. I do not believe it would have any impact on that. This is in respect of routine capital allocation so that is the routine allocation which goes to each Department each year.

2420 The current position is that we currently do have unlimited delegated authority in respect of replacements, but delegated authority only up to £250,000 if an item is new. So, and this is really seeking to tidy up and be consistent between replacements and what is new because, of course, far less is going through routine capital allocations. The bigger projects are quite rightly coming through the capital prioritisation process, so that is the rationale behind that change.

The Bailiff: Deputy Fallaize.

2425 **Deputy Fallaize:** I wonder if the Minister, sir might be able to just clarify these words 'without financial limit' because it seems to me they are slightly careless words. Actually, routine capital is part of the budget every year, so Proposition 6 would not give T&R power without financial limit. It would give them power without financial limit but within the terms of the budget approved by States resolution, would it not?

2430 **The Bailiff:** Deputy St Pier.

Deputy St Pier: That sounds like a very reasonable interpretation to me, sir. *(Laughter)*

2435 I think, sir, I may well have addressed... Ah, sorry! One final request from Deputy De Lisle in relation to the outfall and also Deputy Le Clerc asked in relation to whether all the projects would be coming back and I can confirm that, again, I think this is addressed in paragraph 42, that it is intended that each pipeline project would progress through the Gateway Review, and then a States report would be submitted which would fully detail its scope.

So all projects on A and B will come back through the Assembly, including Belle Greve 4.

2440 So I believe that hopefully gives a reassurance to Deputy De Lisle and addresses the question raised by Deputy Le Clerc.

I hope I have answered all the questions raised in the debate, sir. It leaves me only to close by asking for support on all the Propositions. Thank you, sir.

The Bailiff: Thank you.

2445 Members, we have had a request for a separate vote on Proposition 6. I remind you that Proposition 1 was replaced by a new Proposition 1, as a result of a successful Deputy Dorey and Deputy Brehaut amendment, which also introduced a new Proposition 1A.

2450 But we have a request for a separate vote on Proposition 6. Does anybody else wish any other Propositions to be separately voted on? No. Well, in that case, what I will do is I will put Proposition 6 to you first, for a separate vote on that, and then put all the other Propositions to you together.

2455 So we will vote now on Proposition 6, namely to delegate authority to the Treasury and Resources Department to approve capital votes, without financial limit, for projects funded from routine capital allocations. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Proposition 6 carried.

2460 And the other Propositions, all the others from 1 through to 8, excluding 6 – those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

2465 Members, that does conclude the business.

**Thanks to and good wishes to Ushers,
Michael and Derek Le Cras
on their retirement**

2470 **The Bailiff:** Just before we rise, I would just like to on your behalf pay a tribute and a thank you to our two hard working Ushers, Michael Le Cras and Derek Le Cras, who was in here briefly earlier on, in the uniform of his new employer. Some of you will be aware – indeed, I think most of you are aware – that Michael will be retiring next week. Derek retired a few weeks ago, but I am sure you will agree with me that throughout their many years of service, not just in this particular Assembly but previous States, they have given outstanding service, and I am sure you would wish to show your appreciation and thanks. (*Applause*)

2475 Thank you, Members.

The Assembly adjourned at 3.15 p.m.