



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 14th November 2013

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Present:

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

Law Officers

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

People's Deputies

St. Peter Port South

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

St. Peter Port North

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

St. Sampson

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

The Vale

Deputies M. J. Fallaize, D. B. Jones, L. B. Queripel, M. M. Lowe,
A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

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

The West

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

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
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

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

Absent at the Evocation

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

Deputies M. J. Storey (*indisposé*), G. A. St Pier (*absent de l'Ile*),
J. P. Le Tocq (*relevé à 10h 11*), M. G. O'Hara (*absent de l'Ile*)

Business transacted

Evocation 1847

Billet d'État XX

XI. Benefit and Contribution Rates for 2014 and Modernisation of the
Supplementary Benefit Scheme – Debate continued –
Amended Propositions carried 1847

*The Assembly adjourned at 12.26 p.m.
and resumed its sitting at 2.30 p.m.*

VIII. States Support for the Concept of a Guernsey Based University of the
Channel Islands – Amended Propositions carried 1880

Procedural – Sitting to resume at end of month 1921

Procedural – Order of Business next sitting 1921

Bailiff's Disaster Relief Fund – £20,000 raised for Philippine Disaster Relief 1922

The Assembly adjourned at 6.22 p.m.

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States of Deliberation

*The States met at 9.30 am in the presence of
His Excellency Air Marshal Peter Walker C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The Greffier

EVOCATION

Billet d'État XX

SOCIAL SECURITY DEPARTMENT

Benefit and Contribution Rates for 2014 and Modernisation of the Supplementary Benefit Scheme

Debate continued

Propositions as amended carried

Article XI.

The States are asked to decide:

5 *Whether, after consideration of the Report dated 12th August, 2013, of the Social Security Department, they are of the opinion:-*

1. *That, from 1 January 2014, the percentage contribution rate for employers be increased by 0.5%, from 6.5% to 7%.*
- 10 2. *That, subject to Proposition 1. being approved, from 1 January 2014, the grant from General Revenue to the Guernsey Insurance Fund, be decreased from 15% to 14% of contribution income.*
- 15 3. *That, for employed persons and employers, the upper weekly earnings limit, the upper monthly earnings limit and the annual upper earnings limit, from 1 January 2014, shall be £2,547, £11,037 and £132,444 respectively.*
4. *That, for employed persons and employers, the lower weekly earnings limit and the lower monthly earnings limit, from 1 January 2014, shall be £128.00 and £554.67 respectively.*
5. *That, for self-employed persons, the upper earnings limit and lower earnings limit, from 1 January 2014, shall be £132,444 and £6,656 per year respectively.*
- 20 6. *That, for non-employed persons, the upper and lower annual income limits, from 1 January 2014, shall be £132,444 per year and £16,640 per year, respectively.*
7. *That the allowance on income for non-employed people from 1 January 2014, shall be £7,059 per year.*
8. *That the voluntary contribution from 1 January 2014, shall be £18.24 per week for non-employed people.*
- 25 9. *That the overseas voluntary contribution from 1 January 2014, shall be £87.11 per week for non-employed people and £96.30 for self-employed people.*
10. *That the Department be directed to report to the States of Deliberation after the conclusion of the Personal Tax, Pensions and Benefits Review with proposals to achieve long-term sustainability of the Guernsey Insurance Fund.*

- 30 11. That, from 6 January 2014, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in table 10 in that Report.
12. That, from 1 January 2014, the prescription charge per item of pharmaceutical benefit shall be £3.30.
- 35 13. That, from 6 January 2014, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £186.83 per week.
14. That, from 6 January 2014, nursing care benefit shall be a maximum of £772.87 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £413.98 per week for persons resident in a residential home.
- 40 15. That, from 6 January 2014, elderly mentally infirm (EMI) care benefit shall be a maximum of £545.44 per week for qualifying persons resident in a residential home.
16. That, from 6 January 2014, respite care benefit shall be a maximum of £959.70 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly mental infirm rate of £732.27 for persons receiving respite care in a residential home and a maximum of £600.81 per week for persons receiving respite care in a residential home.
- 45 17. That, from 10 January 2014, the Supplementary Benefit requirement rates shall be as set out in tables 17 and 18 of that Report.
- 50 18. That, from 10 January 2014, the weekly benefit limitations for Supplementary Benefit shall be:
- (a) £500.00 for a person living in the community;
- (b) £512.00 for a person who is residing in a residential home; and
- 55 (c) £735.00 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home or as an elderly mental infirm resident of a residential home.
19. That, from 10 January 2014, the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of Supplementary Benefit shall be £29.30 per week.
20. That, from 10 January 2014, the amount of the personal allowance payable to persons in UK hospitals or care homes who are in receipt of Supplementary Benefit shall be £49.36 per week.
- 60 21. That a supplementary fuel allowance of £30.00 per week be paid to supplementary beneficiaries who are householders from 25 October 2013 to 24 April 2014.
22. That the Department be authorised to make the first payment of the supplementary fuel allowance at the proposed new rate in 2013 and in future years, on the last Friday in October, noting that this may be prior to approval of the new rate of the allowance by the States.
- 65 23. That, from 6 January 2014, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in table 25 of that Report.
- 70 24. That an Ordinance is made under the Health Service (Benefit) (Guernsey) Law, 1990 to amend the conditions under which entitlement to specialist medical benefit arises, in order to allow the Department to fund the costs associated with visiting medical specialists from the Guernsey Health Service Fund.
- 75 25. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended to allow compensation payments from the Skipton Fund and the back to work bonus to be wholly disregarded for the purposes of a claim to Supplementary Benefit.
26. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended so that a deprivation of resources that has the effect of securing a Supplementary Benefit or increasing the amount thereof may be taken into account when assessing a person's entitlement to Supplementary Benefit.
- 80 27. That the Supplementary Benefit (Implementation) Ordinance, 1971 be amended to make persons residing in a dwelling listed on Part A of the Open Market Housing Register ineligible for a rent allowance.
- 85 Amended Propositions thus far:
28. That during the 2012-16 States Term there shall be developed a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, which single, comprehensive model shall be capable of fulfilling and balancing the social and fiscal objectives of the States.

29. *That in advance of the States establishing a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004:*
- a) *the rent rebate scheme shall not be closed;*
 - b) *supplementary benefit requirement rates shall be determined by the States upon recommendations laid before them by the Social Security Department as part of the annual uprating report;*
 - c) *the weekly supplementary benefit limitation for a person living in the community be increased to £515 with effect from 1st January, 2014, in accordance with the policy of the Social Security Department which has been in place since at least 1978 to increase the benefit limitation on each and every occasion that it has applied an annual or bi-annual increase to the requirement rates;*
 - d) *the weekly supplementary benefit limitation for a person living in the community be increased to £600 with effect from 1st January, 2015, unless it can be demonstrated that it would be impossible to introduce such an increase without contravening the States policy of a real terms freeze in aggregate revenue expenditure, in which case the limitation shall be increased to as close to £600 as is possible without contravening that policy;*
30. *That at their January, 2014 meeting and in accordance with Rule 18 of the Rules relating to the Constitution and Operation of States Departments and Committees the States shall form the Social Welfare Benefits Investigation Committee as a Special States Committee.*
31. *That the membership of the Social Welfare Benefits Investigation Committee shall comprise seven members of the States as follows:*
- a) *A Chairman elected by the States who shall not be a member of the Housing, Social Security or Treasury and Resources Departments;*
 - b) *2 members of the Social Security Department determined by that Department;*
 - c) *2 members of the Housing Department determined by that Department;*
 - d) *1 member of the Treasury and Resources Department determined by that Department;*
 - e) *1 other member elected by the States who shall not be a member of the Housing, Social Security or Treasury and Resources Departments.*
32. *That the mandate of the Social Welfare Benefits Investigation Committee shall be:*
- a) *To examine all aspects of the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004 in order to assess the appropriateness or otherwise of the legislation and associated policies in view of the economic and social changes since their inception;*
 - b) *To develop a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, which single, comprehensive model shall be capable of fulfilling and balancing the social and fiscal objectives of the States;*
 - c) *To ensure that during the formulation of a single, comprehensive social welfare benefits model, and in order to develop an objective rationale for the determination of assistance that is both socially just and financially sustainable, detailed consideration is afforded to the circumstances of, inter alia, the aged, the sick, the disabled, families on low incomes, families with three or more dependent children and persons with no further reasonable expectation of employment due to age or ill health;*
 - d) *To ensure that during the formulation of a single, comprehensive social welfare benefits model consideration is afforded to the policy letters of the Social Security Department laid before the States in Billet d'État V of 2012 and Billet d'État XX of 2013 and the letters of comment attached to those policy letters by other committees of the States.*
33. *That during the course of its deliberations the Social Welfare Benefits Investigation Committee shall consult with the full membership of the Housing Department, Social Security Department and Treasury and Resources Department.*
34. *That the Social Welfare Benefits Investigation Committee shall have regard to the findings and emerging recommendations of the Personal Tax, Pension and Benefit Review.*
35. *That by March, 2015 the Social Welfare Benefits Investigation Committee shall lay before the States a policy letter proposing the introduction as expeditiously as possible of a single, comprehensive social welfare benefits model to replace the Supplementary Benefit (Guernsey) Law, 1971, as amended, and relevant aspects of the States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004 together with, after full consultation with the Treasury and Resources Department, recommendations which identify possible sources*

of funding for any additional expenditure likely to be incurred by the new single, comprehensive social welfare benefits model.

36. *That the entitlement to remuneration which would normally attach to the chairmanship and membership of a Special States Committee shall not apply in the case of the Social Welfare Benefits Investigation Committee.'*

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

90 **The Greffier:** Billet d'État XX, Article XI, Social Security Department. Continuation of debate.

The Bailiff: Members, I would remind you we are now speaking in general debate. Does anyone wish to speak in general debate, or has all been said?

95 Alderney Representative Jean, and then Deputy Gollop, and then Deputy Trott.

Alderney Representative Jean: Thank you, sir.

In speaking on this item, sir, I would like to make a few brief points. For some time now, I have been concerned about the cost of living in Alderney. In my manifesto I expressed concern, but I also wanted to quantify some of the differences in cost, between Alderney and Guernsey.

100 In January, through my Committee, the Estates and Services Committee, I recommended to that Committee that we undertake a shopping basket survey. They supported my request. Some months later, in June or July, the result finally came through and they did reveal a significant difference between our Islands, particularly in terms of electricity, gas and petrol. The thing I found out recently is that, unfortunately, oil was not actually included in that survey, but
105 nevertheless, the result was running at 48% higher than Guernsey. That is not so far off 50%, and I do not actually know what the other, the oil statistic would do to it, so we have got a problem there.

How does this affect the old age pensioner, the young working family, and those drawing disability benefit in Alderney? These people are finding life difficult and fuel poverty is, without
110 doubt, a reality in Alderney. Although I could not hope to equal Deputy St Pier's mention of a onesie, I certainly know of people who do wear them in Alderney. *(Laughter)*

Food is 15% more in cost, and from the point of view of Social Security, things are seriously out of kilter.

115 In Alderney, the pensioner's pound and the social security allocated pound buys less – less fuel, less light, less power, less electricity, and less food for your Guernsey pound.

Alderney's part in this needs addressing too. Thus, I have spent the last nine or so – more than nine – months, trying to do. In Alderney I have not yet met with a great deal of success. That does not mean I should stop. They do not see it as myself and my colleague, Mr Arditti, see it. Those
difficulties go on. It surely must.

120 I must now find another route. Meanwhile, this item gives me the chance to ask you to do what you can to help the pensioner and the people in Alderney who receive social security payments, and all those who are really scrimping to get by on payments and pensions designed to fit the Guernsey cost of living index – which if taken in all possibility, it is around 50% higher in Alderney.

125 Take note of what I say and do what you can to help, while I find a way to continue with my work to ease the burden of those people in Alderney, already paying so much more than their neighbours in Guernsey.

The young families, so many of whom have left our Island to seek work elsewhere – already recognised by Social Security Department is the fact that they do not stay, drawing dole. They up
130 and leave, and are extremely independent. We must do our best to consider and help these people through so that they may remain in Alderney, or can return and can then take up a full and proper part in Alderney's recovery, which will come in due course.

Thank you, sir.

135 **The Bailiff:** Thank you. Deputy Gollop.

Deputy Gollop: I thank Alderney Representative Jean for reminding me of the point I sometimes but not always forget, that it is important that this Assembly thinks of Alderney in a way that it is an integral part of our economy and society, but also has its own special, if you like,
140 regional issues. And the cost of electricity there, and transport to a certain extent, is obviously greater than in Guernsey. The issues Deputy Lester Queripel eloquently raised yesterday, about the

idea of pensioners having to decide between eating and heating, are perhaps even more pertinent in Alderney, during the cold winter, than in much of Guernsey.

145 And to that extent, I think it is incumbent upon the Policy Council, Treasury and Resources and the Social Security Department to consider that, when making recommendations from time to time. It does not mean to say, necessarily, giving Alderney special privileges, but it does mean taking into account lower footfall of businesses and similar factors. And also encouraging, where possible, public sector and private jobs to migrate to Alderney, where appropriate, and I am fully behind my colleague to the right, and Mr Jean in their campaigns, both for the regeneration of

150 Alderney, and also to curb electricity costs, and provide a more sustainable future there.
Perhaps one of the reasons why we had an unusual vote yesterday was that the Social Security Department made a decision, with a lot of heart-searching and debate and nuances of opinion, that we, for financial and other reasons, decided to partially abandon the work the previous Department had done in following up the Loughborough University minimum income survey – because it was

155 possibly questionable in part, and certainly expensive.
That survey had many merits. I was one of the people asked – whether I am typical or not is another matter. But, one area it did not cover, as I recall, was Alderney, to any extent, and bearing in mind a combined package of proposals does affect people in Alderney, I think that was an omission, because other economic surveys have indicated that average and median incomes in

160 Alderney are somewhat lower than the Guernsey norm, and we have to bear that in mind.
My reputation as a pundit took a little bit of a beating, as it has done several times in the new Assembly, because I possibly predicted a close result yesterday but, as it turned out, it was not so close. I think it is important for the Assembly to consider the implications of decisions, because the Housing proposals they put forward last month, which were not totally dissimilar to what the

165 Dorey Social Security Department had put forward – albeit with much less explanation and presentation, which perhaps was a reason why they scored, as Deputy Jones said, nine votes – was a marker that this Assembly still supports a relatively conservative fiscal and economic approach to public expenditure, and yet, paradoxically, not for the first time, many Members disregarded the mainstream views of Treasury and Resources Department and the Policy Council.
170 My point is that we have to be clear in the creation of this new committee, which will fulfil a useful role, what is the direction of travel? I listened carefully, as I always do, to what Deputy Perrot said yesterday, and he talked, in a different context, about not being quite sure where we were going. In a way, I feel that too, because if we are ruling out significant increases in expenditure and we are ruling out a winners and losers strategy, and we are ruling out a moderate

175 proposal of increased expenditure, by redirecting resources from other forms of universal benefits, we really have to be very clear, working, simultaneously with a Pension, Tax and Benefits Review – the clue is in the title, ‘benefits’ – what the purpose of this will be and how holistic and integrated it will be.
One final, minor point of criticism, the Treasury and Resources letter that came with the

180 package in the policy letter did emphasise the gradual increase in welfare, a point Professor Wood also made, but it failed to take into account not only the tendency for people to claim more, for greater information and entitlement ideas, but also the cost of welfare that goes with housing, and it is such a complicated formula that, including historically capital transfers to the corporate housing fund, that I think the position put before the Assembly was perhaps and bit partial, and if

185 the full information was fully made available in a way everyone readily understood, different outcomes might result.

The Bailiff: Deputy Trott, and then Deputy Fallaize.

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

Can I start by complimenting the Minister of the Social Security Department on a very dignified and statesmanlike performance during debate on the Le Lièvre amendment yesterday? It is a credit to him. (**A Member:** Hear, hear.)

195 There are three questions I would like him to deal with, by way of clarification, and they are issues that certainly are of concern to my constituents. I am well aware, sir, that there are many myths surrounding these three items. The three items are: single parents; those that are perceived, by many in our electorate as work shy; and of course, guest workers.

Now, if I can start please on page 1836, and in particular table 7 on page 1836, we are advised that the 10 most frequent diagnoses on invalidity benefit claims, as at 1st June 2013, included

200 anxiety, of which there were 25 claimants, and chronic fatigue syndrome of which there were 11.
It seems to me, sir, that clearly, members of the Policy Council in particular, experience such conditions on a regular basis – (*Laughter*) as I have to say, sir, in my experience do new fathers

(*Laughter*) – but on a serious note, (*Interjection*) I would be grateful if the Minister could explain to this Assembly, and indeed to a wider audience, exactly how serious those issues need to be, before claimants can be justified as invalid due to anxiety or chronic fatigue syndrome.

Sir, could I then ask Members to look at page 1855 – I have the policy letter in front of me. On page 1855, we are advised that as at 1st June this year, there were 453 single parents claiming supplementary benefit – and that figure is a great shame. It is a great shame that there are that many in our community that require assistance of that type. But again, I would be grateful, if the Minister could elaborate on that number, and explain the very real hardship that a large number of people within that category have to endure.

Finally, and certainly from my perspective of the greatest concern, is paragraph 189, on page 1865. I will read from that paragraph, if I may, sir – availability of rent allowances to people living in Open Market accommodation, and we are advised, in this paragraph, and indeed later on in the Billet, of a partial remedy, but let us deal with this paragraph first:

‘Rent allowances are available to people living in Local or Open Market accommodation, providing that they satisfy the general conditions of entitlement to supplementary benefit. In the last year or so, the Department has received more frequent claims for supplementary benefit from people living in Open Market accommodation. Typically, these claims are from migrant workers with expensive rent and low income.’

So here they are sir, coming in to help, I would imagine in most cases, our horticultural industry, but at the same time receiving, very significant, supplementary benefit help, because of the high rent that they incur. And again, I would be grateful if the Minister could deal with that matter, and in particular the remedy that his Department is proposing, which is partially contained in paragraph 200, a little later on in the Report.

Thank you, sir.

The Bailiff: Deputy Fallaize, and then Deputy Dorey.

Deputy Fallaize: Thank you, sir. I want to speak about Proposition 1, in support of the Social Security Department. But before I do, three other things, briefly.

I agree with what Deputy Gollop says about Alderney, and I think it is time – now, or soon will be time – for this Assembly to take special account of the particular circumstances which apply in Alderney. Mr Arditti has spoken before about the way in which business in Alderney has not benefited, for example, from Zero-10 in the same way that business in Guernsey has, and the higher cost of living in Alderney, and I think we ignore Alderney’s differences at our peril. Deputy Gollop, I thought, summed it up well, when he said that they are an integral part of the Bailiwick, but they do have particular circumstances, and I think the Assembly is going to need to respond in policy terms to those challenges quite soon.

I disagree with Deputy Gollop, in terms of the commentary he offered, about the work that the Social Benefits Investigation Committee is going to have to carry out. In fact, I think this morning he has demonstrated exactly why Social Security got their proposals so badly wrong, because he implied that the task that faces the Committee ought to be first to determine the financial envelope in which they are operating, and only after that, to try to model some proposals to fit in with some kind of cost cap. I think that is entirely the wrong way to go about their work.

I think what is needed of this Committee, if the States accept the Propositions as amended, which I presume they will, is to design the most coherent social welfare model they can, irrespective of cost. Once they have done that, then they can work with the Treasury and Resources Department and with the Policy Council to attach some costs to it, and this Assembly can take a view on what can be implemented and when.

I would have no problem with the Committee coming back to the States and saying, ‘Look, in the fullness of time, this is what we want the benefits model to look like, but we cannot implement it in full in year one, because we do not have the resources. It might take three years, it might take five years, it might take ten years, to roll out the whole thing, but this is what we believe it needs to look like’, and then it can be introduced incrementally, if necessary. But unless the States can see that full picture of where we anticipate the model being in the fullness of time, then I do not think the States can take an informed decision.

So whoever is elected to the Committee, I would implore them to remove the shackles which have constrained the Social Security Department’s work in this area, evidently, and to design the benefits model first, and then T&R and the Policy Council and the States can take a view on the funding and what can be afforded when.

Sir, I presume that Social Security has noticed it, but it occurred to me last night, there is now a conflict between Proposition 18(a) and Proposition 29(c) as amended. Proposition 18(a) proposes

265 that from 10th January 2014, the weekly benefit limitation shall be £500, for a person living in the
community, and 29(c) proposes that the weekly benefit limitation should be £515. Now, in view of
the resounding success of the amendment last night, I would encourage the Social Security
Department to seek the leave of the States to withdraw or to amend Proposition 18(a) in order that
the £500 is struck out, and the States can then vote, when we vote on the substantive Propositions,
270 on Proposition 29(c) only.

And on that point, this just demonstrates the nonsense of this Rule 15(2), because now that the
amendment has been approved, and Proposition 29(c) has been turned into one of the substantive
propositions, you can see that if we try and apply Rule 15(2) to it, and suggest that it cannot take
effect until a subsequent Proposition to identify funding has been approved, then the same thing
275 must apply to all of the rest of Social Security's Propositions which propose increases in non-
contributory or contributory benefits. There are a whole load here.

For example, Proposition 18(b) proposes that the person who is residing in a residential home,
the benefit limitation shall increase to £512, and increase to £735 for a person who is a patient in a
hospital, or nursing home, etc. Well, there is nothing in SSD's proposals which indicates how any
280 of that is going to be funded. Now, if the Department has not dealt with Rule 15(2), I do not see
why people who lay amendments should have to deal with Rule 15(2). (*Interjections*) Departments
do have to, because the Rule says that any Proposition that is laid before the States has to comply
with the rest of the Rule.

So, I am going to ask the States Assembly and Constitution Committee, when we have our next
285 meeting, to deal with this Rule. It is totally flawed. It cannot be applied sensibly. It is frequently
misapplied. It is not applied equally to Departments and Members who lay amendments or
Requêtes, and I hope that, if I can persuade the Committee to lay some proposals before the States,
that the States will remember the mess and the nonsense that ensued yesterday, over the
consideration of Rule 15(2), when exactly the same thing could have been said about all of the
290 other proposals that Social Security are laying before the States.

So, I hope that the ruling will be, if that is right word, that if Proposition 29(c) is approved, I
hope that we will not need a subsequent Proposition to come to the States, before the benefit
limitation can be raised, and if we do, then I will expect the same ruling to apply to all of the other
benefit increases that are proposed in SSD's Report.

295 I am concerned about the Long-term Care Insurance scheme. Deputy Gillson and I managed to
get an amendment through the States this time last year, directing Social Security to report to the
States this time *next* year with proposals to secure the sustainability of the Long-term Care
Insurance Fund.

This is a fund in a far more precarious and less sustainable position than the Guernsey
300 Insurance Fund. I think I am right in saying, there are only two States terms between now and the
time when the Long-term Care Fund will be exhausted, on present projections. So there is a need
to act urgently, to secure its sustainability, and yet I do not see anything in this Report which
encourages me to believe that, this time next year, Social Security will be laying proposals before
the States to secure the sustainability of the fund.

305 I would be grateful when the Minister replies to this debate, if he could reassure the States that
the Department will be able to comply with the resolution that is binding upon them, and that this
time next year, they will be here in the States, putting proposals to secure the sustainability of the
Long-term Care Insurance Fund.

310 Its creation was a major, major, development in the area of social welfare, 10 or so years ago,
and I do not want to see that Fund wither on the vine, and I think the Department needs to
demonstrate that it is acting with some urgency, in securing its sustainability.

There is a reference in this Report to the Personal Tax, Pensions and Benefits Review. I think it
is at paragraph 136 – yes:

315 'The challenge of providing sustainable funding for the provision of long-term care to meet the needs of the ageing
population will also be considered as part of the Personal Tax, Pensions and Benefits Review...'

But in a consultation document on that review, which was issued on 8th April 2013, it says
quite clearly:

320 'Long-term care is a growing and significant burden on Social Insurance funds. A separate review of long-term care is
underway within the States. Therefore, this issue is out of the scope of this [Personal Tax, Pensions and Benefits]
review at the present time...'

325 So I do not understand how we can be advised by Social Security, on the one hand, in their
Report that the sustainability of long-term care will be dealt with through the Personal Tax and
Benefits Review, but in the documentation that the Personal Tax and Benefits Review group has

sent out, it is specifically excluded. So I want to know who is dealing with the sustainability of long-term care, and will the Department please confirm that it will abide by the resolution that is binding on it to come to the States this time next year and put proposals to secure the sustainability of that fund?

Now, where I can support them is in respect of Proposition 1. I said yesterday in debate on Deputy Laurie Queripel's amendment, I think it would have been irresponsible for Social Security not to have put Proposition 1, and I want to encourage the States to support Proposition 1.

Last year the States resolved, unanimously I think, to direct Social Security to report to the States this year, with proposals to secure the long-term sustainability of the Guernsey Insurance Fund. Now, it was quite clear, when the States passed that resolution, that 2013 was not going to be the beginning of a golden era of exponential economic growth in Guernsey, and I think it is slightly disingenuous for Members who voted in favour of that Proposition, 12 months ago, now to say well, it really is not a good time for the economy to start raising contributions rates. It was obvious, when we made that resolution of Social Security, that they would have to raise contribution rates.

In fact, the proposals that they are putting to the States today are very modest, because the resolution which is binding on Social Security was to return to the States with proposals to secure the sustainability of the Guernsey Insurance Fund. Now, that requires an increase in contribution rates of 1.7%, in the aggregate, split between the employer and the employee. They are proposing an increase of 0.5%. In many respects, what the States ought to be doing is criticising Social Security for not proposing the further increases in contributions to sustain the Fund, because that is what the States directed of them last year.

Sir, even by the occasionally schizophrenic behaviour of the States, I think it would be most unwise, for the same States which directed Social Security –

I will happily give way to Deputy Langlois.

Deputy Langlois: In the light of recent events, could we call it the *frequent* schizophrenic behaviour? (*Laughter*)

Deputy Brehaut: Sir, in the light of the Disability Strategy, can we avoid any reference to schizophrenia, please?

Deputy Fallaize: So, I do not want Social Security today... I do not think they can be criticised. They have a responsibility in law to manage the Guernsey Insurance Fund and that is what they are doing, by laying Proposition 1 before the States today.

T&R's advice, their letter of comment, is that Proposition 1 should be rejected. Now, that seems plausible on the face of it, because there seems to be some kind of logic to saying, that we ought to wait for the comprehensive review of tax and benefits, before we change contribution rates. But, actually, I think there are two arguments against that.

The first is that the clue to that review is in the title: it is the *Personal Tax, Pensions and Benefits Review*. Nothing to do with company tax, nothing to do with employer insurance contributions, and Social Security's proposal relates to the contribution rate for employers. Now, that will not be dealt with as part of the Personal Tax, Pensions and Benefit Review. So I think that argument is spurious.

Also, I think that if it was possible for the States to avoid the increase in employers' contribution rates, by waiting for the outcome of the Personal Tax and Benefits Review, there might be some case for doing that, but actually it is totally unavoidable. There is no other way that the Social Security Department can sustain the Guernsey Insurance Fund. The increase in contributions necessary to sustain the Guernsey Insurance Fund and the Long-Term Care Insurance Fund is four or five percentage points. Now, it is totally implausible, I think, to believe that the States are going to load all of that on to the employee, and even if the States load 3½%, 4½% onto employee contributions, there is likely still to be a need to increase the employers' side of contributions by this very modest half a percent that Social Security are proposing. We cannot get away from it, and therefore voting against Proposition 1 today and substituting absolutely nothing in its place, which is what T&R is proposing, simply amounts to kicking the can down the road. It just means we do not want to make a slightly difficult decision today. It is a bit uneasy, it is a bit uncomfortable so let us not replace it with anything, let us not reduce the benefits that get paid out of these funds, let us not put the contribution rates up somewhere else. Let us just leave it, and let somebody else deal with it in the future. I think that does not sound like responsible or prudent custodianship of the Guernsey Insurance Fund. That just sounds to me like being irresponsible.

390 We have had some comments made, in the debate yesterday on Deputy Queripel's amendment, about, I think it was Deputy Stewart who said you might as well nail signs to the walls of the Port, saying 'Guernsey is closed for business', if the employer's contribution rate is raised by 0.5%. That is just pure scaremongering.

395 If you look at the rates of employers' contributions in other jurisdictions, what Social Security is proposing is employers' contributions of 7% capped at earnings of around £130,000. In the Isle of Man, the employer's contribution rate is 12.8% uncapped. In Jersey, it would be half a percent lower than Guernsey, but nobody is going to go to Jersey for lower business costs. Jersey has 5% GST and their labour costs are higher than in Guernsey. The UK's national insurance employer's contribution rate is 13.8%, with tax on company profits of between 20% and 23%.

I will give way, but not just at the moment.

400 Whereas Guernsey standard rate of company income tax is 0%. If Social Security's Proposition 1 is approved, no business is going to relocate as a consequence. Where are they going to relocate to? They are not going to go to Jersey or the Isle of Man, or the UK to save any employer's contribution rates, or the cost of employment.

Now, the argument could be put –

405 In fact, does Deputy Stewart still want to intervene, because I am happy to give way now?

The Bailiff: Deputy Stewart.

410 **Deputy Stewart:** You cannot say that the cost of employment is higher in Jersey without supplying evidence. The evidence that we have, in many cases, is the cost of employment actually is lower in Jersey. Cost of business rates is lower in Jersey, and quoting the Isle of Man is a bit spurious, because Isle of Man has been in fact taking less effort out of its finance industry, its funds industry has reduced by quite a huge amount over the last few years. So what we have are people making direct comparisons, people that have pan Channel Island companies, particularly in
415 the finance sector, looking at how they can save costs and move businesses, so I do not think you can say that the argument of having an extra half a percent is something that will not be considered. Everything is taken into account by a business, when it is looking at reducing its costs.

Deputy Fallaize: I accept that. I am not saying that it cannot be taken into account, but the
420 idea that businesses will choose to relocate away from Guernsey and go to Jersey, or not locate themselves in Guernsey at all, because our employer's contribution rate is 7% and Jersey's is 6.5%, is a nonsense, because they would also take into account GST. Some of the business areas in finance will take into account the broader scope of the 10% tax bracket in Jersey. The direct costs of employment in Jersey are higher, because average earnings in Jersey are higher.

425 So, I am not suggesting that what Social Security is putting forward is necessarily a package to attract business to Guernsey. That is not their job. I am responding to the spurious claims that were made by Deputy Stewart in the Assembly yesterday, that Proposition 1 will materially affect business and depress business in Guernsey, because I do not think there is any evidence for that. And the cost of employer contributions in other jurisdictions, in other directly comparable
430 jurisdictions, does matter.

So, I really do think, sir, that Proposition 1 is a responsible option. It does not mean that the sustainability of the Guernsey Insurance Fund is being loaded entirely onto the costs of the employer. Employee rates have already been raised, and they will have to be raised in the future. They will have to go up. We are going to be faced, I hope in this term of the States, because I
435 believe that we have got to ensure the sustainability of these funds, which our forefathers put in place... I think some of the previous Members of the States, who have fought hard for the Guernsey Insurance Fund, it provides a very, very important social welfare benefit. We are talking about pensions which Islanders rely on. This is not the superannuation scheme for States' employees. This is the Island's pension pot, and it cannot just be dismissed as some kind of luxury item, (**A Member:** Hear, hear.) that we could deal with at some point in the future. The sustainability of this fund is at stake, and it would be grossly irresponsible for the States not to act, as quickly as possible, to ensure its sustainability. To do that, employee contribution rates will have to rise. We will have to be raising those rates, probably by 2% or 3% – unless the States are going to raise income tax or significantly – and it would be *significantly* – cut pension benefits. I
440 do not know how many Members of the States are in favour of significantly cutting the States pension, but I wish they would speak now and lay amendments to Social Security's Propositions, because the sustainability of that fund is at stake.

So, sir, I would urge Members to support Social Security, support them in Proposition 1. They are acting responsibly –

450 I will give way to Deputy Gollop.

Deputy Gollop: Sir, sorry, I did not mean to interject, but Deputy Fallaize points out one scenario. I am afraid another scenario would be for the States to raise the retirement age.

455 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Yes, and Deputy Stewart says ‘exactly’ – well, where is the amendment? Because –

460 **Deputy Stewart:** There is no amendment, because we are waiting for the outcome of the Pensions and Benefits Review –

Deputy Fallaize: Sir, is this a point of order, sir, or does he want me to give way?

465 **The Bailiff:** Were you asking him to give way, or were you raising a point of clarification? Is it a point of clarification? (*Interjection by Deputy Stewart*) Well he did not give way. He did not give way; you just interrupted him, Deputy Stewart.

Deputy Stewart: Apologies sir.

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Deputy Fallaize: I am happy to give way –

The Bailiff: Do you wish to give way...?

475 **Deputy Fallaize:** Of course, no problem.

The Bailiff: He is prepared to give way now.

480 **Deputy Stewart:** Deputy Fallaize asked, sir, why there is no amendment. There is no amendment because we are waiting for the outcome of the Pension, Benefits and Tax Review to come to this Assembly and that would be, in my view, sir, the right time to lay amendments.

The Bailiff: Deputy Fallaize.

485 **Deputy Fallaize:** Sir, raising the pension age, which the States have already done, raising it further will help, but it will not, of itself, ensure the sustainability of the Fund. If you take Social Security’s funds, the three of them in total, you are talking about a gap in their sustainability of several percentage points. The idea that that is going to be dealt with by the Personal Tax and Benefits Review is an entirely spurious argument.

490 Commerce and Employment argued, in 2006, that the employers’ contribution rates could not go up. That was unsuccessful. They argued it successfully in 2009, and as Deputy Langlois said, when he opened debate, two weeks ago now, any Commerce and Employment Minister worth their salt is bound to say, ‘Now is not the right time to raise employers’ contributions.’ I expect Deputy Stewart to come to the States and fight vigorously against Proposition 1. I have no problem with that. He is fulfilling the mandate of his Department.

495 But it is for the States to take a global view, which is in the best interests, not sectoral or departmental interests but in the best interests of our community, and sustaining the Guernsey Insurance Fund, in my view, is a very substantial priority, during this term of the States, and not having done that in 2009, not having raised employers’ contribution rates by the 0.5% that was proposed, has cost the Guernsey Insurance Fund £25 million, which significantly affects its sustainability.

500 I would urge the States not to kick the can down the road any longer. There is absolutely no reason to do that, it would be irresponsible, and I hope that Members will support Proposition 1.

Thank you, sir.

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The Bailiff: Deputy Le Tocq, you may be *relevé*. Deputy Dorey and then Deputy Bebb.

Deputy Dorey: Thank you, Mr Bailiff.

510 Just to pick up a couple of points that have just been mentioned. I can fully support what Deputy Fallaize has said about Proposition 1. As I said yesterday, it was part of a balanced proposal, and those changes related to a last but one actuarial review of the fund. The last actuarial review showed there was further finance, and I think that is what needs to come out of the review of benefits and taxes.

515 But this is completing the previous proposals that were required from that previous review, and in my view, it must go ahead, and it is interesting to note that original proposal was lost by three votes, and three of the Members of this current Assembly who voted against have now indicated they will support it. Pity they did not vote that way at the time, but I am pleased that they have changed their views, and I hope that the States takes the responsible decision, which is to support Proposition 1.

520 Deputy Fallaize also mentions about the Long-term Care Fund. The Social Policy Group of the Policy Council has indicated that it has a number of priorities of this term of the States and one of them is the Supported Living and Ageing Well Strategy. In my view, I think that strategy has to be debated and sorted out first, because the Long-term Care Fund is part of the funding that will go into funding our people who need support and are ageing well. If we do not have that strategy, I am not sure that we can actually sort out the Long-term Care Fund and what it is going to finance, because it is not only how much money it needs; it is what is going to be financed, and I think there is a debate about whether what it is currently financing is right or wrong. I personally think it is right, but I accept –

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Deputy Fallaize: Sir, can I – ? I thank Deputy Dorey for giving way.

Can I ask him then, because there is a resolution in place which directs Social Security to return to the States this time next year with proposals to secure the sustainability of the Long-term Care Insurance Fund?

535 I do understand the argument Deputy Dorey is making, that it might be better to take the... whatever it is now called, SLAWS, thank you, strategy first, and then secure the sustainability of the fund. But in which case, can I ask Deputy Dorey, presuming that he is a member of the Social Policy Group, when will the States be debating the Supported Living and Ageing Well Strategy, because this strategy repeatedly changes its name and its purpose, but we never, ever... nothing is ever produced.

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In fact, we built two care homes at the cost of several million pounds off the back of it – I am not criticising that decision – but we do not have the revenue funding in place yet for them, because the Supported Living and Ageing Well Strategy is not in the States, so when will it be produced?

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Deputy Dorey: I would love to give him the answer to that question. (*Laughter*) All I can say is that the Social Policy Group has concentrated on the Disability Strategy, and as you know that is now going to be debated at the end of this month. We recently met, at the beginning of this month, and we had a very detailed paper on the SLAWS and where we are, and we decided on a way forward to bring it to this Assembly.

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We are at the early stages of that, and until we reach the next stage, which is to do the necessary planning, I cannot give you, and I would be totally wrong to give you, any indication of when it is going to come back. But what I can say is that it is a priority, and I believe that we will be bringing it back in an acceptable timeframe of this Assembly.

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Deputy Fallaize: I thank the Minister for giving way.

Can I ask him, through his role on the Social Policy Group, to give consideration to it not being done by the Social Policy Group? I thought the Policy Council's role was the co-ordination of policies developed by Departments, and the Supported Living and Ageing Well Strategy falls squarely into the mandates of Housing, SSD and HSSD. So can he please give consideration to those Departments getting on with producing this strategy? Allow the Policy Council, through that process, to co-ordinate, but the Policy Council appears in this area to have turned itself into a developer of policy, rather than a co-ordinator of policy.

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The Bailiff: Can I just ask people when they interrupt, when they give way, that they do not make long speeches, otherwise I can see that we are going to be here for ever. Fine, give way, but it should be points that are made briefly that help to advance the debate, rather than lengthy speeches.

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Deputy Dorey.

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Deputy Dorey: The proposal that was agreed with by the Social Policy Group was to involve all the Departments that he has mentioned in the development of that fund, but it is also to involve resources which are available at the Policy Council to help with the development of it. So I think it is a combination of working with the necessary Departments and also the Policy Council. But as I

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said, we have only just discussed it, and letters have got to go out to the various Departments concerned, before a final decision is made, and what those Departments support, as a way forward. I am sure the Chairman of the Social Policy Group might add more to that discussion, at a later stage of this debate.

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The main two points that I wanted to speak about were carrying on from what Deputy Trott said about the proposition 27, which is to do with the Open Market, and also picking on family allowance and particularly picking up on the points that Deputy Gollop made yesterday, about family allowance.

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On page 1847, paragraph 99, we are told that, as part of the personal Tax, Pensions And Benefit Review, they are going to look at all the universal benefits, and that includes family allowance. If you then go on to page 1871, in paragraphs 211 to 214, it informs us that the proposal is to not increase family allowance. It informs us that it costs just under £10 million a year to finance family allowance.

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I believe that family allowance is particularly an important benefit and if we are going to change it, I think we need to look at doing something radical with it, and not just withdrawing it, because I think, ultimately, we need to have family-friendly policies.

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I mentioned yesterday about the two columns on page 1891, where it shows a family which is subject to the benefit limitation. If you look under that table you see that a family is, I think, £77 short of the necessary benefit with the benefit limitation, but that is made up – reduce that shortfall by family allowance, which reduces it down to £45.29, and that was for a family with two children. As I said yesterday, if you had a family with more than two children, they would probably be subject to greater shortfall in the benefit levels they need.

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But family allowance, as it is paid in addition, is an important benefit to larger families, and I would be very concerned about, if family allowance is withdrawn, why we maintain a benefit limitation. But as I understand it, it is part of that review.

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If we are going to review it, which, as we are told it is, I think that perhaps we should look at doing something radical with it. This is where I carry on from the points that Deputy Gollop made yesterday, we expect families to pay for primary care – for example, dentistry, opticians – for children and, while families which are on supplementary benefit are covered by supplementary benefit, it is those which are just above which often struggle with those costs. I would have thought that perhaps it would be better – and as I say, these are my own idea, I have not discussed it with HSSD – if actually, perhaps we should be looking at providing... if we were going to change family allowance, use that money to provide free primary care, dentistry and opticians for children.

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We do have a children's dental service now, which provides a limited service for some children. I would look at a similar model to that, although perhaps we can use existing private care's dentists, or opticians or doctors, but the idea that parents will be able to use a service that is provided by the States, I think would be perhaps a better way forward of using that money, and it would mean that those families could cope with the unexpected expenditure which they get when they have either dentistry, optician's or medical problems with their children.

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I would also look at, if we are going to reduce family allowance considerably, breakfast clubs and afterschool clubs for all primary schools, so that parents who want to work full time can do so, without the extra cost of child care, but with the confidence that they can drop their children off at schools. I know we have started doing that at a very few schools, but I think it is a service that perhaps we should be considering offering for all children at primary care. I think it would be beneficial to our economy. I perhaps think that is a better use of family allowance, rather than just giving people money. Not everybody will use them and they would choose to use them, those who choose to use them, and perhaps it is a better way of targeting the benefit at the people who need it.

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I would also look, if you were going to scrap that, at free school dinners for children, so children can have at least one quality meal a day.

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I would now like to move on to Proposition 27, which talks about the Open Market. On page 1866, there is a table which shows those people who are claiming supplementary benefit who are in different parts of the Open Market, and I think it just illustrates what a mess we have got in with the Open Market, (**A Member:** Hear, hear.) where we have a facility that was meant for high net worth individuals, and we now are paying out supplementary benefit to people who reside in that part of the market, without any controls of what part of the labour market they work in.

In Part A, it tells us we have nine people who are claiming. But I would also like to highlight, if you look under Part D, which essentially is Local Market, because it is lodging houses for people, there are 46 people who are claiming supplementary benefit there. If we scrap Part D, and I understand most of those are locals, if we make the changes as proposed by the Population Policy Group, those people in Part D would then have to find accommodation elsewhere, because currently Part D is going to be used for multi-occupancy. No doubt those local people will struggle to maintain their residence in that area, so we could finish up with having to house quite a number of people who are currently in Part D elsewhere in our housing system. I do not think that is a very good use of the Open Market.

Thank you.

The Bailiff: Deputy Bebb, and then Deputy Le Tocq.

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

I have two things that I wanted to discuss. The first one was going to be the Primary Care Mental Health and Wellbeing Service and the second was the Proposition 1, but given that Proposition 1 seems to have exercised people's minds today, I will address that one first.

In order to give some context as to my thinking on the matter, as to Social Security and the pension arrangements, I do not view... I believe that when the pension arrangements were first introduced, they were a great step forward from what was available prior to that date. But I do not necessarily feel that they are the right solution for Guernsey any longer.

But the type of thinking that I have is that we need to combine legislation that would make it necessary for companies to provide a pension arrangement for their employees, and then, only then, can we look at a means of changing the pension scheme, so that it is not a universal benefit. It would require such a fundamental change within the pension arrangements.

I also recognise that my thoughts – I see Deputy Fallaize shaking his head – but I recognise that my view is probably going to be very much a minority one. But it is unsurprising that I say that this is my beginning of the thinking. The reason that I say that, the beginning of my thinking is that it really needs to change in order to remove that universal funding and the universality of the benefit.

Having said that, I do not believe that destroying the fund surreptitiously by refusing to fund it is an honest approach to achieve my aim, which is to remove the universal benefit.

I am very much in agreement with Deputy Stewart, when he talks of the dangers of additional costs to this Island. I am very disappointed at anybody who makes comparisons that this jurisdiction is any way facing competition with its neighbouring jurisdictions. The competition for this jurisdiction is much more Hong Kong, Singapore, the Far East – small jurisdictions which are able to do other things. The nature of the finance industry – and whether we move into having another industry is a debate that will follow on shortly – but the nature of the finance industry these days is just international. Therefore comparison with Jersey, the UK, the Isle of Man, they are not entering into what business is deciding. They will easily choose to relocate to Singapore, if that is available to them, and we need to think much more internationally, when talking about our finance industry.

But as I said, despite all of that, I do not believe that its is right for me to achieve my aims by destroying what is there, because I do believe that there is a role for pensions to be made available, on a means tested basis, towards those that are in dire need in our society, and to remove that would be a very pernicious retrograde step that I could not support.

Moving on to the questions that Deputy Trott asked, and once again, I would ask Members to look at page 1836. Deputy Trott asked the question in relation to mental disorder and chronic fatigue syndrome. But what Deputy Trott did not ask in his question – I recognise that Deputy Trott has decided to leave the Chamber – but what Deputy Trott did not point out in his question is that both those figures have fallen.

Now, I dare say and I recognise that the Department are currently investigating what is called a Primary Care Mental Health and Wellbeing Service. It was not that long ago that we all subscribed to the Mental Health Strategy, and one of the most effective means of addressing mental health and wellbeing is early intervention. The business case concerning this is still... the numbers are being worked on, but this facility is available and is funded through Social Security, and is viewed by many of the service users – who had their annual general meeting last night, and I was privileged to be there – they could not agree with it more that early intervention is *vital*. For those people who have a more financial mind set, early intervention has resulted... I was staggered. The *Guernsey Post* said that as a result of some of their training, they have seen a 60% drop in sickness

days, as a result of mental health issues, since they introduced training into the workplace to identify this.

695 So if your considerations are financial, I would suggest to you that a 60% drop in sickness days is *enormous*. Our small investment in this area makes big inroads and it really must be supported. (A Member: Hear, hear.)

700 The figures are dropping. I recognise that the Department are still working on this business case, but I fundamentally believe that this is the right thing, that when the business case comes before us – it has to come to this Assembly – if anybody is asked, that type of service is essential, and the funding of it must be secured. If Social Security have any issues with the funding, they have a great supporter in me in bringing that proposal to be properly funded. I really look forward to the day, that they bring that to the Assembly, if necessary, and I could not ask people to support them more, in their endeavours in that respect.

705 Thank you.

The Bailiff: Deputy le Tocq.

Deputy Le Tocq: Thank you sir.

710 I rise primarily just to address comments that have been made about the Supported Living and Ageing Well Strategy and Long-term Care Fund, particularly. I was tempted to rise to try and seek to get Deputy Fallaize to give way, but realised that actually the Health and Social Services Minister was giving way to him at the time, (*Laughter*) so I will do it now.

715 But I too, and the Social Policy Group which I chair, are very concerned that we now begin to get some traction on this particular strategy.

One of the issues which has been raised, and is constantly raised, is that none of us have the sorts of resources that we would like to be able to get the momentum on this, and other strategies, indeed. We have to prioritise and that is why the Social Policy Group sought to prioritise four particular strategies, four particular issues, at the beginning of this year and the States has accepted that.

720 We have obviously concentrated a great deal on the Disability Inclusion Strategy which will come to the States in a couple of weeks, and I hope it is fully supported.

725 But, at the same time, we are having to think of new ways of trying to progress policy and strategy, and part of the reason that the Social Policy Group took this on as a priority was that very little momentum, it would seem, was occurring with this strategy. Probably the Old People's Strategy, as it was before, had been grouped together – and I understand the arguments – by the previous Assembly into a Supported Living and Ageing Well Strategy because, quite clearly, the sorts of issues being dealt with do not only involve older people. Indeed that, coupled with the building of two brand new supported care homes, it would seem that the Strategy had somewhat been put on the shelf, in the meantime, and so the Social Policy Group have taken it upon
730 ourselves, to get up to speed on the work that had been done – and a significant amount of work had been done, but had sort of come to a halt – and at the current juncture we are beginning to formulate a working party, which in fact the Chief Minister will be chairing, which will put together the work and begin to get some movement on this.

735 I am also pleased to report that there is significant buy-in from third sector groups, particularly a recent umbrella group which has been formed of a number of different charities and organisations working particularly with older people, called Ageing Well in the Bailiwick. And that is one of the new ways of working that we hope to be able to move more speedily towards a resolution.

740 But I would reiterate words that I think Deputy Fallaize himself, sir, said recently, and that is in terms of timeframe. Whilst we cannot predict exactly, at the moment, when we will be reporting on that Strategy to this Assembly, it is, I believe, important that we, if necessary, take a little longer and make sure we get it right. What I am keen to emphasise to the Assembly is that we now have a focus particularly on it, and we have been apprised of what work has been done so far, so that we can begin to build upon that and move forward. I do believe we can move forward in the
745 next few months fairly speedily.

I will not make any other comments, but I just want to assure the Assembly that that particular part, which is obviously – and it is not just Deputy Fallaize; others have mentioned it in debate – the Long-term Care Fund cannot support even what it is seeking to support, at the moment, for much longer, and we have to look at a new way of dealing with both those who need support from
750 the Government and the elderly in our society, and we hope to move forward on that very quickly.

The Bailiff: Deputy Luxon, and then Deputy Green, and Deputy Soulsby.

Deputy Luxon: Thank you, Mr Bailiff.

755 Sir, rightly we show great concerns for and in the issues relating to the benefits and contributions of those vulnerable people in our community.

760 But sir, although business can look after itself, we should recognise that it is the business activity in this Island that generates the income that allows us to fund all of these social services and benefits that we provide, and so I fundamentally disagree with Deputy Bebb when he talks about, it is only international jurisdictions that are our competing base. He is right – they are – but Jersey and the Isle of Man are *absolutely* in competition with Guernsey, and we should not fail to recognise that.

I would just like to comment briefly on some of Deputy Fallaize's comments in relation to Proposition 1. It does feel like it is a very small uplift of 0.5% and how on earth could that have any bearing on whether or not any companies would relocate?

765 I am afraid he is absolutely wrong, and there is evidence: the evidence comes from the business community who absolutely will assure anybody that is listening that the cost of conducting business in Guernsey is high. It is high in terms of land availability and rental rates. It is high in terms of remuneration costs for staff, and also the taxes and social insurance charges. Employers do believe Guernsey is an expensive place to do business, that is has become more expensive as a place to do business, and very much in competition with Jersey and the Isle of Man as a direct comparator.

770 There is evidence, and I am sure members of the Commerce and Employment Department Board, would assure Members that they will hear evidence all the time from companies who are choosing between whether to base their businesses in either Guernsey or Jersey, and businesses are choosing Jersey rather than Guernsey – not always, and it is not that it is too late, but we should be very careful about what looks like a relatively moderate and a very reasoned approach for why we need to uplift these rates, to talk about the sustainability of the fund. But we do have to be careful of the principle of the straw that broke the camel's back.

775 If Members do approve Proposition 1, for me it is very important that we find a way, and I feel Commerce and Employment have to take the lead on this, to make sure that the communication out to commerce in this Island is that the States of Guernsey is not regarding it as being irrelevant to a successful business and economic outlook on the Island, and that we do recognise that it is an additional cost in addition to all of those other high costs, but that in actual fact there are reasons, and it can be validated why this uplift is appropriate over the long-term.

780 Just one small irony for me was that in last year's Budget Report, Deputy Fallaize actually encouraged us to agree not to allow the interest relief on mortgage interest, that gradual move away from that benefit... that we should not agree to that until we saw what the Personal Tax, Pensions and Benefits Review came back with, and yet Deputy Fallaize is saying for Proposition 1, even though, again, this is going to come back as part of that review's findings, we should push on and actually agree with this uplift now. I just find that quite contradictory.

785 Sir, I am not sure whether I will support Proposition –
With great pleasure, I will give way to Deputy Fallaize.

Deputy Fallaize: I thank Deputy Luxon.

795 Would he agree with me, though, that there is a difference between securing the sustainability of the Guernsey Insurance Fund and the goal, whatever it was, of reducing mortgage interest tax relief?

800 **Deputy Luxon:** I would totally agree with Deputy Fallaize. He is actually right; it is comparing apples and pears. I was actually making the point about the principle of: we have a review that is looking into something, that review is going to look at both of these examples, and I was just making the point that it is slightly contradictory, that on this one we say, let us go ahead with the uplift now anyway, even though its recommendations will come back. That was the point I was trying to make, but I do accept they are very different.

805 As I say, I am not sure which way I will vote, because of the comments I make about not wanting to see us put up any signs of Guernsey being closed for business. I do not mean to overstate it, but we need to try and stimulate economic growth. It is economic growth and high value added growth – so not volume that is going to put more strain on our resources, and our social services, but it is economic growth – that is going to generate that increased tax revenue, which will allow us to progress many of these different initiatives across the social spectrum that we all want to see. Until that growth comes, we will, even if we continue to bite our nails to the quick and they bleed with FTP, FTP2 and brother and son of FTP, but that, at some point, will become a self-defeating scenario.

815 We have to find growth mechanisms, and one of them is to encourage, to allow businesses –
both existing here in Guernsey and potential new businesses that may relocate from elsewhere or
come to Guernsey for the first time. We have to make sure that Guernsey is setting out, very
clearly, that we welcome business – not that we are going to roll over for business, but that we will
have a reasonable enabling framework of legislation to encourage business. It is that income,
whether it is from company taxation, or indeed, from employment taxation that generates that
820 £370 million each year that we spend on behalf of the people of this Island. I would just encourage
Members to bear that in mind when they make that decision.

Thank you sir.

The Bailiff: Deputy Green.

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Deputy Green: Sir, thank you, Members.

Three points this morning. First of all, Deputy Dorey talked about family allowance, and I
liked what he said this morning, because I do think we need to have an increased focus on family
friendly policies in this Island. I think that it is absolutely right that we are increasing the benefit
830 limitation, which will help families.

But with regards to the reform, potentially, of family allowance in the future, which is
obviously one of the key parts of the PTR, the review of taxation and benefits. There is no point in
removing family allowance for the most hard-up families. So I do think there has to be an extreme
amount of caution in the way that we reform family allowance. I get the impression in meetings
835 sometimes that family allowance has already been written off as a concept. I do think we need to
remind ourselves that it is a very useful benefit for many hard-up families. It does supplement the
income of many hard-up families at the moment, and I think it is entirely correct, in principle, that
we look at the issue, but we should not get ahead of ourselves. The review process is still ongoing
on that, and the way in which we reform that is key.

840 Secondly, I must say I was – Deputy Bebb has now left the Chamber – but I was very pleased
– (*Laughter and applause*)

Deputy Luxon: Sir, he is having a coffee with Deputy Trott. (*Laughter*)

845 **Deputy Green:** Very possibly! I was very pleased with what Deputy Bebb said about the pilot
programme for the Primary Care Mental Health and Wellbeing Service, which I think has been a
real success in the last year or so. In the report, my attention was drawn to paragraph 120, on page
1851, where it says:

850 ‘The HSSD reports that treatment through the [Primary Care Mental Health and Wellbeing Service] appears to have
had a preventative effect, with 99% of the 557 people who were not claiming sickness or invalidity benefit at the time
of referral, not claiming these benefits for mental health related disorders six months after their discharge from
treatment.’

855 I strongly hope that, once the business case for that service is presented to us, we will be able
to fund this in the most appropriate way, to ensure that this service does continue, because I think
it is a very valuable service indeed – very valuable indeed.

The final point is in regard to Proposition 1, which is probably the most controversial element
of the... and amended Propositions that are now before of us, the half a percent increase on
860 employers’ contributions. I do understand why some Members will be uncomfortable with that,
and I do have empathy with employers, both big and small, who are never going to welcome this.

But I was also impressed with what Deputy Fallaize said – this is a modest increase and it is an
act of prudence. It is, in my view, a prudent suggestion for the financial management of the fund.
The bottom line is when the Assembly decided in 2009 not to share the burden for balancing the
865 books on the Fund, it meant that we had to forgo £6 million in contribution income per year. And
the problem is that, although the strategy is to have a substantial drawdown on the funds reserves,
the Fund is in a deepening operational deficit earlier than anticipated. That makes me feel rather
uncomfortable, myself. As the custodians of public monies in the statutory funds, we must act
prudently, and this is what this recommendation in Proposition 1 is all about. As Deputy Fallaize
870 said, the advice was that a 1.7% increase was actually required, not a mere 0.5%, to take the
Insurance Fund out of annual deficit and to slow down the drawdown on the fund in the longer
term.

I genuinely believe that this half a percent increase is the responsible thing to do, in the
circumstances. It may not be popular. It probably will not win too many votes come election time,
875 but I think it is the right thing to do. This is one of those difficult decisions. It has become such a

cliché – I know after some of the last debates we have had, but it is one of those difficult decisions that we were elected to take. I do think it is in the general public's interest. We have a duty to do this, I think, and this is an opportunity to day to take some action. Some action, it is not the whole action, but to make some progress on this.

880 So, I do urge Members to support the half a percent increase on employers' contributions, in order to make that start a good start in addressing the operating deficit that we face.

Thank you.

The Bailiff: Deputy Soulsby, and then Deputy Ogier.

885

Deputy Soulsby: Sir, I feel I have to move to comment on various matters that were said by Deputy Fallaize earlier. He states that employer and employee contributions are different, but they are raised for the same related purpose, calculated similarly, collected at the same time and by the same people. Deputy Fallaize talks about the need to increase contributions to fund the Insurance Fund, and that employees should not have to pay for most of it, but he is just highlighting the total unsustainability of the pension system, as I said yesterday, where people believe that paying in for 40 years gives them the right to live in retirement for 20 or 30 years paid for by the State. That is precisely why the Treasury and Resources Department believe that any changes, whether related to contributions, benefits or retirement age, could be more appropriately addressed as part of the Personal Tax, Pensions and Benefits Review.

890

I also take issue with Deputy Fallaize and Deputy Green stating a 0.5% increase is being modest. Well, that actually represents a real increase of 7.7%. As I said yesterday, an average employer employing an average number of employees could see an increase of £2,000 for the cost of that 7.7%. That is on top of an increase of TRP of 5%, where commercial TRP is far higher than the domestic rates, and other significant cost increases that employers are having to absorb at the moment.

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Finally, Deputy Fallaize also keeps commenting on the other Crown Dependencies, and this was raised by Deputy Luxon and Deputy Bebb but in slightly different ways, but they really are not our only competitors. We have got Dublin, Luxembourg, Mauritius and, believe me, businesses are currently relocating to those jurisdictions. We know – we have spoken to those businesses, and they explain, 'Well, the cost base is higher in Guernsey, it makes more sense we move elsewhere. It is easy to do.'

905

You cannot just compare social insurance from one jurisdiction to another. In Singapore, it has got rates... employee rates go from 5% to 20%; employer rates go from 6½% to 16%. In Dublin, recently, they had a cut: they have halved their employer contributions to help boost their economy. So really you cannot look at that. You have to look at the whole cost base in the round.

910

I believe Government has a duty to do just that. We cannot just look blindly in our little silos, in our little Departments, and say, 'Well, we need this and this fund, and we need that fund for something else', and we can pick at employers from all different areas. We need to look at the whole cost base in the round, and that is what we have been trying to do at C&E, which is why we are getting our Minister having a go at Deputy Fallaize for the comments he has made. We are really angry, because we are actually seeing these things happening to businesses on this Island. It is not because we have to do it; it is because we have real concerns about Guernsey's competitiveness internationally.

915

I totally support Deputy Luxon's comments regarding being seen to be open for business. This increase goes completely against that aim, and so I would say to Deputy Green, just because it is a difficult decision does not make it the right decision.

920

So I would therefore urge Members to reject Proposition 1.

925

The Bailiff: Deputy Ogier.

Deputy Ogier: Thank you, sir.

I want to congratulate Social Security and HSSD on the Primary Care Mental Health and Wellbeing Service, providing support for mental health issues in primary care is proving to be an outstanding success and universally welcomed. I also congratulate... [Inaudible] (Laughter)

930

The Bailiff: I do not think your microphone is on, Deputy Ogier.

Deputy Ogier: – and I wish Social Security well in their consideration of long-term funding issues along with HSSD.

935

I want to talk through the contribution rise of 0.5%. We have had a few people speak on it today already. Just to recap, in 2009 Social Security brought a report to this Assembly the purpose of which was to ensure the longevity of the Insurance Fund. One of the measures in that report, to eliminate the operational deficit of the Fund, was to raise the employers' contribution rate. Now at
 940 that time it was argued that this should be considered by the Fiscal and Economic Policy Steering Group, as part of a wider review, which would be conducted in phase 2 of Zero-10. That phase 2 of Zero-10 is now being conducted through the Personal Tax and Benefits Review.

Last year this Assembly... I have written 'fed up', but it is not fed up. (*Laughter*) This Assembly was minded that the Social Security Fund was in deficit, had been in deficit for a few
 945 years, and still there was no word from the Fiscal and Economic Policy Group. This Assembly tasked Social Security to put the fund back into a sustainable position, as we have heard from Deputy Fallaize.

I want to hear from the Fiscal and Economic Policy Group. In 2009 they were tasked with dealing with this issue in a holistic manner. I see that Social Security have consulted with them.
 950 They tell us that much in this year's report, but I do not see what the Fiscal and Economic Policy Group said. I would have thought, if you are bringing forward a proposal on contribution rates, which Fiscal and Economic Policy Group are looking at, at the very least a comment from that body should be presented to help States Members understand what is going on.

I said last year, when speaking on the amendment Deputy Fallaize brought forward, 'I am not going to hand it back to Social Security, who were not allowed to fix it last time around. I am not going to have this policy handed from one group to another. The Fiscal and Economic Policy Group said they would fix it. They should fix it.' So I voted with Treasury and Resources' current view, I voted with Commerce and Employment's view, I voted with the views of Deputy Luxon and Deputy Soulsby. I wanted Fiscal and Economic Policy Group to resolve this, as they had told
 955 us they were going to do. I wanted them to take under consideration competitive issues. I voted for that.

But where are they? Where is their guidance? There is not even a letter of comment from them in the Billet. You cannot just say, 'Now is a bad time', and leave it at that. If they state categorically that they will fix this, as part of the Personal Taxation and Benefits Review, then I
 965 will vote against Proposition 1, but failing that categorical assurance from the body tasked with this issue, this Assembly has to take action.

Deputy Luxon at last gives a spirited defence – I do not even know if he is on the Fiscal and Economic Policy Group – Deputy Soulsby too. We do need to be aware of competition issues. *That* is why the Fiscal and Economic Policy Group were given the task of dealing with this, and
 970 what do they have to say? Nothing.

Checking my notes from last year, I said some very similar things. I asked exactly the same questions, to resounding silence. A year on it has not been addressed. Here is the lesson to be learned from this: if the bodies tasked with performing actions either do not perform those actions, or do not inform Members that actions are being performed, this Assembly will take action.

This Assembly yesterday saw that Housing and Social Security could not agree on a joint policy proposal. They gave this issue to a new body. This Assembly today will take action to mitigate the fund deficit, in the absence of any critical assurances from the Fiscal and Economic Policy Group. This is not a passive Assembly. Where policy is lacking, we provide it.

What Members should be aware of is that this fund would not be in deficit, would not run out, if pensions are uprated in line with RPIX. The problem evaporates. If you raise pensions in line with RPIX, there is no fund deficit. The fund works its way through the baby boom and comes out the other side. The problem occurs when you try and uprate pensions by more than RPIX. That is why the fund is in deficit.

That the actuarial predictions have changed considerably in the last four years, especially with regard to longevity, means to me that Social Security probably need to bring back a new report, for a new debate by this Assembly, on the longevity and sustainability of the States Common Investment Fund. As Deputy Dorey says, it is no longer a question of 0.5% on the employers' rate that will fix this. Things have changed, people are living longer, actuarial reports have changed considerably, and the situation is not as it was in 2009. To me, it seems like this Assembly should
 985 have another debate on that.

Now, looking at paragraph 205 – I know Deputy Trott touched on this earlier – it says:

'The Department is of the view that rent allowances should continue to be available to people living in accommodation on Parts B, C and D of the Open Market Housing Register.'

995 People living in Open Market accommodation can draw supplementary benefit, including presumably assistance with rent. The question is why are we helping people in Open Market

properties with rent? Would the Social Security Minister explain to this Assembly what is happening in this area of supplementary benefit?

1000 Thank you.

The Bailiff: Deputy Sillars.

Deputy Sillars: Sir, I shall be brief.

1005 I would like to align myself with what Deputy Soulsby has said, fully. She said everything I wanted to say, if I was going to say anything.

1010 What I wanted just to add, though, is we are talking about half a percent not being very much. Yes, in that context it is not. Deputy Luxon talks about straws and the camel's back. I am not a great tweeter – in fact, I have done two in about two years – (*Laughter*) but a well-known leading fund manager has just tweeted, literally in the last few minutes, that he had a client review the cost of establishing £100 million fund in either Guernsey or Jersey – a £100 million fund. Jersey came out because it was £150 cheaper – £150. That is far smaller than half a percent. And yes, Jersey got the job. So I think it is just important to remember, we are talking about very little bits of money, and where companies from the outside world coming to Guernsey or Jersey, they do not really care where it is. It is wherever is going to be cheapest, if all other things are equal.

1015 Thank you.

The Bailiff: The Chief Minister, Deputy Harwood, then Deputy Brehaut.

1020 **The Chief Minister (Deputy Harwood):** Sir, thank you.

I just really wanted to rise in order to deal with a point raised by Deputy Ogier. I cannot speak for what was the position in 2009, which he referred to, when he said that the FEPG was charged to carry out certain work. What I can say, and what I would like to repeat to this Assembly, is that the Fiscal and Economic Policy Group is not an entity in its own right; it is part of Policy Council. It is a sub-set of Policy Council. Policy Council has commented in relation to the Propositions that have been put before this Assembly by the SSD. So, I would just like to correct that misapprehension, that there is some anonymous group called the FEPG which exists totally separately from Policy Council. It is part of Policy Council. The responsibility rests with Policy Council. Policy Council has in fact made comment on the Propositions before you.

1030 Thank you sir.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, Mr Bailiff.

1035 Sir, Members may know I have a keen sense of humour, and I do not want to be seen to be speaking from any moral high ground, but some of the language that has been used with regard to claimants – it is a very funny one liner, and I laughed too – ‘lying in bed looking for work’ is fine, it is a nice line to use. But there are people within the community who do have real issues, whether it is chronic fatigue syndrome, whether it is motor neurone, whether it is Parkinson's, whether it is mental health issues. Some days they present very well and are perceived to be fit for work, other days they may not be, and we should view it in those terms, rather than to perhaps lapse into those, I will acknowledge, funny one liners.

1040 The reason for that, sir, is Deputy Le Lièvre spent some time dealing with, and I think very well yesterday, we dealt with this issue, once and for all, or hopefully through the review of the ‘deserving poor’, which is something that has been a curse on this Island for some time. I do not want to remedy that situation as of yesterday, hopefully, and then focus our attention on the ‘deserving sick’ or the ‘deserving ill’. That would not be at all appropriate.

1045 With regard to Guernsey being open for business, the Minister for Commerce and Employment, Deputy Stewart said yesterday that if we support Proposition 1, he will be on the North Beach under an illuminated sign wearing a mankini and the sign would be reading, ‘Guernsey is closed for business’. I am going to repeat that for the *Press* cartoonist by the way, (*Laughter*) or anyone out there with Photoshop. But not all business is good business, and I think Guernsey can afford to be, because of the product we have, I think Guernsey should be, and can be more discerning in what we do.

1055 Now, I am ‘fortunate’ to have the benefit of hindsight and told you so. I opposed HMV coming to Guernsey, very strongly. I said if HMV moved to this Island with their retail operation, then LVCR would be dead. I was, over time, proved right, that it was a mistake. To do LVCR on such a scale was not a good thing to do.

1060 Also I have been, and remain, an opponent of and objector to e-gambling. Now, actually, e-gambling at one time was going to be the saviour of Alderney, but of course servers were moved to Guernsey, and that is probably... I always envisage, I think perhaps our Alderney friends also envisaged that e-gambling, as well as being the white listed register, may have more people on the ground in Alderney and that would have been very useful for them. So, not all business is good business, and we need... I think we can afford to be a bit discerning.

1065 The only other advice I would give to Alderney, who are trying to get their visitors numbers up, is when somebody visits from France, do not shoot them. (*Laughter and interjection*)

The Bailiff: Alderney Representative Arditti.

1070 **Alderney Representative Arditti:** That joke was ‘boaring’. (*Laughter*)

Deputy Brehaut: Yes, I will not say pigs were not flying, it is just too cheap a line...

1075 Family allowance, sir, is something that I feel could be far more targeted than it is now. I know we all have the ability to opt out, but I think family allowance could be far more targeted, and we could cap it with a... have an established joint income with due regard for mortgages and other things, and perhaps give that family allowance, cap it and ensure that the States, in doing so, saves money, or at least attempts to redistribute in a more targeted way.

1080 It is interesting, in the amendment yesterday, sir, that the attraction of the employee paying 0.5% and the States, of course, were the largest employee, it was remarked, at 0.5%. Then we saw we had a pay agreement in 2014 for 0.5%. I am sure that if we did, it would have put the burden of 0.5% on them, that agreement would have risen over 1% and possibly even 2%.

1085 It strikes me – this is just an observation on Proposition 1 – that when we all stand for election there is the draw of two very powerful magnets. When you are on the hustings, it is the magnet of the community, of the parish, of the people that draws you. When you are elected into the Assembly, the other very powerful magnet of the business community starts to call, and starts to draw on you, and I think that this Assembly has always been well represented by... this Assembly has been made up historically of growers, of hoteliers, of bankers and of retailers, and exceptional contributions have been made by all members of those particular groups.

1090 But the draw of business is very strong, and I think sometimes we just have to perhaps reconfigure our compass a little bit to the community, and realise what obligations we have to that community under the pension schemes.

So let us support Proposition 1, and all the amended propositions. Thank you.

The Bailiff: Deputy Dave Jones.

1095

Deputy David Jones: Thank you, sir.

1100 Yes, following on from Deputy Brehaut’s speech, yesterday I supported the poor, the vulnerable, those people in this Island who do not earn very much, those on the minimum wage, by supporting the full investigation in the future of how we might improve the benefits system. I think that was the right decision. It was a long and painful decision for many, I think, simply because the two Departments who were charged with coming back to this Assembly with a workable solution could not find that solution.

1105 On the other side of that coin is the business community, and I hear the same things from businesses, that Guernsey is pricing itself out of the market. People *are* relocating. You can imagine that that is not happening, but it is happening. It has happened yesterday, the day before, the day before that, and tomorrow, if we do not try and get some of these costs under control.

1110 While I wish Deputy Le Lièvre’s committee, or whoever is chairing that committee, the best will in the world, to try and come up with a workable benefits system, we all have to understand where the money comes from to pay those benefits – where the money comes from to build extra care housing and all the social housing programmes that I want to see in the future. Unless any of you know of a secret group of tomato growers that are going to suddenly start again and bring back the 1960’s, 1970’s, 1980’s levels of income that we had from that industry, or a group of tourism gurus, who are going to bring back the thousands and thousands of people that once crammed the old railway buses going up the Avenue, the finance sector and the business sector in this Island is what we have got. We do not look after it at our peril.

1115 I tell you, the fall out from this Island contracting, or business contracting to such an extent, would be horrific. You would see homes being repossessed; you would see all kinds of things that Guernsey is simply not used to. So, while I understand the deficit that the Fund is in, I think, to some extent – and I know this sounds trite to say, but I am going to say it, because I believe it – I

1120 believe that the investment markets where we invest these funds will improve, and we will see some of that deficit come back because of that.

But also we have to, at this time in the business cycle of this Island – which, to use a Deputy Le Lièvre word is flat-lined – on Monday of this week, we had a presentation at Policy Council from Andy Sloan. Now while we are keeping our head above the water, it was by no means, to my
1125 mind, a message that said we can take our foot off the brake, or the accelerator, whichever one you want to choose, and everything will be fine tomorrow, because it will not. We simply cannot afford to lose some of the businesses that are looking now at where business can be done cheaper. You cannot blame them. Employment costs and everything else are rising all the time, and they are going to look for more welcoming jurisdictions.

1130 How do I know this? Because I am constantly being called at home by people who are saying that the Housing Licence system is another barrier, against all the other barriers that we have to face to do business in Guernsey, and the cost base. The cost base has been climbing. I do not know for those of you who were in this Chamber when Deputy Charles Parkinson was the Minister of Treasury. He warned, several years ago, and used exactly the same phrase I am using today, that
1135 we are in real danger of pricing ourselves out of the marketplace, and once that happens –

I will give way to Deputy –

Deputy Fallaize: I thank Deputy Jones.

I think this might take the debate on. He is right what he says about Deputy Parkinson, it is
1140 interesting that he should bring up his name, because last night Deputy Parkinson was posting things on Twitter, saying that he fully supported Social Security's Proposition 1 and that there was no reason to delay it any further.

A Member: Hear, hear.

1145

Deputy David Jones: Well, I accept – I do not do Twitter, I do not know how to do it, I do not do it – (*Interjection by Deputy Lowe*) Sorry? You will find no messages from me on Twitter from the day it was set up. I might have registered on it, but you will not find any messages from me on it, because I just do not do it.

1150 But that is a very interesting interjection, and I thank you for that, but I do not believe that that changes the position of where we are in the business cycle at the moment. Our ex-Finance Minister is now working back in that sector and he is free to give his opinion. But the anecdotal evidence – and it is not all anecdotal, because there are people... we have just heard of one case
1155 this morning – that people are seriously looking now about whether Guernsey is really economically viable to do business any longer, and that scares me, because I know what the fall out will be, if our business base drops below a certain level, then the people who think they are going to be hit by higher taxes and higher charges will have seen nothing if that happens. Because we will have to cut services so dramatically, in my view, that it will really cause severe hardship to the indigenous population of this Island.

1160 So I ask you to think about Proposition 1 before you vote on it and, while I am happy to support everything that Deputy Le Lièvre has put forward in this Assembly over the last day or so, I am firmly in the camp of Commerce and Employment when it comes to Proposition 1. The simple reason is that the hardship that would be caused if we lose our business base will compare to nothing to what we have got now.

1165

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

This half percent increase in employer's contribution in Proposition 1 has been described as
1170 'modest' by Deputy Fallaize and 'a mere half percent' by Deputy Green, and I am pleased that Deputy Soulsby has actually restated what Deputy Stewart said yesterday, and what I said – that it is a 7.7% increase in the bill for social security for companies.

Now, Deputy Fallaize suggested that this is not enough for people to pack up and go, but there is another possible scenario. Companies will look at their staffing levels and seek to reduce that
1175 bill by reducing staff, and I know of several companies who are holding on to staff, purely in the hope of an economic recovery. If this half percent goes through, it may just tip the balance. We do not know what will happen, but I guarantee it will not be a desirable outcome.

The other issue relating to this is the amount that it will take out of the economy, if you like – £7.3 million. This is more than three times what I describe as a realistic budget proposed to do. It

1180 is a quarter percent of our GDP. It is not an insignificant sum, at a time when our economic situation is somewhat benign.

I therefore will obviously not support this. The Personal Taxation Benefits Review will be looking at this. Now Deputy Fallaize suggested that because it is a company issue, it is not a personal issue, but unfortunately the pensions issue falls to both companies and people, which way you balance who pays what will affect you and me. So indirectly it is an issue, but we would not in that review suggest any particular increase.

1185 But Social Security are part of that review and, on the day, we could suggest to them that such and such an increase may or may not be an issue, but that has not happened yet. We are having our first meeting post the consultation next week. This is coming back by the second quarter of next year. That is not kicking any cans down the road, and I suggest that this particular issue be put to rest until the middle of next year at the latest, when an overarching picture will come forward. Recommendations will come forward and at that time people can, if they wish, propose whatever amendments they want.

1190 Deputy Fallaize suggested that this Fund actually needs a certain percentage increase. Deputy Gollop actually suggested one option to reduce that deficit. In fact, the most obvious one is the one suggested by Deputy Ogier, that if one went forward with just increasing pensions by RPIX, which is what is proposed for next year, the deficit actually disappears.

1195 One could look at a whole new way of providing pensions. There could be two pensions. One could go on and on, but that is for this Personal Taxation and Benefits Review to look at.

1200 So, I suggest that it is quite prudent to defer this decision. It will be coming back before the end of the second, or the first half of next year, and I would urge Members to vote against this, because I am pretty sure that if we vote this through now, it will have economic consequences which we cannot at this stage predict, other than there will be consequences.

Thank you sir.

1205

The Bailiff: Deputy Sherbourne and then Deputy De Lisle and Deputy Gillson.

Deputy Sherbourne: Thank you, sir.

1210 I do not think I have got anything useful to add to the debate on the half percent increase or keeping the *status quo*.

But I would like to make a couple of observations about two issues. One, my friend and colleague Deputy Sillars' observation, that companies are leaving the Island or choosing to set up in Jersey on the basis of £150 difference. I doubt that, to be honest with you. I think there are lots of other reasons why that decision would be taken, certainly for large companies. I am very much aware of local funds, or a fund developed locally, going to Jersey not on the basis of cost, but on the basis of access – of being able to do business easily or more easily in Jersey than in Guernsey. So it is much more complicated issue than just finance as far as I am concerned. I do agree –

I will give way.

1220

The Bailiff: Deputy Sillars.

Deputy Sillars: Sorry Peter, I just really wanted to correct, it was through a tweet, and I know you are a great tweeter: it was actually a business looking to come to Guernsey *or* Jersey. It was not about one in Guernsey moving away, and he did say it was a complete review and it was £150 difference. So it was a business from the outside looking for which jurisdiction to come to.

Deputy Sherbourne: Thank you, Deputy Sillars.

1225 Well, I have to accept that, although I am still rather suspicious that they would make a decision based on £150 difference.

1230 I still feel that this Island has a lot to do to encourage business and to make businesses... certainly make the proposers more comfortable with the processes they have to go through in the Island. I do not want to be any more specific than that. I think some people know exactly what I am talking about, with regard to regulation, but it certainly is an issue.

1235 But my main reason for standing is to actually shift the debate a little bit, in that we have not heard anything from the Minister or from any other Member of the Assembly regarding the actual management of the existing Fund. I am aware that the Fund since its inception in 2009 has produced an increase of under 7%. So I would ask the Minister whether he is happy with the performance of the fund – whether in fact the fund could be in a much more stable position. It is an issue that I think we deserve an answer to.

1240 Thank you.

The Bailiff: Deputy De Lisle.

1245 **Deputy De Lisle:** Yes, sir. I just want to highlight the fact that remaining competitive as a jurisdiction is extremely important to this Island, and social costs are important within this framework. I would hope and expect to see substantial savings as a result of the integration of the two schemes that we were talking about yesterday: the model to replace supplementary benefit and also the housing rent rebate scheme.

When I look at the numbers, the current cost, just of those two schemes, we are told in paragraph 563 that the rent rebate scheme and the supplementary benefit amounts to £31.55 million, in 2012. That is paragraph 563.

1250 Now, sir, that is £500 per capita – £500 for each person, each man, woman and child in this Island. Actually if you work it out on a household basis, each family is paying up £1,250 at the moment. I do not think people realise how much we are paying just for supplementary and for this housing cost that Deputy Jones is saying is a figment within being competitive within this Island.

1255 Deputy Jones, I hope that you will be working to see that there are major economies from what we put together yesterday, that come out of this committee's review –

I will let the Deputy...

Deputy Le Lièvre: Thank you, Deputy De Lisle.

1260 I think I should point out that adding together the cost of rent rebate and supplementary benefit are two different things. Supplementary benefit is a cash expenditure – a real draw on general revenue. The cost of the Rent Rebate Scheme in fact is income foregone, and that is not a cash cost to the States.

1265 **The Bailiff:** Thank you, Deputy Le Lievre.

Deputy De Lisle: Anyway, my support for the committee – (*Laughter*) my support for the committee is to see that we get economies out of it, and I would hope to see that, through those particular programmes, we can benefit through some economies of scale.

1270 I would also like to make the point while I am standing, that the composition of the new committee should include members from across the spectrum of thought in this Assembly, reflecting the concerns of the whole community in this area. Therefore, I would ask the Chief Minister to make sure that the committee is very carefully selected.

Thank you sir.

1275

The Bailiff: Deputy Gillson.

Deputy Gillson: Thanks, sir.

1280 Given what I said yesterday it will be no surprise to people that I support Proposition 1, as I said, I repeat, and just quickly, I think we made a mistake in 2009, and we should have brought that percentage in then.

I just want to make one comment on something Deputy Sillars said of the fund – my ears prick up at that word. I would lay money on that fund not actually employing anybody. I would suggest that the £120 difference is probably more to do with the excessive GFSC fees that companies have to pay coming here, rather than employment. I know it is a point, but I would guess that a £100 million fund will not employ people.

1285 Something which the Minister of Commerce and Employment, Deputy Soulsby, Deputy Minister of T&R said, which I do find somewhat irritating, are the playing with percentages. It is an old game that people play: take the percentage, look at it a different way, it comes up at 7½%. Well, actually there is another way of looking at it. If you take the advice of Deputy Soulsby and look at the total cost base of the business, well the 0.5% is only on employment. If you look at all the other costs of running a business which are not employment-based, then the actual total cost base is a lot less than 0.5%. So in actual fact we can look at this and say, if you take the total cost base of a business, the increase of Proposition 1 is, based on my experience of running my previous companies, probably about 0.3%.

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Thank you, sir.

The Bailiff: Deputy Hadley.

1300 **Deputy Hadley:** I think, to put a contrary view to Deputy Gillson – I was not going to speak in this debate – but when I campaigned at the last election, what struck me as very surprising was

somebody who owned a substantial retail business telling me the last straw that broke the camel's back was the increase in the TRP.

1305 So I do not think you should dismiss the argument of this percentage rise being the last straw that broke the camel's back, because it does happen, in the same way that we face with increased expenditure, it might be the last straw for whatever sphere you are looking at. Given that the review is coming up, and we have heard from the Deputy Treasury Minister that this *is* one of the issues that is going to be discussed by the review, then I think we should wait, and not precipitately increase the rate.

1310 We are talking about an increased deficit of the funds since 2009. We are not talking about putting this on the back burner for another four years. We are talking about, hopefully, putting this on the back burner for another year at the most.

So, given that the review is coming up, it is one of the issues to be discussed, debated, then I think we should leave it and not support the Proposition.

1315

The Bailiff: Deputy Adam.

Deputy Adam: Thank you, sir.

1320 I will start off with the 0.5% employers' increase. I fully support what Deputy Soulsby said, Deputy Kuttelwascher said, and the T&R comment in this Report.

We do not want to kill the goose that laid the golden egg. The finance business in Guernsey is the golden egg. It has to be looked after. Even Deputy Jones was very positive about that. I think we should not accept this until we get a full review concerning it. Deputy Bebb suggested what other ways can we look at funding of this.

1325 For example, at the present time retirement age increases from 65 to 67, but how long does it take to do that? It starts in 2020 and it goes on until 2031. If you cut that in half, you are going to reduce your liabilities. Simple thing to do.

1330 In the UK – maybe you do not like the UK – they introduced the cuts in retirement age straight away, more or less, off the cuff. I have got friends across there who are aged 56 and they are being asked to work until 66 now. From now, whereas we are waiting until 2020 before doing anything. And Deputy Kuttelwascher did suggest that as well, when he was talking about there are other ways to reduce the burden.

1335 RPI-only increase: not very easy for pensioners, if they have got no other pensions in place. That is why Deputy Bebb's idea of saying it is compulsory for employers to have some form of pension fund for employees.

The other aspect that has been brought up is, you might call, 'blanket benefits'. That is family allowance and actually winter fuel allowance supplement, which is a blanket payment to all 'supp. ben.' people.

1340 Blanket benefits might be able to be changed slightly but as soon as you bring it in as means tested, it costs money. And, as one other person has said already, a lot of people rely on the family benefit. They are at the borderline and they need the family benefit.

1345 As far as winter fuel supplement is concerned, I do believe that has to be looked at. Anyone who went to Guernsey Housing Association presentations was shown that in the houses in Victoria Road, one family, and all electric I might add, was paying £40 a quarter for electricity, because of all the other means of collecting electricity. Quite impressive, and therefore their winter fuel supplement might cover the whole year, so I think that has to be looked at in the situation whereby so many houses have got better insulation, and their costs on fuel have much reduced. Maybe it should be more targeted to those who are in older houses, less insulation, etc who are just as deserving as the ones on supp. ben.

1350 Deputy Bebb also mentioned table 7 and the mental disorders reducing by 13%. I asked the SSD Minister if they are going to tackle the sudden increase of plus 38% of back pain. Back pain was an old, old favourite for people coming along, because it is very difficult to prove whether you have got back pain or not got back pain, and I notice the percentage has gone up increasingly.

1355 As far as Deputy Ogier was concerned, the therapy, the psychology of talking therapy in general practice, was brought in because about a third of invalidity benefits at that time were in relation to mental health. HSSD could not find the money and SSD decided to do a pilot taking the money out of one of their insurance funds.

1360 Next, sir, is Long-term Care Insurance and Supported Living and Ageing Well Strategy. I have a two-foot pile of paper concerning this issue, and any time the Chief Minister wants to know exactly what happened concerning this, I am only too happy to tell him.

For instance, in 2006 I think – Deputy Brehaut may confirm this – someone was appointed by Housing and HSSD. For what purpose? To develop a long-term care or older people's strategy. In

2006. What happened next? There was a survey done, between anyone over 60: what care do you want in your old age? It came back, they wanted to stay at home and be supported at home.

1365 Next step, a preliminary report, a strategy was developed. It was produced in 2009, I think, and sent round to three Chief Officers of the three Departments concerned. One corrected the punctuation, one put it on the shelf, and the other made some suggestions. So that was rewritten and presented again I think, probably in about 2010, by which time one Chief Officer had retired, etc. It goes on like this.

1370 So, sorry, do not give me this excuse every time, there is no resources. There were resources, they got used for other purposes, and now you do not have resources. You changed the name, and that, partly, was my previous Chief Officer's doing, because he thought supported living should be included in it, and then it was put to HSSD who had no money, and no resources at that time, since it started the year when things went wrong.

1375 So it is a disaster, it is a disgrace. It is not just a disaster; it is a disgrace. (**Several Members:** Hear, hear.) Deputy Le Lièvre will probably fully support that fact, because it was meant to be in that policy letter between Housing and HSSD and there was a summary of it, and it sat there and sat there. It is essential to get that right before you can sort out the Long-term Insurance Fund, because the Long-term Insurance Fund encourages people, to a certain extent – 'The easiest option is to go into long-term care, because I get paid a private [*Inaudible*]' That can happen and you go and speak to some of them in Maison Maritane and Longue Rue, and they will say that they are very happy to go into extra care housing and have their own front door, and that was the report of the...

1385 The other thing about Long-term Care Insurance, it does not give you an accurate assessment of the numbers, and how much we should be spending. At the present time, or maybe six months ago, HSSD was looking after between 60 and 80 long-term care patients in their wards – 60 to 80, multiply that by £700 a month for each one of them and that is the proper sum that should have been coming out of Long-term Care. But, of course, now these people have been moved out of HSSD facilities into the private sector, and therefore we are going to see an increase for that reason, instead of letting them continue within HSSD and I accept that funding then came from general revenue, and the funds should have been paid into HSSD from that fund, to give you a much better idea of what is a true cost of that fund.

1390 So, sir, Long-term Care or Supported Living and Ageing Well Strategy must be... well, everyone says it has been prioritised. My goodness, what does priority *mean*? It means you do it in 10 years' time – is that a priority? I would love to know sometimes. I hear the word so often and nothing happens.

Deputy Gollop: If Doctor Adam will give way...

1400 Did I hear Deputy Le Tocq correct in suggesting that the Chief Minister is to chair a working party to drive through more resources into this key area, to inform this Assembly and the PTR debate? So is it now a priority, or have I misunderstood what was said?

Deputy Adam: Thank you, Deputy Gollop.

1405 It has been a priority for the last five or six years – that is what I am saying. That is why someone was brought in in 2006 to start off this research. And sir, Deputy Lowe is suggesting that my dates are slightly wrong, and probably it has been a priority for seven, eight or nine years.

1410 So Deputy Gollop, what I am saying is: it is fine to stand here, when there is a priority to push this forward. I tried pushing it forward, I got sat down in an office with three Chief Officers opposite me, telling me, 'Look, you cannot do this, you cannot do that.' It was not a very pleasant interview. I will not say it was an interview – I reckon it was a court martial, (*Laughter*) but never mind!

One thing about family allowance, Deputy Dorey - I do not see how it is going to pay for GPs, dentists, opticians and free school meals, but never mind. It is only about £10 million.

1415 Sir, the last point is that, Deputy Trott mentioned the table on page 137 – (*Interjection*) sorry, on 1855 concerning supplementary benefits. If you look at that table, and so often people say, how many pensioners access supp. ben.? It must make the pensioners feel terrible to think they are the biggest group that access supp. ben.

1420 But wait a minute, they are one of the largest parts of our population and they may be the biggest group, but of the four largest groups, they take out the smallest amount of money. In other words, they are not grabbing large amounts. They need slight help and support, and they deserve it and they have paid for it. So next time you start talking about pensioners and how many go for supp. ben., please just remember to say that yes, they are a large proportion but no, of the top four

numbers, they take only £2.4 million a year – where single persons, which is what Deputy Trott was talking about, take £5.26 million.

1425 Sir, on the whole this report is very good. As I say, there are issues that must be addressed. I do not support 0.5% employers' increase, and as I say, the blanket benefits should be looked at. Thank you.

The Bailiff: Members, we have now had nearly two and a half days of debate. Is there anyone
1430 else who wishes to add anything that has not yet been said?

Deputy Perrot. (*Interjections*)

Deputy Perrot: Despite the comments coming from my right, perhaps I can add a little bit to
1435 the debate. And I must stop making a habit of this, I rise really in support of Deputy Stewart, again. I do so because he was rather pooh-poohed about this idea of businesses leaving Guernsey and going elsewhere. Perhaps it was the nuance of his speech, which rather lost the message.

I do not wish to be alarmist about this, because I do think that in Guernsey we have got an
1440 irreducible core of excellence in many areas of the finance industry – in fund administration, in legal services – dare I say that without being hissed at? – in banking, in captive insurance, and I think that those businesses will stay here. But there are some peripheral areas, attaching to those businesses, which are at risk if those areas become too expensive.

Now, the reason why I am rising is not to say that I know of areas which might leave Guernsey
1445 but, can I say, I do know of organisations which *have* left Guernsey, or where they shared parts of the Guernsey organisation and those have gone elsewhere, or in the case of some entities which have had offices in various jurisdictions, they have looked at their cost base and they have just given up completely in relation to Guernsey. I have been a director of a bank where that has happened. I have been a director of various captive insurance companies where it was simply too expensive to run these from Guernsey and they have been run elsewhere. So I do not think that we can simply dismiss what the Minister for Commerce and Employment was saying. It is a valid
1450 anxiety. I hope, I *really* hope that it does not happen, but it could do easily.

I am sorry to play an old tune, but can I say this: I think – but I would say that, wouldn't I? –
1455 that it is worth repeating, even if you do not think so. But I come from a time when Guernsey had a three-legged economy. I have said a month ago. We were happily relying on tourism, on horticulture, finance was a sort of masons' industry. It was just building up. If one of those went, we could fall back 'ish' on the others. We cannot now. Those other industries have gone. We have one left.

If we are left, as I say, with an irreducible core of excellence, but lose a lot of the peripheral
1460 parts of those industries, then people's expectations are going to be sorely tried. If you think that the period of austerity has been bad enough, imagine what it is like without the one industry which sustains our economy.

So I think that we look at added cost very, very carefully indeed.

Could I just mention one word about this Tax and Benefits Review? I know that I am a new
1465 boy here, and that it could be that there is some resolution that I do not know about, but I thought that the agreement was between the Social Security, Ser... whatever it is called, and Treasury and Resources, that we actually determined our own mandate as to this Tax and Benefits Review. So far as I am concerned, it is perforce a part of that review to look at employers' contributions, and to look at employees' contributions, because if you are determining what is going to be paid, you have got to know what is affordable. You have got to know how much money there is in the system and you have also actually got to look at the money which is coming up through
1470 companies.

I know that with Zero-10 many companies are not taxed. But the bloke at the top – sorry,
1475 *person*, we must say these days – the person at the top, the beneficial owner of the company, is taxed on a distribution so it must follow that if we are looking at a Tax and Benefits Review, we have actually got to embrace companies as well. They cannot be excluded.

It will have been obvious from what I said yesterday that I am opposing Proposition 1. I still
do.

The Bailiff: Anyone else. No?

Well then, Minister, would you like to reply to the debate?

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Deputy Langlois: Yes, sir. Sorry, I have got a bit of backache sitting here too long. It may be
par for the academic which we have heard about. (*Interjection*) Thank you, sir – I am standing up
already, sorry! (*Laughter*)

1485 Sir, before we get under way in replying, in winding up here, in response to a point made by Deputy Fallaize, the amendment yesterday omitted to override Proposition 18(a), which I would have thought would have been part of the amendment, but it was not. So we are not going to throw brickbats either way on that one. We need to change Proposition 18(a) and we are proposing to place a motion to withdraw Proposition 18(a), which I have been advised by Her Majesty's Comptroller is the right way to do it. Do we have that available now or...?

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The Comptroller: I believe it is being printed at the moment.

Deputy Langlois: Ah fine, thank you for that. That is information at this stage, and is just to tidy up the apparent conflict.

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First of all, sir, the part of the Report which we are largely debating today – there have been some references to yesterday, obviously, and to the new Propositions, the amended Propositions, but understandably very few, because I think that debate has been had – I certainly do not intend to comment very much on it. There are a couple of things I will say at the end, but this is mainly about the uprating section.

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The uprating report is what it says on the tin. There are some comments which I will not ignore, but this is not an overall view, all about everything, the whole of Social Security today. This is very much to do with the annual uprating, which is a pattern which has been repeated many times, for many years, and way before my time certainly here, and this is the annual pattern.

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Having said that, I thought I had walked into the wrong debate first thing, because it turned into a debate about Alderney for a short time and, of course, we always like to hear about the northern Isle and so on. I certainly noted some key points made.

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Alderney Representative Jean pointed out the cost of living, which has been mentioned before. I would remind Members that there is a project to examine the value, or otherwise, of establishing a living wage measure, with reasonable research and reasonably sound research. I have noted, very much, the comments about Alderney, and I think that a preparatory meeting relating to that living wage project will be happening quite shortly, and I will register the fact that we really should, within that project, take Alderney into account in some shape or form. How that is done economically, in statistical terms, we will have to see, but it has been noted.

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I have just to sound a warning, though. I am very, very concerned, if I heard correctly, there was a sort of request that, because of the difference in cost of living in Alderney, we may want to, actually... effectively, I think what was being said is give people larger pensions in Alderney. There is a huge problem here, and that is that pensions are a contributory benefit. Whether we want to get into a long argument about insurance based or not insurance based, let us not go there this morning, but either way, they are contributory and considering the differential rates of contribution that people make, and yet the flat rate they receive, I suppose really the phrase is – it sounds rather abusive, but I do not mean it that way – ‘careful what you wish for’, because the only way to provide a bigger pension would be to have bigger contributions. I am sure that would be fully supported by the Alderney States, if we doubled the contributions in Alderney!

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That is a rather trite comeback on a very serious point that was made, partly by a member of my own Board, who I am not going to give way to, if he leaps to his feet – he looks as if he is about to. (*Laughter*) But we have got to be very careful about anything like that.

Thank you, Deputy Gollop, for reminding people today of the essential tensions between fiscal and welfare aspects of what we were discussing yesterday.

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Deputy Trott: ‘answers, please’. Right, okay, Deputy Trott – (*Laughter*) thank you! Deputy Trott asked for some answers relating to page 1836. The table is just a snapshot of 10 different diagnoses given by GPs on medical conditions. Now the most relevant in that table is the fact that the mental health related and back-related issues have changed and have risen. The relationship with the GPs... because this is decision made by a GP. We have heard from Deputy Adam, who was here some time ago, to hear that back problems are the easiest ones to talk about and the least likely to diagnose precisely. We have quarterly meetings with the GPs. We are very conscious that the relationship we try to develop and continue to develop good relationships with them, and to confirm that there is a social responsibility on both sides, within their work of diagnosis, but we cannot interfere with their clinical judgement. So there is an issue here, when you have that relationship. So that is what that table is about.

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On page 1855, we talk about single parents, and I think, since taking up this job, there is no greater danger in stereotyping than in the single-parent issues. It was probably before I got to the bottom of the steps after election here that the first person said to me, ‘And what are you going to do about *the single parents?*’ That sort of phraseology, to me, is offensive. It is inappropriate. It is a statistical category that is defined by people’s circumstances, but there is no such thing as a

1545 stereotype single parent. I think that we have to be very careful about the fact that many of those
435 that were mentioned are working – they have worked very hard, they continue to work hard. I
certainly have experience of having an employee who was in a situation where a partner had left
and was maintaining three children by doing three jobs, basically, and so on and so forth. So there
is a whole shade of difference between the way people tackle things.

1550 Recent changes, you will remember, will mean that single parents with children between the
ages of 7 and 12 are now put on to the jobseekers' list, and a number of those transfers have
already been processed – interestingly, having little effect on the unemployment statistics, because
many of them have gone straight into work. But it is often portrayed as a simple way to get some
benefit – 'Why don't you go off and be a single parent?' Well, I am sorry, I do not quite actually
1555 subscribe to that one. I do not think that there are many people, if any, who take that view, so be
very careful with just looking at the term 'single parents' and assuming that is a problem.

On the other side of the coin, to those who for whatever reason believe that there is a social
problem locally, or a benefit dependency problem locally, I would add that my staff, my team, are
particularly vigilant about what they are being asked for, in what circumstances, and any
1560 possibility that somebody is making deliberate claims.

The Bailiff: Deputy Langlois, we have now got your motion to withdraw. Do you want that
distributed now or would you rather people concentrated on listening to what you said, and then
we will just...?

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Deputy Langlois: I think what I have to say will take huge concentration, sir, and so –

The Bailiff: Can I ask, we will distribute the –

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Deputy Langlois: I have enough trouble keeping their attention without – (*Laughter*)

The Bailiff: I was not suggesting that!

Deputy Langlois: Migrants: on page 1889, well obviously – and sorry, again I go back to the
1575 makeup of my Board – does anybody honestly think that my Board, and some of them in
particular, will sit there and say, 'Why don't we just give out more benefits to migrants who are
living in Open Markets because they are there??' Not desirable for the taxpayer to subsidise rent
through supplementary benefit, when we have not got any measure of the essentiality of the skills.
This is where there is... by coincidence, it is the same Department that looks after the housing as
1580 looks after the Housing Licences and therefore if you have somebody in social housing by some...
Again, I do not know, can that happen with a Housing Licence, who knows? But essentially you
know whether there are essential skills if you have got a Housing Licence. With Open Market you
do not, and this is currently a *limited* issue – that we are confident of. It is a small number, but it is
on our radar, and I cannot say more than that at this particular stage. So I think that covers Deputy
1585 Trott's question.

Deputy Fallaize had a quick trip to Alderney in all of this, as well. I cannot remember what he
said, but he did mention it.

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I have a concern, and it is one of the only, as it were, fall-out comments from yesterday, and I
register the concern. I will return to supportive comments late in my summing-up, but I have one
concern and that is that Deputy Fallaize, very forcefully, talked about the financial envelope which
would be involved in proposed reforms. The fundamental question is whether people get what they
need, and he used the phrase 'irrespective of cost'. Now, it is funny, I remember warning the
Assembly yesterday about phrases of that sort. Funnily enough, I do not think that particular
phrase came up. No, I will not give way at the moment, sir –

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Deputy Fallaize: Point of order sir.

Deputy Langlois: This is what you voted for.

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Deputy Fallaize: Deputy Langlois is misleading the House, because what he just said is that I
said people should get what they need irrespective of finances. What I said was that the committee
should draw up their preferred benefits model irrespective of finances, and the States could then
determine whether to introduce that model incrementally.

1605 **Deputy Langlois:** Sir, if the Deputy had waited for me to finish what I was saying, then perhaps we would get the balance in this. That is the second time he has accused a Member of my Board this week of misleading, and I think we are as entitled to opinions as other Members are.

My opinion is that the phrase ‘irrespective of cost’ carries an underlying threat in it. This is what you voted for yesterday, that is fine, but I am now pleased that it has come out into the open.

1610 The Rule 15(2) debate... Regarding Proposition 18(a), we are dealing with that by the motion of whatever. The rest of the Rule 15(2) debate I am not entering into. It is an interesting one, but it is not our problem, in that sense. Always, the uprating report has been presented in this way, and it is one of the reasons for bringing together the Budget and the Rule 15(2) debate in the same term.

1615 Long-term Care Insurance, absolutely. We then had loads of mentions of that, and I will try to limit the repetition here.

It needs leadership. We are not sure at this stage. I agree with what Deputy Dorey said about it. I echo what has been said elsewhere. If it sounds limp, it sounds limp, but the reality is that resources have not been allocated to it. I would like to say – I suspect the Chairman of Social Policy Group is probably fed up with me saying – ‘when are we going to get onto that?’, or ‘when is something going to move on with that?’ The reason I am saying it is because I know we have an undertaking to report back in some shape or form next year. In reply to Deputy Fallaize’s question, ‘how confident are we?’, probably not very. Therefore, at this stage, I would begin to say to the Board, we need to put in some interim report or similar, if we know it is not going to happen next year.

1625 Deputy Dorey then covered the flaws – the flaws! Sorry, Freudian slip there! – the SLAWS... It would be a good name, wouldn’t it? ‘Forward looking’, something like that. Yes, he covered the SLAWS question, and that then led back to the link with the report next year.

1630 Family allowance: we then got into a territory which I have observed both before I was Minister and now this is the second time I have presented an uprating report, where the relatively small fine-tuning changes which are proposed in an uprating report tend to then take on a life of their own. I thought at various times this morning, that we were looking at employer contributions in the same context as the possible reintroduction of 20% company tax, because the same proportional language was being used. I thought, at some stages, I had missed a meeting and that Deputy Jones had chaired something that said, ‘Let’s do away with family allowance next week’, because that seemed to be being suggested, at some stage. I am sure that that has not happened.

1635 I think you have got to look at these recommendations in the context in which they are meant, and the family allowance one comes into exactly the same category of the phrase that is used elsewhere to do with the 2.1% increase in pensions: we feel that is right for Guernsey now. Various groups will enjoy or suffer marginal changes in their benefit pattern and taxation pattern, from time to time, and it is a marginal change, freezing it this year. So I just want to keep that in proportion. And be careful about the use of the words, phrases like ‘reduce family allowance considerably’, and so on.

1645 I do disagree with Deputy Dorey on one point, because he seemed to be going down a route... certainly ideas that should be explored, I accept that totally, and would not have a clue as to whether we can finance everything he was talking about from family allowance, without looking into it. But I do have difficulty in moving Social Security benefits, even if we retain universal benefits, into an area where we start managing people’s finances for them. That is why, in my view, cash benefits of various sorts are of greater value than starting more and more services and directing people’s finances. The whole point about personal finance is that if you hand over the management of it to other people... sorry, if you hand over the management of it to the state, then benefit dependency will increase, in my view.

1650 Deputy Bebb: legislation for companies to be required to provide occupational pension schemes. Well, we could reflect the ‘wonderful’ experience of the UK in that field. They have been so successful on several occasions. It has had no effect on small business. It really is a ‘splendid’ idea.

1655 Do I agree – particularly with somebody with a different hat with some responsibility of reforming the States occupational pension scheme – that the Government should be encouraging people to save more for their old age? Yes, of course I do. Do I think that Government legislation to force private employers to provide a scheme, even though within the way pensions are provided that is quite a difficult exercise in terms of bureaucracy, then no, I do not. I do not think... Legislation is not the way to do certain things, and that is one of them.

1660 I think some of Deputy Bebb’s views on pensions come from his age problem. He is too young to understand them, in emotional terms. (*Laughter*) I think some of the views that he was beginning to express, or certainly reinforce – and I totally support his view – that we reinforce the urgency of getting people to begin to see pensions in different ways. But with universal pension

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benefits, when you think about it, people who have contributed very large amounts, in many cases, to their pension contributions over their lives still receive the same basic pension. I know that rankles with some people. But that is the way it works and, as such, it is not really a universal benefit because it can only be a universal benefit if there is some proportionality in there. So at the moment I would not want to go there.

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This is not related to the fact that I have to address a group of pensioners in an early meeting this afternoon, by the way. So I am going to hang on to that policy at least until later today. *(Laughter)*

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Early intervention primary care and all that wonderful acronym, PCMHWS – it rolls off the tongue! It has been dubbed ‘talking therapies’. It means early intervention. It means ‘as soon as there might be an issue, can we get people talking and nip issues in the bud?’ We want it to continue. We have got absolute commitment from SSD and from HSSD, the members of both of those Boards, that we believe it should continue. Why do we believe it? Because we have been convinced, on a non-evidence based level, that it is working, but there is sometimes huge difficulty in getting good numbers, good evidence numbers, out of such a soft source, shall we say. There is a certain amount of judgemental stuff, about saying, ‘Well, what have happened if we had not done this?’ It is a very, very difficult area to give proper measurement.

1680

But rest assured we are behind it and we are hoping to have enough evidence by round about this time next year to come back and suggest that this is a long-term proposition – no, a long-term service.

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Deputy Trott... sorry, we are getting into duplication areas. Excuse me as I skim down these...

Deputy Soulsby: I do understand her passionate view about employers contributing to old age pensions. I have had several heated discussions with her about this, because she does take a very firm view that employers are employers and employees should look after themselves. There are aspects of that that I understand. I think her problem here was that, again, the language became a little bit extreme in ‘total unsustainability of the pension system’. Well, hang on a minute, let us not get alarmist! We are not at that point – and I will add, *yet* – by a long way. If we act early, we will not get to that point. There is no evidence that there is total unsustainability of the pension system, and I do not think it helps to suggest to people in general that that might be the case.

1690

I worried at some point whether she had mixed up her notes with yesterday’s amendment speech, because she seemed to be re-tracking over that – apologies. But, let us again keep that one in proportion. I would ask you to not take too much weight on the business of the pension employers’ contribution.

1695

Deputy Ogier asked about the Government Actuary’s Department and how long the data lasts. My information is that the policy is that that should be repeated five yearly. The last Government Actuary Department’s report was published to SSD in December 2009, and therefore we are talking about December 2014. I assume that we will be looking at that next year. It did not actually reach the Assembly until 2011 – so don’t hold your breath.

1700

1705

Deputy Ogier: Sir, on a point of order.

My question was: as the 2009 Social Security Report was based on a previous actuarial report which said that 0.5% would be enough to fix the sustainability of the fund, subsequent to that we found out that there are further issues, as they identify in the Social Security report, which will mean a 1.7% rise. So I was wondering whether any further debate, in that instance, would be required.

1710

The Bailiff: Deputy Langlois.

Deputy Langlois: I think, sir, that that is very much tied in with the argument about whether we have a 0.5% employers’ increase this year, and then... I totally accept that there does seem to be some conflict in the terms of reference where... Deputy Perrot mentioned that he saw employers’ contributions and so on as being a part of the PTR debate. I certainly did, and before Deputy Fallaize leaps to his feet again, waving the consultation document, I will intend in the next set of meetings to raise the fact of quite what was meant by that comment in the consultation document. As far as I am concerned, it is in play as well, and it must be through that that the overall package is put together.

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Yes, we had the predictable statement on business and desirable business from Deputy Brehaut – noted.

Family allowance more targeted, fine. *(Interjection)*

1725

I just want to pick up on one phrase. I do get concerned where people start drawing a contrast between community interests and business interests. I will return to that in relation to my position

here later, but it is not a conflict. It is not either/or. We are all part of the community and business is. Even more than many years ago, when I was more closely involved, businesses are part of the community. They are very much part of the community these days. There is bags of evidence of that, so I do not think it is business *or* community; business cares for the community as well.

1730

Deputy Jones: I have to make a brief comeback on it. Can I just point out that it is not only the people who voted for the amendment who support the poor and the vulnerable, right? I do find it occasionally a problem that this moral high ground is claimed by saying things like that. We all support the poor and vulnerable. It is not only those who voted in a particular direction.

1735

The timing of action about employer contributions: a little bit of scaremongering with knobs on here, again. I think your decision on your vote is going to be all about whether you actually think that the 0.5% is the straw to break the camel's back or not, and that is why we put it in the Report. It is something that this Assembly must decide, and it is a judgement call, and that is why it is there, for you to make a decision on today.

1740

Deputy Sherbourne: point taken about the management of the Fund. The reason it is not reported here is because it is not related to the uprating. The performance of the Fund, certainly the figures, are published in the accounts, very openly. I know that at least one Member, recently, has spent some time with our Financial Director going through in more detail because, as you can imagine, it is a pretty technical portfolio, at just under a billion pounds. But if... and there has been an ongoing piece of work, between the last Board and this Board to restructure the whole portfolio, so there is a lot of work going on on that.

1745

However, and I take your point entirely, I had assumed that this was much more transparent, than is apparently the case. I would like to talk to Deputy Sherbourne immediately after this, as soon as possible, and also to bring it to our investment sub-committee meeting next week, to see how we can make it more transparent for any Member who wants to know more about it. There is a danger in micro-management of that sort of technical nature but fine, let us find out more.

1750

Deputy De Lisle emphasised quite rightly £31 million – yes it is a big bill. It is what was being said yesterday, and various other inputs and comments. I think those have been covered.

1755

So, what you are being asked for, ladies and gentlemen, is, Members, when you come to vote, a general RPIX increase of 2.1%. We think that is fair. We think it is right for Guernsey, right now. It is slightly less than some people would want, and even more than some other people would want, but I personally, and I am quite sure my Board, would resist dipping any increase below RPIX, particularly for pensioners.

1760

The 0.5% increase in employers' contribution – I am not renowned for being an enemy of business. In fact, it is stood so close to the middle now that this could be seen as stepping across the line. What you are doing is that you are making a judgement as to whether the argument about the straw to break the camel's back holds water, or whether the short-term cash management of the fund is more important for this year. Again, the choice is yours. I beg you to take that decision in conjunction with the 1% decrease in the general revenue contribution, because otherwise it could have a perverse effect.

1765

The final step to increase the upper earnings limit. We have flagged an intention that this will be the final step, and that I think is an important aspect of that one.

1770

The 7.4% increase in supplementary fuel allowance – I hear what somebody said, Deputy Adam I think it was, about the need to look at fuel allowance, although the administrative cost of doing that would be potentially very high.

1775

A modification in the Health Service Law in relation to specialist medical benefit to allow SSD to fund the costs associated – that is a technical move within the accounts.

1780

No recommendation to increase family allowance – I would put that in the category, right for Guernsey now.

1775

A final few comments relating to the last set of amended Propositions. Sometimes, as we all know, and we have all experienced it – please do not take huge offence at this next phrasing – but sometimes the States get things wrong. A huge amount of Department work is sometimes spent correcting past errors by the States. Now, it is absolutely right that we have to throw our full weight behind States' Resolutions. I have little or no doubt that the States' Resolutions which were put in place by the amendment will pass today. Therefore it will then be our duty to see them through – our duty in the Social Security Department, combined with others.

1780

I do have resourcing concerns. That has been put to one side or... I was going to say 'sneered at', but that would be unfair, but it has been perhaps minimised by some of the protagonists yesterday. But I do have resourcing concerns, when you combine it with the timescale in which action has to result.

1785

I can just say now that Social Security Department will make a full commitment to working within the framework of the new model which has been devised, in order to reach an appropriate

and speedy resolution. I cannot say more than that today, but it must take account of departmental resourcing and resourcing at the centre, because without decent resources, we ain't going to get there in the time that has been set.

1790

Can I ask you, please, to support all the Propositions as amended.

The Bailiff: Deputy Hadley.

1795

Deputy Hadley: Mr Bailiff, I am sorry, sir, but I have forgotten to declare a substantial financial interest in the first item, through my wife, who employs people, and of course is self-employed and pays, no doubt, an increased contribution.

The Bailiff: Thank you.

1800

Members, just pause a moment. The motion to withdraw is just being distributed. Perhaps I can read it for the benefit of those listening elsewhere. It is a motion proposed by Deputy Langlois, seconded by Deputy James and reads simply:

'That Proposition 18(a) be withdrawn.'

1805

The reason for that is that Proposition 18(a) now conflicts with the amended Proposition 29(c). Is there anything you wish to say in support of the motion, Deputy Langlois?

Deputy Langlois: I propose the motion, sir.

1810

The Bailiff: You propose the motion. Deputy James, do you formally second it?

Deputy James: I do, sir.

1815

The Bailiff: Anybody wish to debate it? We go to the vote. Those in favour; those against.

Members voted Pour.

The Bailiff: The motion to withdraw is carried. Proposition 18(a) is withdrawn.

1820

Yes, if anyone else needs to declare an interest... The Chief Minister is going to declare an interest.

Deputy Harwood: I am declaring because I am a shareholder and a director of a company that does have employees...

1825

Deputy Sillars: So am I, sir.

Deputy Conder: I am chairman of a company that does have employees, sir.

1830

The Bailiff: Right, I have been asked to go back to the Rule 15(2) question, and where we are with Rule 15(2). I think we got to the point yesterday that, as far as the new Proposition 31 is concerned, I will take the three in reverse order, to which Rule 15(2) might apply. Proposition 31, which is the election of members to the new investigation committee: that will have to come back before the States, so if there is a Rule 15(2) issue, it can be dealt with at that time.

1835

Proposition 29(d), which increases the weekly supplementary benefit limitation for a person living in the community to £600 with effect from 1st January 2015, that will also have to come back to the States, and again, if there is a Rule 15(2) issue, it can be dealt with at that time.

I am turning to Madam Comptroller – I think I am right in saying that proposition 29(c), which increases the weekly supplementary benefit limitation to £515 will also have to come back in legislation. Is that right, Madam Comptroller?

1840

The Comptroller: Sir, that is absolutely correct. In fact, I believe that is already in the November Billet, but an amendment can obviously be made to deal with that.

1845

The Bailiff: Yes, it will be in the draft legislation that has been circulated with the November Billet, but presumably in the sum of £500, which was the Department's proposal. So that will have to be amended at that time and, if there are any concerns with Rule 15(2), it can be addressed at that time.

1850 So in other words, this does not take effect immediately. It is just like the other two. It seems to me, they all require something further from the Assembly before they can be given effect.
Deputy Luxon?

1855 **Deputy Luxon:** Mr Bailiff, I also am a chairman of a couple of companies that employs people. I did not think it was a conflict, but I declare it.

The Bailiff: So, we come to the vote then, I will put Proposition 1 to you on its own.

Deputy Stewart: Recorded vote, sir.

1860 **The Bailiff:** There will be a recorded vote. Proposition 1 is to be found on page 1951 of the Billet, and reads:

‘That, from 1 January 2014, the percentage contribution rate for employers be increased by 0.5%, from 6.5% to 7%.’

1865 Greffier.

There was a recorded vote.

1870 *Not carried – Pour 18, Contre 23, Abstained 0, Not Present 6*

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

The Bailiff: Well, Members, the result of the vote on Proposition 1 was 18 votes in favour and 23 against. I declare Proposition 1 lost, and in that event Proposition 2 also falls away.

1875 So what we have now are Propositions 3 through to 27, on page 1954, of the original propositions in the Billet; then I remind you that propositions 28 through to 34 have been deleted, and replaced by Propositions 28 through to 36 of the Deputy Le Lièvre/Deputy Sillars amendment, and that Proposition 35 has been renumbered 37.

1880 Unless anybody requests a separate vote on any of those, I propose to put those Propositions 3 through to 37 inclusive all together. So, Propositions 3 through to 37, those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

1885 Well, it is very nearly 12.30. I propose that we rise now. I suggest we resume at 2.30 p.m., see what progress we are making, but if we cannot complete both this Billet and Billet XXIII this afternoon, I will be inviting people to think, later in the afternoon, whether they want to come back tomorrow or perhaps come back at the end of the month to deal with whatever else is remaining. I would hope that we could at least complete Billet XX today. Whether we will have time to do

1890 Billet XXIII, time will tell, but an option might be to defer that until the end of the month. I just leave that as a thought for you to think over, while you digest your lunch.

*The Assembly adjourned at 12.26 p.m.
and continued its sitting at 2.30 p.m.*

1895

Billet d'État XX

POLICY COUNCIL

States Support for the Concept of a Guernsey Based University of the Channel Islands Amended Propositions carried

Article VIII.

The States are asked to decide:

1900 *Whether, after consideration of the Report dated 5th August, 2013, of the Policy Council, they are of the opinion:-*

1. To agree in principle to support and encourage the development of a University of the Channel Islands based in Guernsey along the lines of the concept set out in that Report.

1905 *2. To direct the Policy Council and any Departments that may be affected by the concept set out in that Report to report back to the States should they have reason to consider that any significant policy changes are required in order for a Guernsey based University of the Channel Islands to develop along the lines described in that Report.*

1910 **The Greffier:** Billet d'État XX, Volume I, Article VIII: Policy Council, States Support for the Concept of a Guernsey Based University of the Channel Islands.

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

1915 **The Chief Minister (Deputy Harwood):** Mr Bailiff, Members of the States.

The Report before you, outlining plans for establishing a University of the Channel Islands based in Guernsey, is somewhat unusual in that here is a States Report which seeks neither funding nor legislation, nor policy changes in relation to the proposal; rather, it is what was explored when many of you met with the proposers, or syndicate of proposers, at a well-attended presentation on 4th September.

1920 What the Policy Council is seeking is to establish how wide an embrace the States are prepared to give to this concept. I stress the word 'concept' because I would draw to your attention the wording of the Proposition which will ask you,

1925 'To agree in principle to support and encourage the development of a University of the Channel Islands based in Guernsey along the lines of the concept set out in this Report.'

so that those behind the proposals, who are currently mentioned in this Report, can proceed confidently in the knowledge that the idea is welcomed by the Island or, conversely, may have to think again if the general view emerging today is that this is an idea that is incompatible with our vision for the future.

1930 Sir, the Report refers to the University of the Channel Islands in Guernsey. I am aware that Jersey are currently themselves looking at the possibility of establishing a university. There may well be discussion with Jersey as to whether or not any university that is based in Guernsey can call itself by reference to the Channel Islands.

1935 I am also aware, and I think Deputy Conder may refer to this, that there is a possible debate and the issue is to be whether or not it is appropriate to recognise this nation's body as being a university, or as having the status of a university, from day one. But it has to be recognised in fact – and I think this was made clear at the time of the presentation and a number of States Members themselves picked up on this – that actually there is no reason why the proposers of this particular

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venture need come to the States at all. There is nothing to preclude a group of people from setting up a university if they chose to do so.

1945 There is no doubt on the part of the Policy Council that potentially this project, if it comes to fruition in the manner envisaged, has the ability to develop economically, reputationally and educationally. In particular, as is made clear in the Report, it has the opportunity for widening the base of our economy – and to those of you who, in the earlier debates this morning and yesterday, were keen to make clear that Guernsey is open for business, I suggest that this is an excellent opportunity for making that very message.

1950 The Policy Council is equally aware that, aside from the opportunities, there are clearly challenges in accommodating up to 2,000 students and finding appropriate locations for this first centrally-based campus. There are also, potentially, immigration issues surrounding overseas students. We have identified some of those challenges in sections 10 and 11 of that Report.

1955 In addition, as emerged at the presentation and as explained in section 12.8 of the Report, there is also the issue that we need to consider what happens in the unfortunate event that the university becomes established on the Island but then fails financially. How can we avoid this happening or, if the enterprise heads in that direction, how can it be rescued without the States having to be drawn in and having to put its hand in the public pocket to bail it out?

1960 Sir, I am aware that one of the amendments that is proposed in the name of Deputy Soulsby and Conder does direct the Treasury and Resources Department to report to the States on the financial cost implications arising from the establishment of such a university and how it proposes to mitigate such financial cost implications. May I say, sir, at this juncture that I am aware of two amendments, both in the name of Deputy Soulsby and Deputy Conder. Policy Council would *not* wish to oppose these amendments and I therefore would suggest, sir, through you, that perhaps the debate continues with the amendments as part of the general debate rather than having to debate the amendments separately.

1965 Sir, in this respect and with reference to the Report, I need to stress that if the States are minded to signal their enthusiasm for this concept then that, in a sense, is only the start of the journey and there will be a need for dialogue with the organisers on all these issues. Conceivably, if the project materialises then there may need to be further approaches to the States on matters of policy, something which is reflected in the second of the two recommendations of the second Proposition.

1970 Sir, I have little more to add to what is already in this Report and in the public domain other than to say this: although this Report has been prompted by a specific approach from two individuals, regardless of whether this particular organisation, these particular individuals, get this project off the ground, the Policy Council believes that it would be useful for the States to have held a debate about the general principle of establishing such a university here. For whatever reason this particular initiative does not succeed, nevertheless we will have laid the foundations for some other organisation, if they choose, to develop the concept. As I say, I believe it sends a strong message that Guernsey is open for business and by business we are prepared to think outside the conventional box.

1980 Sir, I invite Members to debate this issue, to express their support, to share their reservations, but above all to agree *in principle* to support and encourage the development of the university along the lines set out in the Report.

1985 Thank you, sir.

The Bailiff: Deputy Soulsby, as we have heard, you have two amendments. Do you want to lay those amendments now?

1990 **Deputy Soulsby:** Can I take both together?

The Bailiff: Yes, please do; and you are happy that they be taken in general debate as well, so that we have a single debate? Do you then wish to speak? Yes.

Amendments:

1995 *To add a further Proposition as follows –*
 ‘3. *To direct the Treasury and Resources Department to report to the States on the financial cost implications to the States of Guernsey arising from the establishment of a Guernsey based University of the Channel Islands and how it proposes to mitigate such financial cost implications.*’

2000 *To add a further Proposition 4 as follows –*

'4. To direct the Policy Council to report to the States on the necessity for any future Guernsey based University of the Channel Islands to be regulated.'

2005 **Deputy Soulsby:** When I first found out about a potential opportunity of a university in Guernsey, my immediate reaction was, 'Wow, this could be a real game-changer. Could this be the silver bullet we are looking for that reduces our dependence on the finance industry and at the same time helps our other economic sectors than just retail on tourism?'

2010 Now, several months on, having had time to consider it in some depth and undertaken quite a bit of research, I still think this is something worth exploring but I am really concerned that, by approving the idea of a university in principle, it will be considered a *fait accompli*.

It is for that reason that I have proposed the two amendments: one relating to finance specifically and the other to regulation, but both of which are about managing risk.

2015 My first amendment seeks to direct Treasury and Resources to report to the States on the financial cost implications to the States of Guernsey and how it proposes to mitigate such financial cost implications arising from the establishment of a university.

2020 I believe that the Policy Council's statement that a university would not involve States funding is naive. It is my worry that, if that is what it believes now, no proper consideration will be given to the financial cost implications of such an establishment being set up in Guernsey. That is before fees are raised, buildings leased and people employed.

There will be costs and we need to ensure that it is not the Guernsey taxpayer that foots the bill. We have to be satisfied that the business model stacks up, that the university can pay its way and that it will bring a net economic benefit to Guernsey. I will consider these points in turn.

2025 Without sight of the business model of this specific proposal, it is impossible to know whether the assumptions made are reasonable. However, it is possible to look at what is currently happening elsewhere in the sector and assess whether what is stated in this Report makes reasonable sense.

2030 From the research I have undertaken, I understand that it is very difficult to build up an outside market and that is what will need to be done here. It is not evident whether the proposers in this instance have done this before, so from my research I do believe their plans may be ambitious from a cold start.

2035 There are over 100 universities in the UK and there is intense competition to attract students now. It is not like it was 20 or 30 years ago when you would be delighted as a student to get a place at a university. Nowadays, the whole world is pitching for the same market, particularly India and China. So what is our University Scholars Programme (USP)? What can we offer that others cannot? Why would a Chinese student come here? If it is such a good idea, why aren't existing UK universities beating a path to our door? Post grads in particular.

2040 I can understand why they go to Cambridge with the technology parks and the incentives and all the research facilities there, but will this university be able to attract those kinds of people? It seems a university will be heavily dependent also on what is called a flying faculty, but who will be arranging this? It is not an easy job and it is very expensive. Will this match with being competitive on pricing?

2045 So there are questions as to whether it will be viable in the first place and what happens if it fails? Yes, there will be reputational issues of course but there could be serious cost implications if the necessary contingencies are not put in place. There will be a moral obligation for the States to pick up the pieces. I therefore do not subscribe to paragraph 11.1 which states:

2050 *'The organisers plan to generate funds in part from contributions from high net worth individuals and there is always the risk that those funds cannot be raised but this is purely a matter for the proposers.'*

2055 With all due respect, comparisons made with horticulture, finance and the export sector are not valid. A university is a completely different kettle of fish; you cannot just switch it off. Private universities can and do fail for a number of reasons, such as a backer pulling out, failing to meet quality assurance standards or just not being able to attract enough students to make it a viable business.

It will be necessary for the States to plan for this eventuality and mitigate the risks of the Island. Whether this is to secure insurance or by other means, it still needs to be thought about at the start.

2060 So that is the university's business model but what about the wider impact of having a university with 2,000 students? On the one hand, yes, spending on goods and services should increase. It might result in Beau Séjour, bus services and Aurigny becoming profitable and for other leisure facilities to either be developed or enhanced. However, there is a need to consider the impact on the infrastructure and other services.

2065 Whilst we have been told by the proposers about how Loughborough and Birmingham have benefited from their universities, research done in Pennsylvania in 2007 showed that there can be a negative economic impact on a host municipality, compared to towns without universities. This was because of the fiscal regimes in that state that meant that universities and students ended up benefiting from the services of the towns without contributing to the provision of those services.

2070 This could be the case with Guernsey. For example, the work of the Border Agency will increase, with visas having to be dealt with. The Police and health services will also be affected. This will require expenditure and we cannot expect our local resident population to pay for it.

One method adopted in Pennsylvania has been a scheme called Payment In Lieu Of Taxes (PILOT), which the educational institutions there have to pay. Guernsey would need to consider such a method to ensure we get back what we put in.

2075 In addition, we need to consider whether a university would provide a net economic benefit to Guernsey. With the reliance on a flying faculty, will we get any of the potential tax take from lecturers? Based on our current fiscal regime, we could find that fees come in and fees go out without the States seeing any of it. I therefore believe Treasury and Resources need to start thinking laterally, seeing how we can do things differently from what we do at the moment. This might involve consideration of withholding taxes, or other fiscal measures that mean the risks of allowing such a body to set up here, to be worthwhile financially.

2080 My second amendment relates specifically to the activities of the university itself and directs Policy Council to report to the States on the necessity for any future university to be regulated. By this I do not just mean regulation in terms of financial matters, but also in terms of quality and assurance. I felt it necessary to place this amendment as I was not convinced from reading the Report that the Policy Council had given this any thought, although the risk, both financial and reputational, could potentially be quite high.

2085 By ensuring that the university is adequately regulated, it would provide assurance to the States of Guernsey that such risks are being adequately managed. The need for quality assurance is essential to ensure that the university can award degrees that are internationally recognised, but in addition we must be satisfied that the finances are such that the States of Guernsey have assurance that the business is viable before it is too late.

2090 Whether this is something that Singapore Credit Rating Agency (SICRA) could or should be involved in may need to be considered. It is not something I have the answers to but, as I said at the start, I think it does need proper review. Instinctively I believe regulation is required but I believe this is something Policy Council should be looking at formally before allowing anyone to establish a university in Guernsey.

2095 I hope fellow Members will understand the need for these amendments and support them accordingly.

2100 **The Bailiff:** Deputy Conder, do you formally second both amendments?

Right, well Members, as has been suggested, we will debate the amendments in conjunction with general debate.

2105 Deputy De Lisle will be the first to speak and then Deputy Conder, followed by Deputy Stewart.

Deputy De Lisle: Thank you, sir.

I support this policy letter and the amendments to it, to embrace the concept of creating an internationally-recognised and respected small boutique university in Guernsey.

2110 As a former university lecturer at three universities, I believe very strongly that a university will support many of our objectives with respect to diversification of the economy and job growth; and it will be another string to our bow and enrich the local economy with elements missing currently – a world class university and research centre facilities to provide a broader platform on which to grow the economy.

2115 Sir, universities provide another part of the dynamics which attract new investment funds, partnerships, entrepreneurs and serious investment. In fact universities have saved some industrial towns in England. Helped by universities and their more diverse economies, many of Britain's large cities have been able to claw their way back from post-industrial decline.

2120 A university too will assist in sectorial diversification and create wider economic and social opportunities in engineering and the arts, in growth sectors such as information and communication technology, renewable energy and hi-tech engineering, to capitalise more fully, generally, on the expertise of the existing financial and professional service industry here locally. It is difficult to fight off actually a medley of research which still shows a degree is one of the best

2125 routes to a good job and a rewarding career. This would open up also the opportunity for local people with respect to having the opportunity of that element of higher education on Island.

2130 What with reports coming out of the Department for Business, Innovation and Skills, published this month, that as well as better lifetime earnings going to university has a civilising effect on young people: graduates are more likely to vote, more likely to join voluntary organisations and will be more tolerant. (*Laughter*) That, from the Department for Business Innovation and Skills, published this month.

2135 Then there is also the fact that we have to consider that some will have concerns on the demand front. Will there be a market for a new University of the Channel Islands? The UK University Minister, Mr Willetts, predicts a steep increase in higher education due to rising birth-rates and an increased push for young people to enter into education. Reports from the Higher Education Ministry again this month show that universities need to grow by 25% to meet demand over the next 20 years. Enrolments are to grow, according to that Department, by 100,000 more than now, up to 460,000 a year.

2140 Then there is also the change taking place in higher education with digital learning technologies – another area that we have to consider which could actually mitigate some of the disadvantages of location off-shore. The Massachusetts Institute of Technology (MIT) faculty are experimenting with online tools to convey content in their courses and are finding that it allows more time to focus on education – detailed discussions, personal mentorship, project-based learning – and they are developing a blended model that uses online tools strategically.

2145 Online learning will make university cheaper and better. It will provide future learners with the ability to choose what is best for them and, by capitalising on these strengths, online learning promises to make education more accessible, more effective and more affordable for more than ever before, with potential for locations beyond the main population centres, like ours.

2150 So I embrace this policy letter, which is really just looking at the concept, and obtaining support for it, of creating an internationally recognised University of the Channel Islands. But I am particularly strongly supportive of the fact that a university will support a number of our objectives, particularly that of diversification of the economy and job growth, and enrich the local economy with elements missing currently because, as a result of being in economic development for a number of years, one finds that a world class university and research centre facilities are very important to stimulating growth in a regional economy. It provides that additional factor.

2155 So I would like to embrace the concept of creating such a university in Guernsey, as an idea that we should be looking at, considering and putting some resources into supporting.

Thank you, sir.

The Bailiff: Deputy Conder.

2160 **Deputy Conder:** Thank you, sir. Mr Bailiff, fellow States Members.

I will speak on both the amendments which I am a signatory to, and in general debate.

2165 Before speaking on this Report, sir, I must declare an interest. As I think most colleagues are aware, I am a former pro-vice chancellor of Bournemouth University, I am a Professor of Bournemouth University and I am also currently a board member of that University. Bournemouth University also has a considerable presence in Guernsey by virtue of the undergraduate and postgraduate programmes it runs through the Guernsey Training Agency, of which I am the former chief executive. I would ask all States Members to bear that context in mind whilst listening to my speech. I am not a neutral commentator.

2170 Sir, in view of these obvious conflicts it would be wrong for me to vote on the Propositions and I will therefore abstain when it comes to the vote.

2175 All of us would wish to see new business and employment opportunities in Guernsey and indeed anything that raises the profile and reputation of this Island should be welcomed. However, I do have very serious reservations about this proposal as currently framed, both in principle and with respect to the specific project which has prompted this Report. Sir, I would characterise my concerns under the following broad headings.

2180 Firstly, the specific proposal is light in terms of the validation, approval, international recognition and ongoing quality assurance processes associated with creating a university. Indeed, it almost seems naive in terms of what the process of creating a university entails and what is required to develop and sustain such an institution, let alone one that aspires to stand alongside some of the greatest institutions in the world.

Even more serious is the potential for very serious reputational damage to our Island if for any reason this project should fail or need States' support at some time in the future. The bottom line,

2185 sir and colleagues, is that universities do not and cannot fail. That means that the States of Guernsey will have to be the final guarantor of such an institution with all that entails.

Sir, secondly, there is the issue of critical mass. A university is, as its very name denotes, a coming together of a diverse group of students, researchers and teachers in an academic community. That is where the title 'university' comes from. The alternative is a 'monoversity'.

2190 Typically today, a university comprises significantly more than 10,000 students and 1,000 plus staff. I am not saying that a small university in miniature is an impossible concept, although it is bound to have problems of critical mass, but a boutique university is a new one on me. I do not know what it means and I am reasonably sure that no-one else in higher education does or will.

2195 Thirdly, sir, surely we should at least consider this project as one that could be cross-Island, and is it not somewhat presumptuous on our part to assume the title of University of the Channel Islands? There must be potential for confusion or duplication if we were to persist with a cross-Island title. Sir, if ever there was the need to explore the potential for cross-Island working, it must be in the creation of a university. We know that Jersey is currently working on its own plans for a higher education institution and, indeed, I am very reliably informed that it considered and *rejected* the very proposal that has prompted this States Report.

2200 The need for critical mass, the potential economies of scale and the ability to jointly market such an institution to a local and world-wide client base surely all demand that we make contact with, and explore the possibility of working, with our colleagues in Jersey. When I was chief executive of the GTA we worked in partnership with Jersey delivering MBA programmes for a fee and hosted Jersey students, again for a fee, on our courses here in Guernsey. I always felt and still believe that the evidence is there for increasing that cross-Island working, but we need to make it happen at inception, not try to bring together two disparate institutions at some future date.

2205 Fourthly, sir, I will say something in a moment about the process of creating a university *ab initio*, but there is an obvious tried and tested route as an alternative to the creation of a university from scratch, as is proposed by the Policy Council. That route is the route that GTA was once following, the Education Department is currently following in its plans for a tertiary institution and Jersey itself is also currently pursuing. That alternative model is to establish a close link with an existing UK university and facilitate a Channel Island campus of that university on one or both Islands, benefiting from the partner institution's critical mass, its national and international reputation, its quality assurance regime, its marketing, its established curriculum and economies of scale.

2215 I can state with certainty that there are UK-based universities which would actively seek such arrangements. It is not fanciful to suggest that in the fullness of time Guernsey or perhaps the Channel Islands could sustain a university college of another institution. Indeed, that was always the ambition for the GTA and remains the ambition of some Members of the Education Department in respect of the proposed tertiary institution.

2220 Sir, this whole project has about it, both in its conception and indeed in a specific proposal which prompted this debate, a sense of rush, naivety and lack of thinking which, if allowed to run ahead too far, too fast, has the potential to cost this Island a great deal of money and to suffer considerable reputational risk, both in the international academic community and much wider.

2225 Sir, I will now, if I may, just speak for a few moments about what creating a university means and the responsibility it entails. I hope colleagues will bear with me. Describing the quality assurance process associated with setting up a university is not particularly exciting and in order to make it more digestible I have paraphrased it very significantly, but I think, sir, it is important that colleagues have some sense of the process of creating a university.

2230 I should say, however, at the outset that Guernsey is an independent jurisdiction and can attach its name to whatever institution it wishes and can call any institution a university if it so desires. It does not need to seek the approval or sanction of any accrediting body or foreign jurisdiction. However, if it were so to do, I would venture to suggest it would give away such a prestigious title and its name very cheaply and seriously risk the reputation of our whole community, as one or two other jurisdictions across the globe have learned to their cost.

2235 Sir, just a few words about my own experience, which might serve to illustrate how, in the recent past, one university came to be created and how attenuated, costly and complex the process was, even for an established provider of higher education; and the institution of which I will speak makes no claim and has not made a claim to achieving Russell Group status at any time in the foreseeable future, as our proposers do.

2240 Sir, I joined the then Dorset Institute of Higher Education as a lecturer in 1982. At that time, the Institute had a staff complement of about 150 and approximately 1,000 students studying for degrees of other awarding bodies. Over the next decade it grew rapidly and was initially granted degree awarding powers in, I think, 1988. Then in 1990 it was awarded polytechnic status and in

2245 1992, university title. Today, that institution has 16,600 students, 2,000 international students, 652 academic staff and 1,547 non-academic staff.

The process of transforming an institute of higher education to a polytechnic and then a university was hugely demanding, expensive and protracted, and involved many thousands of hours of senior staff time, millions of pounds in development costs and exponential growth over a decade, to create the campus and its infrastructure, the staff base and the curriculum, to secure and sustain the title of university.

2250 Even today, with its high reputation which includes being the only university to be commended by the Quality Assurance Agency for the quality of its student learning opportunity and the highest proportion of AAB applicants of any post-1992 university, Bournemouth University would not claim or seek entry to the Russell Group universities. For modern universities, such nomenclatures are far from being the Holy Grail of accreditation recognition. There are equally important groupings of institutions which might be much more relevant to the economic development of Guernsey and the skills development of its workforce.

2255 Sir, now just a few words about the formal accreditation process involved in creating a world-class recognised university about which this proposal is silent – assuming, as it does, the title of university from its very inception. Sir, for an institution to be entitled to call itself a university, it must first have been awarded degree awarding powers. It is worrying, to say the least, that in these Propositions and in the proposer's Propositions that requirement would seem to have been rather cavalierly ignored.

2260 Each UK degree must be awarded by a legally-approved degree awarding body that has the overall responsibility for academic standards and the quality of the qualifications. That body might be a university, a university college, an institute of higher education or, in the past, a polytechnic. Because degree awarding powers are so fundamental to the status and credibility of a university, it is therefore very important to have a robust process in place to ensure the degree awarding powers, and the right to be called a university is only granted to higher education providers that properly merits them.

2265 The Privy Council is the branch of the UK Government responsible for granting degree awarding powers and university title. The UK's Quality Assurance Agency advises the Government on degree awarding powers in university application in the UK by providing confidential advice to the relevant Minister with higher education responsibilities.

2270 This is one of the QAA's most important responsibilities since, in making their recommendations, they are helping to define the UK higher education sector, which has repercussions to the world-wide reputation of UK higher education and the UK itself. Consequently, applications are rigorously scrutinised against guidance and criteria issued by the Government.

2275 Sir, the criteria and hurdles to be addressed in endeavouring to secure degree awarding powers and the right to use the title of university are numerous and rightfully very challenging. I would mention just the most salient here but colleagues should note that the ones I will mention are simply the most important ones.

2285 The first regard is in respect of governance and academic management. An organisation granted taught degree awarding powers has to show: that it has governed, managed and administered effectively with clear and appropriate lines of accountability for its academic responsibilities, its financial management is sound, and clear relationships exist between its financial policy and the safeguarding of the quality and standards of its higher education provision.

2290 Degree awarding organisations must be soundly based in all respects – constitutionally, managerially, financially and academically – so there can be full public confidence in them and their degrees. It is important that appropriate safeguards are in place to ensure that financial exigencies and other pressures do not jeopardise academic standards or the quality of the programmes as specified in the programme specification.

2295 Another criterion regarding academic standards and quality assurance, as Deputy Soulsby mentioned, is that an organisation granted degree awarding powers must have in place an appropriate regulatory framework to govern the awards of its higher education qualifications.

2300 A further one is regarding scholarship and pedagogical effectiveness of the staff. The staff of an organisation granted powers towards taught degrees must be competent to teach, facilitate learning and undertake assessment to the level of the qualifications being awarded. Note this refers to the core staff of an institution, not visiting lecturers. This includes a responsibility for ensuring that staff maintain a close and professional understanding of current developments in research and scholarship in their subjects, and that structured opportunities for them to do so are both readily available and widely taken up.

2305 Those are just a few of the criteria for taught degree awarding powers, which is one measure of
the university. Another is the award of research degrees – research degree awarding powers – and
I will just mention that very briefly. An organisation entitled to award research degrees must
have... the organisation's supervision of its research students and any teaching undertaken at
2310 doctoral level is informed by a high level of professional knowledge of current research and
advanced scholarly activity in its subjects of study. The organisation's academic staff should
accordingly command the respect and confidence of their academic peers across the higher
education sector as being worthy to deliver research degree programmes.

So, in order to be awarded degree awarding powers, there are a whole set of criteria that the
university *has* to be able to meet. And I say a university – that is, a higher education institution
2315 before it has even been awarded the title of 'university', because I now come to the criteria for the
award of 'university' title.

An organisation wishing to apply for approval to use the title 'university' *must* have been
granted powers to award taught degrees. That is the criterion for the award of 'university' title.
Secondly, to normally have *at least* 4,000 full-time equivalent higher education students – 4,000 –
2320 and yet we have an institution that has an ambition to have 2,000 students and is going to call itself
a university from day one and we are invited to endorse that.

I have paraphrased very dramatically the criteria. There are many more criteria an institution
has to achieve, both in order to achieve degree awarding powers and the 'university' title.

Sir, I would suggest that the very appropriate rigour which applies to the granting of degree
2325 awarding powers and the meaningful use of the word 'university' all point towards this Island and
this Assembly first engaging in a rigorous feasibility study which should establish a properly
devised process for determining whether this Island is able and wishes to sustain the development
of a university, what such an institution should look like, and whether there is potential for
developing an institution of sufficient academic standing with an adequate infrastructure and
2330 quality assurance regime to justify the title 'university'. We cannot and we should not pass such an
epoch changing initiative to a third party.

Sir, if I may now turn to the Policy Council's Report itself and its recommendations. There are
just a few matters I would ask the Chief Minister to specifically respond to in his summing up. Sir,
on page 1716, section 1.3, the Report states:

2335 'Given that there is no intention for States funding or other direct involvement this Report does not present a detailed
business case. Rather it seeks States reaction to the broad concept along the lines envisaged by the proposers.'

Sir, could I suggest that even within the Policy Council Report there are significant funding
2340 implications, not least opportunity costs, associated with Members of the Policy Council and the
senior civil servants being engaged in the various liaison groups. There are significant costs simply
by virtue of those opportunity costs but more seriously, by using the term 'along the lines
envisaged by the proposers', both in the Report and in the recommendation, the Report is
straitjacketing this Assembly and our community to a model of a university which is untested,
2345 non-standard, high risk and exclusive; and by that I mean the Proposition, as framed, does not
allow for the consideration of alternative models.

Sir, on page 1718, paragraph 3.2, the Report goes on to state:

2350 'It has also established from independent specialist sources that the concept of a University of the Channel Islands is
entirely feasible and will add value.'

I must say I was a bit surprised by both the statement and its opaqueness. Could the Chief
Minister advise in broad terms – only in broad terms – who these independent sources are and
whether they were specifically suggesting that the broad concept along the lines envisaged by the
2355 proposers was what was being described as entirely feasible?

Was that what the independent specialist sources were commenting upon? Because I have to
say if that was the case then the opinions of those of the sources quoted in the Report are at
dramatic variance with the wide range of comments that I have received from other authoritative
independent specialist sources since this specific proposal was published.

2360 Sir, I will quote just one reference that relates to a proposal presented by the same proposers of
this initiative to the Jersey university steering group, at an earlier date but quite recently – within
the last 12 months. I understand that that proposal was largely the same as the one we are
considering today. The Jersey proposal was reviewed by Professor Terence Kealey, Vice-
Chancellor of the University of Buckingham, a highly-distinguished academic of a very
2365 prestigious university, who also might have interest in developing higher education opportunities
in the Channel Islands. I do not know and I have not met Professor Kealey but I have been granted

permission by him to quote his letter of appraisal to the Jersey steering group and I think this is worthy of note.

The letter says:

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‘Thank you for asking’

– and bear in mind, colleagues, this is from a Vice-Chancellor of a major established university –

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‘for an appraisal of the proposer’s strategic plan. Let me reiterate what I wrote to you when I first saw it,’

– remember colleagues this is this proposal, or as good as –

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‘namely, that it is utterly impractical. When you look across the UK and Europe at independent universities, you see that they are very rare and either based in major cities or are highly-specialised business or law schools or vastly endowed, such as Jacobeans or Zeppelin in Germany. The proposer’s plan’

– these proposers’ –

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‘is to create a general university across many disciplines in the Channel Islands and people are simply not going to attend in sufficient numbers. The only way to make this work is to play on the Island’s unique selling points – financial services – to first create a specialised institution of high standards, to teach and research that area and then grow out from that. But it is no coincidence that the Jersey International Business School and the Jersey Law School, which are both successes, are either specialised and/or playing to a unique selling point.’

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Professor Kealey then goes on to say:

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‘Read the Guardian of last Saturday and see how the head of the new College of Humanities in London has complained about how few students he has recruited and how he had never guessed how difficult it is to create a new, general university. Start with a highly-specialised institution playing to an Island’s unique selling points and you have a chance, otherwise do not bother. Yours sincerely...’

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Sir, I know that is not a comfortable message to hear but I believe that before this Assembly goes too far in endorsing these Propositions. They must hear alternative views and Professor Kealey is not the only very distinguished academic who has commented upon these proposals in a similar vein.

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Sir, finally, and with colleagues’ indulgence, a few words about the business case for these proposals. Last month, I was very privileged to attend a confidential meeting addressed by a very senior figure in UK higher education, in which the future of UK higher education was reviewed. Whilst I am not in a position to divulge everything I heard, there were some clear messages.

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Namely, firstly, there is a major downturn in 18-year-olds until 2020. Consequently a number of universities will contract. Recruitment by universities will be increasingly competitive. Postgraduate taught, non-EU student numbers decreased in 2012. That is, your international students – that is China, India and Pacific Rim – decreased in 2012. Students from the Indian sub-continent fell dramatically because they are no longer allowed to work in the UK after graduation. Is it our intention that our graduates will work in Guernsey for a year after graduation? There is major and new competition for UK universities from the USA, Canada, Australia, New Zealand and other EU countries. The UK, and by implication ourselves, no longer have the lion’s share of the market.

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Established universities are holding their number of overseas students, but non-standard institutions and other HE institutions have seen their numbers fall dramatically – that is, their number of international students. The narrative of bogus colleges has massively impacted upon the recruitment of overseas students to non-standard UK universities. Whenever there has been an issue, in terms of regional universities closing, there has been enormous local pressure to keep the institution alive and it has cost a lot of money to keep them going. Local and central government cannot and will not allow a university to fail.

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Sir, many people have long aspired to develop some type of higher education provision in Guernsey, probably in the shape of a university college. Such vision has been based around the desire to offer more higher education opportunities to the people of Guernsey and to assure that everyone who aspires to, at any stage of their life, can access university-type courses to facilitate the continuous upgrading of the skills of our workforce to the highest levels and to mitigate the cost of university education for the Island as a whole. There have been many false starts on both Islands and occasionally real opportunities have been missed, often as a result of disastrous political interference.

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With the right partners, with a properly thought through proposal, guarantees of future viability, Government guarantees regarding long-term financial advice viability, but clear and absolute independence in terms of Governments, then the two Islands, or Guernsey on its own, could create something unique that might have significant economic and reputational benefit to our Island.

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However, I have to say, ‘the broad concept along the lines envisaged by the proposers’ – or slightly phrased differently in the recommendation: ‘along the lines of the concept set out in the Report’ – to use that phrase again, and to use that phrase that is used in the Proposition, fills me with great foreboding. I would urge the Policy Council to reflect carefully upon how a University of the Channel Islands might be developed and in due course bring before this Assembly properly thought through proposals which we can consider and possibly approve and start to work up an appropriate partner or institution.

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Sir, as I said at the start, I believe that I am far too conflicted to vote upon this matter and will therefore abstain. My colleagues will of course make up their own minds and I would not presume to suggest to them how they might wish to vote on these Propositions, but I hope that my comments might have been of some assistance to them.

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

The Bailiff: Next Deputy Stewart, then Deputy Le Clerc to be followed by Deputies Dorey, Lowe and Hadley.

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Deputy Stewart: Sir, I thank Deputy Conder for his speech because I think it is important that we are cognisant of risks and everything else that may be associated with that, but at the same time we are at a very early stage with this. We had a speech just before lunch which actually you could not hear a pin drop when Deputy Perrot stood up and started speaking about business and how fragile that is and how important it is to monitor costs; and one of the things that I know captured everyone was when he said, ‘Look, you know a few years ago we had three legs to our stall and we have now got one,’ and we have only got one.

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Yes, we are doing a huge amount of work to try and develop our creative industries, ICT, but when I first heard from Deputy Sillars, while we were locked in a room and I was sworn to secrecy initially some months ago about this project, I was really excited and I will tell you for why. It is because over the last couple of years I managed to bump into Lord Digby Jones, someone who I have the utmost amount of respect for and someone who has a long association with Guernsey.

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One of the things – and if you have met Lord Digby Jones... and everyone smiling has met him – is that he said: ‘This is an excellent...’ He said: ‘You have got a fantastic spot for a small university here in Guernsey. A fantastic location to study,’ – all the sports, the beaches, the facilities that we have. He said: ‘It is an ideal spot and you can base some of that around the marine environment that you have.’

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In fact, only earlier this year, when I met with Baroness Verma at the Department of Energy and Climate Change in London, we were talking about the possibility of Guernsey having a small campus here, to really make some use of the fact that we could be at the centre of some research for renewable energy in going forward. We have already done a lot of work here. We have had people from mainly Exeter University but other universities as well and so I have an open mind and I do feel there is a huge amount of potential. The consequence of having a successful university here... and all across our economy, which is made quite clear in this Report. The potential is enormous to give us another string to our bow here in Guernsey. I think it is important when we talk about – and we are hearing it more and more – ‘are we open for business?’ that we do send a positive ‘can do’ attitude and that we will want to look at it.

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I hope we do pass this today because, yes, there is a huge amount of work to do; yes, there are a lot of boxes that have got to be ticked; and, yes, there are a lot of conversations that have got to be had and Deputy Conder is right to flag up some of the pitfalls that there may be along the way. But Commerce and Employment, working with Education, working with Housing, working with our colleagues at Home Department, working with our friends at Treasury and Resources – between us I think we can tick those boxes, we can explore and have a ‘can do’ mentality and that is really where I think we need to be.

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We also do need to be cognisant of some pressures there may be in some areas. Whether that is accommodating students or housing licences initially to get a venture going, but again I still think it is better to start from the premise we can do it rather than we cannot do it.

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Diversification of our economy is obviously so important for us at Commerce and Employment. It is something we are very focused on, but I think also it is about sending out

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messages to the wider world. Everything we say and do now in Guernsey – years ago it would be reported in *The Guernsey Press* – whether individually as politicians or business people or as an Assembly, is reported widely. People read online what we say and what we do, and I think it is important to send positive messages to the outside world that we are willing to look at anything.

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There are things that we do not want to look at and in the debate earlier today Deputy Brehaut said, ‘We only want good business,’ and I could not agree with him more. That is why the Commerce and Employment Department made a very clear instruction, or recommendation I should say, (*Laughter*) to the Guernsey Financial Services Commission (GFSC) that we did not want pay day loan companies setting up in Guernsey, who are reputationally damaging; and is that the sort of business we want? My thoughts are ‘absolutely not’ but I do think what we should do is have this mentality where we are willing to listen, we are willing to discuss with prospective investors into this Island, that we are willing to have that dialogue with them and say, ‘Yes, we are open for business.’ It is up to us then to engage with them, to understand will this work? Can this work? I think between the five Departments that I have mentioned that we can engage with these people who are indeed very serious about their proposals.

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One thing I would ask Deputy Conder is to be open-minded because the face of education, the way that education is being delivered, is changing. I do not know an awful lot about education. What I do know is how it is being delivered (*Laughter*) – that is obvious, is it not – is changing and I can see that through my involvement already with the GTA and perhaps if you asked a lot of universities today, would they have set up their business model today, as they did 30 or 40 years ago, they would say no.

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Part of my success in business has been because I have done things differently. I was told by all the experts in broadcasting a radio station here in Guernsey will last about three months. That was the experts – ‘It would not last more than three months’. Well, of course it would not have lasted more than three months if I had done it the same as everyone else in the UK.

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I came up with a different model, a different way of delivering it, which was far more efficient and here we are 21 years down the road with one of the most successful commercial radio stations in Great Britain, which has consistently made profits. So there are always different ways of looking at things and what I believe we need to be sending out to the outside world is the message, ‘We are open for business. We are willing to engage with you. We are willing to look at your plans and in principle we are supportive of this.’

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Thank you, sir.

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The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

I am afraid I have still got some concerns and I am quite pleased in a way that there has been a slight delay in us debating this because, in view of the recent e-mail traffic that I have received from lots of Islanders regarding the population debate, I think they have perhaps become a little bit more relevant.

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Rather than wait to share my concerns with Policy Council and wait for their response, I actually decided to contact Susan Jackson Associates with a couple of the questions and if I can repeat those questions and the responses received: I drew their attention to page 1728 of the Report, paragraph 10.9 and 10.11.

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Paragraph 10.9 indicates that approximately 20 licences might be required in addition to accommodation requirements for students and in paragraph 10.11 it states that some overseas students may require to bring family members. I asked them to expand on what they would term ‘family members’ and under what licensing arrangements would they be eligible to stay on the Island and how much could this potentially inflate the number of people on Island, as a result of those family members being permitted to stay, if they say there were 1,000 students and then the eventual 2,000 students?

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I went on to say, ‘Presumably these families would not want to live in student-type accommodation,’ and again I made a presumption that they would be competing for housing against Guernsey families. As we all know, we are already struggling for family accommodation. This was the response I received:

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‘Whilst it is very difficult to make any precise prediction of the future housing requirements of the expected overseas students, we do not anticipate that there would be any undergraduates who will want to bring families.’

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By ‘families’, I refer to one other dependent adult and any other dependent children, not to extended families, which differs slightly from the Report.

2555 'On the postgraduates, we anticipate that a handful may have a spouse and children but bringing them to Guernsey will be subject to the requirements of immigration and nationality.'

Then they went on to say that they had been in contact with the Border Agency etc. Finally, they say:

2560 'I would say that it is very unlikely that the Island population would be inflated by more than 20 or so in any one year, even if immigration and nationality gave the overseas student families the right to enter and temporarily reside in Guernsey.'

I think interestingly, the last paragraph was:

2565 'We do not anticipate that students will be accommodated in existing housing, rather it is anticipated that students' accommodation will be provided out of existing dilapidated redundant hotel stock on the Island, which has been suitably renovated. Ideally, this new accommodation will also be where the non-resident peripatetic staff will be accommodated if they are not staying in the hotels and the few married and accompanied postgraduate students.'

2570 I then went on to ask a further question, which was actually a question that I raised when we had the initial presentation at the grammar school, and that was my concern about what the Island was going to do in dealing with the health requirement. Again, I will just repeat that question: 'I would also like to understand more about how we would, as an Island, deal with the health requirements. Is it your plan to request that students take out a comprehensive health care insurance before they arrive and, in the case of overseas students, also for their family? Have these additional costs to students been factored in to your calculations?'

The response was:

2580 'Re: your medical concerns, yes, we will insist that all students are to be covered by their own medical insurance,'

but I think what it does not say is the pressure that it will put, potentially, on our resources that we have already got. If people are paying for them it would still put a stretch on the resource.

2585 I really do want to support these proposals because I am very much aware of our eggs currently being in one basket and that basket being called the finance industry; and I do see this as a great opportunity to diversify – a much-needed opportunity. However, as I said, I have got some concerns in respect of the issues that I have raised there and some of the concerns now raised by Deputy Conder.

2590 I am just therefore pleased that Deputy Soulsby and Deputy Conder have brought this amendment. I do want to support this but I really do feel that it is important that we support the amendment and we have further detail and further information before we just plough ahead with this concept.

Thank you.

2595 **The Bailiff:** Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I follow on from Deputy Le Clerc's speech and I will not repeat because I think she has covered some of the points that I would have made.

2600 I was going to start off with a quote from Deputy De Lisle's speech. He says: 'This has helped industrial cities in the UK to claw their way back from industrial decline, universities.' That is not Guernsey. We have not got industrial decline. Perhaps it was right for some of those cities. We are, in my view and in States policy terms, over-populated, we are over-developed and, as my colleague next to me used in the previous debate... over-employment. So what are we doing looking at a university which is going to bring so many people into this Island?

2605 Paragraph 2.2 says the impact would be far-reaching throughout the community. I think there are a number of quotes in the Report which sum it up and that sum it up more than anything. I mean 2,000 students? Even if 10% came from Guernsey, we are talking about, as you say, 1,800 units of accommodation. We are struggling to meet the accommodation needs of our existing community. Do we really want that sort of development in Guernsey and, as Deputy Le Clerc said, including possibly some of them bringing their families?

2610 They said they will need 17,000 square metres of teaching space and admin space. I asked an estate agent roughly what that is. If you think of Elizabeth House which is next to Frossard House, that will be nine of them that they would require and all the parking and infrastructure around them. Is that what we want on this Island?

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Jobs – in paragraph 6.1 it says there will be 60 admin jobs for 1,000 students, so I will double that up and say 120 admin jobs for 2,000 students. But think about the effect on the infrastructure, the services in this Island. Deputy Le Clerc mentioned medical services. Rubbish, transport, water and electricity for those extra people. Is that what we want? Is that how we want our industries developed? I really do not think this is right for Guernsey.

2620 It was interesting, I looked through the Oxford Economics Report, which was a recent report done which looked towards an economic development strategy for Guernsey. Did they mention a university? They mentioned a GTA for education for local people. There is no mention of it. This is not the right development for Guernsey.

2625 In the questions and answers sent to us it mentioned it would be contrary to the cycle of the tourist industry because they said they only operate for nine months, but then they talk about summer schools and summer conferences. Most universities, in order to exist financially, need to be open all year round. Anyway our tourist industry, if you look at the figures, does not operate just for three months. There is a graph of the months and the tourist season is far wider than three months.

2630 I think we need to look for low impact businesses. This would have a very significant impact on our Island. However desirable a university might be, the effect just cannot be justified. I cannot vote for this and I go back to what I mentioned at the beginning: the impact would be far-reaching throughout our community. I would ask you to give a very clear indication today and vote against these proposals.

2635 Thank you.

The Bailiff: Deputy Lowe then Deputy Hadley.

2640 **Deputy Lowe:** Thank you, sir.

I would like to congratulate Deputy Conder on a cracking speech, (**A Member:** Hear, hear.) an absolutely amazing speech and such expertise here in this Assembly that has not been utilised. Because *if* Policy Council had actually had the decency to call in a professor... his subject matter, into Policy Council and discuss it before we had this Report, we would not be in the situation where we are faced today of a non-starter, as far as I am concerned. Because why should we be considering staff going off to look at something when, after hearing from a professor, the requirements that are needed for a university and to qualify for a university... that will not even tick the right boxes because you need 4,000 and all the other criteria that such expertise has given to this Assembly?

2645 We had the same position which took a couple of bites of the cherry with Deputy Le Liè vre yesterday and eventually the States Members, thankfully, with a resounding vote, supported Deputy Le Liè vre. We have here one of the most well-respected professors as a States Member – well-respected in the UK.

2655 We have gone forward with the GTA, only thanks to Deputy Conder when he was head of that and was congratulated many times, and it was an honour to be at some of the presentations where professors came across and were in high awe of Professor Conder. Yet nobody on Policy Council has seen or thought about getting this gentleman in to say, ‘Hey, we’ve been approached, what do you think? Is this a good idea? Can you guide us?’ because, if you actually look at the recommendations that they are asking the States to approve and you look at the two amendments, none of them fit the right criteria for the States to come back and make a decision as to whether we would have a university or not.

2660 So all the high risk matters that have been brought to our attention by Deputy Conder will not actually affect any of this here. They are out of the equation for what we have actually got here because Policy Council are only asking us:

2665 ‘To direct the Policy Council and any Departments that may be affected by the concept set out in this Report to report back to the States should they have reason to consider that any significant policy changes are required in order for a Guernsey based University.’

2670 So it is only about policy. That is the only route that you would have it back – if it needed policy changes, for it to come back into here. If it ticks the boxes you will not be able to have another chance at that because that is all they are asking us to do and the amendment is to direct Policy Council to make sure we are well-regulated but, as it cannot actually tick the boxes to start with to get up and running, this is much further down the line. It is almost not needed – listening to the expertise, which I thank him for.

2675 The other amendment is to direct Treasury and Resources to report to the States on financial cost implications of the establishment of a Guernsey based university. How it proposes to mitigate

such financial cost implications. Again that does not really give you the opportunity to approve whether you think a university should be here on Guernsey, with all the high risks that have been expanded on.

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Deputy Stewart said, 'Are we going to send the message out that we are open for business?' That is fine but at what cost? What cost to the Island if we actually send out a message that we have here, before us today, to approve in principle the concept of a university, that the list – and I gave up writing all the high risks involved with it and the areas that they did not even comply with and I gave up in the end because I thought this list is too long. Yet when you go on their website, I have had it pointed out to me – I have not been able to open up the link, but other Members might have been able to do so – it is almost a given it is going to happen and that concerns me too. I just wish the 3G or the website was working better in here so that we had a better connection and I could actually check that out, but that is what I have had pointed out to me.

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So I do not think that is actually what we want. I was hoping that after hearing Deputy Conder, this Report would be pulled or *sursis* until we have actually got proper, well-informed information before us to even get off the starting blocks, and that has got to come from the university. I know some will say, 'Actually that is what this Report is all about. Go out and have a look,' but it is not. Read that wording. It is not at all and I do not think we should be in a situation today where we are going to be sending staff off to waste time on something that is not going to be ticking the boxes for a requirement to be a university.

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We heard yesterday from many of you, and indeed reiterated again today by the Minister of SSD, after that successful amendment it was actually said we do still have concerns about resources. Where are all these resources going to come from? Deputy Stewart said, 'It is going to need lots of resources. That is okay. It is all going to come together all of a sudden.' I do not know where these resources are coming from because we do not have the spare resources anymore. Those days are gone and there are higher priority things I think that we have got on all the various Departments that need to be going forward before you are actually spending staff time on this... that does not seem a particularly good project.

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I concur wholeheartedly with Deputy Dorey about the population and we are starting to get the e-mails regarding population. Just wait until the Report comes back. Then you will have a lot of e-mails about the population. As he rightly says, we are having trouble now to accommodate and find accommodation for those living on this Island, let alone finding the accommodation for a couple of thousand people coming over here and where all these disused hotels are, that would accommodate 2,000? I do not think so. I do not know where he has found those or where he is going to find those.

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I was disappointed as well to say we have only got one leg of our stall – the finance industry. Coming from the Minister of Commerce and Employment... Can I remind him that we have actually got a very vibrant light industry over here in Guernsey and I am disappointed he has forgotten about that and that is his role under his mandate, to support light industry. We also do still have tourism, which again should be encouraged and under the mandate of Commerce and Employment, and should be trying to promote that as well.

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So I am not going to support this Report because I am not going to waste staff time and I had already come in here thinking I was 51% not going to support it – 49%, but I wanted to hear speeches and after that first speech that I heard today from Deputy Conder I am not going to support this and I ask other Members to reject it too.

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The Bailiff: Deputy Hadley and then Deputy Lester Queripel followed by Deputy Luxon.

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Deputy Hadley: There is a phrase, sir, fools rush in where angels fear to tread. I was sitting on the Policy Council when this was brought to the Policy Council by the Education Department and I described it as 'bonkers'. Then I suddenly realised that my friend Professor Conder was on the Education Department so I thought, 'I must be missing something. I have got something wrong here'.

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Incidentally, one of the reasons I thought it was bonkers was because when they presented this they said one of the things they were going to study at the new university was medicine. Medicine only means one thing; it means training doctors. It does not mean ancillary degrees for nurses or doctors or anything else; it means training doctors and if the presentation was that sloppy it makes you wonder about the credibility of the presentation and the credibility of the people presenting it.

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I would like to thank Professor Conder for an excellent speech. I have never heard, in my time in the Assembly, a Policy Council initiative so decisively rubbished and it does make me think, as I think Deputy Lowe said, why on earth Professor Conder was not asked to give a presentation to the Policy Council before it came to the Assembly.

2740 It has been said that we have only three legs to our economy by my friend this morning and this is perhaps another leg to the economy. However, you have got to think of what it will do to our economy and it has been mentioned we are by no means certain that this is going to have the economic benefits that it says. What we do know is that it is going to massively change the culture of this Island and a lot of people do not like having *me* here because I am from England (*Laughter*), let alone all the people from the Far East; and do not let us think that they are going to be here for a transitional period because inevitably a number of these people will settle on the Island. I am not saying that is necessarily a bad thing but I am not sure that the Island of Guernsey, knowing its dislike of English people, (*Interjections*) would take too kindly to the influx of so many other cultures to the Island.

2745 As I now delight in sitting on the Housing Board I do know, for those good people who think that we let everybody who wants to come into the Island come, we do not. I mean we are rejecting from time to time housing licences which I am uncomfortable about rejecting – people working in the finance industry – but we are obeying States Policy and I quite understand that. You know you do not always have to agree. I have got a job to do enforcing States Policy. So we do reject housing licence applications from people who want to work in the finance industry – the mainstay of our industry, an industry we know works.

2750 Yet here, we are going to be asked to grant more housing licences to people coming to an industry which is quite untried and it does make you wonder why we have got a population policy, because we are going to blow it through the roof. We are going to let 2,000 people on the Island. It is no good saying that they are going to be here transitionally. I mean at the moment people object to the guest workers we have on the Island and they *are* here transitionally and we know that a lot of those people stay on the Island. We are inevitably going to increase the population of the Island enormously.

2760 Even if they are here transitionally, housing these people... we are going to build 30 Cour de Parcs just to house the guest people coming to the Island because that is what it means; 2,000 people cannot be accommodated at the drop of a hat.

2765 Again, it has been said that this is another leg to some extent perhaps replacing the downsized finance industry, but let's remember the finance industry here exists because of the excellence of its international reputation, which is guarded very carefully by the Policy Council and the External Relations Group. It has taken a long time to build up the reputation that we have in the finance industry. Are you really going to risk the reputation of the Island by what can only be described as a rubbish application for a university?

So I urge Members to vote against the Propositions.

2775 **The Bailiff:** Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

2780 We do not get many opportunities to relate good news stories to the people of Guernsey but this is the second good news story in a fortnight. During the October debate, we had a good news story from the Home Department when they presented their amended Sex Offenders Provisions, (*Laughter*) because those amended provisions ensure that a much more robust system is now in place to protect our vulnerable fellow Islanders.

2785 That was good news story number one and this is good news story number two, because here we have a private sector group whose intention is to establish, fund and facilitate a Channel Islands University here in Guernsey, and the first question that springs to my mind is why would we not support this? Because I think it is just what the Island needs. It is just what our economy needs. In fact, in the last paragraph on page 1735, our own States Economist tells us that students and staff from the university would quite possibly boost domestic spending in the region of £25 million a year.

2790 That is a considerable amount of money at a time when we need to establish new avenues of income and if Members turn to page 1735 and 1736, sir, they will see a whole list of the areas where staff and students are expected to spend their money. That includes coffee shops, bars, bicycle shops, buses, taxis, restaurants, bookshops, food outlets, gymnasiums, hairdressers, bookshops – I said bookshops twice, sir, because I like bookshops – (*Laughter*) the airlines and ferry operators.

2795 There is almost a whole page full of job opportunities on page 1735 that would be created if the university were to be established here. Those job opportunities include chefs, restaurant managers, librarians, security guards, sports instructors, tutors, cleaners, IT managers and career advisers. We need more jobs – well, here they are. We need more money in the Island – here it is.

2800 Some of my colleagues, sir, will no doubt be concerned about the impact on our population. Well, I have no concerns about the impact on our population whatsoever because the idea is to phase in a university and build up to approximately 1,000 students over five years – possibly 2,000 over 10 years. Well, I view that as being akin to all year round tourism, because the summer term finishes in June, by which time we will be welcoming tourists to the Island and the students leave the Island to return to their homes. The autumn term starts in October, the students return to Guernsey as our tourist season comes to an end. So it all dovetails in quite wonderfully in my view, sir.

2805 Plus, up until recently – (*Laughter*) I will wait until the euphoria dies down, sir – (*Laughter*) we had several thousand tourists coming to Guernsey every summer, but nowadays we do not get anything like those numbers, unfortunately. We also have to bear in mind of course that the majority of students will probably return to their homes during the Christmas and Easter breaks as well. So it is not as though – as Deputy Hadley was alluding to us being overrun by 2,000 students – we are going to be overrun by thousands of students all year round.

2810 Focusing for a moment on our infrastructure, I cannot see any problems at all with carrying on with our infrastructure simply because we will have a university in Guernsey. It is not as though we are being asked to support establishing a university with 5,000 or 10,000 students and anyway our Public Services Department have an ongoing programme of works to maintain and improve all aspects of Island infrastructure. So I cannot see any problems with population. I cannot see any problems with the impact on the infrastructure. In fact, I cannot see any problems occurring due to the Island supporting a Channel Islands University at all.

2820 To pick up on Deputy Conder's concerns, I appreciate we know very little about the credentials of the private sector group themselves, but I think we have to bear in mind that if the university were to fail, for whatever reason, it would also be their heads on the chopping block, their reputations that would be tarnished and their future involvement in any other projects and businesses put under the microscope, all their efforts come to nothing and presumably all their money is gone. They certainly will not want that to happen and I have every faith that the private sector group involved would do their utmost to ensure that the university is as successful as it possibly can be.

2825 The name of Lord Digby Jones has been mentioned already this afternoon by Deputy Stewart and to conclude, sir, there was an article in yesterday's *Press* – naturally, I have it here – headed: 'UK business guru Lord Digby Jones lends his support. University plan an opportunity to be grasped'. Well, if it is good enough for Lord Digby Jones, (*Laughter*) and it is good enough for our economy and it is another good news story, then that is good enough for me, sir, and I think it would be a big mistake for us to not support this proposal.

2830 Thank you, sir.

2835 **The Bailiff:** Deputy Luxon then Deputy Dave Jones.

Deputy Luxon: Mr Bailiff, wow, what an opportunity! Good old Guernsey: 63,000 people, 25 square miles, 40 miles from France, quirky, unique, parochial and a Guernsey-based university as a possibility. Who would have thought of it as an option?

2840 It is a possibility, but only a possibility. Why wouldn't we want this option, this initiative, to be explored at no direct cost or burden to the States of Guernsey's finite resources? What a deal – a no risk concept that may turn into a reality and it may not turn into anything but why don't we allow and see where it runs? (**Several Members:** Hear, hear.)

2845 Tektronix, banks and finance institutions – too many to mention, Specsavers, Healthspan, Healthy Direct, Sportingbet, Vets4Pets, Moonpig and, sir, no, I do not have a conflict, I do not sit on any of those boards... but great successes that have contributed to this Island over 30 to 40 years. Aren't we lucky that they came to this Island? Aren't we lucky that somehow Governments at those times allowed these businesses to start to flourish, to employ and to help our Island economy? Who is to say – and I would ask through you, sir, Deputy Conder – that if this university did happen that it might just be the next success? I am sure that Deputy Conder would recognise it may well, in spite of many of the concerns that he so eloquently expressed with us, for which we should all be grateful... but this, if it did happen, could be Guernsey's next big success.

2850 It might not happen. It might happen and it might not be a success. But wouldn't Guernsey want to at least give itself the chance to explore this option brought to us by people with credibility who have an idea, who have a concept, who have chosen this as a possible location for their business? We should welcome these opportunities with open arms and I am not disregarding many of the concerns that Members have raised that are perfectly appropriate and reasonable to mention, but let us see what happens first.

2860 Sir, Deputy Conder's speech was excellent. There are thousands of business start-ups every year around the world and many experts, with detailed knowledge of the particular sector those businesses start-up in, make decisions. If they always got it right and if Deputy Conder's concerns were right then of course nobody would ever lose any money, but the reality is even with great insight and with great knowledge – as Deputy Conder has – he might not be right that this university concept would not work here in Guernsey. He may be right, but he might not be right.

2865 Deputy Lowe talked about the waste of States of Guernsey staff time. Well, the recommendation asks for a few Members of the Policy Council, appropriate Ministers, to liaise with these people. These people did not need to come to the States. These people could have engaged with each of our different States Departments on matters of planning, housing and the rest, so staff time could have been consumed anyway and maybe regardless of what decision we make here today. So I do not think that we need to worry about the distraction of staff time because it could have happened and could happen anyway.

2870 Sir, Deputy Hadley wondered why it was that the Policy Council did not consider inviting Dr Conder, in that role, to come and present. Well, sir, the Education Minister and his Chief Officer brought this proposal to the Policy Council and of course he will have had dialogue with his Education Board, so the Policy Council reasonably could have assumed that Dr Conder, or Deputy Conder, would have submitted his thoughts or provided his thoughts; but maybe it was a missed opportunity. But it is not too late.

2880 **Deputy Conder:** Sir, just a point of clarification. I did.

Deputy Luxon: I am grateful, thank you Deputy Conder, I am sure you would have done.

2885 But, sir, it is not too late. It is not too late to benefit from the insight and knowledge and expertise – and Deputy Conder shared it with this Assembly here today. We benefit from his great knowledge and expertise. He might be right and he might be wrong.

2890 Sir, part of our renowned Guernsey character is a preparedness and ability to sniff out new business sectors. We only have to look back through the many generations of new businesses that have come to this Island, that have helped us prosper and grow, to find ourselves in the current economic and stable condition we are in now. Over hundreds of years our forefathers have taken chances, have taken risks on an international scale. We have done many things that spread way beyond these shores.

2895 This is a possibility as one of those next opportunities for Guernsey and all I would say, sir, is let us support it being looked at. Unlike Deputy Lowe's view that it was a 50/50 call and that now we should actually dismiss it, kick it down the road or whatever the expression is, I would urge Members not to disregard Deputy Conder's words of warning, not to ignore many of the comments made by many senior Deputies here, regarding some of the impacts on housing, on population, but let us explore it.

2900 This decision would not be giving any permission to anything happening, other than allowing this to run its course. Let us give this new business opportunity a chance. Let us try and grow our revenues. Let us try and generate sufficient surpluses so that we can get busy doing what many of us want to do which is to look at some of the real core key Social Services areas that can only happen... with two words to go. Is it just a minute where you have to be talking, as the Budget goes? *(Laughter)*

2905 **Deputy Fallaize:** I thank the Deputy for giving way.

2910 Could he just confirm then, in view of what he has said, what he believes is meant by the Proposition, 'To agree in principle and to support and encourage the development of' etc, because he appears to me to be speaking to a Proposition which might read something like, 'To explore the development of the university'?

Can Deputy Luxon please advise the States what he actually thinks is meant by, 'To agree in principle to support and encourage the development' etc?

2915 **The Bailiff:** Deputy Luxon.

Deputy Luxon: I will not repeat the words, but I think Deputy Fallaize is exactly right when he reads out what the words say. I completely support and endorse that. If you look at the Report, it recognises that the people behind this concept know that there are hurdles that they are going to overcome and it recognises that there are several potential bare bits within the Report because they need property and it is not clear about where that property will come from.

2925 So this scheme could well fall. The investors, the proponents, may well not take this through to its absolute completion because it is a concept at the moment, in my read, sir, and this Assembly is being asked to support the principle of it – to not, not support it. But that – Well, sir, through you, Deputy Fallaize asked me what my read... I have just tried to explain my understanding of it and if that is not acceptable to Members I accept that – but, sir, I was about to finish, to say, let us at least give this an opportunity.

Thank you, sir.

2930 **The Bailiff:** Deputy Dave Jones then Deputy Paint and Deputy Gollop.

Deputy David Jones: Thank you, Mr Bailiff, Members of the States.

2935 Well, I first heard about this idea, it must have been 12 years ago, from Dr Heinz Wolff who came. Do you remember him? He was the German fellow who has got the hair – (*Laughter*) I have got to be careful. He came (*Interjection*) to oversee a G-MEX challenge which I was invited to, where students bombarded us with water and he then said, ‘What an excellent place,’ then, in those days, ‘for a university’.

Can I just take us back to the Billet and I am just going to read what 3.4 says.

2940 ‘It is important to stress that the purpose of bringing this matter to the States is not to enter into any detailed agreement or contract with the providers or to discuss the merits or otherwise of the detail of their business case, rather it is simply to establish whether the overall concept is something that the States of Guernsey believes it should seek to encourage or conversely would find incompatible with any future vision for the Island.

2945 ‘Furthermore, regardless of whether this particular venture proceeds, States support for the concept will provide an important starting point for discussions with other potential providers in future.’

2950 So this may not even get off the ground. The people may walk away and I simply do not accept Deputy Lowe’s idea – and I thought that my good friend Deputy Conder made an excellent speech too – that a smaller university of 2,000 would not be successful. Elizabeth College is a hugely successful college. It has 500 students. It has students from all over the world. So it is a nonsense to say that it could not be successful because 4,000 is the critical mass that it would need. I do not accept that.

The other thing is, I would go back further onto the Billet which is 4.1 and I will read this –

2955 **The Bailiff:** Deputy Conder.

Deputy Conder: A point of clarification. The minimum for recognition as a university is 4,000 at the moment.

2960 **Deputy David Jones:** In the UK.

Deputy Conder: Indeed, in the UK, yes – I made that clear. We can call whatever we want a university but I would just like to clarify that point.

2965 **The Bailiff:** Deputy Jones.

2970 **Deputy David Jones:** In the UK. But I do not know anywhere in our Constitution as an Island that we cannot recognise a university – this Government, this Island cannot recognise a university that has less than 4,000. I care little what the UK think about us (*Laughter*) or what they have got to offer and, just for the benefit of the Minister of Commerce and Employment, we are not in Great Britain. (**A Member:** Hear, hear.) Thank you. (*Interjection*) No, in your speech you said that we were.

Deputy Stewart: Did I? Well, apologies. It was a slip.

2975 **Deputy David Jones:** Okay.

4.1. The title of 4.0 is ‘Why Guernsey is a Location’ and 4.1 goes on to list some of the reasons that the organisers have identified. They:

2980 ‘have identified Guernsey as an ideal location for such a venture for a number of reasons including our geographic position in relation to Europe and the United Kingdom with good transport links enabling students from further afield to reach the Island. A key consideration is the fact that Guernsey is an English speaking location but not part of the UK.’

Minister of Commerce.

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‘However, in addition –’

Deputy Stewart: It was a slip.

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Deputy David Jones:

‘ – the unusually safe and stable environment which Guernsey represents, makes it particularly attractive to students (and their families back home) who seek assurance that their studies can be pursued in a place free of the stress’

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– come and talk to me sometime – (*Laughter*)

‘and safety issues often present elsewhere. This is particularly attractive for overseas students. Furthermore, Guernsey offers further possibilities in terms of the following disciplines,’

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and it goes on to talk about the academic disciplines.

So we are not asking anybody to enshrine this idea in stone today, merely to pursue what the Billet has said and I would expect – and Deputy Fallaize’s interruption to Deputy Luxon – I would hope that the Policy Council would pursue any ideas that will bring business opportunities to this Island. The idea that the finance sector is going to be here forever, I would suggest we need to think very carefully. We will look after it and we will nurture it but we have no control over it.

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Whether the finance sector stays in Guernsey, those decisions are made in offices in Zurich, Singapore, London and elsewhere; they are not made by bank managers in Guernsey. So we have to be very careful by keeping our eggs for too long in one basket and we have to look at the opportunities that may arise. This may not even fly but it may do, Deputy Conder’s comments notwithstanding and I am sure that if we start to get into the finite detail with the organisers of this project then Deputy Conder will come on board with us and point out clearly some of the pitfalls and some of the issues that have to be addressed. I am minded to look closely at the amendments that Deputy Soulsby has brought forward, in order to see whether they give us a sort of belt and braces to make sure that happens.

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We talk about accommodation. You would expect, as a Housing Minister, I would be terrified of the concept of 1,000 people coming over five years and possibly 2,000 over 10. I am, in that regard, but look at it from a different angle: student accommodation can be many things. There are many households in Guernsey who would probably take a student or two. I do not know. These are just ideas. There are thousands of households. I was speaking to one of my neighbours yesterday who has potentially a five-bedroom house and saying, ‘I wish I could downsize but you know the cost of property.’ There are quite a few households.

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What about Alderney? We keep forgetting about Alderney as part of the Bailiwick. There is huge potential up in Alderney for a campus, for having an oceanographic institute, for all kinds of... So you know we are talking about 2,000 people spread amongst the Bailiwick. Of course there is a problem with the transport links between the islands but if it was a viable proposition and you had a large accommodation block, perhaps even Fort Tourgis could be, I do not know. I am trying to think about ways that we could adopt something that might help our economy without putting too many hurdles in its way; and, as I say, maybe Alderney could have a part of a piece of an oceanographic institute, or whatever it is called up in Alderney, as part of this university. I simply do not know. I am not an academic, as you may have gathered. (*Laughter*) I went to the same school as Deputy... (*Laughter*) – it has momentarily gone – Deputy Stewart, in that regard.

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You have also got to think of many of the other positives. Our air links and our sea links need supporting. For too long they have been under threat because of the lack of footfall that we need to keep our transport links going, and we are about to make, I hope, the proper decision concerning our own airline in order to try and keep that viable. So we have to look at these things and also the amount that this could contribute to the economy as a whole.

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Also, we talk about the population numbers and it is a real and valid... I thought that when the Deputy Minister of Housing went to the Policy Council he was there to represent the views of Housing but I do not think on that occasion he probably did but – (*Laughter*) that is fine, he was there –

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Deputy Hadley: Correction, sir.

It has not been discussed by the Housing Board and I suspect if it was, my view might prevail.

3045 **Deputy David Jones:** But I gave you my opinion before you went, (*Laughter*) so... but listen, seriously, I suspect many of these students will want part-time jobs. Imagine if that is the case, we could seriously start looking at cutting back on short-term permits given to guest workers. When people say, 'Oh, there are all these licences,' there is an upside to this as well. Students, when they are at campus and at university, like to work in the hospitality industries and many of the other

3050 industries – the very industries that we are giving lots of licences at the moment; short-term licences soon to become permits, if we ever agree. So there could be a real trade off in that sector in terms of reducing the number of short-term permits, because we will not have to give them any more because we will have lots of bodies on the ground, so to speak, who might be willing to do some of those jobs.

3055 So please do not dismiss this out of hand. I have as many worries as you do, I think, in terms of quite how all this is going to gel together and this is going to fit, but we do not get an opportunity coming along like this every day. I know Digby Jones very well and I bumped into Digby at the UKIP Conference two weeks ago, (*Laughter*) where he gave a keynote speech on the ruination of European Union Regulations to British business and industry. He has finally come round to my way of thinking (*Laughter*) but he, again in a conversation I had with him there about this, said it is a golden opportunity for Guernsey to do something that is not finance-related.

3060 If we have this university, and it really does bring in the sort of incomes and the connectivity that we need, it cannot be interfered with by the EU or the OECD or the International Monetary Fund or anybody else. It will be a business that is completely outside of the tentacles of these interfering officials from all across the globe who are envious of our position and want to try and shut us down at every given opportunity.

3065

So I ask you to keep an open mind on this. We are nowhere near ready to say, 'Yes, we are going to start putting blocks in the ground,' but as a concept, as an idea, I ask you to support this Billet.

3070 Thank you.

The Bailiff: Deputy Paint.

3075 **Deputy Paint:** Sir, I was not going to speak but I have to take exception to what my very good friend Deputy Hadley... who appears to think that foreign people are not wanted or welcome here.

I have to say that I have many good friends who come from many places overseas living on the Island today, who I welcome – including Deputy Hadley – or at least I thought I had. (*Laughter*) We cannot give the impression that some have today, that we are against bringing business in any way. It is our lifeline to the future.

3080 I very much appreciate Deputy Conder's input into this but I believe that we have to at least look at this or we will be failing the Island's people. (**A Member:** Hear, hear.)

One thing that has not been said is why the university did want to come here? It is because it is a relatively safe place to live, where other places are not so safe for students.

3085 If we are not prepared to look at another possible opportunity to assist our finance industry, we may become lost in many ways.

Thank you, sir.

The Bailiff: Deputy Gollop then Deputy Duquemin.

3090 **Deputy Gollop:** Thank you, sir.

I first went away to university in England just after my 18th birthday and I found it a culture shock because – Members might be surprised to hear this – but I was a bit immature (*Laughter*), but nevertheless it was a very interesting time. It is true the cleaners went on strike, but that is another story. (*Laughter*)

3095 I think though, you have to bear in mind that there is a lot of additional work to do with a university and I actually studied... I nearly went to Birmingham University but I ended up going to Canterbury. Canterbury, at one level, is a world famous city because of its ecclesiastical history and its headquarters of the Church of England, the Episcopalian Anglican Communion. But actually on another level Canterbury is a very small place. Although its total borough population is just over 100,000, the city itself was not much bigger than St Peter Port and St Martin's combined, in population, and it had a university established since the 1960's.

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One very small place, barely a town, that for many years had a successful university college – and I met teachers and have been taught by teachers from this college – is Lampeter, a small place in Cardiganshire, Ceredigion.

3105 Looking on my little gadget, I decided to look up Buckingham University again. Buckingham
University is not university-acclaimed because it was the first private university in the UK, and it
had a conservative, right of centre, libertarian economic and political bias. It went for a different
model of education but I have met many successful people who have done graduate or
3110 postgraduate degrees at Buckingham, including people who have been successful in the Island's
offshore financial sector.

Its total number of students, according to what is here, is only 1,507 and 1,017 postgraduates –
and this is an institution that has been around for nearly 40 years. It has 97 academic staff and 103
support staff. Lord Beloff was successfully involved with it and former Chancellors include Lord
Hailsham, the longest serving Lord Chancellor of the past century, and Baroness Thatcher, the
3115 longest serving Prime Minister of the previous century. Whether you agree with them politically or
not is not the point. It has been a successful institution in its own way.

I happen to think that Bournemouth has been particularly successful too. It does have a world
class reputation in tourism, in finance, in public relations, and I have even met people from Turkey
who studied at Bournemouth University in preference to their own neighbourhood universities.
3120 But it is a different model, in a different kind of place. Bournemouth is a metropolis of 200,000
maybe 300,000 people. Buckingham is actually a place a lot smaller than St Peter Port in itself,
and, of course, not far away is the Cranfield Institute of Technology – another very successful
institution in a small place.

So I have every confidence that this model could work. I accept what Professor Conder has
3125 said. In fact, over the years, I was so tempted to do many of the courses that he pioneered as Chief
Executive and Vice Chancellor of the Training Agency; and the Training Agency – the Guernsey
University, whatever – has a different model again, a unique model, because it brought over some
of the best courses offered by various diverse United Kingdom universities and it succeeded, when
many people thought that it would not, in becoming a vital part of our training, skills development
3130 and infrastructure, for both the private and the public sectors.

This is a different model. I suppose the slightly more cynical part of me sees the attraction of
Guernsey, not just because of its unique political, constitutional, historical and safe situation, but
because it is an off-shore community. I do not think we actually want to heavily over-regulate this
entity initially. One looks at the success of Guernsey's industries – the privateering industry of the
3135 past centuries – and it has to be said the early years of the finance sector – perhaps in the 1960's,
1970's and arguably the 1980's... it grew in Guernsey because it offered high quality services but
without the dead hand of heavy regulation found in larger nation states.

That does not mean to say the quality was bad or many, if any, improper things occurred but I
see that as a parallel and where we could go wrong in Guernsey is by introducing any form of
3140 regulation that is appropriate for a country of 60 million. In actual fact, if you look around the
world, the United States – at least in some states – allows all kinds of perhaps slightly curious
institutions to award degrees, and the universities. That is not the British model and probably not
the mainstream European model but I think Guernsey has to trust the professionalism of the people
concerned – and I think we know one or two of them already who have been involved with local
3145 training organisations and committees – and hope for the best.

I am tempted by one of the Conder/Soulsby amendments for a further report on regulation and
yet I do think that it would be a bit of a wet fish in the equation; and I have to rule out the other
amendment, to support, because clearly another report about the long-term economic
consequences would be extremely abstract, hypothetical and would not move us any further
3150 forward from where we are.

I listened to what Deputy Queripel says and actually agree with his analysis because his points
on tourism are precisely right. We have a population – in a good year – in August, 8,000 higher
than our January population. The reason it is 8,000 higher is a combination of visiting friends and
relations, tourists staying at hotels etc and guest workers. So our population is not the static figure
3155 we imagine it to be. We have heard, sadly, that Alderney's dropped 400 to 500 a few years ago
and part of this proposal envisages a marine or similar facility in Alderney and that can only
benefit our economy.

The emphasis in this Report is not so much on medicine, which admittedly would be testing for
Guernsey or Jersey to facilitate and probably unrealistic even in the medium-term, but it is on
3160 humanities and that would bring forward maybe theology, philosophy and art, which would embed
the cultural industries Deputy Stewart has referred to and spoke at a conference about. Indeed, the
proposed Vice-Chancellor, who is not named in the Report, is indicative of somebody who is a
professional theologian and has a long association with Cambridge and top European universities.
We therefore have an assurance that they are not just picking characters out of the sky. There was

3165 a quality threshold that is certainly being approached and this is just a proposal rather than a certainty.

I do accept that there will be significant policy implications for such things as planning and traffic and it will also stimulate and transform, in one way or another, our accommodation sector. Maybe Deputy Jones is right, that we might see a reduction in guest workers and more students, but the students would enrich our cultural life, would bring different perspectives, would generally behave well – although sometimes young people who are not students are regarded as vandals and students can get away with things in some ancient university cities but, generally speaking, we will trust that their behaviour will add value – and they certainly do contribute to the economy, despite the arguments Deputy Soulsby made about an American state.

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3175 One only has to look at all kinds of cities in England that have gone down that route. Lincoln was a late starter but has added itself. So have towns in Cornwall and universities are one of the European growth industries. We might save money too in our developed exports.

I think one misunderstanding that I have come across amongst the community in Guernsey which has coloured this debate a little bit is the fallacious view that it is an alternative to a tertiary college or an alternative to people seeking undergraduate courses in the United Kingdom. It is not. People should and could choose whatever courses suit them best and I also believe that for many Islanders a time off-Island is an important experience.

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3185 It is not specifically designed to be a cheap alternative for Islanders. It is a revenue earner, an income generator, a business that will enhance the Island 12 months a year and will, I think, not only embellish what we offer in the off-shore financial and legal sectors, maybe training more specialist lawyers too, but will add significantly to creative industries and the possibility of alternative energy becoming a reality.

I think we should give this the benefit of the doubt and support the Report, really, unamended.

3190 **The Bailiff:** Deputy Duquemin and Deputies Sherbourne, Kuttelwascher and Langlois.

Deputy Duquemin: Thank you, Mr Bailiff.

Sir, the first that I learned about this idea was at the presentation at the Grammar School on 4th September and it was very interesting that on the way, walking through the lecture theatre through the corridors, I met one Member of the Policy Council and I said, ‘Oh come on, let the cat out of the bag. What is this all about?’ All he said to me, sir, was ‘Darren, I will not spoil the surprise but let me tell you this is right up your street,’ and I think he knew me well. I think, partly, he knew me well because I would like to say that I am fully signed up to the glass is half full, rather than the glass is half empty brigade, which I think in Government, particularly at this moment, we certainly need to be.

3200 I think, to add to Deputy Luxon’s speech, we can particularly be a glass half full when somebody else is buying the drinks because it is... as the Report clearly states, the actual costs – and the Chief Minister also mentioned it at the outset – are being borne elsewhere.

3205 I will also start by turning back the clock, like Deputy Gollop did, and talking about going, as an 18-year-old, to college in the UK, because I left Guernsey in September 1989 and headed off to do a media degree; and the place that I went was, Deputy Conder, the Dorset Institute of Higher Education. It is interesting because in the four years that followed, when I not only was studying myself but also met my wife there – I was doing the media course and she was doing a business course – as Deputy Conder mentioned, the very quick growth of the university or what was the college at this time... It started as the Dorset Institute of Higher Education when we both enrolled in September 1989 but by the time my wife graduated, in July 1993, her degree certificate was from the Bournemouth University. So I think the story that Deputy Conder recounted in terms of experience, for me... and I would turn some of his comments around 180 degrees and say it shows to me that there is an opportunity – things can happen very quickly and they can make a big difference.

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3220 The team at the Dorset Institute of Higher Education back then had ambition. They were opportunistic. I think back to the fact that they saw that there was going to be a growth in, as Deputy Gollop mentioned, PR and media, but also in terms even of business, nursing, tourism, etc. So I think what it does show to me is that there is the potential for something to happen and happen very quickly. But, as has already been said, I think the presentation that was given to us by the investors in this opportunity... certainly are not expecting it to happen overnight. They are certainly not over-promising. Possibly I think they want to under-promise and over-deliver.

3225 I think, with that in mind, I would like to recount a point that I made on that night, 4th September, where it is very easy for us to stand here and debate this and talk about problems with law and order or traffic or health or the Hospital because of these, potentially, 2,000 students being

here. But I asked this question, and I think it is to develop a point that has already been made by Deputy Lester Queripel: if it had not been a university that had been presenting to us at the Grammar School, it had been a tour operator looking at developing our shoulder month business in Guernsey and they said – just for arguments sake, say it was Thomas Cook – ‘We are looking to bring over 50 people per week into your shoulder months initially but we want that to rise to 2,000 in 10 years. We would say, ‘That is great. That is fantastic,’ because, obviously, and for me it does not matter whether they are here for nine months or they are here for a week and it is multiplied by all those people. It is a critical mass, which is a good thing in terms of the number of people that would be here, as we said, spending money in restaurants, in shops etc.

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3235 I also, anecdotally, and it would be... I mentioned one of my nephews earlier this month at Imperial College and I will mention my other who is at Plymouth University. The fact is, my sister goes to visit him probably twice a year and spends lots of money in the restaurants in Plymouth. She has already got a favourite place she stays. She has already got some favourite restaurants she goes to. This is a win-win situation. Not just for those students, but for parents (**Several Members:** Hear, hear.) and family, and I just cannot be more excited about it.

3240 In terms of the Billet document, I too was drawn to 9.3 and the figures that the States Economist has mentioned, and I would ask anybody who has any doubt as to whether this should go to the next stage to read that paragraph or that... it is eight lines, that talk about the spending being in the region of £25 million annually and we have got a fantastic cruise industry with the cruise passengers spending money in Guernsey, and I do not think that should be under-estimated. But the final paragraph, where it talks about the £25 million, says it would, ‘... be in the region of a multiple many times more than the total cruise liner visitors per annum’. We are talking about potentially big gains.

3245 Before I finish, sir, I would just like to pick up on a couple of points that have been made, firstly by Deputy Conder. Deputy Conder mentioned the fact that the initial presentation from Susan Jackson Associates was fairly light on detail. I accept, from having witnessed the presentation, his concerns but, for me, I think they were probably playing their cards slightly close to their chest in terms of revealing some of their partner organisations around the world that they would work with, in terms of their partner universities. But I think they did let slip, on a couple of occasions, at least two or three very respected university partners that they would be partnering with, and that certainly gave me comfort.

3250 Deputy Conder also talked about the critical mass and the fact that it would not reach the 4,000 and he very honestly accepted that that was the UK guidelines – nothing that we would necessarily have to adhere to in Guernsey. But I think maybe the word ‘boutique’ university is new and is different. That is not to say that new ideas and a different way of doing things will not work and will not work well. I, too, would possibly rather it be called the Guernsey University than the University of the Channel Islands. I think it would be great if there was a Guernsey stamp on things. Sometimes when you put the name Guernsey on things it really does make a difference, (*Laughter*) but also I think the University of the Channel Islands may be relevant because I think we should not under-estimate the Alderney factor, with the marine college in Alderney, which is great and I think that is something that should be supported.

3255 Finally, I think Deputy Mark Dorey spoke about it being very far-reaching. I think I will finish on this point because in many ways he mentioned the word ‘far-reaching’ as though it is a negative. I say, yes, it is far-reaching but it can be far-reaching in a very positive way. So I actually like the fact that it is far-reaching and I think that is great but maybe, sir, that is because my glass is, hopefully, always half full.

3270 Please support, with the amendments, this policy letter so we can take it to the next stage.

Thank you, sir.

3275 **The Bailiff:** Deputy Sherbourne.

Deputy Sherbourne: Thank you, sir.

I have got a problem with this. I want to support anything that is going to generate income for this Island and I am a supporter of any initiative that would be in the interests of our community but I do have grave reservations and I will try to explain why.

3280 I, too, am not an academic. I went to a school of hard knocks, like two of our Ministers, and so have not been privileged, I suppose, to experience quite the same educational opportunities as quite a lot of people here, but I try to make the most of what I have.

3285 The community listens on the radio to our debates now. It is a fact of life and it is very interesting, the odd responses that we see come in through Twitter. One regular commentator commented when my colleague Deputy Conder was speaking, suggesting that his speech up to

now – and then he clarified this a bit later – firstly, made professional sense and, secondly... that he is a party pooper. (*Laughter*) Believe me, Deputy Conder is not a party pooper! For heaven's sake, the man is a rock guitarist! (*Laughter and interjections*) The point is that the man also has had an incredible amount of experience in the development of the university opportunities for youngsters in the UK and we obviously will listen to that and take note of it.

I was privileged to have the presentation you had in September a little earlier on, in that the Education Board, as you know, had a look at these proposals and had an opportunity to meet with Susan Jackson. I was very impressed and, like Deputy Duquemin, very excited about the possibility generating a new leg of our environment, of our working environment, of our economy, but I was also very concerned at the time that, no matter what questions I had asked with regard to the way that this proposed institution might impinge upon our long-term tertiary provision in the Island, I have not yet had a satisfactory answer.

We already have very close links with at least four universities. The GTA has links with Bournemouth – you know that very well; the Institute of Health Studies, I believe – the University of East Anglia; Education – University of Brighton; and I am not really sure of the links for the Civil Service but I believe they also have links with the universities.

We have, over many years, developed close relationships with those universities and, as Deputy Conder explained to you, they could emerge and, in fact, it is part of Education's vision that they could emerge in creating a university college for this Island. So my dilemma is to try and understand what part a private university might make to that process and I have had no commitment yet from Susan Jackson Associates that that would actually happen. So I am concerned.

That might seem selfish. You might say, 'Well, he is only interested in Education's tertiary vision.' That is not true. I am very concerned about our economy and I do see this as a possible way forward.

On the other hand, we have had speeches this afternoon which indicate that we are only asking you to consider this, to move forward – 'Let us go to the next stage'. Well, I am sorry but the proposers have already indicated that they intend to start next September. They will be advertising very soon for students to populate postgraduate courses from September 2014. What time does that give Policy Council to actually give real, serious consideration to all the issues that my colleague has raised here today, to see the big picture? How does it fit in with the Island's provision, with its vision for the future for our young people? There are carrots being dangled: 'We will offer 20% reduction on fees for local students'. Great and I want our local youngsters to have the option of staying on Island and getting their degrees, as well as going away. It is their choice. I want that and so I will encourage anything that will provide that but it has got to be thought through very carefully.

I believe that Policy Council have been rather railroaded to the position we are in today. Perhaps the Chief Minister might be able to allay my fears in that way but it has been a fairly short timescale and, as I say, the main proposers intend to get going straight away. They do not look upon this debate as just, 'Okay, go to the next stage and develop'. They are looking for a green light to get going straight away. If you want to do that that is fine but I would urge caution.

I have had a request from one of my colleagues, one of our Members, to ask a question of the Environment Minister with regard to the procedures that may well be imposed on any request that you receive for a change of use of buildings. We are talking about finding accommodation for a lot of people and I believe that offices have been mentioned as student accommodation. Will they be subject to the same procedures as local applications? Are they likely to receive those permissions? I give way.

Deputy Domaille: With your permission, yes, they will be treated exactly the same as anybody else.

Deputy Sherbourne: Thank you.

There are quite a lot of issues in these proposals that need to be thought through and so I ask you to think very carefully before you give the green light to this. I certainly would like it to be discussed further but that is not necessarily the Proposition that is put forward to us today. As I say, it is the green light to a private organisation to go ahead with their proposals. That is what they are looking for.

Thank you.

The Bailiff: Deputy Kuttelwascher and then Deputy Langlois.

Deputy Kuttelwascher: Sir, I would mainly like to focus on the first of Deputy Soulsby's amendments and if I could just read it:

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'To direct the Treasury and Resources Department to report to the States on the financial cost implications to the States of Guernsey arising from the establishment of a Guernsey based University of the Channel Islands and how it proposes to mitigate such financial cost implications.'

3355 Sir, that question is already answered in our appended note and if I could just read out what it says:

3360 'The Treasury and Resources Department notes that there are no direct resource implications arising from this States Report as there is no intention for States funding, whether through subsidy or provision of resources or other direct involvement, in respect of the concept of a Guernsey based university of the Channel Islands.'

3365 There is another paragraph that expands on that, so this amendment, as I see it, is almost pointless because if it is passed there is nothing for us to do at this stage. I gather from the way Deputy Soulsby introduced it that she challenges whether or not there is a cost implication to the States, but that is not for us, at this stage, to determine. That is something that may come later down the road. We, as the Treasury and Resources Department, believe the 11 people who signed this Report. What is coming forward at this stage has no cost implications – end of story. So I cannot support this amendment.

3370 The second amendment, I think, is somewhat premature because the regulation would come further down the line if we go ahead with something like this project, so I also think that is an amendment we can do without.

So I will not support either of the amendments but I will support the two Propositions, un-amended.

3375 Thank you, sir.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

3380 Can I just start by reminding people of a few aspects of my background? I left university and went into industry and became, shortly after that, a qualified further education teacher. I spent some 15 years in further and higher education. I would not claim the same sort of detailed experience of the university sector as Professor Conder, which is probably why they do not call me a professor! But it was certainly 15 years well spent and a wide and extensive experience.

3385 I then formed a business for 25 years as a business consultant and one of our specialisms – about a third of that business for most of those years – was actually advising on the UK qualification system, dealing with extensive consultation within the university sector and higher education sector. So I am familiar with the territory.

3390 Sir, it has been quite a tough six days for some of us – six days of debates since the end of last month. Three hours ago – can I just remind you what happened, because maybe something happened over lunch to delete all short-term memory? – this Assembly heard impassioned speeches against one of Social Security's Propositions. I had to check, on the way back in after I had been talking to some pensioners out in the parishes just after lunch, that the economy was still in place, as to whether it was worth debating because I thought that by this afternoon everybody might have moved to Jersey – but no, of course they would not because you stopped the amendment! That is right, you stopped the Proposition and an SSD fund management move was rejected on the grounds that business was disappearing fast. Just how perverse can the States be today?

3400 Now we are hearing, and some are suggesting, that we give a very public cold shoulder to an entrepreneurial proposal in a specialist new sector for the Island. Just how two-minded and two-faced can we be? We are in danger of misreading the proposal and the stage that it is at. What this is *not*... This is not a planning application. My colleague has just confirmed that, but he has made another comment which I will return to. It is not a block application for housing licences; it is not a capital expenditure request from Treasury and Resources; it is not an application for licensing of a dodgy business; it is not an evaluation of a detailed business plan.

3405 If this were any other business of a similar size we would not be here discussing this. The request has been made, in my view, solely to ensure that the Government will be generally positive – a bit of a hope at the moment this week but nevertheless – to a risk-taking venture doing their own thing. That is what the request is. Of course, connections between Cambridge University

3410 and the Island Government certainly, obviously, have to be applauded because we have some very good examples of it around and about.

In a different field, sir, in 1984, two entrepreneurs bought a house on Fort George. Nobody questioned their right to start a business in one of their spare rooms. The term ‘joint venture partnership’, which is a sort of business franchise type structure, was barely known. In fact it was not known because it was invented on this Island by two people who saw a unique opportunity to structure a business in a particular way for professionals.

3415 Joint venture partnership, as a concept, did not have to be authorised by some Department or other that spends their time regulating things. I do not remember Specsavers ever asking for backing from the States. I do remember both of their founders and their later directors having a typically private sector moan about States regulation. What self-respecting entrepreneur would not moan about the Government on occasion? I do remember them creating community involvement of a kind that Guernsey has never seen before. They took risks and they grew the business within the opportunities and constraints of the Island.

3420 They competed with the finance industry for finance staff and by 2011 Specsavers grew to employ 30,000 people worldwide, with a unique formula. They turn over £1.7 billion and they provide 500 jobs in Guernsey. Whether those 500 jobs would otherwise have been reliant on the same finance industry that we are now worried about, is very doubtful. They did that by being fleet of foot, by having a basic vision and plan to start with, and then by dealing with the issues as they faced them.

3430 Deputy Luxon said the right things about the history of Guernsey economic development – the way in which we have only survived by being entrepreneurial and imaginative. I also find myself in the rather peculiar position of agreeing with, simultaneously, Deputy Jones, Deputy Lester Queripel and Deputy Gollop – simultaneously. I have looked very carefully at this proposal and at some of the supporting documents which have been provided to us. I do know the sector. I have evaluated an imaginative new model that is being proposed, not a copy-cat of existing UK universities or other universities. It is a business plan which stretches over 10 years. I am sorry, I nipped out to get a glass of water and I thought somebody was going to announce when the boat with 2,000 students was arriving! This is a 10-year plan. Of course they will have to comply with every single planning, and other, regulation that the States has – every business does, but this is a great prospect. It must be grasped.

3440 Thank you.

The Bailiff: Alderney Representative Jean.

Alderney Representative Jean: Thank you, sir.

3445 How amazing is this idea! You need to explore this opportunity until you have exhausted every avenue. Alderney may be able to help in even more than the one aspect already mentioned – the marine college – and we do have one port available – that is true – for sympathetic development.

3450 Four of our hotels are up for sale in Alderney. These could be available. Two of these are no longer running. There is space available in Alderney. I thank Deputy Jones for his remarks and support. If some aspects of the college facilities were placed in Alderney the Island would regenerate quickly with the employment opportunities coming with this opportunity.

3455 The Bailiwick, including Alderney, must reach out and try to cope, even if the demands are challenging. This could lead to bringing back a better flight programme at our Airport in Alderney because of more demand for seats. Let’s not get too excited but I, too, would like us to try hard. The effects could be very positive on the economy of Guernsey and on the economy of Alderney.

3460 The base of industry needs to be broadened. We are aware of the effects of the recession on the finance industry. I realise the good advice we received from people in Education and I do take that... and I know that we must negotiate in every way and, as has been said by Deputy Langlois and Deputy Stewart, who I do agree with, all aspects of the law have to be observed. But if all the aspects can be accommodated this new item could be another string to Guernsey’s bow and Alderney as well.

3465 We would help. Our own Wildlife Trust came to my Committee – Estates and Services – this week and gave a report on their activities about our marine life, our birds, fauna and many other aspects they presented... looking after our precious and rare birds. I am sure there are many in Alderney who would welcome these proposals and, as there are buildings which are available in Alderney, we could be a Bailiwick asset alongside Guernsey. We would like to be involved.

Thank you.

Deputy Hadley: Sir, I was asking the Representative to give way –

3470 **Alderney Representative Jean:** Oh, I am sorry.

Deputy Hadley: – in asking him, perhaps he could take the whole university and the University of Alderney would solve our problems and theirs.

3475 **Alderney Representative Jean:** That is an interesting idea, Deputy Hadley, thank you.

Deputy Brehaut: Could I ask whether they would be prepared to take the students bar, in particular? (*Laughter*)

3480 **The Bailiff:** Does anyone else wish to speak? Yes, Deputy Rob Jones and Deputy Brouard.

Deputy Robert Jones: Yes, sir, I will keep it brief because I suspect the speeches are now going to become repetitive. There have been some very good speeches and I thank Deputy Conder and Deputy Sherbourne for their educational input and views in certain areas.

3485 Deputy Luxon, I agree with a lot of what he said and Deputy Jones – the less sensible Deputy Jones, (*Laughter*) although after today he is certainly becoming more sensible – (*Laughter*) and Deputy Langlois, I thank him for that.

I do not believe this is giving a green light. It could be interpreted that it is but we have heard from other Deputies that quite clearly this proposal has a lot more meat to be put on the bones. It has also got a lot of hurdles to go through and we have heard about those hurdles being housing, planning etc.

I have been to university and I would like to just comment on some of the positive aspects that students and the type bring to local economies. The main reason I am supporting this I think is we have a reliance on what is a stagnant finance industry at the moment. Deputy Perrot mentioned that we did once have a three-legged economy with horticulture and the tourist industry. Whilst both of those have sort of contracted to almost nothing – I mean we do still have tourism, do not get me wrong, I am not saying that is an industry that has died out, but we have seen it contract... So I share Deputy Langlois' view on this, that we have got an opportunity here to embrace a university, a different leg to the economy, so to speak, that has so many positive aspects.

I have just listed a few here. Students are active in our community. They may be active in a voluntary or economic basis by taking part-time jobs in bars and restaurants and the like. You will also see, I hope, with the need for student accommodation, the regeneration of properties that are currently vacant and in disrepair. So there is an opportunity both in property that is owned by the States and with properties that are owned in the private sector. We have places like Mill Street; we have opportunities there. We have seen in the vision for St Peter Port, where there are opportunities maybe to convert properties along Mill Street into all accommodation – do away with some of the shops if they are not going to be used. So there are many opportunities we have for properties on the Island.

In terms of the infrastructure and the demands on that, we are talking about 50 people to start with, with a gradual build-up over 10 years to 2,000. In my experience, most students do not drive so I would imagine that the impact on traffic would be relatively minimal, but then they use buses and they use bikes. They are healthy, young individuals. A burden on the Health Service? I do not know.

3515 So I would like to focus on some of the positive things. People are bringing up some of the anti-social behaviour. Well that is not going to be difficult to police. Between the university itself and the police we are going to recognise the trouble makers.

So I do not think we really need to be focusing too much on the doom and gloom. We have had the doom and gloom in lots of other debates – the population control debates and things like that. Let's focus on the positive aspects that this opportunity may bring.

3520 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Thank you, sir.

3525 This is one of the problems of bringing this Proposition via the Policy Council, because I do not know what it is. It is not something I can get my teeth into. I mean, taking the words from this morning, it looks like an endorsement, it smells like an endorsement and it is written like an endorsement, so I am getting the feeling that actually it is an endorsement for the idea of having a university. But Deputy Luxon, I think, said in his speech there are other hurdles for these people to go over but those hurdles are of their own making, they are not of the States'.

3530 If the Policy Council – and I wish they would – would now bring an amendment that says that this will come back fleshed out with some more meat on the bones, to say whether or not we want to have this particular university or something similar, great. But it is not. This is the green light today. So please do not think that somehow we are going to have another bite of the cherry. This is the bite of the cherry.

3535 I would love to support more business for the Island and certainly in my position on Commerce and Employment, absolutely, but we have also got a very diverse economy already. Deputy Lowe was very fair in what she said. We have got other industry and the finance industry itself is very broad. It is insurance, it is banking, it is trust, it is funds and sometimes one sector is not doing quite as well as another sector but that is compensated usually, luckily, so far in the finance industry itself.

3540 I am nervous of this Guernsey based university and I am probably made even more nervous after listening to Deputy Conder. Isn't it great that we have got different people here with different skills who we can bring to the table? So if we are going to go into war and we happen to have an Admiral with us, wouldn't it be useful to listen to what he says? If we are going to embark onto universities, wouldn't it be good to listen to a university Vice Chancellor? So please do take heed of the warnings he has put in place.

3545 I am not sure that the cost to the Island – and there is a cost to the Island which will be multi-faceted – is worth the benefit. I have not arrived at the end of that journey. I was hoping the Policy Council paper would give me that information but it does not. It gives you a tempter and it gives you a few ideas of what it could be like but it could also be quite dire.

3550 One of the reasons why the finance industry over here is successful is because it is a nice place for people to come. They can walk round town fairly happily. They have got nice restaurants. Our bars are not overly-crowded at times. Our beaches are not overly-crowded. We have some problems on the road. How will 2,000 students on the Island make the Island? Will it make it a better place? Will more finance industry people want to come here and live when we have got 2,000 students, compared to how it is now?

3555 I think Deputy Duquemin mentioned, 'My Island is more than half full'. My Island is more than half full, sir. So some Members may be tempted – and I think they will be – by these proposals because they do not want to be seen as negative, which is fine, and they might be quite hoping that it never gets off the ground, but the consequences of voting 'yes' now may actually come to fruition. That could be for the good or for the bad. That is for you to make your choice.

3560 Deputy Langlois mentioned something along the lines of, 'If this is a risk-taking venture' and 'doing its own thing', I think were the words that he put down. Yes, but why come to us as the Government for this endorsement? I now feel I am part of this and I do not know what it means. I hear what the Deputy from the Environment Department is saying – that all procedures will be followed straight to the letter of the law and so will it within Housing and everywhere – but I am not sure what it means to support and encourage the development of a university.

3570 I think there is something more implied. I think that does make it easier for Planning. That does make it easier for perhaps some redundant States buildings to go in that direction. I think that does add some weight. Otherwise, why come to us? That comes down to the itch which I cannot seem to scratch. I do not know what it is but there is something missing in this Report. If I knew what it was I would tell you, but there is something that is not quite right and I cannot for the life of me find it. I hope, in summing up or some of the future speeches, that that piece of the jigsaw that I am missing... I do not know what it is but it is annoying me that I cannot get my hands on it.

3575 Population: it is a 3% uplift. Please remember that. We were worried about a 0.5% this morning and then a 0.3%, but this is 3% uplift in our population. Because it will be continuous: as one student comes, then another one will go but, in theory, if it is going to be the model, it will be that 2,000 permanently on the Island.

3580 Although, economically, there are some opportunities, I think there are also some risks. Reputationally, I think there are some opportunities – great advertisement – but, say we have got 1,500 students and half of them come from China or some other country and they are here, and the university crashes, how will that look? Which fund will we dip into? Because we will feel morally obliged because it has come through our... they are asking for an endorsement here and I am just thinking is this really that extra piece to our economy that we need? Or will it be a hindrance?

3585 The information is not in the Policy Council Report. I have not heard it on the floor of this House. It is a lot of hope and prayer. I am sorry, sir, but to bring in 2,000 people on a hope and a prayer, I am inclined, unless I hear something completely different... Although I would very much like to have more business on the Island, I am not sure this is the right one so, please, be very careful.

3590 Thank you, sir.

The Bailiff: Yes, Alderney Representative Arditti.

Alderney Representative Arditti: Thank you, sir.

3595 Well I, like I think all Members in the Assembly, was very grateful for Deputy Conder's
speech. I felt much wiser having listened to it but, more than anything else, I was reassured a few
weeks ago when the Education Department brought to us that horrible debate and that horrible
decision that we had to make about closing those two primary schools. I found it very reassuring
that we have the Education Department that we have and that Deputy Conder and Deputy
3600 Sherbourne, along with the others, are there with their skills to guide a project like this on those
occasions – hopefully those very few occasions – when these people need to come back to the
States. Unlike Deputy Brouard, I very much hope that this does not come back to the States.

I am of the view that Governments actually do not create things. Governments have the wrong
frame of mind to create things. Unlike creative people, unlike entrepreneurs, we Governments
focus far too much on the obstacles. We are far too negative. Entrepreneurs focus on the obstacles
3605 but they are positive about the obstacles. Governments focus on the obstacles and they are
negative about the obstacles.

I am very excited by the prospect. I do not know whether it is going to work or not. I do not
agree with Deputy Jones. I do not think universities do fly. I think it would be rather dangerous if
they did but I hope it works. I hope we can send the signal from this Assembly that we wish them
3610 well. But I do that in the light of Deputy Conder's speech, in the light of Deputy Sherbourne's
speech, confident in the knowledge that we have them on board, that they have the interest
necessary to watch what is going on.

So there is nothing that Deputy Conder said today which put me off this idea. On the contrary,
with his skills and Deputy Sherbourne's skills, I feel even more positive about giving –

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The Bailiff: Deputy Hadley.

Alderney Representative Arditti: I give way.

3620 **Deputy Hadley:** I wonder if Representative Arditti could explain to the Assembly how –

The Bailiff: Deputy Hadley, can you put your microphone on please.

Deputy Hadley: Sorry, sir.

3625 I wonder if the Alderney Representative could explain to the Assembly how Professor
Conder's skills and Deputy Sherbourne's skills are going to be utilised when this is a totally
independent project which the States is going to have no involvement in whatsoever, no financial
risk and no reputational risk. So I do not understand how he expects Professor Conder to be the
guiding light of this flawed project.

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Alderney Representative Arditti: I am entirely confident that Deputies Conder and
Sherbourne and the Department on which they sit will send up a red flag in the unlikely event that
we are being led into some shady area that we do not wish to be in.

3635 Now where was I? Unlike Deputy Brouard – and this is my last point, fellow Members will be
pleased to hear – I have no difficulties with the wording of the Proposition. I mean, crikey, every
Proposition could be worded, re-worded and re-worded again *ad nauseum*. We have to come at
these Propositions with a reasonable frame of mind. We cannot be overly forensic about them
otherwise we would never get anywhere.

3640 I read the word 'encourage' as being the opposite to 'discourage'. I mean, in circumstances
where these people do not have to come to us at all, in circumstances where they are simply asking
whether the Assembly wishes to discourage this Proposition before they go to all the time, trouble
and expense of planning permission and the other applications that they have to make and all the
due process that they are going to have to go through, I just do not understand his problems with
the wording of the Proposition, other than the governmental one – the problem that all
3645 governments have when something creative is going on: they become overly obsessed with the
negative.

I make no apologies. You would expect of a Representative from Alderney to be in a frame of
mind to grasp opportunities. My fellow Representative and I are going to have to come to this
Assembly fairly soon and ask for help, and you would expect an Alderney Representative, like
3650 Alderney Representative Jean a few minutes ago, to display to you a frame of mind to grasp

opportunities and I very much hope that we do not send a negative message back from this Assembly tonight.

Several Members: Hear, hear.

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The Bailiff: Deputy Burford and then Deputy Laurie Queripel.

Deputy Burford: Thank you, sir.

3660 I agree with Deputy Brouard. The word ‘encourage’ in the Proposition does give me some concern because if encouragement is not on a par with some kind of special consideration, I am not sure why the word is there. Because they could, as the Chief Minister said, just get on and do this of their own accord.

I am also quite surprised to hear Alderney Representative Arditti, being a lawyer, saying that wording in Propositions does not matter.

3665 The creation of a university is a major initiative for this Island, with economic, social and reputational implications. In other circumstances, would the Policy Council hand over any other major initiative with long-term implications for our community to a third party of whom this Assembly knows virtually nothing?

3670 A university says a huge amount about a community. It is not like Moonpig, Deputy Luxon. A city or a town that contains a university takes great pride in being a university town, and the relationship shapes and influences the development of the community and the perception of that community by the outside world.

3675 The reputation of the university directly influences the reputation of the community. As such, the Government cannot wash its hands of the governance or sustainability of an institution which carries its name, particularly and specifically when there is only one university in the community. This Government cannot realistically, as these resolutions suggest, simply hand over the development of our named university to a third party... and starting in 11 months’ time.

3680 Deputy Duquemin says that the proposers were playing their cards close to their chest at the meeting. They were pitching to a Government – why on earth would they not play every card in their hand, unless of course their hand was not that impressive when laid?

I understand the need and desire to diversify our economy but not at any cost. These proposals are not for a small specialist renewable energy university, as Deputy Stewart fondly describes. That is not what is on offer. Neither is it Deputy Jones’ Alderney Oceanographic Institute. Bring those proposals and I may well support them.

3685 Deputy Stewart admits he does not know much about education. Deputy Professor Conder does and I know whose advice I will be taking.

The Bailiff: Deputy Laurie Queripel.

3690 **Deputy Laurie Queripel:** Thank you, sir.

I think it was Dick Cheney who once said, ‘There are unknown unknowns and known unknowns’. Well, sir, here we have a Report that is full, unfortunately, of unknown unknowns.

3695 Sir, I am going to vote for the amendment but I am still not at all sure that they put in place the adequate safeguards that I am seeking which will enable us to vote for this Report with confidence and these Propositions with confidence.

I am very pleased that Deputy Conder has given us the benefit of his vast experience. It has certainly had an effect on how I view this concept.

3700 Sir, I agree with Deputy Brouard and Deputy Burford. If we say ‘yes’, this concept will be greatly developed without much States involvement and without much States oversight; until it comes to demands and concessions; until it comes to the possible or realised impacts on our infrastructure and our services – so we are talking environmentally, socially and perhaps culturally. This is the track record, a well-established pattern. Whenever a big player comes to town, concessions always follow.

3705 Deputy Dave Jones mentioned how we are working to work with and accommodate the corporate sector, the finance industry, and that is exactly right. Let’s consider Zero-10: the licences that have been approved over the years, the impact upon housing, the cost of housing, the effects on services and infrastructure. It has all come at a cost. Sir, do we have the capacity to absorb something else that will come with concessions and demands, something that comes with a large footprint? I agree, once again, with Deputy Brouard. Will the gain outweigh the cost?

3710 Deputy Dave Jones, sir, spoke about the fact that students may eventually do the jobs that short-term licence holders currently occupy but, in that regard, where does that leave the open market? Will it, in fact, just mean that we have more non-Islanders competing for the same jobs?

3715 Sir, I am very wary that I hear Jersey has turned down a proposal. Have we consulted with Jersey to find out why they made this decision? I wonder if the Chief Minister could answer that question. He is not here. Perhaps somebody could convey it to him by carrier pigeon or something like that.

The Bailiff: The Deputy Chief Minister will reply to the debate.

3720 **Deputy Laurie Queripel:** Thank you, Deputy... Will you do it now?

Deputy Le Tocq: Well, I can do that now but I can reply in due course. The reason is that Jersey is already considering a university of their own.

3725 **Deputy Laurie Queripel:** I still wonder, sir, if there are other reasons why they are considering their own university, rather than taking on board this idea. I think we can openly acknowledge, sir, that Jersey, generally, politically, takes a rather more cavalier approach than Guernsey. Guernsey has historically and traditionally taken a more cautious approach and it has served us well, generally.

3730 Sir, we now see Jersey belatedly putting in place measures to combat the impact of a population of 90,000 plus and 3,000 plus unemployed. I would say to Deputy Rob Jones, 'Yes, please let us look at the positives but it is our duty to consider the downsides'. We would be neglectful if we did not weigh up the two things – the positives and the negatives in the balance. It is our duty, sir. We must do things like that.

3735 So I am not sure that at the moment we have enough detail in this Report to make that judgement or to be confident in our decision in regard to approving these Propositions – these proposals.

3740 Finally, sir, I am a touch uncomfortable that we are – it might be just the way I feel about it – considering giving a go ahead to an institution of learning for largely economic reasons when we have agreed to the closing of two institutions of learning for, at least in part, economic reasons. I agreed to that, sir, because the case was made for me but that does make me a touch uncomfortable.

3745 So what I am saying is: I can see the attractiveness, I can understand how this idea or this concept is attractive, sir, but I really do not feel that we have enough detail to make a considered and informed judgement.

Thank you, sir.

The Bailiff: Deputy Conder.

3750 **Deputy Conder:** Sir, am I allowed to make a point of correction to what the Deputy Chief Minister said? (**The Bailiff:** Yes.) Actually, Jersey is not in the process of developing a university of its own. It is in the process of developing a specialist institution of higher education to yet be defined. That is my understanding.

3755 **Deputy Le Tocq:** Sir, I do not want to enter into debate with that but I was being, perhaps... saying it was a university. It is a degree issuing establishment, as far as I understand. Whether they call it a university, I do not know.

Deputy Sillars: Sir, I can also comment on that.

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The Bailiff: Deputy Sillars.

3765 **Deputy Sillars:** There were several reasons why they pulled out of Jersey and one, I would like to say, was because Jersey do not have a current IP and intellectual property laws. Guernsey fortunately does, due to the Commerce and Employment Department.

The Bailiff: Are you wanting to speak Deputy Sillars because I do not see anyone else rising and I was about to call Deputy Le Tocq to reply?

3770 **Deputy Sillars:** Yes, please.

The Bailiff: Oh, right.

Deputy Sillars: Thank you. (*Laughter*)

3775 **The Bailiff:** Sorry, you did indicate to me earlier you would be speaking at some point. I did not know whether you felt that all the arguments had been made and you had changed your mind.

Deputy Sillars: No sir, I have not.

3780 Just in case I have a conflict, I am a Director of the GTA. The GTA does receive funding from the States – a considerable amount of money. It does a fabulous job for Guernsey and I am very proud to be part of it. (**A Member:** Hear, hear.)

Sir, I would also like to thank Deputy Conder for his honesty and integrity in his speech and I would expect absolutely nothing less. So, well done, Richard.

3785 I support the creation of a University of the Channel Islands to be based here in Guernsey. From an economic development perspective, the creation of a university would help diversify Guernsey's economy with a clear knowledge based sector. The States Report sets out the potential economic benefits to Guernsey together with the details of the multiply effect in local and regional economies in the UK that have benefited.

3790 Quite apart from the on-Island spend of the students and lecturers, there is the potential increased demand for travel which will strengthen the resilience of our existing air and sea links. The construction industry will benefit from the increased demand for student accommodation and development of lecture facilities. The students will lead to a greater demand for buses and will improve the public transport for all Islanders. The Alderney economy will certainly benefit from the proposed siting of the planned 'Department of Marine Sciences'. I am very keen that Alderney should benefit from this opportunity.

3795 From an educational perspective, I also welcome this proposal as an addition to the portfolio of options for higher education. A university here in Guernsey is not simply instead of courses off-Island, but as well as these off-Island options. Unfortunately, higher education is becoming increasingly expensive and, despite the provision of grants, increasingly unaffordable for some of our young people and lifelong learners. The opportunity to study for a degree on-Island will give Guernsey students a more cost-effective choice that they might not otherwise have.

I fully appreciate that there are obstacles and risks in going down this route – Are you going to say something?

3805 **Deputy Hadley:** Could I ask you to clarify what percentage of on-Island people who would go to university are anticipated to go to this university? Because my understanding is that a Russell University will only be taking the cream of university students and, therefore, the number of on-Islanders who are likely to benefit from this institution is not going to be very great.

3810 **Deputy Sillars:** This is all being investigated and, as we said, 20% are going to be potential Channel Island students; and, just to clarify another point, the university – not the States of Guernsey, but the university – will be offering to Channel Islanders a 20% discount, based on their Coventry-based pricing.

3815 I fully appreciate that there are obstacles and risks going down this route. What is appealing from my perspective is that, at the time of financial austerity, this initiative is *not* seeking any funding from the States. It is a private sector initiative. The expected cost to the States will be minimal – just the administration costs involved in such matters as sorting out our students and visiting lecturer permits. The business plan and financial model needs to be scrutinised and *will* be scrutinised, dare I say, more effectively by the investors than perhaps the 47 Members of our Assembly.

3820 If financially it does not add up then so be it, it will not happen. However, what the States can do is to help overcome some of the administrative challenges that such a venture will face and we can align our political and strategic policies to support this initiative, which will enhance Guernsey's economic and international prestige. It is right and proper for the States to satisfy themselves that the university, although an independent institution, is appropriately regulated and that the university's operations are an ornament to the Bailiwick and not a public reputational liability.

3825 Any regulation imposed by the States must not be seen as in any way detracting from the university status of an autonomous institution in charge of, and responsible for, its own operations.

3830 But universities are regulated by the Quality Assurance Agency (QAA), a process supported and cushioned by Universities UK and the Higher Education Better Regulation Group (HEBRG). In its

initial operational phase, the university will not award its own degrees and the regulation will therefore be directed by the competent national authorities and the partner institutions whose personnel will teach and examine in the university. Moreover, it would be for those institutions to satisfy themselves of the quality control of those elements of educational provision, which will fall to the university side of operations.

Once the university develops the reputation and profile to petition the Privy Council for permission to award its own degrees, it will fall automatically under the QAA's inspection authority. The organisers would be opened during the initial phase for the university to have associate member status of HEBRG, to underline the university's full commitment to proper process and excellence at all levels. The rationale of the regulation outlined above is principally to satisfy the UK Government that any public funds allocated to universities are properly spent. This would obviously forward onto us.

A long-standing and influential friend of Guernsey, as we mentioned before, is Lord Digby Jones. On 11th November 2013 – yes, that is this week – he has asked that his views in support of the plans proposed for the university should be shared with all Deputies.

Lord Digby Jones believes that, and I quote:

'Guernsey has to face the challenges of globalisation just like every other country. It cannot rely on its past and must achieve a reputation for international competitiveness, as it sees traditional areas stand still or diminish'.

Lord Digby Jones says that:

'Only global currency with which any developed nation can compete in Asia's century, is the development, exportation and transfer of knowledge. For Guernsey to develop a global reputation for providing the higher education of choice in just a few subjects would provide a sustainable source of income for the Island and for the generations to come; would endow the community with a knowledge base second to none, a quality income stream and provide a quality mix of higher education provision for the young people of the Island,'

– of our Island –

'for selected quality candidates from the UK and those from other cultures around the world who will go back to give Guernsey a friend at court in those places of influence for the rest of the 21st Century and beyond.'

He also adds:

'To say no now would be to set back any chance of grasping a vital opportunity – probably fatally – and definitely damage the wealth creation and community development possibilities of the Island for a generation. The only route is to get everyone involved in taking the current plan forward that has been produced by Susan Jackson Associates and to ask those who do not know the plan well to learn more before judging it, and to ensure that it emerges as Guernsey's plan for Guernsey.'

Susan Jackson Associates is an experienced educational start-up company with impeccable references and has proposed a new boutique university for Guernsey. In one sense, they aim high and she and her nominated Vice-Chancellor, Professor Jack McDonald of Leuven University – who comes with vital university teaching and administration experience in Cambridge and other British/Continental universities – want the University of the Channel Islands to join the elite Russell Group as soon as possible.

The UCIG will offer this Island a valuable educational resource, a top flight institution, embedded relations to the world's hundred sister institutions in the UK and overseas. It will offer our own school leavers an economic choice for their Bachelor and Masters education. Subjects have been chosen carefully to meet the demand of over-subscribed courses on the mainland, to be inexpensive to offer, to fill gaps in the higher education market or to be new and innovative. The UCIG claims to complement the existing tertiary provision in our Islands and its courses are deliberately designed not to compete with them.

They are currently in discussion with our Home Department about student licences and with the Housing Department about housing. Aware of justified sensitivities here about the risk of overpopulation, they have shown willingness to make this project work with a ceiling of 2,000 students – a number not significantly greater than this Island's summer seasonal population variation – but put UCIG in the company of such small but excellent institutions as The Royal Veterinary College, London Business School, Heythrop College London, The Guildhall School of Music, The Royal Academy of Music, The Royal College of Music – none of which are seen as failing institutions. Let us cross the Atlantic to the USA and small distinguished universities such as Amherst, Caltech, and Wesleyan all have fewer than 2,400 students. It is possible to be small,

3895 elite and successful and the model which Susan Jackson Associates uses is the Oxbridge College which draws in teachers from a wider university community.

The UCIG's case professors and lecturers will be drawn from several elite universities in Europe and beyond. We have already been approached, only in the last few days, by interested universities who have seen the potential and want to see what this opportunity presents.

3900 Whilst I am on this subject, I just really want to quote somewhere I went to, which is the Royal Agricultural, now known as the Royal Agricultural University in Cirencester – not a great city industrialised. It is interesting Royal Agricultural College became a university only last year. I went there, that great institution, as did most of my family. Interestingly, it was made a university last year – it is near my home town – but actually the signs up still say 'Royal Agricultural College' and the other half say 'Royal Agricultural University'. So they have not quite got round to the change, but the interesting point I want to make is it has got 821 students. Yes, 821 students and that was made a university last year.

3905 Although Susan Jackson Associates do not give off a whiff of failure, I have obtained assurance from them that it is in its mission not to be anything other than a source of satisfied pride to the Guernsey people. The UCIG will join Universities UK as an associate from the start, to indicate its openness to future inspection and regulation by the QAA or by whatever local form of the QAA can legally be welcomed in our Island. UCIG will exist in deep association with a number of world-wide educational partners of the highest standing and it is these partners who will, in their own interest, ensure quality control of the educational operations.

3915 In short, Susan Jackson Associates propose the founding of the University of the Channel Islands in Guernsey. They seek our goodwill and moral support. They have prepared a carefully-argued business plan, high on aspiration and cautious about practicalities, for the creation of a modern, international, elite and charitable university based in Guernsey. As well as improving the cultural, scientific and educational life of our Island, this project, however you measure it, will be of great benefit to our economy.

3920 There is a rule of thumb in the UK: for every university job created, a second local job is created on top; for every £1 million spent directly by the university, a further £1.38 million is generated in the local economy. In an uncertain economic future, Guernsey is right to think now about opening another leg to our economy and the prestige of a viable university is exactly the right way to go.

3925 Thank you, sir.

The Bailiff: It is now after 5.30 p.m. Can I just get an indication of how many more people need to speak because we need to decide whether we continue this evening or not?

3930 Deputy Fallaize has indicated he wishes to speak. Is there anyone else? Are Members prepared then to continue to sit?

Members voted Pour.

3935 **The Bailiff:** Anyone not prepared? No? Fine.

Deputy Fallaize then and then it will be Deputy Soulsby to reply on the amendments and then Deputy Le Tocq to reply on the general debate.

Deputy Fallaize: Thank you, sir.

3940 I am genuinely sorry to detain the States and (*Laughter*) – I am, I am – I suspect that what I am going to say – in fact I know what I am going to say – is not going to change the outcome of this debate. But – No, I am not going to sit down because I am so concerned by the effect of these proposals that I am not prepared to leave here tonight simply recording a vote. I think that the reputational damage that could be effected by these proposals is so great and I do not wish to be associated with it and I wish to put my concerns on the record now.

3945 I take a different view to my friend Mr Arditti. I think that the exact wording of the Propositions does matter and these are rather odd Propositions, particularly Proposition 1, because Governments around the world do not have a very good record of picking economic winners and losers. In fact, I am not sure there has ever been an occasion before where the States have been faced with Propositions to endorse particular private enterprises. This is not even, really, the endorsement of an industry. This is the endorsement of one particular enterprise in one particular sector of the economy.

3950 I do not believe that when Specsavers grew in Guernsey that it was off the back of a States Resolution. I do not think that when Kleinwort Benson became the first merchant bank in Guernsey that they needed a States Resolution to locate themselves in Guernsey and I do feel

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rather uncomfortable with the idea of implicitly, or otherwise, offering endorsement to a particular private enterprise in a States Resolution.

3960 The case that has been put by the promoters is, at best, incomplete. I do not mind saying this. I know that the words that are spoken in this Assembly are broadcast but I am going to say how I feel. When I went to the presentation at the Grammar School that evening, I was distinctly unimpressed by the promoters. I went to meetings of the St Andrew's PTA and they put on a far more professional, coherent presentation than these promoters of this potential university did. I thought it was a shoddy presentation, given the kind of concept that they were trying to sell – if that is the right word – to the States and I was amazed that evening. They finished their presentation – I do not know what it was, 25 to 30 minutes – and several Members immediately, as
3965 the presentation was finished, jumped in and said, 'We think this is a fabulous idea. You have our full support.' I was alarmed by that and I am slightly alarmed by some of – not all, but some of – the speeches I have heard from Members of the Policy Council today.

3970 Some of them, in fairness, have made responsible speeches, saying that we ought to just dip our toe in the water and explore the opportunity, but some of the Members of the Policy Council's speeches, I think, have been extraordinarily naive and almost gullible, quite frankly. To believe the case for this concept off the back of the information that has been provided seriously disappoints me, unless the Policy Council has a lot more information available to it than has been made available to the rest of the States, because I cannot see that there is any kind of assurance or
3975 anything that gives me any comfort in the proposals that are before the States.

Deputy Conder, with all of his experience and expertise, gave a very learned critique of these proposals and I thought that his speech was, technically, one of the finest speeches that I have heard since I have been a Member of the States.

3980 More reference, actually, has been made to Lord Digby Jones – or perhaps it is Saint Digby Jones now, I think (*Laughter*) – in this debate than has been made to the speech of Deputy Conder. Yet Deputy Conder has been involved in providing further education, and to some extent higher education, in this Island for the last decade or more and is resident in this Island. He has far more direct experience in this area than Lord Digby Jones does.

3985 So, Deputy Burford, I think it was, said that she was inclined to accept Deputy Conder's advice more than Deputy Lester Queripel's advice; I am also inclined to accept Deputy Conder's advice more than Mr Digby Jones' advice.

I cannot be convinced about what Deputy Le Tocq says about Jersey. I have strong suspicions that the reason that this proposal is not being pursued in Jersey is because the States of Jersey saw through it. Questions were asked about Jersey at the presentation that was put on at the Grammar School and the responses that were provided by the promoters were highly unconvincing. I was not remotely persuaded that the promoters had been advised that, actually, Jersey was going down a different route and they thought the proposals were very good but on this occasion they were not going to pursue them. That is not the kind of impression that I was left with that evening at the Grammar School.
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3995 So I think the Policy Council does need to provide the States with some assurance that it has spoken to counterparts in Jersey and has received its own reassurances that, in principle at least, Jersey would have been happy to pursue this kind of concept in conjunction with the promoters. But until we are provided with that reassurance, I cannot be convinced that this is not being pursued in Jersey for the reasons that we have been advised.

4000 Deputy Sillars, I think it was, said that there is no States money involved, therefore, there is no reputational risk to the States. I apologise if that is not exactly what Deputy Sillars said, but I have heard that said in this debate if it was not said by Deputy Sillars. I think that there is a great deal of reputational risk and it is not in the control of the States whether the States' reputation is damaged, or Guernsey's reputation is damaged, and actually the effect of Proposition 1 – and this is where I disagree with Mr Arditti – will turn the concept of this university into a States supported university. There is no question. It may not say that in the Proposition but that is the message that will go out from this Assembly tonight. If we support Proposition 1 –
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4010 **Deputy Luxon:** Sir, a point of correction, please?

The Bailiff: Deputy Luxon.

4015 **Deputy Luxon:** Sir, that is completely unfounded, as have been several statements that Deputy Fallaize has made regarding his impression that Jersey has dismissed this proposal as not being worthy. Obviously, Deputy Fallaize is entitled to his opinion, sir, but it is wrong to absolutely

make the point that these are factual statements that he is making. They are his opinions, not based on fact at all.

Thank you, sir.

4020 **The Bailiff:** Deputy Conder.

Deputy Conder: I am sorry, sir. I need to correct that statement. I have delayed doing it but I have it on the highest authority that these proposals *were* rejected by Jersey.

4025 **Deputy Sillars:** Sir, we are going round in circles on this one. You know as well as I do the facts behind this and it is probably not appropriate in a public forum to go through them. That is the point – we cannot come up with it all.

4030 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Sir, this, indeed, is a public forum but it would have been possible for the Policy Council to have convened a private meeting if it was necessary to convey to States Members information about why these proposals were not pursued by the States of Jersey. Perhaps, on reflection, that may have been wise.

4035 Of course these are my opinions. I am not going to stand here and give anybody else's opinions. (*Laughter*) So Deputy Luxon is right, yes, these are my opinions.

Deputy Luxon: Sir, a point of clarification.

4040 Deputy Fallaize said that Proposition 1 will go out... that this Assembly is endorsing... that what will be understood by... that is a statement of... (*Interjections*) Sir, with respect, Deputy Fallaize stated as a matter of fact that Proposition 1, if approved, will actually mean that this Assembly has endorsed it. Deputy Fallaize accepted that is not what it says, but that is what it will mean. That is not factually correct. That is not an opinion, sir.

4045 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Sir, it is my opinion that if we vote in favour of Proposition 1 we will, in effect, turn this concept into a States-supported University of the Channel Islands based in Guernsey. That is my opinion. If Deputy Luxon disagrees with that – which he obviously does – then he is fully entitled to his opinion as well, but that is my impression, that is my belief. I think that it will be this Assembly providing... I mean Deputy Luxon says we are not asked to endorse, but it says 'to agree in principle to support and encourage'. Well, that is another word for endorse.

4050 I rose earlier when Deputy Luxon was speaking... It may not sound it but I am actually relatively agnostic about – (*Laughter*) whether a group of private individuals decide that they wish to locate in Guernsey and set up an institute of higher education and apply for housing licences and make planning applications etc. I am as agnostic about that as I am about a company that might want to relocate to Guernsey to provide any other service or sell any other product, and if there was a Proposition before the States which was to explore the development of the University of the Channel Islands I would be quite happy to vote for it and set up this Ministerial group to carry out some further investigation and, at a future date, if necessary, come back to the States with a more detailed analysis. I think it would have been a good idea to have recruited Deputy Conder onto that group and perhaps others from outside of the Island who have more direct experience in these areas than any Member of the Policy Council does and I venture to suggest that any member of staff of the Policy Council does as well.

4065 **Deputy Gollop:** That might be an interesting path to take but, by definition, it would not be taking advantage of an opportunity that has presented itself to the States in a short timeframe.

4070 **Deputy Fallaize:** Sir, I think the potential reputational risk would have warranted such an approach, but that is not what Proposition 1 is. Proposition 1, which is highly unusual in the circumstances of a group of private individuals who wish to set up a business in Guernsey, says 'To agree in principle to support and encourage the development of a University of the Channel Islands.' I am not prepared to support that Proposition. I cannot understand why that kind of Proposition is before the States in respect of a private enterprise. Does it mean that, implicitly, we are being asked to endorse preferential treatment in the area of housing licences or planning applications? Well, if it does not mean that, what does it mean? What on earth does a Proposition

‘to agree in principle to support and encourage the development’ of a particular business actually mean?

4080 I will vote for Deputy Soulsby’s amendments but they do not provide me with a great deal of
reassurance. Actually Deputy Soulsby said that she thought the work, in respect of her new
Propositions 3 and 4, should be carried out before the States decides whether it wants to agree in
principle to support and encourage the development of the university and, if that were the effect of
the Propositions, I would be happy to support the amendments and then all the Propositions, as
4085 amended. But, of course, that is not the effect. Proposition 1 will remain intact whether the
amendments are successful or not and I think it is highly unwise. It is my opinion. I accept, I may
be completely wrong and the Policy Council in a year or two, or three years’ time, may be entirely
vindicated, but it is my opinion that it is a serious error for the States to vote in favour of
Proposition 1 and, therefore, I will vote against.

4090 **The Bailiff:** Deputy Brouard.

Deputy Brouard: Just a point of clarification, sir.

I mentioned in my speech that there is something I could not quite figure out or get to the
bottom of but, in the exchange between Deputy Sillars and Deputy Conder, it seemed that there
4095 was some information that Policy Council have. I just wondered if we could have that shared?

The Bailiff: Nobody else? Sorry, Deputy Sillars.

Deputy Sillars: Sir, it is not a question of Policy Council.

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The Bailiff: Does anybody else wish to speak before Deputy Soulsby replies? Deputy Le
Tocq, do you wish to speak on the amendments before Deputy Soulsby replies to them?

4105 **Deputy Le Tocq:** No sir, as the Chief Minister said, we will not be opposing those
amendments.

The Bailiff: Right, Deputy Soulsby then will reply to the amendments.

4110 **Deputy Soulsby:** Sir, I would like to thank my seconder, Deputy Conder, for his immense
contribution and the other positive comments that have been made. I was particularly interested in
the research results from Deputy Le Clerc that pointed out that they were considering the use of
dilapidated hotels. If that is the case, that will have to be a change of policy within Commerce and
Employment.

4115 I do not understand Deputy Lowe’s comments. The point about the amendments is to ensure
that these areas of risk are considered before any institution is able to set up here. It is not specific
to the proposal currently on the table either. Deputy Lowe should be reminded that the seconder of
this amendment is Deputy Conder. Neither do I understand Deputy Gollop’s reference to wet fish
and I would say, ‘better a wet fish than a dead fish’. (*Laughter*)

4120 Regarding Deputy Kuttelwascher’s comments, he clearly was not listening to my speech. I set
out the areas where there could well be cost implications and, indeed, I also stated how Treasury
and Resources could use this as an opportunity to generate more revenue and yet Deputy
Kuttelwascher said, ‘Let’s just worry about all that later’. To say, ‘Now is not the time’... I would
counter that by saying, ‘Now is absolutely the time. Forewarned is forearmed’.

4125 I have little more, other than to say that I believe these amendments are essential before the
States of Guernsey can endorse the establishment of a university based in Guernsey. We must
know the financial implications and be satisfied that the States have taken steps to mitigate the
financial reputation and other risks associated with such a venture.

4130 As I said earlier, whilst my gut feeling is that regulation is required, I believe the first step is
for Policy Council to look into this further. The work done now will pay dividends in the future. It
is all about being prepared. I do not believe this is a matter where we can – to use one of Deputy
Stewart’s favourite phrases – wing it. The Island’s reputation, and with it its economy, could be at
risk. As I also said earlier, I would be happy to accept, in principle, the concept of a University of
the Channel Islands based in Guernsey but it has to be done in the right way and in a way that
works for Guernsey and is not a *fait accompli*.

4135 Whether or not Members support Propositions 1 and 2, I do urge you to support these
amendments.

The Bailiff: Well, Members, we go to the vote then. We will take the amendment first, that proposes to add a new Proposition 3 which, for those who do not have it in front of you, is:

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‘To direct the Treasury and Resources Department to report to the States on the financial cost implications to the States of Guernsey arising from the establishment of a Guernsey based University of the Channel Islands and how it proposes to mitigate such financial cost implications.’

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Deputy Soulsby: Can I get a recorded vote for those, sir?

The Bailiff: We will have a recorded vote – [*Inaudible*] please, Greffier.

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Deputy Soulsby: Oh is it? Alright [*Inaudible*] (*Interjection*)

The Bailiff: No.

Deputy Soulsby: Okay, I will withdraw it then.

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The Bailiff: We will just vote *au voix*. Those in favour; those against.

Some Members voted Pour, others voted Contre.

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The Bailiff: I declare that carried.

The second amendment, which adds a further Proposition 4, as follows:

‘To direct the Policy Council to report to the States on the necessity for any future Guernsey based University of the Channel Islands to be regulated.’

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Those in favour; those against.

Members voted Pour.

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The Bailiff: I declare it carried.

We then come to what are now... Oh, we then need Deputy Le Tocq to reply to the debate. (*Laughter*)

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The Deputy Chief Minister (Deputy Le Tocq): I will try and be as brief as possible, sir. The Chief Minister has had to go on States business along with the Commerce and Employment Minister, but I will do my best.

Sir, just before I address some of the points – and I hope I will manage to get all of them – that have been raised and some of the questions, if I can just express my own feelings with regard to the Propositions before us and the policy letter before us?

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This is certainly an odd situation and I think Deputy Fallaize hinted at that. This does not happen very often – in fact, probably never before. So I wonder, to some degree, had Specsavers or the Perkins come to us to ask for some sort of support or endorsement for their business when they started up... I fear that we might have had a very similar debate to today. We might have had a professional optician in the Assembly at the time who would have said, ‘Well, it just cannot be done. I have tried and it is impossible’, and others saying, ‘What about Guernsey’s reputation?’

4185 ‘We do not want sizes of companies that big in Guernsey.’ So this is certainly odd. It is odd also because, to be quite frank, the proposers of this venture – which is a private educational institutional venture – could go ahead and do it anyway and may well do so.

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What they are looking for – hopefully we will touch on some of the questions that were raised – because they want to call it the University of the Channel Islands and have it based in Guernsey, that does have – and I agree with all those who have raised it – a reputational risk. Whilst we do not hold the intellectual property for the University of the Channel Islands or, indeed, the Channel Islands, there is certainly a respect, I think, in their request in coming to us, to ask us if we would be happy for them to continue to develop this concept. That is what I understand and, personally, sir, I welcome this.

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The reason I welcome it is because, just leading up to the year 2000 when I was not in the States, the then Advisory and Finance Committee asked the Islanders of Guernsey for various projects that they thought the States could get involved in to celebrate the Millennium. I wrote in suggesting a number of different projects. My No.1 project was a University of the Channel Islands because, partly, sir, I had at that time been involved in setting up an institution in Guernsey

4200 to train in theology and foundation level degrees here in Guernsey and we had seen and we co-operated with both Housing and Social Security, to bring in sometimes up to seven students a year to be housed locally and to study here in Guernsey in linked courses with a UK institution. I saw the benefits of that for our community and I saw also the economic benefits – because there are social benefits as well – that those students brought by being in Guernsey.

4205 Sir, the other reason I supported it is, in one way, I am part of a group that has already done it because at this very moment we have Bachelor level and Master level degrees being offered on a theological basis... and it was interesting that this particular proposal includes theology. So, in a sense, I have got a vested interest because they will be competing with a group that I am involved in, called the Westminster Theological Seminary. We provide those... and people pay for them here on Island – admittedly, it is only Islanders in the main at the moment but they study for those

4210 degrees over four to eight years on a part-time basis.

It is possible to do education differently today and the delivery of that is done largely through high speed broadband interactive delivery and it works. So I am certainly for it and I am for it for all the reasons that many others have mentioned as well.

4215 I am also, sir, for this because a number of years ago I visited Australia – and Deputy Soulsby has mentioned Pennsylvania, which is a big place. Australia is a big place, but actually it has not got many people living there but it has a number of education institutions, many of which are quite small. What was surprising in one place, where I was visiting and meeting with the directors of this private educational establishment that provides degrees, mainly in the arts, also in theology

4220 and humanities... and one of the members of the board, who was a politician in Australia at the time, pointed out that in Australia their tertiary and higher education, that particular sector, contributes number three to the economy currently.

The reason that they discovered that was because they found out that they used to actually include the contribution under tourism because they realised that for many of these students they were, effectively, tourists who were coming into Australia – and are doing so – and then in the main leaving again and providing the sorts of incomes that tourists would provide. Not only that, they discovered that, for every one student who comes to Australia, between one and two will come and visit them while they are there so it does boost in other ways the tourist economy.

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Sir, I believe that the diversity that this offers, irrespective of the fact that it is an educational thing which I am very much in favour of, I believe this is good for Guernsey. It will certainly be challenging and there are huge obstacles to overcome. We are only being presented with the beginning and we are being asked if we will, in principle, give our support.

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So I will come, perhaps, to some of the points that were made and address them. The Chief Minister started by using the phrase, ‘We need to send out a signal that Guernsey is open for business’, and I am concerned, sir, about some of the rhetoric that has been used in this Assembly today that has not sent that signal out. If we truly want to diversify and if we truly want to protect our way of life then we have to do so and we are going to have to take risk. That means we must create an environment for risk. Certainly sometimes the States will need to be involved directly and invest in that. Other times we will need to create the environment legislatively and in terms of sending out signals to the world outside that we mean business and we are open for business.

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Unfortunately, in sometimes addressing the problems – which I do appreciate is something that we need to do in this Assembly – we need to be careful to balance that with the right signal going out, that we are open for business and we want to make it easier for people than it has been in the past to do business in Guernsey. Why? Because business is changing and the way in which you deliver that business – especially education – is different from years ago.

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I will come on to Deputy Conder in a moment, whose speech I did think was important for us to listen to and, he did point out, was neutral. But I am sure he would be the first to say that he was involved in setting up an institution in Guernsey that has been very successful and has, in itself, been unique in delivering and procuring degree level qualifications and senior qualifications for people in Guernsey and, even during that time the way in which that is delivered is rapidly changing – it is changing today. This is part of the reason that this proposal comes to us at this time.

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Deputy Soulsby mentioned that this is not a silver bullet. I do not believe there is a silver bullet and I do not think we should look for one silver bullet to solve this but we need a number of different initiatives. Can we not give the opportunity for this group of individuals, entrepreneurs, to at least seek to develop their proposals to the next stage so that we can begin to see the sort of diversification and effect that I believe will be beneficial for us in Guernsey? She talked about things like flying faculties are relatively new. They are relatively new but, as I described already, they are already happening in Guernsey, they can be delivered and we can do that and it touches

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4260 on a number of other things that she and others on the Commerce and Employment Board, I am sure, would be very supportive of.

I thank Deputy De Lisle for his support. Deputy Conder – I would thank him for making it very clear. In fact I was surprised at his candour at the beginning – I was careful how I said that because people say ‘Condor’ as though he is something to do with boats, and it is not, it is 4265 ‘Conder’ and he was full of *candour* at the beginning – (*Laughter*) in saying that he was not neutral on this, he could not be neutral on this. That is important, I think, particularly because he has interjected several times and if he is not going to vote in the end I think we need to bear in mind that he is on the board of a UK institution that is involved – he made it clear – with providing already the sorts of things – in a sense one could say – that would be in competition with this 4270 establishment here. I think you have to note that because that is why he said he could not be neutral in this respect. But his points were well made.

This is not something that we should take lightly. This is certainly something that we need to consider very seriously. If we are going to have an establishment – and again it touches on our reputation – called the University of the Channel Islands that is based here in Guernsey, we need 4275 to take it seriously. I disagree with him over what ‘university’ means and I am a bit surprised... I do not want to take the Professor up on Latin but ‘university’ comes from the Latin ‘*universitas*’, which means one community for students and teachers to be together. If you change it to ‘mono’, which is the Greek for ‘one’, it just means exactly the same – ‘monoversity’ means the same as ‘university’ so that is neither here or there.

4280 Having said that, he asked the Chief Minister to respond to a couple of questions. One was in terms of the detailed case that was untested. There are risks. Many of those who have spoken have highlighted the risks. I do not think any of us are saying there are no risks. There are risks and if we are going to seek to be the sort of community, economically, that we want to see happen in Guernsey, we want to encourage risk takers – that is what an entrepreneur is. So I hope that we 4285 will allow for these risks because I believe they are manageable risks and there are examples of small jurisdictions, like the University of the West Indies for example, that started after the Second World War, that have worked on islands before and started small and grown and now are very significant contributors to the economies of those small jurisdictions.

He also raised the question of independent advice and I think it is always difficult to find 4290 independent advice. The Policy Council sought to do so and he linked that, to some degree, with the amount and what kind of support we will be looking, in the end, to give to this. Well, this Assembly, this States, gives financial support to a number of industries: the financial service industry, legal services, sport. It gives all sorts of support to industry activities in our Island. At the moment we are not being asked for anything except the normal sorts of things that we do when 4295 businesses want to start up in the Island and there is huge potential here, I think, for other industries to come on the back of that.

I will not go into Deputy Stewart’s comments. He was supportive. So was Deputy Le Clerc and I agree with her on the risk issues involved particularly. Deputy Dorey started by saying ‘there are 4300 so many people here’ and I know he feels this is touching on population, but it was not so long ago, sir, that, in terms of visitor numbers, we had tens of thousands more coming to this Island, even when the population was around about what it is today. They would come, obviously during the main summer months, but that was not so long ago and some of us would like to see that happen again. Some of you who have spoken against this to some degree have said, ‘Well, we need to support tourism.’ In many ways, I believe this would be supporting tourism if you look at 4305 it from that point of view – exactly that, and it would support our air links, which is something we are not going to be debating today, clearly, but (*Laughter*) it would do all of that and a lot more, if it is successful. It may not be. It is true, it may not be, but that is not what we are being asked to look at today and to give our support to.

Deputy Lowe – I think I have dealt with, really, the issue she raised because the fact is these 4310 people could go ahead and do it anyway and she raised an issue regarding tourism as well. Deputy Hadley – he knows I disagree with him on this issue and, again, I just mention the fact that years ago Guernsey’s population was always hugely increased in the summer months and we are talking largely about the nine months of an academic year here. I do believe that would be beneficial to us.

I thank those who spoke. The next main speakers spoke in support of this. Deputy Sherbourne 4315 just mentioned have we been railroaded? I do not believe so. I believe we have been given the opportunity to give our support to the concept of something that will have a reputation, if it is successful in Guernsey, that we will want to get involved in. It is absolutely right, therefore, that we should have those amendments and that we should investigate it with those provisos, but I do 4320 not believe we have been railroaded because there is a lot of work that has gone into this and I do

trust those people who I have certainly met. I was not at the presentation before but I was at other presentations and I am actually positive about this.

4325 Deputies Kuttelwascher and Langlois were supportive. I have mentioned the point about Specsavers, were they to set up here today, and we had a debate on that. Deputy Brouard – he says didn't we know what we are dealing with here? I did say this is an odd situation. It is certainly unusual, if not unique, and we have to bear that in mind, but I think we are entering into that sort of territory, economically, as an Island, where we are needing to take more risks. As a Government, we need to show that we are willing to do that, with precautions, and I think this is totally appropriate – what we are being asked to do today, at this stage.

4330 Deputy Burford – I think I have answered her issue with regard to reputation. That is the main thing that I think we have in terms of risk here, but I think it is a risk worth taking and it is also something that... bearing in mind that Jersey were somewhere down the line in developing a university that they may well have wanted to call the University of the Channel Islands. We have got to deal with that issue somewhere down the line. Who is going to do it? Who is going to have it? But whatever it is called in the end, I believe that they were right to approach us so that we can give our sanction to the next stage of development, and that is really what we are being asked for here.

4340 So I think, apart from Deputy Fallaize – I am just looking at my notes here, scribbled... Did he ask me any questions? I do not believe he asked any questions I have not addressed already. Looking for reassurance – I think I have tried to deal with that. I do believe that what we are being asked for here is something that they could go ahead with, in any case, and you could say it would affect Guernsey equally, but we are being asked to give our support, in principle, to them moving forward with this.

4345 I am impressed by the links that they have got with other universities – not just the English model. I mean just a week or two ago we were criticising looking northwards for our educational models and some suggested looking even to Scandinavia. Actually there are many small bespoke universities in Scandinavia, if you want to use that particular model, but also in the Netherlands and Belgium, and there are links with this group with those high quality small universities as well. So I am very supportive of that.

4350 Sir, I would encourage and urge the Members of this Assembly to support the Resolutions, as amended. Thank you.

The Bailiff: Deputy Lowe.

4355 **Deputy Lowe:** Can we have a recorded vote?

The Bailiff: Right, we will have a recorded vote.

4360 We have four Propositions now: the two printed Propositions on page 1737 of the Billet, plus the two additional Propositions that have been added as a result of the successful amendments of Deputy Soulsby and Deputy Conder.

It seems to me that they probably stand all four together, so I was going to put all four to you together, but if anyone... Deputy Conder, would you like to – ?

4365 **Deputy Conder:** Could Proposition 1 be separate, please, sir?

The Bailiff: You would like Proposition 1 to be separate. So, right, we will vote on Proposition 1 then with a recorded vote.

There was a recorded vote.

4370 *Carried – Pour 27, Contre 10, Abstained 1, Not Present 9*

POUR

Deputy Le Clerc
Deputy Gollop
Deputy Bebb
Deputy Lester Queripel
Deputy Gillson
Deputy Le Pelley
Deputy Ogier
Deputy David Jones
Deputy Spruce
Deputy Collins

CONTRE

Deputy Sherbourne
Deputy Fallaize
Deputy Laurie Queripel
Deputy Lowe
Deputy Dorey
Deputy James
Deputy Brouard
Deputy Burford
Deputy Hadley
Deputy Brehaut

ABSTAINED

Deputy Conder

NOT PRESENT

Deputy Storey
Deputy St Pier
Deputy Stewart
Deputy Trott
Deputy Le Lièvre
Deputy Perrot
Deputy Wilkie
Deputy O'Hara
Deputy Harwood

Deputy Duquemin
Deputy Green
Deputy Paint
Deputy Le Tocq
Deputy Adam
Deputy De Lisle
Deputy Inglis
Deputy Soulsby
Deputy Sillars
Deputy Luxon
Deputy Quin
Alderney Rep. Jean
Alderney Rep. Arditti
Deputy Kuttelwascher
Deputy Domaille
Deputy Langlois
Deputy Robert Jones

4375 **The Bailiff:** Deputy Kuttelwascher.

Deputy Kuttelwascher: Sir, whilst we are waiting for the result, can I ask if the plan is to come back tomorrow or defer the rest of the business until the end of the month?

4380 **The Bailiff:** Shall we just finish the voting and then we will deal with that?

Deputy Kuttelwascher: [*Inaudible*] get it out of the way.

4385 **The Bailiff:** Well, Members, the result of the vote on Proposition 1 was 27 votes in favour, 10 against, with one abstention. I declare Proposition 1 carried.

Can I suggest that Propositions 2, 3 and 4 are all put to you together? Yes and can we go *au voix*? Yes. So Propositions 2, 3 and 4. Those in favour; those against.

Members voted Pour.

4390 **The Bailiff:** I declare them carried.

Procedural Sitting to resume at end of month

4395 **The Bailiff:** Now we move on to Deputy Kuttelwascher's question of do we resume tomorrow morning or do we come back at the end of the month? I think probably the easiest thing is – because I know there are quite a number of Members who cannot be present tomorrow – I will put to you the proposition that we adjourn now and resume at the end of the month. Those in favour; those against.

4400 *Members voted Pour.*

The Bailiff: We will resume at the end of the month.

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Procedural Order of Business next sitting

4410 **The Bailiff:** Can I just put one further proposition to you and that is: at the end of the month, the November Billet contains the Policy Council's Report on the Disability and Inclusion Strategy and there is going to be a lot of public interest in that. We are told that there are going to be quite a number of people wishing to attend the Public Gallery and even that there will not be room for them all in the Public Gallery. We are making extra provision within the building for those who come to attend.

4415 If we follow the normal convention, we would finish the October Billet before we start the November Billet but, in view of the fact that there is so much public interest in that Report, I want

to put to you the proposition that we deal with the Policy Council's Report on Disability and Inclusion Strategy before we resume the October debate. Those in favour; those against?

Members voted Pour.

4420

The Bailiff: Well, we will do that then. We will have that Report immediately after legislation and Question Time.

4425

**Bailiff's Disaster Relief Fund
£20,000 raised for Philippines Disaster Relief**

The Bailiff: If I can just detain you for a moment longer with one piece of good news, Members will be aware that I opened the Bailiff's Disaster Relief Fund two days ago to provide an easy conduit for Islanders to give to the Philippines Disaster Relief if they wish to do so.

4430

I am delighted to say that, as ever, Islanders have given very generously. As of this morning, we had in excess of £20,000 in the Fund and the first payment is on its way tomorrow. (*Applause*)

So I would just like to thank Islanders for their generosity. (**Members:** Hear, hear.) As I say, the first payment will be off to the Disaster Emergency Committee tomorrow and will be received by them tomorrow.

4435

The Assembly adjourned at 6.22 p.m.