



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 11th December 2013

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Present:

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

Law Officers

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

People's Deputies

St. Peter Port South

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

St. Peter Port North

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

St. Sampson

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

The Vale

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

The Castel

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

The West

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

The South-East

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

Representatives of the Island of Alderney

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

The Clerk to the States of Deliberation

A. J. Nicolle, Esq. (H.M. Deputy Greffier) (Morning)
J. Torode, Esq. (H.M. Greffier) (Afternoon)

Absent at the Evocation

Miss M.M.E. Pullum, Q.C. (H.M. Comptroller)
Deputies M. J. Storey (*indisposé*), D. B. Jones (*indisposé*)

Business transacted

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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

CONVOCATION

The Deputy Greffier: Billets d'État XXIV, XXV and XXVI. To the Members of the States of the Island of Guernsey, I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 11th December 2013 at 9.30 a.m. to consider the items contained in these Billets d'État which have been submitted for debate.

Questions for Oral Answer

CHIEF MINISTER

The 2020 Vision – Progress report and next steps

- 5 **The Bailiff:** Members of the States of Deliberation, good morning to you all.
We go straight into Question Time, and the first Questions are from Deputy Adam to the Chief Minister.
Deputy Adam.
- 10 **Deputy Adam:** Thank you, sir.
I direct the following Questions, relating to the 2020 Vision Progress Report and Next Steps, to the Chief Minister as the Policy Council was the proposer of this Report in the Billet d'État of 30th January 2013.
The first Question: in the executive summary, it states that the Report reinforces the need for
15 change and for a more co-ordinated approach to strategic planning - how has the Policy Council progressed these issues over and through the year?
- The Bailiff:** The Chief Minister will reply.
- 20 **The Chief Minister (Deputy Harwood):** Thank you, sir.
I am grateful to Deputy Adam for the Question.
If I may set the context for this reply to Deputy Adam's Question by reference to paragraph
(a)(x) of the mandate of the Policy Council, which includes the words:
- 25 '...and the co-ordination of action to enable the implementation of the States Strategic Plan, including action taken through the establishment of corporate and cross-departmental policy groups;'

30 As stated in the executive summary of the States Report on the 2020 Vision, the Policy Council was keen to endorse a more co-ordinated approach to strategic planning, primarily led by the Health and Social Services Department for the 2020 Vision but including all Departments and also recognising it engaged with the wider community.

35 The Policy Council Social Policy Group has prioritised and supports the Living and Ageing Well Strategy, the Children and Young People's Plan working with the third sector, and its equality and rights programme. It has prioritised these cross-cutting pieces of work as it believes its co-ordinating involvement in these areas will add the greatest benefit. As you will realise, these priorities are important in addressing the social care issues identified within the 2020 Vision. The Policy Council also provides some staff level support and co-ordination in other areas of work when required.

40 **The Bailiff:** Are there any supplementary questions?
Deputy Hadley.

45 **Deputy Hadley:** So that is a no, then: the Policy Council have not progressed them; they have *prioritised* them.

The Bailiff: Is that a question? (*Laughter*) Is that a question or a statement?

Deputy Hadley: The question, Mr Bailiff, is does the Chief Minister agree with me? They have not progressed them at all; they have merely prioritised them.

50 **The Bailiff:** Chief Minister, that is the final question.

The Chief Minister: Thank you for that supplementary question. (*Laughter*) The Policy Council has identified the priorities and, as Deputy Hadley will be aware, is already taking steps to try and activate, in particular, work on the Supported Living and Ageing Well Strategy.

The Bailiff: Deputy Adam, your next question.

60 **Deputy Adam:** May I have a supplementary?

The Bailiff: Oh, you have a supplementary, sorry.

65 **Deputy Adam:** Yes. The Chief Minister refers to the mandate of Policy Council. Is he also aware of the resolutions from Billet V of March 2012, which state that Policy Council should make explicit delineation between sub-committees wholly within its mandate and cross-departmental working parties? The latter should have clear terms of reference, time frames and very clear lines of accountability.

70 Would the Chief Minister clarify in which of these categories of the Strategic Plan the 2020 Vision belongs, especially in relation to the healthcare issue, which is considered the cornerstone of the Vision?

Thank you, sir.

The Bailiff: Chief Minister.

75 **The Chief Minister:** I am grateful for that supplementary question.

Deputy Adam draws a distinction between cross-departmental working parties and a sub-group of Policy Council. In this instance, the introduction of the 2020 Vision was from Policy Council. Policy Council also works through its own sub-group, which is the Social Policy Group in this instance, which is chaired by Deputy Le Tocq and has representatives, has Ministers, from the relevant Departments that together contribute to the social policy.

80 In this instance, it is within the remit of Policy Council to co-ordinate, and it is in that function that it is seeking to do so.

85 **Deputy Gollop:** I would like to ask a supplementary to the Chief Minister. Bearing in mind the enormous and broadly based workload that we are giving the Social Policy Group, do you feel that that particular aspect of the Policy Council is sufficiently well resourced in terms of staff; and, as a corollary, how is line management discipline imposed without the normal management structure of a Department to implement a policy?

The Bailiff: Chief Minister.

90

The Chief Minister: Sir, in this instance, Policy Council works with the relevant Departments. Initially, the Social Policy Group identified, if my memory serves me right, at least 40 different workstreams that were already embarked upon at the beginning of this term which involve social policy matters. In many cases those particular work streams involve exactly the same officers, who are therefore having to devote the time between all those different sectors.

95

The purpose of Policy Council's sub-group is actually to identify which of the 40 instances the staff, from a political perspective, should prioritise, and this is the function of Policy Council. It is not for Policy Council to interfere with the mandates of individual Departments.

100

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

Of course, we are not giving the Social Policy Group anything; we are giving things to the Policy Council and *they* are choosing how to discharge them.

105

The Chief Minister talks about policy – there is a difference between the development of policy and the co-ordination of policy. Is the Chief Minister able to clarify? In respect of policy which engages more than one Department's mandate, does he see the role of the Policy Council to develop policy at all, or merely to co-ordinate policies that are being developed by other Departments or committees?

110

The Bailiff: Chief Minister.

The Chief Minister: Sir, if I may respond to Deputy Fallaize, an example, I think, is the Disability Inclusion Strategy, which clearly was a strategy that fell outside any particular Department, where it was appropriate for Policy Council therefore to take the initiative in developing that Strategy.

115

In other areas where policy clearly spans a number of different Departments, I believe it is correct that the role of Policy Council is to help co-ordinate.

120

The Bailiff: Deputy Adam, your second Question, please.

Deputy Adam: Thank you, sir.

The Policy Council states that more detailed documents will be presented by the HSSD in due course, which will support the delivery of 2020 Vision. That is in the first part of the Report. One must assume that these are outlined on page 93 of their Report, paragraph 178. They include: quarter 1, Health System Review, Mental Health Wellbeing Strategy, Mental Health and Wellbeing Centre; quarter 2, Disability and Inclusion Strategy, Supported Living and Ageing Well Strategy on long-term care funding; quarters 3 or 4, Health Improvements Strategic Framework, Health Protection, Care Regulation and Children and Young People's Plan. We all know the Mental Health and Wellbeing Strategy and the Wellbeing Centre, Disabilities Inclusion Strategy have all been centred, plus the current Children and Young People's Plan has been submitted.

125

130

What progress has been made on remaining issues and what support and guidance has been given by Policy Council, especially as already stated the health system's review is a cornerstone of the whole Vision?

135

The Bailiff: Chief Minister.

The Chief Minister: Thank you, sir.

While an indicative work plan was set out in the 2013 Report on the 2020 Vision, it should be borne in mind – and as Deputy Hunter Adam will be fully aware – that a new HSSD board had been elected between the Report being submitted in autumn 2012 and the States debate in January 2013.

140

The new board are committed to the aims of the 2020 Vision to promote health and wellbeing, improve services and to protect vulnerable people. However, it is at their discretion – the discretion of that board – whether or not they follow the approach and timetable of their predecessors. While the overall 2020 Vision is endorsed and supported by the Policy Council, it would be more appropriate to seek an update from the HSSD Minister and board on the progress made and priority given to each of the issues identified within it.

145

150 There are, however, two strategies in the list given by Deputy Adam on which work is being led by the Policy Council. These are the Disability and Inclusion Strategy, which has now been approved by this Assembly, and the Supported Living and Ageing Well Strategy, where we hope to begin to make some further progress in the early part of next year.

155 As I stated in my Answer to Deputy Adam's first Question, the Supported Living and Ageing Well Strategy has been prioritised by the Policy Council's Social Policy Group for this political term. An update on the Supported Living and Ageing Well Strategy was issued last week to all States Members in answer to a media enquiry and this information should now be in the public domain.

160 The Disability and Inclusion Strategy was a Policy Council States Report following work under its Social Policy Group's equality and rights programme. Policy Council staff have offered support as appropriate – for example with the development of the Mental Health and Wellbeing Strategy and the Children and Young People's Plan.

The Bailiff: Any supplementary questions?
Deputy Adam.

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

170 The Chief Minister refers to the change in HSSD board membership between submission of the Report and the States debate. Does he not agree that if the new board did not endorse the Report they could have withdrawn it, as they did withdraw the Healthcare Review, the following one? As it was, the new board supported it, as did the whole Assembly. Is the Chief Minister able to assure the Assembly that all aspects of 2020 Vision will be progressed and, as stated, have... whose accountability and timelines in relation to this cross-departmental issue?

175 **The Bailiff:** Chief Minister.

The Chief Minister: As I said previously, it is not for Policy Council to interfere with the mandates of individual States Departments. It is a matter for the HSSD board to determine the priorities that it feels able to work with and comfortably to deliver against the 2020 strategy.

180 **The Bailiff:** Deputy Gollop.

185 **Deputy Gollop:** The Chief Minister has just indicated the difficulty I had with getting an answer perhaps to my last supplementary. How is the Policy Council, in the current regime, able to encourage, urge, coerce Departments into following a strategic social policy that the Policy Council has determined as being the appropriate way forward?

The Bailiff: Chief Minister.

190 **The Chief Minister:** Sir, I think Deputy Gollop has hit the nail on the head. The most that the Policy Council can do in these circumstances really is to encourage and to urge and to ask, through the Social Policy Group, for regular updates in terms of monitoring whether or not progress is being made against delivery. But, at the end of the day, the system of government we have recognises it is the responsibility of individual Departments to deliver their own mandate; and in order to deliver, for example, in this case, HSSD's mandate in delivering its 2020 Vision.

195 **The Bailiff:** I see no-one else rising.
Your third Question, please, Deputy Adam.

200 **Deputy Adam:** Thank you, sir.
Where Policy Council has proposed a report to the States, does Policy Council have responsibility for scrutiny and monitoring of progress? If not, who does Policy Council consider should provide such scrutiny?

205 **The Bailiff:** Deputy Harwood.

The Chief Minister: Thank you, sir.

All Departments and committees have a primary responsibility, as does the Policy Council, to monitor and make progress against States resolutions which direct them to act. The Policy Council also has an oversight role.

210 In respect of the 2020 Vision specifically, Policy Council was keen to offer its support to the HSSD's 2020 Vision Progress Report and Next Steps, as the Report emphasised that this was a matter for all States Departments, and indeed the wider community. HSSD remains, by definition, the Department primarily responsible for ensuring that work is done to achieve the goals of the 2020 Vision for Health and Social Care.

215 Where appropriate, and in line with the Policy Council's mandate, the Policy Council's Social Policy Group acts as a forum for discussion of ideas for co-ordination and for resolution of issues that may arise between Departments, as does the Policy Council itself.

The Bailiff: Any supplementaries?
220 Deputy Hadley.

Deputy Hadley: The Chief Minister has just told us that the Policy Council has an oversight role. Could he then tell the Assembly how he is exercising that in this particular case, because all he seems to have told us is that he is not capable of doing it?

225 **The Bailiff:** Chief Minister.

The Chief Minister: In response to Deputy Hadley, I did refer to the oversight role, and I would also refer to Deputy Gollop's previous question to me, in which he said the role of Policy Council is to encourage and to urge delivery. At the end of the day, as I explained in answers to earlier questions, Policy Council cannot of itself dictate to individual States Departments matters that are within their mandate. All we can do, and we will continue to do, is to encourage and urge.

230 As Deputy Hadley will be well aware, I think, in particular in the case of HSSD they have had a number of issues to address during the course of this year, which may well have meant that they have been unable to progress some of the particular issues that were referred to in the earlier 2020 Vision Report.

The Bailiff: Deputy Fallaize.

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

I think these exchanges demonstrate the problem where one committee which is accountable for an area of policy did not bring the report to the States, because it is obviously HSSD that is accountable for the 2020 Vision. So, bearing that in mind, does the Chief Minister believe that in future, where the implementation of policy is likely to rest, overwhelmingly anyway, with one committee of the States, it ought to be that committee which lays the original policy before the States, so that accountability is not completely obscured – as it has been in this case, as evidenced by the questions this morning?

The Bailiff: Chief Minister.

250 **The Chief Minister:** I thank Deputy Fallaize for his question and I will take note and refer the matter back to Policy Council in due course.

The Bailiff: I see no-one else rising to ask any further supplementary questions.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Colorectal Cancer Screening – Update on service

255 **The Bailiff:** The next series of questions are to be asked by Deputy Hadley to the Minister of the Health and Social Services Department. Deputy Hadley.

Deputy Hadley: Mr Bailiff, I would like to ask the Minister to explain why his Department has reduced the number of patients screened for colorectal cancer, from 20 a week in two sessions, to 12 in one session.

260 **The Bailiff:** Deputy Dorey, the Minister, will reply.

Deputy Dorey: Thank you, Mr Bailiff.

265 Following risk assessments undertaken in the Day-Patient Unit in 2011, it was identified that work was required to the Endoscopy Unit in order to meet infection control requirements.

This work was undertaken between September 2012 and April 2013. While the work was undertaken, a restricted service was provided in the Day-Patient Unit and this included reducing the number of bowel-screening sessions to one per week.

270 Once the work had been completed, we continued with the single weekly session, as this was enough to cover the numbers that required screening in the chosen cohort.

The Bailiff: Any supplementaries?

Deputy Hadley: Yes.

275

The Bailiff: Deputy Hadley.

Deputy Hadley: I correct the Minister. His Answer is completely wrong. The work carried out was not an infection control issue at all, but was in fact to enable two endoscopy suites to be used.

280 As only one session a week is now being carried out, this has proved to be totally unnecessary and is totally irrelevant as far as bowel cancer screening is concerned.

The Bailiff: I think you are being asked if you agree with what he is saying. *(Laughter)*

285 **Deputy Hadley:** No, it is a point of correction, sir, because his Answer was totally wrong.

The Bailiff: Well, it is not a supplementary question, then, if it is a point of correction.

Deputy Hadley: But am I not allowed to make the correction?

290

The Bailiff: If you phrase it as a question, you can; but your...
Mr Procureur, you...?

The Procureur: No, he is not allowed a point of correction, because this is not a debate.

295

The Bailiff: No, exactly; but he can raise a supplementary question.

Deputy Hadley: I am sorry, sir.

300 **The Bailiff:** Are there any supplementary questions? No.
In that case, Deputy Hadley, can you ask your next Question?

Deputy Hadley: Is the Minister aware that the original plan was to screen two cohorts: people reaching 60 years of age and people reaching 65 years of age?

305

The Bailiff: Deputy Dorey.

Deputy Dorey: Mr Bailiff, the 2011 States Strategic Plan bid which led to the bowel-screening service being set up, said that in Guernsey it was proposed to use only flexible sigmoidoscopy for two age cohorts to screen men and women in the 55-to-65-year age group – that is on page 14. The exact ages were not specified.

310

When the business case was prepared for T&R following the SSP, it was revised to a single cohort of 60-year-olds. This decision was taken in light of the most up-to-date research and on the recommendation of senior professionals from HSSD and MSG. It was a pilot project in 2011 which also only screened a single cohort. Both the pilot project and the business case were approved by the HSSD board at that time.

315

The Bailiff: Any supplementaries, Deputy Hadley.

Deputy Hadley: Yes sir.

320

Should the Minister not be aware that his answer is totally incorrect? The recommendation of the consultants from both the Health and Social Services Department and the Medical Specialist Group did most definitely recommend the two cohorts were screened. Is he not aware – apparently

not – that the recommendation of *both* of these consultants, one at HSSD and one at MSG, were totally ignored?

The Bailiff: Deputy Dorey.

Deputy Dorey: I was not a member of the board at that time, but I have looked back through the minutes, and in fact Deputy Hadley was one of the members of the board at the beginning of 2012 when the decision was taken to put the business case for one single cohort, and he was actually present at that meeting. *(Laughter)*

All the information that I have read, that I have been given, and based on the very excellent research done by Professor Atkin over 11 years, which was presented to States Members in June 2011, says that it has been shown the most feasible, acceptable and cost-effective solution is to do a single cohort at 60 years old.

The Bailiff: Deputy Hadley.

Deputy Hadley: Is the Minister also not aware that, as early as April 2010, the Chief Executive of Cancer UK described screening using flexible sigmoidoscopes as the most important development in recent years?

In the light of his answer, would he please make available the up-to-date research he refers to, which would seem to indicate that only one cohort should be screened?

The Bailiff: Deputy Dorey.

Deputy Dorey: I am very happy to make that information available; but, as I said, there was a presentation – I was not a member of HSSD, but I believe all States Members were invited to it – at the beginning of June 2011, done by Professor Atkin. I think the report was published in *The Lancet*, which was a very long investigation and which was the conclusion that the single cohort at 60 was the most cost-effective, acceptable and feasible way of doing the screening.

The Bailiff: Does anyone else have a supplementary question? No. Deputy Hadley, can we have your next Question then, please?

Deputy Hadley: Thank you, sir.

In his Answer to my Questions placed last October, he said that 575 people had been screened in 2012. Is he aware that of the 575 patients, three had cancer and 23 had large polyps which would have been expected to develop into cancer within five years?

The Bailiff: Deputy Dorey.

Deputy Dorey: Neither HSSD nor the Medical Specialist Group have published information about detection rates in the bowel-screening service; nor would the Department necessarily consider it appropriate to release isolated data or data which potentially relates to very small numbers of individuals, particularly when a full review of the bowel cancer screening service is currently underway.

The Bailiff: Deputy Hadley, is this a supplementary question?

Deputy Hadley: It is, Mr Bailiff.

Is the Minister not aware that his Department has already published the results of its trial of 136 patients in the business case presented to both the board and the Treasury and Resources Department? In this trial of 136 patients, four patients had cancers or high-risk polyps and a further 17 patients had low-risk polyps – and that was in the business case dated 12th January 2012.

Can the Minister tell me what his motive is for trying to suppress the excellent results from 2012 when potentially the lives of 26 people have probably been saved?

The Bailiff: Deputy Dorey.

Deputy Dorey: That almost repeats question 4. *[Inaudible]*

385 **The Bailiff:** Yes. Does this not need... Would it help if you put your Question 4 as well, then the Minister can answer the two together?

Deputy Hadley: Then, sir, my Question 4 was – is the Minister aware that detecting these cancers will probably save the Island over £1 million, as the estimated cost of treating bowel cancer is between £30,000 and £50,000, and more importantly saves the lives of 26 people?

The Bailiff: Deputy Dorey.

395 **Deputy Dorey:** HSSD is pleased with the work of the bowel screening service in ensuring early detection of cancer and pre-cancerous polyps. There is no question that early detection helps to ensure timely medical treatment and to keep people in better health, but I cannot confirm Deputy Hadley's figures with regard to either the amount saved or the number of deaths prevented. Cancer is a treatable disease and people who develop cancers of any kind will receive excellent medical care and may, in many cases, go on to make a full recovery. Of course, early detection can prevent expenditure on full cancer treatment, and we believe that the bowel screening service is helping to achieve this.

400 As I have previously said, HSSD is undertaking a full review of the service this year. Once that review is complete, we will be able to respond with more certainty... the effectiveness of bowel cancer screening in Guernsey.

405

The Bailiff: Deputy Hadley.

Deputy Hadley: Can the Minister explain, Mr Bailiff, why it is taking so long to do the review? It is now 12 months since the end of 2012.

410 Can he explain why he does not just accept the figures which are common knowledge within the Department? What extra information does he expect a review to give him?

The Bailiff: Deputy Dorey.

415 **Deputy Dorey:** The proper way to evaluate any service is to do a proper and full review. That is what the Department is doing; that is what I said in October.

Perhaps it should have been done earlier, but you cannot go back in history. The time was chosen when to do it, the review is currently being done, and when it is complete it will presumably be published and therefore you will be able to make an evaluation of the service then.

420

The Bailiff: Deputy Hadley, is this another supplementary, or... No? Deputy Adam has a supplementary question.

425 **Deputy Adam:** As a supplementary, sir, I agree with the Minister that the review of the screening is necessary. I wish to ask him if this review will look at the clinical results, outcomes, and also what this screening service has cost the HSSD – because the original business case and funding has not been fulfilled, as that was costed for two sessions and they are only using one. It was costed to train a bowel cancer screening nurse, and they have not done that. Therefore, where has the money gone? Last time he was asked that question, he said it had all been spent. I do not see how it adds up with what is being carried out at present.

430

Thank you, sir.

The Bailiff: Deputy Dorey.

435 **Deputy Dorey:** That supplementary does not arise from the answer I have given.

As I said, a full review will be done and that will obviously include the financial figures. I am not going to comment on the detailed questions that Deputy Adams asked because, as I said, they do not arise from the question. The proper time is when Members have a full review, and therefore if they are not happy with that review or they have questions... is to ask the questions then, not before the review.

440

The Bailiff: Deputy Adam.

445 **Deputy Adam:** Sir, I asked if the review was going to include the costing of what the service has been. I cannot see any reason why that cannot be answered. He is doing a review. What is the

content of the review? Is it clinical and financial to ensure the moneys that have been put forward for it have been spent?

Thank you.

450 **The Bailiff:** Yes, I am not sure it does arise from the answer, because the original Question was about something completely different.

Deputy Dorey.

455 **Deputy Dorey:** I thought I did say, in my initial part of the answer to his previous supplementary, that it will include the financial figures.

The Bailiff: Thank you.

Deputy Fallaize.

460 **Deputy Fallaize:** Sir, what is being implied is that HSSD is in breach of a States resolution by not spending the money the States allocated for bowel cancer screening. Therefore, when the review is complete, could the Department undertake to circulate to States Members a breakdown of how the money which the States voted for this service has been spent, please, so we can reassure ourselves that all of it has been spent on that service?

465

The Bailiff: Minister, are you are able to give this undertaking on behalf of the Department?

Deputy Dorey: We will issue the figures, but I would remind Deputy Fallaize of the Answer I gave in the October States meeting to Deputy Hadley's Question: the Department is spending all the money that was allocated. An annual sum of £328,000 was allocated, as part of the States Strategic Plan 2011, to set up and run bowel screening services. This covers the cost of the service which is delivered by MSG as well as HSSD staffing facilities and administration costs. That Answer is in *Hansard* and I just repeat it for his information.

470

475 **The Bailiff:** Your next question then, please, Deputy Hadley.

Deputy Hadley: Can I ask a supplementary question to that answer, sir?

The Bailiff: No. You cannot ask supplementary questions on supplementary answers. No. (Laughter)

480

You can ask your next question, though.

Deputy Hadley: Does the Minister not realise that if those people aged 65 years of age have been screened then it is likely that even more cancers will be found and even more lives changed, and even more money saved?

485

The Bailiff: Deputy Dorey.

Deputy Dorey: The question seems remarkably repeated.

490

Anyway, Mr Bailiff, the HSSD's routine bowel screening programme is targeted at the age group where screening is most likely to be effective, according to the research.

As I said in answer to Question 2, this approach was approved by the HSSD board in 2011 and 2012. However, anyone who has concerns about their health may consult their GP, and GPs will refer individuals for investigation, treatment and secondary care, as appropriate.

495

The Bailiff: Deputy Hadley.

Deputy Hadley: Mr Bailiff, does the Minister not understand that a patient will not have concerns about their health until they *have* bowel cancer, and the whole point of this programme is that they do not get bowel cancer in the first place? They are not going to see their GP until the symptoms become apparent. Does he not understand that GPs only refer patients for screening if they show the symptoms of bowel cancer?

500

The Bailiff: Deputy Dorey.

505

Deputy Dorey: That is exactly what my answer said: anyone who has concerns about their health may consult their GP, and GPs will refer individuals for investigation, treatment and secondary care.

510 As I echo again, the decision to screen only 60-year-olds was made both in 2011 – that was before two Members changed on the Department – and in 2012, when the Members changed again, and Deputy Hadley was a Member of that Committee.

The Bailiff: Deputy Hadley, is this your next Question?

515 **Deputy Hadley:** Is the Minister aware that, in October 2010, the Medical Officer of Health envisaged 55-year-olds and 65-year-olds being screened?

The Bailiff: Deputy Dorey.

520 **Deputy Dorey:** Mr Bailiff, I am now aware of this. However, as I said in answer to Question 2, the decision to screen a single cohort was reached further on in 2011 in consideration of the latest research and the options available and in consultation with appropriate senior professionals as HSSD and MSG.

525 **The Bailiff:** Deputy Hadley, you have a supplementary?

Deputy Hadley: Is not the real reason, Mr Bailiff, for not screening two cohorts just a shamefaced way to save money, as the budget of £327,500 is currently about £100,000 underspent? This underspend is obvious from a cursory reading of the business case, which identifies a figure of £84,000 for two specialist nurses, who are not currently employed.

530 As the Minister is not prepared to extend the scope of the screening programme, as recommended by two consultants leading the programme, can he tell me what he intends to do with the unspent money? Is it being used towards his Department's FTP target, or will it be returned to the Treasury and Resources Department?

535 **The Bailiff:** I am not sure that that arises from the answer you have just given, but do you wish to reply to it, Deputy Dorey?

Deputy Dorey: He keeps asking the same questions, using slightly different words, and I have answered the questions. I have answered the questions on the budget: I answered them in the October States meeting and I have repeated them in the answer to Deputy Fallaize. I have said the decision was made in 2011 and 2012 and it was based on very detailed research which was done and recommendations given to the Department at that time.

545 **The Bailiff:** Deputy Wilkie.

Deputy Wilkie: Thank you, sir.

550 Would the Minister agree with me that Deputy Hadley, under the new rules, should have made a declaration of interest as his wife is a partner in MSG and he may get some financial gains from this?

Thank you.

Deputy Dorey: Yes, I completely agree. I believe, under the rules, that he should have declared an interest.

555 **Deputy Hadley:** Mr Bailiff, as I said before my Questions in October, when I declared the interest then... I do apologise to the Assembly for not making that declaration this morning.

I am unable to find out what the financial benefit is that my wife has, because MSG will not tell me. Perhaps the – *(Laughter)*

560

Deputy Wilkie: But does your wife get paid or do it for free?

Deputy Hadley: Perhaps the Health and Social Services Department might have better luck.

565 **Deputy Brehaut:** Excuse me, sir –

The Bailiff: Deputy Brehaut.

Deputy Brehaut: – can I ask a question perhaps to Her Majesty's Procureur?

570 In the Questions today we have had a very specific number given, a low number, of three. My understanding was that, in a community of 63,000, when a number is that low there is a possibility that individuals could be identified.

For these Questions and for any future Questions, can we have some guidance on the figures that we give publicly, bearing in mind that figures that low could mean that individuals could be identified, theoretically?

575

The Bailiff: Mr Procureur, is that something that you would be able to answer? It certainly does not...

580 **The Procureur:** No, I am not going to give any off-the-cuff guidance now. I will echo what the Deputy has just been saying: that care does need to be taken, in addressing Answers to Questions publicly, that people's private and family lives are not affected by improper disclosure.

I will say that I was not at all concerned when I saw the Answers to these Questions because they are purely numerical. If this is a fact that only three have been identified, nobody knows who those three are. That did not give me any concern at all. But the Deputy is quite right to issue the warning and I would support that.

585

The Bailiff: Can I echo that I saw no concern when I saw the Answers, for the same reason: it is three people approaching their 60th birthday; it does not tell anyone more than that.

590 Yes, Deputy Lester Queripel, are you rising with a supplementary question arising out of Question 6, posed by Deputy Hadley?

Deputy Lester Queripel: I believe it is a supplementary, sir. I am seeking clarification, actually, sir, on an answer. Could the Minister tell me is it true that HSSD have underspent by £84,000 on the programme? I did not really get that bit, sir.

595

The Bailiff: Deputy Dorey.

Deputy Dorey: I did not hear the number he was talking about, sir. If he could –

600

The Bailiff: Is the Department underspent by £84,000 was his question. I do not know which one of your answers that arises from.

Deputy Dorey: I do not think it arises from any of the questions, but I have answered Deputy Fallaize's supplementary, and I answered the point about the budget in October, and I have nothing more to add.

605

We are going to do a full review and all the financial figures will be published then.

The Bailiff: Thank you.

STATES ASSEMBLY AND CONSTITUTION COMMITTEE

Electoral districts and methods for Island-wide elections – Focused report by SACC

610 **The Bailiff:** We move on then to the next Question, which is from Deputy Gollop to the Chairman of the States Assembly and Constitution Committee.

Deputy Gollop: Thank you, Mr Bailiff, sir.

615 This Question was actually sent by the deadline, prior to the BBC news that requérants were working on a Requête for next year.

In view of the Chief Minister's States Review Committee statement at the end of last month, at last month's States meeting, will the States Assembly and Constitution Committee be bringing to the Assembly next year a focused report on electoral districts and methods for Island-wide elections and mandates? And I have got two supplementaries after that. (*Laughter*)

620 **The Bailiff:** Deputy Fallaize, the Chairman of the Committee, will reply.

Deputy Fallaize: Shall I answer the supplementaries now? (*Laughter*)

In due course, the Committee will have to submit proposals regarding the practical arrangements for the 2016 election. Those proposals may need to include new or amended
625 provisions to reflect any changes agreed as a result of the States Review Committee's work. However, the Committee does not intend of its own volition to submit proposals seeking to turn Guernsey from seven electoral districts into a single electoral constituency.

The Committee notes that different forms of jurisdiction-wide voting have been put before the States many times in the past decade or so, and on each and every occasion they have been
630 defeated, usually heavily.

The Committee is of the opinion that the advantages and disadvantages of different methods of election may vary, depending upon any changes the States decide to make to their structure with effect from 2016. Therefore, the Committee hopes that any Requête regarding electoral reform would be debated *after* the Policy Letter of the States Review Committee.

635 The arguments for and against turning the Island into a single electoral constituency are well known, extensive and readily available. Therefore, the Committee hopes that any Requête regarding this matter, clearly sets out the requérants' single preferred electoral system.

The Bailiff: Deputy Gollop, your first supplementary.

640 **Deputy Gollop:** The first one is - has the Committee considered the parallel workstreams on the island of Jersey, where apart from perhaps the difficulties with the referendum, for the first time in their history they had an Island-wide election simultaneously with the deputies election and will do the same next year for, I think, eight senators or Island-wide deputies? Is the Deputy
645 considering that as new, beyond what was in the public domain that the previous SAC Committee submitted to the Assembly?

The Bailiff: Deputy Fallaize.

650 **Deputy Fallaize:** That was one of the proposals submitted by the previous SACC. I think I voted for it, but I was one of only 12 or 13 Members of the States who voted for it.

In general terms, the Committee has considered what is happening in Jersey, but if Deputy Gollop has been following the story in Jersey he will know that their *multiple* attempts at electoral reform have been nothing short of a disaster. Most recently, they had a referendum where a clear
655 result was produced and the States of Jersey then ignored it. So I do not think the Committee will be looking at Jersey (*Laughter*) as the jurisdiction to follow in respect of electoral reform.

The Bailiff: Deputy Gollop.

660 **Deputy Gollop:** The other one relates to one of our more learned and philosophical former Members of this Assembly, Mr Peter Roffey, in the *Guernsey Press*, recently identified another alternative of maybe four large non-parochially based big constituencies that would be significantly differently shaped from the current seven by implication.

Why will SACC not be including that within any review, or inputting that into the States Review Committee's work, for example, as something that this Assembly could consider,
665 hopefully within the next six months?

The Bailiff: Deputy Fallaize.

670 **Deputy Fallaize:** I must dispute the suggestion that Mr Roffey is learned or philosophical, (*Laughter*) but, sir, the answer to that question is that it probably becomes a more attractive option in the event that the States decided to reduce the number of States Members. But that will only be known once the States have made the resolutions following the States Review Committee's policy letter, so that is the reason that I say that the Committee hopes that, if a Requête is submitted, it
675 will be debated after the States Review Committee's Report.

Deputy Gollop: Sir, a difficulty... I wish I could...

The Bailiff: No, a Member is only allowed two supplementary questions under our amended
680 rules.

Anybody else have any supplementary question? No.
In that case, Greffier, can we move on to legislation, please.

Billet d'État XXIV

PROJETS DE LOI

The Limited Liability Partnerships (Guernsey) Law, 2013 – Draft Projet de Loi approved

Article I.

The States are asked to decide:

685 *Whether they are of the opinion to approve the draft Projet de Loi entitled 'The Limited Liability Partnerships (Guernsey) Law, 2013', and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.*

690 **The Deputy Greffier:** Billet d'État XXIV, Article I: The Limited Liability Partnerships (Guernsey) Law, 2013.

The Bailiff: Members have this at the first page of the brochure and there is an explanatory memorandum on page 2217 of the Billet.

695 Deputy Stewart, do you wish to open debate if there is to be debate?
Yes, Deputy Stewart, Minister of the Commerce and Employment Department.

Deputy Stewart: Mr Bailiff, Members, this is really just for a little bit of clarification. This Projet will enable the formation of Limited Liability Partnerships (LLP) in Guernsey.

700 As you may remember this was the subject of a supplementary report that was approved by this Assembly back in May of this year. Among the matters addressed in that report was a proposal that the legislation should provide for an LLP to be able to contractually exclude, limit or vary its liability and that of its members, employees and agents carrying out the work in the name of the LLP.

705 Those proposals were broadly consistent with the position in the United Kingdom. Since that supplementary report was approved by this Assembly, the Law Officers have advised that in the UK the reasonableness and fairness restrictions on LLPs are not in the UK LLP legislation, but in consumer protection legislation that has no equivalent here and which applies to other bodies in addition to LLPs.

710 So the introduction of these restrictions on LLPs in Guernsey, therefore, would put LLPs in a worse position than general partnerships and other entities, such as companies, foundations and so on. This would greatly decrease the attraction of LLPs as business vehicles and would also be contrary to an important recommendation in the supplementary report, that LLPs should be in no worse a position than a general partnership in respect of their ability to limit liability.

715 C&E is of the clear view that it is not right or sensible for LLPs to be in a worse position in this regard than general partnerships and other business vehicles that we offer here in Guernsey and as such the legislation, as drafted in front of you today, does not contain these restrictions and so does not give effect to a small part of the supplementary States report.

720 So consequently as a house-keeping measure, the Department intends in a future States report to ask the Assembly to approve the rescission of the relevant resolution, to the extent that it approved that part of the supplementary report back in May – so this is really house-keeping.

The Department believes that this legislation, which has been the subject of extensive consultation, will further increase Guernsey's competitiveness and attractiveness as a place to do business. I, therefore, commend this Projet to the Assembly, sir.

725 **The Bailiff:** Is there any further debate?
We go to the vote then. Those in favour; those against.

Members voted Pour.

730 **The Bailiff:** I declare the Projet carried.

**The Loi relative aux Douits (Amendment) Law, 2013 –
Draft Projet de Loi approved**

Article II.

The States are asked to decide:

Whether they are of the opinion to approve the draft Projet de Loi entitled ‘The Loi relative aux Douits (Amendment) Law, 2013’, and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

The Deputy Greffier: Billet d’État XXIV, Article II: The Loi Relative aux Douits (Amendment) Law, 2013.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I do not know to whom I am really addressing this because I am not sure which Committee of the States is responsible for douits. But certainly the initial report out of which this legislation arises was laid before the States by the Policy Council, so I presume it is the Policy Council that is responsible for douits. I do not know which sub-group... whether it has got a (*Laughter*) douits sub-group or something, but... (*Interjection*)

The questions that I have, sir, arise out of... twits not douits... The questions I have arise out of an exchange that took place at the Vale Douzaine meeting on Monday evening. Members will be aware that Douzaines have responsibilities for inspecting douits. The legislation that is before the States includes provision for a person who obstructs or impedes the Constable or Douzenier in the execution of the functions and duties of a Stream Committee under this Law, being guilty of an offence.

It has been reported to the Vale Deputies by Douzeniers in the Parish – and I cannot believe that it is restricted only to the Vale – that there are an increasing number of sites on which it is difficult to gain access to inspect the stream. So this is not so much a land owner deliberately obstructing or impeding the Stream Committee, but rather not maintaining land in such a way that means that douits can be readily and reasonably easily inspected.

I wonder if somebody might clarify whether this provision, regarding a person obstructing or impeding the work of a Stream Committee, might include the kind of circumstances I have just described, where Douzeniers or Constables cannot gain access to inspect streams which they are legally obliged to inspect. If this legislation does not provide for those sorts of circumstances, would whichever committee of the States does have responsibility of douits, consider in the future laying before the States proposals to amend the legislation slightly in order to provide for the circumstances I have just outlined?

Thank you, sir.

The Bailiff: Deputy Adam. Deputy Adam, are you...?

Deputy Adam: Yes, sir, thank you.

Just like Deputy Fallaize’s information, sir, I was vice-chairman of what was called the Parochial Legislation Working Party and all these issues were discussed with all the Douzaines to ensure they were fully in agreement of these changes. And for the Chief Minister’s information this is how an efficient working party should work: they started on day one, got down to work, six months later produced a report, and a States report – and that was in 2010. There is a timeline, there is an accountability, and a result – and that is how committees should formally work.

But I would like... Sorry.

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

Deputy Fallaize: I note Deputy Adams’ championing of accountability but I cannot find which committee of the States it is that is meant to be accountable for this item of legislation. Is he able to advise the States whether the Parochial Legislation Working Group was a committee of the States? Or, if not, which committee is it that is responsible for laying this before the States?

The Bailiff: Deputy Adam.

Deputy Adam: Sir, through you may I ask H.M. Procureur to answer because, (*Laughter*) fortunately, he was also on this very efficient Committee and helped immensely.

790 **The Bailiff:** Mr Procureur, can you help with this work stream?

The Procureur: Yes, it was not a *committee!* (*Laughter*) It was not a Policy Council sub-group! (*Interjections*) It was a group comprising a number of eminent persons, mostly Douzeniers, chaired by a former Member – a very distinguished Member of the Assembly it has to be said –
795 and a couple of Deputies and myself.

It was a technical working group of people that the Policy Council agreed to set up in response to a suggestion by my predecessor that the legislation in this area really needed a general review. All the States of Guernsey did at the time before that group was set up was to note the Policy Council's intention to do so. That group then reported to the Policy Council, the Policy Council
800 reported to the States, the States endorsed a number of resolutions which of course is the right and proper democratic way to do things.

Insofar as responsibility is concerned, that was a Policy Council report because the Government is the organ of the States through which the group was enabled and the work transcended a very wide range of matters. Douit or douits was merely one of those matters.
805 Responsibility for douits rests with the Central Committee. The Central Committee, I think, is Deputy Luxon's. (*Laughter*)

Deputy Fallaize: It is all as clear as a douit, isn't it!

810 **The Bailiff:** Deputy Adam, I think you are still in the middle of your speech.

Deputy Adam: Sir, it may be that it has moved from PSD to the Water Board, who is in charge of it, but, my main reason for standing was not to discuss... to congratulate that group because the Douzeniers were very helpful and supportive, as was the previous Deputy Shane
815 Langlois who provided all that information.

However, what I want to highlight is that the changes to the law, in relation to clearance and maintenance of *douits*, will allow defaulters to be dealt with by way of civil penalties rather than criminal sanctions and an appeal system will be instituted.

The significance of this – and I might again be better to ask H.M. Procureur to make sure people understand that this does not make the law less strong. It actually makes it much easier for the Douzaines to enforce the work that we expect them to do free of charge.
820

To me, this is a positive recognition of their contribution. We should support them, pass this without any problem and then make sure that people who have hedges or douits beside their properties are fully aware of this change, because it is a significant change. I spoke to H.M.
825 Procureur this morning and he said he would be ready to explain, if the Assembly wishes, what it means. If you do not, that is fine.

Thank you, sir.

830 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Sir, I might welcome more explanation on this because they are an extremely complicated package of laws – as Deputy Adam has explained – and have been transferred from one Assembly and one set of people to another.

I mean, for example, one of the pieces of legislation is in French which will... Deputy Paint
835 and Deputy Le Tocq will know what I mean. And another part of it seems to take away from Constables the power to be rat catchers – which is intriguing – in 1937 and it did provoke certain discussion in the Town Douzaine about the enforcement of these powers and whether it will empower parochial officials in future to give on-the-spot notices or fines to culprits as a way of clearing up the streams – some of which, in St Peter Port at least, run close to large housing estates
840 and essential housing areas.

The Bailiff: Is there any further debate? Mr Procureur, are you going to be able to assist?

845 **The Procureur:** Well I... my rules –

The Bailiff: I think Deputy Lester Queripel perhaps wants to add something. Shall we hear from Deputy Lester Queripel and then perhaps you can...

850 **The Procureur:** Well I would just like to clarify because my rules are a bit out of date, but Deputy Gollop has just had his speech on Article III of the Billet. Are we doing those two items of legislation together? (*Laughter*)

The Bailiff: Yes, I did wonder. (*Laughter*) Deputy Lester Queripel.

855 **Deputy Lester Queripel:** Sir, I am not sure who is going to be responsible for responding to my requests.

The Bailiff: I think the Chief Minister is perhaps going to respond.

860 **Deputy Lester Queripel:** Thank you, sir.
In that case I am looking for some clarification on the definition of the terminology ‘human rights safeguards’. Is that going to be in relation to the landowners, the parish official and all the Islanders in general? And what kind of incident might actually arise for the need for human rights safeguards to be considered? I would like clarification on that point please, sir.

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

870 **Deputy Le Tocq:** Sir, I rise just to echo all the points that Deputy Adam made, but also just to note for States Members – I am sure other Members of the Assembly have noted – that we are dealing with some ancient legislation here that is going to be amended or repealed, particularly on schedule 2 where you see the Ordonnance relative au Temps de Gestion des Connétables of 1778 and also the Ordonnance ayant rapport à l’Établissement de Machines de Vapeur et à l’Exploitation de Carrières supplémentaire à l’Ordonnance relative aux Routes, Rues et Chemins of 1921. And I think it should just be noted. (*Laughter*)

875 **The Bailiff:** Could we also please note – unless I have lost track of where we are – (*Laughter*) that we are debating The Loi relative aux Douits (Amendment) Law, 2013 (*Laughter*) and we have not yet moved on to the Parochial Administration Ordinance, 2013, which we may come to perhaps later today – who knows? (*Laughter*)

880 If there is no further debate on the Douits Law, the Chief Minister will be happy to reply.

The Procureur: I think perhaps before he does, in all that pre-Christmas hilarity which is great fun, Deputy Fallaize did raise a question which I know is of some importance to the Constables of the Vale –

885 **The Bailiff:** Yes, absolutely.

890 **The Procureur:** – and no doubt, other Constables. We are including in this legislation, if States Members approve it – as I am sure you will, for the first time, a specific statutory offence of obstructing or impeding parochial officials when they go about their duties of inspecting streams. Previously this has just been a matter of: that is a duty which they are under and if people obstruct or unreasonably refuse to co-operate, well, then the matter is reported up through the Central Committee and the Royal Court when the report is made annually.

895 This is an enhanced protection and allows the Constables to point to something with unreasonable people to say, ‘Look, you are committing an offence if you impede me in doing this’. The practical outworking of that, as to what will amount to an obstruction or an impeding when that obstruction is, in terms of difficulty of access to land, something which remains to be looked at on an individual case by case basis. That will be something which will be referred to the Law Officers and we would have to examine it.

900 What we have found in the past in other areas is that where people are being hugely unreasonable, in terms of not assisting parish authorities to carry out their duties, if the matter is referred to the Law Officers with the possibility of a prosecution ensuing, a very large proportion of them suddenly become much more reasonable. So we will see how that progresses. That was the issue that I wanted to address.

905 The civil penalties one: I anticipate there is going to be little debate on the next Article so just in response to Deputy Hunter Adam, yes, the idea of this is to streamline the process, to remove the necessity when infractions are alleged, for a full police investigation taking up police time with the interviewing under caution of suspects, the administration of cautions and then a report to the Law Officers who look at the evidence to the criminal ‘beyond reasonable doubt’ standard of

proof, and then have to decide if the prosecution is in the public interest. It has to go through all of that and at the end of the day if a conviction is secured a person is left with a criminal record which has various consequences that we can all appreciate.

The idea is to try a system where the Constables will be able to serve a notice to say: ‘You have defaulted in doing this. You are subject to a £50 penalty’ – or whatever it is – ‘and a continuing penalty whilst you get on with it.’ And counter-balanced against that, a right of appeal – so an independent tribunal to review it. So it is a more efficient and, hopefully, better way of getting things done. It is not a soft option, it is not taking the pressure off the landowners to do what they should do. Indeed it will probably have exactly the reverse effect.

The Bailiff: The Chief Minister.

The Chief Minister: I am very grateful to Her Majesty’s Procureur for that explanation. As a sub-committee of perhaps one, but actually as a Member of the St Peter Port Douzaine, I have actually had to tread streams and I can fully sympathise with the members of Douzaines who have difficulty actually getting access to some of the streams that we have on our Island.

Can I, at this stage, also pay tribute to the Douzeniers of all the parishes who have to undertake this particular role? It is not always easy. On a day like today it is fine but on a day when it is pouring with rain and you are having to wade through mud, undergrowth and overgrowth, it is not a very easy task.

I really have nothing further to add to the comments made by Her Majesty’s Procureur. The reference to human rights is, I suggest, a reference to the fact that we have built into this law now an appeal process which is consistent with the normal human rights process. I believe it will assist the role of the Douzaine and the Constables, and I, therefore, commend this particular piece of legislation to this Assembly.

The Bailiff: Deputy Fallaize, does your point arise on *this* Law –

Deputy Fallaize: Yes.

The Bailiff: – or is it related to the Parochial Administration Ordinance?

Deputy Fallaize: No, no, no. It is definitely the Law we are debating at the moment.

The Bailiff: Right.

Deputy Fallaize: In view of what the Procureur has said, can the Constables and Douzeniers of the Vale be assured then that the words ‘obstruct or impede’ may in certain circumstances be said to include where they are unable to gain access – having gone to all reasonable efforts to obtain access – where they are unable to obtain access to a particular property?

The Procureur: Well, they certainly may do in certain circumstances. But when lawyers use the word ‘certain’, they mean ‘uncertain’. (*Laughter*) So I am not making any promises that when the Constables find it difficult to get to a particular *douit* they will be able to refer the matter for prosecution. But they certainly can and should remind land owners of their responsibility to co-operate with them in this important work. Each case will depend on its own facts.

The Bailiff: Members can we vote now then on The Loi relative aux Douits (Amendment) Law, 2013. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare it carried.

ORDINANCES

The Parochial Administration Ordinance 2013 – approved

Article III.

The States are asked to decide:

965 *Whether they are of the opinion to approve the draft Ordinance entitled ‘The Parochial Administration Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.*

970 **The Bailiff:** We move on to Billet d’État XXIV, Article III: The Parochial Administration Ordinance, 2013, about which we have already some debate. Is there anymore debate? No. We will go straight to the vote then. Those in favour; those against.

Members voted Pour.

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

**The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law, 2008
(Commencement and Amendment) Ordinance, 2013 – approved**

Article IV.

The States are asked to decide:

980 *Whether they are of the opinion to approve the draft Ordinance entitled ‘The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law, 2008 (Commencement and Amendment) Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.*

The Deputy Greffier: Billet d’État XXIV, Article IV: The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law, 2008 (Commencement and Amendment) Ordinance, 2013.

985 **The Bailiff:** Any debate?
Deputy Hadley.

990 **Deputy Hadley:** I just rise to say this was changed as a result of an amendment placed by myself and seconded by Deputy Perrot at the request of local pharmacists who were worried about the original drafting of this Ordinance.

The Bailiff: Any further debate? No.
Straight to the vote then. Those in favour; those against.

995 *Members voted Pour.*

The Bailiff: I declare it carried.

**The Health Service (Specialist Medical Benefit)
(Amendment) Ordinance, 2013 – approved**

Article V.

The States are asked to decide:

1000 *Whether they are of the opinion to approve the draft Ordinance entitled ‘The Health Service (Specialist Medical Benefit) (Amendment) Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.*

1005 **The Deputy Greffier:** Billet d’État XXIV, Article V: The Health Service (Specialist Medical Benefit) (Amendment) Ordinance, 2013.

The Bailiff: Any debate? This is page 199 of the brochure. No.

I see no-one rising so we will go to the vote. Those in favour; those against.

1010 *Members voted Pour.*

The Bailiff: I declare it carried.

1015

**The Chief Accountant (Transfer of Functions)
(Guernsey) Ordinance, 2013 – approved**

Article VI.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled ‘The Chief Accountant (Transfer of Functions) (Guernsey) (Ordinance, 2013’, and to direct that the same shall have effect as an Ordinance of the States.

1020

The Deputy Greffier: Billet d’État XXIV, Article VI: The Chief Accountant (Transfer of Functions) (Guernsey) Ordinance, 2013.

1025

The Bailiff: Any debate? No.

Straight to the vote then. Those in favour; those against.

Members voted Pour.

1030

The Bailiff: I declare it carried.

ELECTION

**Elizabeth College Board of Directors –
New member elected**

Article VII.

The States are asked:

To elect a member of the Elizabeth College Board of Directors to fill the vacancy which will arise on 6th January, 2014 by reason of the expiration of the term of office of Ms Merise Wheatley, who is not eligible for re-election.

1035

The Deputy Greffier: Billet d’État XXIV, Article VII: Elizabeth College Board of Directors – New Member.

1040

The Bailiff: Deputy Langlois, I think, will propose someone.

Deputy Langlois: I am certainly prepared, sir, to say a few words about the proposed candidate.

1045

The Bailiff: Well I think we need –

Deputy Langlois: If that is appropriate?

1050

The Bailiff: Well, under Rule 20 sub rule 7, I first of all invite Members to propose eligible candidates and nobody shall speak about a candidate at that stage. So first of all I think we need to identify...

Deputy Langlois: I am proposing the name of Anne-Marie Collivet.

1055

The Bailiff: Anne-Marie Collivet. Can we have a seconder please? Yes, Deputy Domaille. Do we have any other candidates proposed? No.

In that case it may be helpful, Deputy Langlois, for Members to know a little bit more about your candidate at this stage... if you wish to.

1060 **Deputy Langlois:** If that is the Assembly's wish, sir, that is fine.

Anne-Marie Collivet was born in Guernsey and went to the Grammar School prior to achieving a First Class Honours Degree in Economics at Reading University. Subsequently she has achieved a Chartered Membership of the Institute of Securities and Investment and various other investment-related professional qualifications. She has worked for some years, since 2004, for Canaccord Genuity Wealth Management as a client manager in charge of client relationships, and she is married with two children both of whom are pupils at the junior school of Elizabeth College.

1065 Anne-Marie is particularly keen to take up membership of the Board because she sees an important function of the College as promoting inclusivity and social mobility in our education system.

1070

The Bailiff: In that case we vote Members... oh, Deputy Lowe.

Deputy Lowe: Sir, just bringing to the attention of the States Members and indeed for Deputy Langlois, under the rules it is supposed to be circulated, I believe, a CV for States Members to be aware of who is being nominated and the background. That is under the new rules.

1075

The Bailiff: I do not think that is... No, candidates can be nominated from the floor of the States.

1080 **The Procureur:** Yes, I vaguely thought I knew something about that but I could not find it in the rules so perhaps Deputy Fallaize could show us.

Deputy Fallaize: Yes, I do not know if my rule book is more up to date than Her Majesty's Procureur's but there is a rule in the Rules regarding the Constitution and Operation of States Departments and Committees that says:

1085

1090 'Save in respect of the office of Chief Minister, persons shall be eligible for nomination from the floor of the Assembly on the day of election, but where a person nominated is not a sitting member of the States the proposer shall provide to Members of the States, no later than the start of the meeting at which the election is to be held, a full report in writing containing background information about the candidate, the candidate's willingness to seek election and the reasons for his name having been put forward.'

This rule is a product of an amendment laid by the Policy Council, sir. *(Laughter)*

1095 **The Bailiff:** Can you just identify that is within the Constitution Operation of States Departments and Committees rather than in the Rules of Procedure of the States Deliberation. Can you just identify where it is Deputy Fallaize?

Deputy Lowe: Rule 12.

1100

The Bailiff: Rule 12.

Deputy Fallaize: Yes, it is Rule 12.

1105 That does not incorporate bodies other than States Committees because that was the intention of the Policy Council's amendment and that rule... there will have to be some changes made I suppose, because... in which case that rule does not give effect to what was meant by the Policy Council.

I can remember having a conversation with Deputy Harwood and the way the amendment was put forward and what SACC agreed to was that all candidates, such as the one that we are about to elect, ought to have this background information circulated. So if this rule does not cover that we will have to make some changes I think.

1110

The Bailiff: Deputy Langlois.

1115 **Deputy Langlois:** Well sir, can I seek clarification whether the Board of Directors is within the wording of that rule a States Committee?

Deputy Fallaize: Well, it is a committee of the States, isn't it?

1120 **Deputy Langlois:** Sorry, I was hoping that the Procureur might clarify that.

The Bailiff: Is it not a non-governmental body?

Deputy Fallaize: No, it is listed in the Mandates and the Membership of States Departments.

1125 **The Procureur:** Well, no, it is a non-governmental body because the yellow pages say it is at Rule 19. But may I suggest that the information has been provided in respect of this person? I do not imagine that there is going to be serious opposition to her election and perhaps this is a matter which the relevant States Committees might wish to look at in the future.

1130 **The Bailiff:** Yes. Deputy Langlois.

Deputy Langlois: Sir, I would take it a step further than that – and certainly I would hope it would not delay the election – but I would take it a step further than that and let us go to the next meeting of the Board and certainly we would have to ask the lady concerned, but the Board of Directors I am sure would be quite happy to circulate her CV.

The Bailiff: Thank you.

1140 Well, we go to the vote then, Members, on the nomination of Anne-Marie Collivet, proposed by Deputy Langlois and seconded by Deputy Domaille, to be a Member of the Elizabeth College Board of Directors. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare her elected.

Billet d'État XXV

ELECTION

Priaulx Library Council – New member elected

1145 *Article I.*

The States are asked:

To elect a member of the Priaulx Library Council to fill the vacancy which will arise on 1st January 2014, by reason of the expiration of the term of office of Deputy Roger Domaille, who is eligible for re-election.

1150

The Deputy Greffier: Billet d'État XXV, Article I: Priaulx Library Council – New Member.

The Bailiff: Deputy Adam, are you going to nominate somebody?

1155 **Deputy Sillars:** I am.

The Bailiff: Deputy Sillars.

Deputy Sillars: Yes, I would like to nominate Deputy Roger Domaille.

1160

The Bailiff: So you are proposing Deputy Domaille, Deputy Sillars, seconded by Deputy Adam. (**Deputy Adam:** I am the seconder.)

Do we have any other nominations? No. Well the person nominated is a sitting Member of the States so Rule 12 (*Laughter*) of the Constitution –

1165

Deputy Langlois: Excuse me, sir, has a CV been circulated? (*Laughter*)

The Bailiff: It does not need to be under Rule 12. He does not need to because he is a sitting Member of the States, actually sitting next to me. *(Laughter)*

1170

Deputy Sillars: I have a very long speech prepared by Deputy Domaille for himself, sir, if you would like to hear it.

The Bailiff: Well, we are saying no-one else proposed. We will go straight to the vote. Members, it is the proposal to elect Deputy Domaille, proposed by Deputy Sillars seconded by Deputy Adam, as a member of the Priaulx Library Council. Those in favour; those against.

1175

Members voted Pour.

The Bailiff: I declare him elected.

1180

Billet d'État XXIV

POLICY COUNCIL

Succession to the Crown – Proposition carried

Article VIII.

The States are asked to decide:

Whether, after consideration of the Report dated 14th October, 2013, of the Policy Council, they are of the opinion to direct the preparation of legislation expressly providing for the rules governing succession to the Crown in respect of Guernsey to be determined in accordance with the law of the United Kingdom relating to succession to the Crown.

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The Deputy Greffier: Billet d'État XXIV, Article VIII: Policy Council – Succession to the Crown.

1190

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

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

1195

I hope this will be uncontroversial. This is an initiative that has been taken throughout the Commonwealth at the initiative, initially, of the Prime Minister of the United Kingdom. It is to ensure that all the Commonwealth countries and, by necessary extension, the Crown Dependencies and our Overseas Territories agree that there should be a common recognition of succession to the Crown.

1200

I would draw Members' attention to paragraph 11 of the Report because this was a subject of discussion with other Crown Dependencies and although we could, as indicated in paragraph 8 and 10, rely upon the UK legislation extending to Guernsey by necessary implication of the Bailiwick... When I say implication, it was felt that it was appropriate for each of the Crown Dependencies to legislate by way of primary legislation, in order to recognise the peculiar and distinctive role of the Crown in relation to each of the Dependencies and this would be a useful re-establishment of our relationship – the relationship of the Bailiwick with the Crown – and would also enhance the Island's identity.

1205

So I would ask all Members to support this Report and the recommendations that the Policy Council be instructed to proceed with this legislation.

1210

Thank you, sir.

The Bailiff: Is there any debate? No. There is a single Proposition on Page 2224. Those in favour; those against.

1215

Members voted Pour.

The Bailiff: I declare it carried.

Billet d'État XXV

POLICY COUNCIL

**Automatic Tax Information Exchange,
Global Standards in Tax Transparency and International Agreements,
The OECD Convention, OECD Model, FATCA,
and United Kingdom Inter-Governmental Agreements –
Propositions carried**

- 1220 *Article II.*
The States are asked to decide:
Whether, after consideration of the Report dated 11th November, 2013, of the Policy Council,
they are of the opinion:
- 1225 *1. To request the United Kingdom to extend to Guernsey the Organisation for Economic Co-*
operation and Development Multilateral Convention on Mutual Administrative Assistance in
Tax Matters.
- 2. To agree to enter into an Intergovernmental Agreement with the United States to facilitate*
the automatic exchange of information, to facilitate Guernsey firms' compliance with the
United States Foreign Account Tax Compliance Act.
- 1230 *3. To agree and ratify the United Kingdom Intergovernmental Agreement to facilitate*
information exchange on similar principles as the United States Foreign Account Tax
Compliance Act, together with the relevant revision to the existing Tax Information Exchange
Agreement that will be required to provide the legal platform for the automatic exchange of
information under the United Kingdom Intergovernmental Agreement.
- 1235 *4. To resolve to continue to engage in the development of the Organisation for Economic Co-*
operation and Development Model and to endorse, promote and adopt, when finalised and
introduced as a new standard, the new Organisation for Economic Co-operation and
Development Model for the automatic exchange of information.
- 1240 *5. To delegate to the Policy Council powers to negotiate and conclude any future agreements*
arising from the adoption of the Organisation for Economic Cooperation and Development
Model for the automatic exchange of information or from participation in the Organisation for
Economic Co-operation and Development Multilateral Convention on Mutual Administrative
Assistance in Tax Matters or otherwise in respect of the automatic exchange of information
(but not derogating from the principle that the international agreements intended to be
implemented would continue to be approved by the States by Ordinance).
- 1245 *6. To agree that the Income Tax (Guernsey) Law, 1975, as amended, be further amended by*
Ordinance to empower the Treasury and Resources Department to implement the United States
and United Kingdom Intergovernmental Agreements (and future Intergovernmental
Agreements and other agreements with other jurisdictions from time to time approved by
Ordinance of the States) by regulation.
- 1250 *7. To agree that the Organisation for Economic Co-operation and Development Multilateral*
Convention on Mutual Administrative Assistance in Tax Matters and the United States and
United Kingdom Intergovernmental Agreements be specified by Ordinance as approved
international agreements for the purposes of the Income Tax (Guernsey) Law, 1975, as
amended.
- 1255 *8. To direct the preparation of such legislation as may be necessary to give effect to the above*
decisions.

1260 **The Deputy Greffier:** Billet d'État XXV, Article II: Policy Council – Automatic Tax
Information Exchange, Global Standards in Tax Transparency and International Agreements, The
OECD Convention, OECD Model, FATCA, and United Kingdom Intergovernmental Agreements.

The Bailiff: Again, the Chief Minister will open the debate.

1265 **The Chief Minister (Deputy Harwood):** Thank you, sir.
I am wary that this short opening statement could potentially descend into a conglomeration of
acronyms so I will endeavour not just to be brief but also try to be clear.

I want to set out in support of the States Report that, firstly, Guernsey's reputation is enhanced by tax transparency and, secondly, it is internationally recognised that Guernsey has shown leadership on tax transparency for more than a decade.

Our economic wellbeing is enhanced by our position on tax transparency. The move to automatic exchange is inevitable. It is a global movement and it is now rapidly becoming the new global standard and also that, by ensuring we take the next step proposed in the States Report, we once again show commitment to the global standards *as* they develop and that this provides the best route to secure a sustainable future as a mainstream offshore international finance centre.

FATCA is the US Foreign Account Tax Compliance Act. It is fair to say this particular acronym has been a source of much debate and argument since it was signed into US law in March 2010. One thing that is unarguable, however, is that it has signalled the next step in tax information exchange. It has cemented the move to making automatic tax information exchange the new global standard.

In September 2013, in response to my letter to him challenging him to show his support for Guernsey on tax transparency, the UK Prime Minister David Cameron wrote to me acknowledging that Guernsey had shown leadership not just through the G8 Summit but over the past decade. He subsequently made the public statement that because of our co-operation on tax transparency, the Crown Dependencies and Overseas Territories should no longer be regarded as tax havens.

Similarly, in November 2013 when Guernsey concluded its 50th Tax Information Exchange Agreement the Organisation for Economic Cooperation and Development (OECD) referred to Guernsey's record of leadership on tax transparency and information exchange. The reason for stating and reminding us of this is to emphasise that what is being recommended today is not a game changer for Guernsey. It is a further step in the direction that we have been travelling for a decade or more.

It is an important step but it is by no means a leap of faith. It is very much a logical next step and a step which we will be taking with many other jurisdictions – those who we consider our peers and our competitors in international finance. It is in our reputational interest to ensure that we are in the mainstream as an international finance centre. It is in our economic interests to remain in that mainstream.

Sir, at a G8 Summit meeting in London in June 2013 chaired by Danny Alexander, I was able to advise those assembled – representatives of Governments, from NGOs, from charities and from campaigning groups – that Guernsey had opted for greater transparency because it helped make us economically competitive.

When we adopted automatic exchange of information in 2011 with each EU Member State under the equivalent of the EU Savings Tax Directive, some said that this would undermine our economic competitiveness. Sir, I would say it did not and the wisdom of those who took that decision in 2011 has been borne out by the way that Guernsey has performed and has continued to perform through a harsh global economic downturn.

So, in short, taking the steps proposed today is in our interest. The issue of FATCA compliance has been a matter exercising industry for a number of years. They came to a head in April 2013 when five European countries – the UK, Germany, France, Italy and Spain – announced their intent to enter into direct Inter-Governmental Agreements (IGA) with each other, to replicate FATCA as proposed by the US.

The matter was discussed numerous times at the Fiscal and Economic Policy Group and with industry which was consulted through the finance sector group. The decision on compliance with FATCA via an Inter-Governmental Agreement with the US was in our interest, was a straightforward one once the views of industry had been taken. Indeed at the time agreement with the US was seen as a potential source of competitive advantage, if such an agreement could be secured as soon as possible.

The Crown Dependencies – that is ourselves, Jersey and the Isle of Man – worked jointly and in October 2012 co-ordinated simultaneous announcements: we would seek each to enter into an IGA with the US. The UK then made it clear to the Crown Dependencies that it would not count it as approving an Inter-Governmental Agreement for tax information exchange with the US if its own tax exchange agreements with the Crown Dependencies were not enhanced in order to make them at least consistent with the US FATCA agreement.

In meetings with Deputies and industry in autumn 2012 the clear view was that the agreement with the US should not be jeopardised and, indeed, should be expedited as far as possible. Now the cost of not having a US FATCA agreement in place was untenable and the sooner an agreement with the UK to enable that would be judicious on the basis it was no more than an enhancement of the existing arrangements on information exchange.

I should add, sir, that the UK's approach on this issue for a time was not in line with a degree of mutual respect that is expected between our jurisdictions. While that situation has now been resolved, it has highlighted an aspect of the UK/Guernsey relationship that I would hope the Constitution Investigation Committee, when established, will look into, and that is our ability to have greater autonomy in treaty-making in line with our greater international identity.

Sir, with that in mind, we and Jersey worked together to ensure that the agreement with the UK reflected our interests as well as the UK's. I am pleased to say that the view of industry was that it did strike that balance. Those officers from Policy Council and Income Tax who carried out the negotiations on what had been termed the UK FATCA were greatly supported by our industry and, indeed, continue to be as we prepare the guidance notes for industry. And can I, sir, at this stage I think, also pay tribute to those officers within Policy Council and within the Income Tax Department who have borne the brunt of the negotiations and have carried out those negotiations in a very professional manner.

The step we are proposing today is not one that we are proposing naively. We appreciate that there will be an industry cost and we appreciate that until there is a truly global level playing field, we may be considered to bear a disproportionate cost. It is the price that we have all agreed is necessary to continue to operate and have a sustainable long-term future as a mainstream offshore financial centre. Our calculation is that in the long run the benefits of these moves will outweigh the immediate costs, but we must acknowledge that they do not come at a good time with respect to the current business environment. And it is to the credit of our finance industry that they themselves have taken a long-term view about what will be good for them and what will be good for Guernsey as a place to do business.

On the UK agreement you will be aware that we and Jersey signed this together at the UK Treasury in October. In our case, it was quite rightly subject to the approval of the States of Deliberation. To date, the UK has also concluded agreements with the Isle of Man, Cayman Islands, Gibraltar, Bermuda, Montserrat, the Turks and Caicos Islands and the British Virgin Islands.

On the US IGA negotiation, agreement has now been concluded and we anticipate this could be signed in the next few days by ourselves, Jersey and the Isle of Man at the same time – that is obviously dependent upon the States' agreement today. And I would hope to be in a position – assuming there is a States agreement today – to be able to confirm the date on which that agreement will be signed possibly during the course of tomorrow.

In joining others such as the Isle of Man, the Cayman Islands and Jersey in asking for the OECD Convention to be extended to us, we are further committing ourselves to the highest global standards of information exchange in a way again that will be consistent with the enhanced arrangement that we are seeking to put in place with the UK and the US.

Moreover, it is logical that we should do so as the Convention is the next step towards a truly global level playing field. The Convention currently has 63 signatories and also 14 territories that are enjoined in the Convention in the same way that Guernsey would be. Indeed, by becoming a party to the Convention we would add a further 20 potential partner jurisdictions to our tax treaty network.

It is interesting to note that when the Isle of Man had the Convention extended to them last month they said that it would add almost twice as many partners to its tax network, and that figure was 38. This is perhaps an illustration that for Guernsey the Convention is an enhancement and not a huge leap and, indeed, not as big a step as it will be for other jurisdictions.

In summary, sir, what is being proposed is, I believe, in our economic interest. It will protect both our reputation and our leadership position on tax transparency – both of which are inextricably linked. It will be an enhancement of our current arrangements, it will not erode any of our sovereignty on fiscal matters and in many respects will further enhance our international identity.

Sir, the States of Deliberation has previously committed to meeting international standards on tax transparency as a policy commitment. Today sir, I ask the States of Deliberation to renew that commitment.

Thank you, sir.

The Bailiff: Deputy Gollop.

Deputy Gollop: Sir, I am sure that most, if not all, Members will support the Chief Minister in this regard, but there are some interesting points to consider here. The first is that the Chief Minister acknowledges there will be a continued cost to industry. Yes, in some respects

compliance has been a growth industry within itself in Guernsey, but there comes a point when the attractions of other perhaps less well-regulated jurisdictions will be appealing to some.

1390 The work stream has to continue and I appreciate the efforts the Chief Minister has made in strengthening our international position, and indeed his predecessor, Deputy Trott. I think it is their team approach with the senior staff that has made the difference. But what I find intriguing on a political level is when the Chief Minister engages at a senior level with Whitehall and Westminster we get deservedly praised for the co-operation and work streams we are implementing. But from time to time some of those people will then go to the House of Commons and play to the media with a different tune and we need to discourage that and be aware of that.

1395 This issue within the industry – the contacts I have had have broadly welcomed it as essential and useful but they would wish to see perhaps a further extension of this – some might to other European nations. And certainly the parallel issue perhaps of double tax agreements has now become *de rigueur* and I think there would be many people in the corporate sector who would like to see a wider range of double taxation agreements with nations, whereby that could perhaps enhance business, and within the new global condition of tax restraint encourage rather than discourage business.

1400 Finally, on a personal plea, if the Chief Minister needed Members to be away from this Assembly for a bit to go on fact finding missions, maybe I could volunteer for the Cayman Islands and look at their pensions, tax and benefits system. (*Laughter.*)

The Bailiff: Does anyone else wish to speak in this debate?

Deputy Le Clerc.

1410

Deputy Le Clerc: Sir, I would just like to urge all Members to vote for this because it is critically important to our finance industry.

I have just got one concern and that is 94 on page 2320 and that is the burden on the Income Tax Office. I am already concerned about the workloads of the Income Tax Office and I believe they are already substantially behind on their workloads – and still closed on a Thursday afternoon. They are saying they have got sufficient resources to deal with this and I am not sure that they have, and I just wonder if we have under-estimated the amount of work and pressure that is going to be put on the Income Tax Office.

Thank you.

1420

The Bailiff: Any further debate?

Deputy Trott.

Deputy Trott: Yes, sir, I also support these proposals unreservedly and listened to the Chief Minister's comments with interest. Would he, as part of his summing up, be able to remind this Assembly, and particularly for the purpose of *Hansard*, of the gist of the very complimentary remarks that the Prime Minister of the United Kingdom gave with regard to Guernsey's attitude and performance regarding tax transparency, as I am sure Members would enjoy hearing his views once more?

1430 Thank you, sir.

The Bailiff: Any further debate? No.

Well, Deputy Harwood, would you then reply?

1435 **The Chief Minister:** Thank you, sir.

Firstly, could I express my appreciation and gratitude to Deputies Gollop, Le Clerc and Trott for speaking in support of the recommendations and proposals before you today?

To Deputy Gollop – yes, of course, there clearly is a cost of complying with these new global standards and I would emphasise that these are becoming global standards. Very few jurisdictions are not going to be in a position to be able to avoid having an Inter-Governmental Agreement with the US, for example, because if they do not then the US could impose withholding tax on payments that are made to businesses operating within those non-compliant jurisdictions.

1440 The UK and the European Union, as I mentioned – the G5 Group – are clearly determined to make the FATCA-type agreement a standard, and already a number of other European countries have jumped on to that same bandwagon. Gradually, we are seeing this type of standard of Tax Information Exchange Agreement (TIEA) as being the global standard. It will become the global standard and jurisdictions throughout the world will start signing up to them.

1450 In relation to the OECD, for example, I am aware certainly that Singapore has now agreed to sign up to the OECD Multilateral Convention. So jurisdictions are recognising they have very little alternative if they want to operate in the global markets. If we want to operate in those markets ourselves we have to abide by the global rules.

The industry – certainly Deputy Gollop has mentioned it and welcomed it. I think industry certainly supports and acknowledges that the cost is appropriate and is necessary.

1455 To Deputy Le Clerc – my understanding is that the Income Tax Authority has assured us that they do have the resources and in fact I am advised by the Minister of Treasury and Resources that additional resources for the Income Tax Department, in order to deal with these international obligations, have been provided for in 2013 and that resources are already in place to deal with it.

1460 To Deputy Trott – yes, unfortunately, I do not have with me the actual precise wording of the Prime Minister’s comments in the House of Commons. Certainly we did take very great comfort from the fact that he acknowledged publicly in the House of Commons in response to the Prime Minister’s Questions, the leadership that had been taken by the Crown Dependencies and by the Overseas Territories – and in his statement, the Crown Dependencies and the Overseas Territories should *no longer* be regarded as tax havens.

1465 We have had that confirmed also, I think, very much by the OECD, in acknowledging the lead that Guernsey has taken in committing itself to 50 Tax Information Exchange Agreements. We are, I think, winning. The agenda is moving. We are beginning to get the momentum we need. We are beginning to establish a global standard which will become the level playing field we have been desperately seeking for the last 10 to 11 years.

1470 Can I also at this stage, I think, acknowledge the initiatives that were taken back in 2002 when the first tax information agreement was entered into with the United States, and the support that this has been given by my predecessor, Deputy Trott, when he was Chief Minister in encouraging this move towards tax transparency?

Sir, I would ask the States to vote in favour on all Propositions.

1475 Thank you, sir.

The Bailiff: Members, the Propositions are to be found on pages 2402 and 2403 of Billet XXV. There are eight Propositions. I put all of them to you together. Those in favour; those against.

1480 *Members voted Pour.*

The Bailiff: I declare them all carried.

Billet d’État XXVI

POLICY COUNCIL

Social Welfare Benefits Investigation Committee – Debate commenced

The States are asked to decide:

1485 *Whether, after consideration of the Report dated 2nd December, 2013, of the Policy Council, they are of the opinion:*

1. To agree to rescind paragraph 28 of States Resolution XI of 14th November 2013.
2. To agree to form, at their December 2013 meeting and in accordance with Rule 18 of the Rules relating to the Constitution and Operation of States Departments and Committees, the Social Welfare Benefits Investigation Committee as a Special States Committee, with the
- 1490 mandate as resolved by the States of Deliberation on 14th November 2013.
3. To elect a Chairman who shall not be a member of the Housing, Social Security or Treasury and Resources Departments.
4. To elect one other member of the Social Welfare Benefits Investigation Committee who is not a member of the Housing, Social Security or Treasury and Resources Departments.
- 1495 5. To authorise the Treasury and Resources Department, if required, to approve a transfer from the Budget Reserve to establish a budget for the Social Welfare Benefits Investigation Committee in 2014.

1500 6. To direct the Treasury and Resources Department to take account of the funding requirements of the Social Welfare Benefits Investigation Committee when recommending Cash Limits for 2015.

The Deputy Greffier: Billet d'État XXVI: Policy Council – Social Welfare Benefits Investigation Committee.

1505 **The Bailiff:** The Chief Minister.

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

I am delighted to be able to introduce, a month earlier than we were originally directed to do so, this Report entitled Social Welfare Benefits Investigation Committee.

1510 As Members of the States will recall last month, we agreed to form this new special States Committee. We have a mandate to examine all aspects of supplementary benefit and all relevant aspects of the current States' housing laws, in order to develop and form a single and comprehensive social benefits model, capable of fulfilling and balancing the social and fiscal objectives of the States. The Committee's mandate was also approved last month and is set out in full on page 2408 of Billet XXVI.

1515 After carefully considering both the mandate and the Committee's direction from States Members to return with this proposal in the early part of next year, Policy Council with the agreement of the Presiding Officer – and I thank you, sir – has decided to expedite the formation of this Committee by bringing this Report for this month instead of January next year, in order to afford the Committee as much time as possible to undertake this work.

1520 Propositions 1 and 2 of the Report therefore ask for your support by rescinding the previous Resolutions and agreeing to form the Committee at this States meeting instead of the January's. As to the Committee's membership, this Assembly agreed last month that the Housing Department and Social Security Department would need to select two of its Members to serve on the new Committee, and the Treasury and Resources Departments would select one Member.

1525 Policy Council has been informed by the Social Security Department that the two Members who have been nominated to serve the Committee will be Deputy Green and Deputy Le Clerc. The Housing Department has advised that the Members nominated to be its representatives on the committee will be Deputy Hadley and Deputy Le Pelley. The Treasury and Resources Department has advised that it will be Deputy Perrot who has been nominated to serve as its representative on the Committee. On behalf of the Policy Council, I would like to thank those States Members for agreeing to serve on this new Committee.

1530 What now remains is for us to elect two additional eligible States Members, one to be Chair of the Committee and one to be a member of the Committee. I confirm that I have sought expressions of interest from all States Members for the two roles, but remind Members that in order to be eligible for election candidates cannot be a Member of the Social Security Department, Housing Department, or the Treasury and Resources Department.

1540 I am pleased to inform you that Deputy Le Lièvre and Deputy Gillson have indicated they would be happy to serve on the Committee and, indeed, both are eligible to do so. In particular, I am very grateful that Deputy Le Lièvre has indicated that he would be interested in acting as Chair of the Committee. I would therefore on behalf of Policy Council nominate, or *propose*, Deputy Le Lièvre as the Chair of the Committee – for *election* as Chair of the Committee – and I believe that Deputy Sillars is happy to second that proposal.

1545 I do not think I need to eulogise about Deputy Le Lièvre's credentials –

The Bailiff: I think at this stage because we are electing a Chairman of a Committee we will need to follow the procedure laid down in Rule whatever it is – 20(5) – and will have to give an opportunity for other candidates to be proposed Chief Minister...

1550 **The Chief Minister:** Yes.

1555 **The Bailiff:** And at that stage you will have an opportunity, or the candidates will have an opportunity, to speak. I wonder whether I could suggest that we leave the nominations and the Propositions for both the Chairman and the Members until perhaps later. I think we will have to deal with that separately.

Mr Procureur, what do you think? I think we need to deal with the other Propositions and then probably come back to the elections, don't you? It is difficult to engage the elections in the middle of the debate on Propositions isn't it? It will have to be taken separately I think, won't it?

The Procureur: Yes, I do not envisage any difficulty with that ruling.

1560

The Bailiff: No, so I think if we concentrate for now on Propositions 1, 2, 5 and 6, and then come back to the question of the elections once we have dealt with that Chief Minister.

The Chief Minister: I am obliged, sir.

1565

The Bailiff: Otherwise we will end up with several things running in tandem and it will get rather confusing.

The Chief Minister: I am obliged, sir. If I may then introduce the issues of resources for carrying out the Committee's work? As paragraph 3 of the Report explains, raised only once the Committee has been formed and has begun its work that its requirements for funding, if any, will become clear. At this stage, however, the Policy Council is exercising prudence, and mindful of Rule 15(2) it is asking in Proposition 5 for States Members to give delegated authority to the Treasury and Resources Department, if required, to approve a transfer from the Budget Reserve to establish a budget for the Social Welfare Benefits Investigation Committee in 2014.

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Proposition 6 asks the States to direct the Treasury and Resources Department to also take any such resource requirements into consideration, when setting 2015 Budgets. The Policy Council thanks the Treasury and Resources Department for supporting its proposals but notes that the Treasury and Resources Department would prefer for any such resources to be funded in the first instance from existing Social Security and/or Housing Departmental budgets. But in the event of existing budgets not being capable of providing any necessary resource requirements then such resource may be funded from the Budget Reserve upon receipt of a detailed financial case demonstrating the appropriateness and proportionality of such a request. I feel certain, sir, that the new Committee will be able to address the preparation of such a financial case, if new funding is required.

So, sir, I would ask for the support of this Assembly for the Propositions emanating from the Report, to enable the new Committee to begin this important work without a delay and come back to the nominations for the Chair and the additional members.

1590 **The Bailiff:** Thank you, Chief Minister.

Can I suggest then, Members, that when we open debate we concentrate on Propositions 1, 2, 5 and 6 on pages 2409-2410 and then come back to the elections afterwards?

Deputy Lowe.

1595 **Deputy Lowe:** Sir, my query, through you, regarding the elections as such is just to give the Procureur perhaps time to give consideration or if an amendment needs to be placed, because Deputy Harwood informed Members who would be representing the other Departments but there is nothing in the States Resolution to say those Members are the definite Members.

1600 So my query is really if a Department found that that particular Member could not attend their hands are not tied, that they could send somebody else if they so choose because it is not in the States Resolution – and should it be, or not? It is an open-ended question really, because it is not actually part of the States Resolution, as to the names that have been submitted.

1605 **The Bailiff:** It is governed by the Resolutions passed at the last States meeting, I think. You have given the Procureur notice and maybe he will give a considered view in due course. Deputy Fallaize and then Deputy Gollop.

Deputy Fallaize: Thank you, sir.

1610 I just have two points. I do not think that these Departments ought to be sending substitute Members in the event that the original Members are not able to be present because that would basically turn it into a working party of the Departments, and the whole intention was to set up a separate Committee which was independently responsible to the States.

1615 So my view is that there should be a Proposition in here which asks the States to agree to the election of the five Members who Deputy Harwood read out, so that they can be confirmed as Members of this Committee. Otherwise the Departments could be sending – they are comprising five sevenths of the membership of the Committee – different Members half way through the work of the Committee, which would be a nonsense. So I think there ought to be that Proposition and I would be happy, along with Deputy Lowe, to amend the Proposition slightly to that effect.

1620 The second point I want to make is regarding the budget. I think the dispute – if it is that –
between T&R and the Policy Council, is a bit of a dispute about how many angels can dance on
the head of a pin. It seems that... this is a Committee which is independent of Social Security and
Housing and which reports to the States independently of those other Committees and as such I
think it has to have its own dedicated budget, because the Members of that Committee have to be
1625 accountable to the States for any expenditure which they incur. So I do not think that this
Committee can carry on without its own dedicated budget.

Whether that budget is produced by withdrawing a small amount of money from the Housing
Department and the Social Security Department, or whether it is produced by withdrawing a small
amount of money from the Budget Reserve, I cannot see that it matters very much. But I think it
ought to be one of those two options because whenever the States have formed these kind of
1630 committees in the past, as I understand it, they have established separate budgets because the
Members have to be accountable to the States for any expenditure they incur.

So I wonder perhaps if the T & R Minister might comment on that point when he replies. But as
I say, depending on the advice of the Procureur –

1635 **The Bailiff:** I do not think the T&R Minister will be replying, it is –

Deputy Fallaize: Sorry, I mean he might speak in debates or the Chief Minister can reply to
that point. But depending on the advice of the Procureur, I would be minded to propose or second
an amendment to ensure that the Members of this Committee are identified in the States
1640 Resolution.

Thank you, sir.

The Bailiff: Deputy Gollop.

1645 **Deputy Gollop:** Sir, the Procureur is getting rather a lot of extra work today (*Laughter*) it
seems to me. Actually I would be minded to support such an amendment but for a different set of
reasons and I will explain why in a minute.

This Committee I do wish very well and I will certainly be inputting into it both as an
individual and perhaps as the Disabled People's Champion, and it is perhaps a good idea that we
1650 have got Deputy Le Pelley who is likely to sit on this Committee in that regard, although we must
not get on to the elections.

I have got various issues, the first about the Committees – this is a strange creature and we
need clarification. The Policy Council is unique amongst the bodies of this Assembly in that it
actually does not have a permanent fixed membership in one sense – with the exception of the
1655 Chief Minister perhaps because everybody else, if they are away or on other business, can be
substituted from their Department by a Deputy Minister or indeed a Board Member – and we all
know of the perversity perhaps when there were three Housing Board Members there but not the
Minister at a recent Policy Council meeting.

That will not be the case with this Committee. When we discussed the matter at Social Security
1660 it was never envisaged that we would have a floating membership and so I entirely concur that I
have not heard anybody talk about Boards having stool pigeons, or people who are there just to
represent the view of the Board.

That said, I do remember Deputy James in her speech raised a valid point – and I reflect on it
continuously – about whether the individuals from the Board who are the majority of this body,
1665 are delegates in the sense that they take a majority view of their Board to the table, or whether they
are individual States Members all of whom have a mandate from the public, who are representing
their conscience, their own views and the views of their constituents. I think that is an uncertain
issue, I have to say, and that we will live to see the day on that one but given the possible mix on
the body, I think we will see a very wide variety of political and attitudinal ways of looking at life.

My other concern, like Deputy Fallaize, is in a way on the budget because I quite like angels,
especially at Christmas time, so I would attend a theological debate on that any time. But this is
even less clear than theology because we have got quite a warning from Treasury and Resources
here, that they might not support additional budgetary resources. But the Policy Council quite
openly say they do not believe at this stage – 3.1 on page 2406 – it is the Policy Council's view
1675 that it is unlikely that additional resources will be required in order for the Committee to carry out
its mandated functions, and the Committee may be supported by existing officers with the
necessary expertise in the subject matter.

What evidence do they have for that? They always like evidenced-based policy letters and I do
not think they have much evidence because I do not agree with Deputy Fallaize that you can just

1680 take a little bit of budget from the Departments because they need the money that they have, they have worked out a programme. I am actually not so much concerned with the money; I am concerned with the time of officers and the limited resource. This area requires specialisms in taxation, social security, administration, systems management, housing perhaps, and systems generally.

1685 I also suspect that if we are seriously going to improve on the two models that we have already seen and rejected, we might need a degree of visiting experts from, I do not know, universities, other jurisdictions – that is disregarded here. But even if we do not require any off-Island assistance we know if we sit on the Social Security Board that the officers are extremely hard-working and are working very quickly with weekly Board meetings. We know that our Chief Officer has other responsibilities at the moment as well, and it cannot be magicked out of thin air, this degree of expertise.

1690 If this Committee is actually going to do even better than their predecessors with more information, more analysis, greater understanding – although I accept that some of the people who might sit on the body have a lot of understanding already – nevertheless there will be a need for officer assistance and advice. They will also, in my opinion, need a chief officer who is virtually full time seconded to the role for a year, because a year is not a long time in policy writing terms.

1695 So I think that the Policy Council have underestimated the nature of the resource and will probably, if we are to see the work stream delivered in a timely manner, have to compensate Departments with some degree of extra personnel and budget in that respect, otherwise we will see a model of non-delivery.

The Bailiff: Deputy Perrot and then Deputy De Lisle.

Deputy Perrot: Thank you, sir.

1705 It does seem to me that if those people who populate this Committee – who are directed to be there because they are either from Social Security or Housing or Treasury – are voting in accordance with their consciences – as has been noted by Deputy Gollop – it seems to me that there is no purpose in requiring them to be from those various bodies. So it seems to me the context in which the States resolved last time to populate the Committee, must mean that we are there as delegates.

1710 If that is so then it does seem to me as odd – Deputy Fallaize shakes his head, I therefore tremble because I must be wrong (*Laughter*) – but it does seem to me that if we are delegates that we ought to be able to be substituted if one of us is unable to be there for any reason. Certainly I conceive my duty, if I am elected – incidentally I will not be upset if you do vote against me (*Laughter*) if we do go to the election – but I can see my duty to be one whereby I am representing the view of Treasury and Resources. It seems to me that it would be quite wrong for me to be going against a mandate which I feel that I have from Treasury and Resources, to vote in accordance with my conscience if that is at odds with it.

1720 As Deputy Gollop said, this really is a bit of a dog's breakfast of a Committee but the wording seems to me to suggest what I have put forward now and certainly unless and until someone else tells me otherwise, I certainly will be regarding myself as being a delegate of Treasury and Resources and I would expect that if I am not able to be present that Treasury and Resources ought to be able to send along to any meeting a Member in substitution for me. I am so looking forward to this I cannot imagine not attending (*Laughter*) but if for any reason I am watching television or playing squash or doing something that afternoon, I would hope that Treasury and Resources would send somebody in my stead.

The Bailiff: Thank you, Minister.

1730 I am beginning to wonder whether it might be helpful to have just a short recess. We have been given notice that there may be an amendment moved. At the moment the Constitution of this Committee is laid out by Resolution passed by the States at a recent States meeting. If there is going to be an amendment to change that, it seems to me we are in danger of beginning to discuss and debate an amendment which has not yet been laid.

1735 I wonder whether it would be helpful to just have a 10 minute adjournment to enable those who are saying they are going to lay an amendment to lay the amendment. We can then debate that amendment and then we will know where we stand. Otherwise, I think we are in danger of... Deputy Trott.

1740 **Deputy Trott:** May I pose a question to Her Majesty's Procureur for consideration during that recess.

The Bailiff: Absolutely.

Deputy Trott: It seems to me there is a very simple acid test to be applied here: is it possible for a member of this new Committee to bring a minority report?

1745 If the answer to that question is, as I believe, 'yes' then clearly the members are independent in nature – and it really is as simple as that, sir.

Thank you.

The Bailiff: I put it to you that we adjourn for 10 minutes to enable those who are proposing to bring an amendment to do so, if they wish to do so. Those in favour; those against.

1750

Members voted Pour.

The Bailiff: We will rise for 10 minutes.

1755

*The Assembly adjourned at 11.25 a.m.
and resumed at 11.42 a.m.*

The Bailiff: Members of the States, I said we would rise for 10 minutes – more than 10 minutes have elapsed. Her Majesty's Procureur is now drafting an amendment. I suggest that we perhaps defer further debate on that Article for the moment and move on to something else, so as to make the best use of everybody's time this morning. Then we will come back to the debate on the Policy Council's Report on Social Welfare Benefits Investigation Committee as and when we have the amendment before us.

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1765 So those in favour of proceeding that way; those against.

Members voted Pour.

The Bailiff: We will move on then. Greffier - can you call the next Article?

Billet d'État XXIV

TREASURY AND RESOURCES DEPARTMENT

Miscellaneous Amendments to the Income Tax Law – Propositions carried

1770 *Article IX.*

The States are asked to decide:

Whether, after consideration of the Report dated 23rd September, 2013, of the Treasury and Resources Department, they are of the opinion:

1775 *1. To agree to the revision of the Income Tax (Guernsey) Law, 1975, to provide a process whereby, with the concurrence of at least one Member of the Guernsey Tax Tribunal, the Director may be authorised to issue a Notice requiring production of information under section 75B of the Income Tax (Guernsey) Law, 1975, which does not name the taxpayer concerned in cases where it appears to the Director and the single Member that it is unnecessary for the purposes of the performance of the Director's functions, whether in respect of an approved Tax Information Exchange Agreement or otherwise, to name the taxpayer or it is necessary or desirable to omit the name to avoid a potential breach of confidentiality.*

1780

2. That Sections 153(3) and (4) of the Income Tax (Guernsey) Law, 1975, be amended to ensure the taxation of pension benefits, irrespective of where the services in respect of which those benefits were paid was performed, as set out in paragraph 2.2.1 of that Report.

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3. That Section 71 of the Income Tax (Guernsey) Law, 1975, be amended so that a return as to lodgers is required where an individual has been accommodated for a period or periods amounting to 91 days or more.

- 1790 4. That Section 199 of the Income Tax (Guernsey) Law, 1975, be amended to ensure that late payment surcharges may be imposed when a return is submitted late, following the giving of notice to file a return rather than requiring the issue of the return itself.
- 1795 5. That the Income Tax (Guernsey) Law, 1975, be amended to enable the Director to impose surcharges from the original due date in circumstances where the Director considers a suspension request was excessive and was (for example) not made in good faith, made negligently, or made without proper regard to the amount likely to be payable, even if the return was not submitted late.
- 1800 6. That Section 201 of the Income Tax (Guernsey) Law, 1975, be amended to enable the prosecution of a person who fails to submit a tax return, notwithstanding that penalty proceedings have been taken under section 190 or section 200 in relation to that contravention.
- 1805 7. That the Sixth Schedule to the Income Tax (Guernsey) Law, 1975, be amended so that income derived by an individual from an exempt body, in respect of offices or employments held or exercised in Guernsey, is treated as 'non qualifying income'.
- 1810 8. That the reference to categories A, B and C be removed from the Sixth Schedule to the Income Tax (Guernsey) Law, 1975, to reflect the removal of these categories when the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, was revised in May 2012.
- 1815 9. That the Income Tax (Guernsey) Law, 1975 be amended to implement the Department's proposals in relation to the tax cap as set out in section 2.7 of that Report, namely that:
- Income derived from Guernsey land and property be excluded from the tax cap.
 - The tax credit available to tax capped individuals on a distribution from a company subject to tax at the company intermediate or higher rate be restricted and be not repayable.
 - Following the repeal of the deemed distribution provisions, the anti-avoidance provisions that prevent the 'roll up' of profits in a company in order to take advantage of the tax cap be extended to all sources of income with retrospect to the date of the Minister's Statement on 24 September 2013.
- 1820 10. To agree that legislation be drafted to implement the Department's proposals in relation to reporting of domestic interest as set out in section 2.8 of that Report, namely that:
- financial institutions carrying on banking business (as defined in the Fourth Schedule of the Income Tax (Guernsey) Law, 1975) may be required to provide to the Director information regarding interest paid to Guernsey residents in respect of bank and savings accounts and interest received from Guernsey residents in respect of mortgage accounts on an annual basis.
 - from a date specified by the legislation, and where the Director requires, it becomes mandatory for individuals to provide financial institutions with their TIN ('Tax Information Number') for all new accounts set up and mandatory for financial institutions to communicate the TIN to the Director when reporting information regarding interest paid and interest received.
 - the Director shall be empowered to require taxpayers and financial institutions to comply with the above duties in cases of default.
 - the Director may disclose a person's TIN to their financial institution to facilitate the reporting and processing of this information.
- 1830 11. That the Income Tax (Tax Relief on Interest Payments) (Guernsey) Ordinance, 2007, be amended to clarify that a deduction in respect of the amount of interest paid in respect of money borrowed shall only be allowed where the lender is either an individual resident in Guernsey or a company subject to tax in respect of income from banking business.
- 1835 12. To rescind Item 1, resolution 2(i) of Billet VI of 1999.

The Deputy Greffier: Billet d'État XXIV, Article IX: Treasury and Resources Department – Miscellaneous Amendments to the Income Tax Law

- 1840 **The Bailiff:** The debate will be opened by the Minister of Treasury and Resources Department, Deputy St Pier.

Deputy St Pier: Thank you, Mr Bailiff.

- 1845 Sir, this Report contains a number of relatively minor amendments to the Income Tax Law which are, of course, intended to ensure the efficient operation or to maintain or enhance States Revenues, and I just want to briefly explain the main points from each proposal.

Guernsey, as Members will know, is a Member of the Global Forum on Transparency and Exchange of Information for Tax Purposes and I am glad that Deputy Dave Jones is absent when I remind Members of that fact.

1850 As a consequence we have been subject to the Global Forum Peer Review Process, under which our legal and regulatory framework and implementation of the international standards are examined by a group of expert assessors.

As announced in April this year, Guernsey's Peer Review Report was adopted by the Global Forum. This endorsed us as continuing to meet the international standard of transparency and tax information exchange. However, one of the recommendations from the assessment team was that Guernsey should not disclose to third parties information that is not needed to obtain the information requested. Essentially, that there should not be systematic disclosure to third parties of details that are not necessary for gathering requested information, as this is not in accordance with the principle that information contained in an exchange of information request should be kept confidential.

1860 My Department therefore proposes an amendment that will allow the Director, with the concurrence of at least one member of the Guernsey Tax Tribunal, to issue a notice requiring production of information under the Income Tax Law, which does not name the taxpayer concerned in cases where it appears to the Director and a single member of the Tribunal, that it is unnecessary for the purposes of the performance of the Director's functions. The Guernsey Tax Tribunal has confirmed that it is content with the obligations contained in this proposal.

Secondly, following changes made to UK legislation in April 2012, some Guernsey Occupational Pension Schemes have encountered difficulties in receiving pension transfers from the UK. This is due to a concession within the Income Tax Law that enables a non-resident to receive a pension or annuity gross – in other words without the deduction of tax – where all services in respect of that pension or annuity were performed wholly outside of Guernsey.

1870 Therefore, to address these concerns the changes propose to ensure that the taxation of pension benefits paid out of the approved occupational pension schemes, irrespective of where the services were performed in respect of which those benefits are being paid. It is not uncommon for employers who operate in both Guernsey and Jersey to establish one pension scheme based in one of the Islands to provide benefits for employees in all Islands in which they operate.

Recognising this, the double tax arrangements with Jersey and the Isle of Man were ratified by this Assembly on 29th May this year, cede taxing rights to either Jersey or the Isle of Man where all services in respect of which the pension is paid were performed outside of Guernsey.

1880 Thirdly, an amendment is proposed to ensure that returns as to lodgers are required where the lodger is accommodated for a period, or periods, of more than 91 days, to reflect amendments to the definition of residents that were approved by this Assembly in 2005.

Fourthly, the Income Tax Law provides for late payment surcharges to be imposed automatically when tax is not paid by the due date or additional tax is payable as a consequence of a return being filed late. If, however, a return is submitted on time the Director is unable to impose surcharges on any unpaid tax arising from the original due date, in cases where it becomes apparent that the taxpayer, to achieve a cash flow advantage, has requested an excessive suspension of collection of tax that was in fact due following the issue of an interim assessment.

1890 Whilst the majority of taxpayers will only, of course, seek to suspend collection on reasonable sums, unfortunately, a small minority do abuse the suspension process for their own advantage and, of course, to the disadvantage of all other taxpayers. In order to deter this behaviour my Department recommends that the Law is amended to give the Director the ability, in those rare cases, to impose surcharges from the original due date in circumstances where in relation to an appeal against an interim assessment the Director considers a request for a suspension of tax was excessive.

1895 This might be, for example, where a request is not made in good faith, it is made negligently, it is made without proper regard to the amount that is likely to be payable and the decision by the Director to use this new power would, of course, have a right of appeal to the Guernsey Tax Tribunal.

1900 Fifthly, at present where someone fails to submit a tax return when requested or required to do so, the Director may either impose a financial penalty or submit the matter for prosecution to encourage compliance, but *not* both. There are certain persons, however, for whom the imposition of financial penalties by the Director seems to be insufficient incentive to encourage them to comply with their obligations under the Income Tax Law, and who still persistently fail to submit a return following the imposition of the penalty. This is unfair to all other taxpayers.

1905 An amendment is, therefore, proposed to enable the Director... that the Director may request that the person be prosecuted if they have failed to submit a tax return even if the financial penalty has been imposed for that failure.

Sixthly, a further amendment will correct an anomaly in the Income Tax Law by proposing that income derived by an individual from an exempt body – in respect of offices or employments

held or exercised in Guernsey – is treated as non-qualifying income and hence subject to the £220,000 cap rather than the £110,000 cap at present.

Further, following the repeal of deemed distributions and the extension of the company intermediate tax rate of 10% which was effective from 1st January this year my Department
 1915 proposes some amendments to the application of the tax cap in relation to the distribution of profits from a company and income derived from Guernsey land and property. This is to ensure that beneficial members of companies are not incentivised to roll up profits over a number of years, with a view to taking a single distribution to take advantage of the tax cap applicable in one year. As set out in my Statement to the Assembly on 26th September this year it is intended *that*
 1920 amendment will take effect retrospectively to the date of that Statement.

My Department has been considering ways to reduce or remove the administrative burden of completing an income tax return, by enhancing the information received automatically from external sources. It is anticipated that approximately 13,000 individuals could be removed from the requirement to complete an income tax return, by requiring banks to automatically report on an
 1925 annual basis interest paid to and mortgage interest received from Guernsey residents. This would obviously improve the efficiency of the tax administration.

The Department is also working closely with the Social Security Department in order to determine the viability of obtaining details of the amounts of the Guernsey old age pension which are paid to each taxpayer. To achieve this it is proposed that the legislation is drafted to permit the
 1930 Director to request from financial institutions carrying on banking business, information regarding interest paid to Guernsey resident individuals in respect of bank and savings accounts, and interest received from Guernsey resident individuals in respect of mortgage accounts on an annual basis.

These proposals have been discussed with the Association of Guernsey Banks and a working party has been set up to ensure that the resource burden for the relevant financial institutions is kept to a minimum. And, of course, many of those institutions are already reporting that sort of
 1935 information in respect of interest paid, under the various international obligations which we are now obliged to follow.

An amendment is proposed to clarify that a deduction in respect of interest paid on money borrowed, in respect of a principal private residence, shall only be allowed where the lender is an
 1940 individual resident in Guernsey or a company deriving income from banking business.

Finally, my Department proposes that Item 1, Resolution 2(1) of Billet VI of 1999 is rescinded, as subsequent amendments made to the Income Tax Law in order to meet international standards, have superseded the need to implement that States Resolution.

Sir, as I mentioned at the beginning, I believe that these proposals will assist the efficient operation and enhance the effectiveness of the Income Tax collection system, and I, therefore, recommend the proposals to the Assembly and seek Members' support.
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Thank you, sir.

The Bailiff: Deputy Green.

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Deputy Green: Sir, Members, thank you.

Very briefly, I read with interest the proposed amendments to the tax cap in the policy letter and it is worth reminding ourselves of the genesis of the tax cap, which is set out in paragraph 2.7.1. And I quote very briefly:

1955
 'The tax cap was introduced with the aim of encouraging net worth individuals to relocate to Guernsey, and thereby contribute to the island's tax revenues. This policy was based on the principle that the contribution of very wealthy individuals to the public purse often far outstrips the benefit they receive from it and there should be a limit to how much tax they should be expected to contribute.'

1960
 My question to the Minister for Treasury and Resources is really this: has his Department given any consideration to date as to whether or not employment and business income generated in Guernsey ought to continue to be included within the remit of the tax cap, or whether there is a case for exclusion of such income?

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The Bailiff: Deputy Bebb then Deputy Gollop.

Deputy Bebb: Thank you, Monsieur le Bailli.

Very briefly, there are two issues that concern me. I echo what Deputy Le Clerc said in the previous debate as to concerns with regard to the resourcing of the Tax Office and I have on occasions submitted a tax return in order to be advised that I shall be receiving the Tax Office's response within a few months, only to be told when I do receive their response that I must comply
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within a week. It does seem what is good for the goose, should be good for the gander. If I need to wait two months for the Tax Office to reply surely I should actually have two months in order to actually respond.

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But that is not what seems to be happening and my concern is that, on occasions, it may well be perceived – I am not saying that it *is* but it could well be *perceived* – that additional charges are being levied as a means of increasing revenue, and I do think that we need to be very careful when levying additional charges that they are *charges* and not a means of increasing revenue. I think that there can be, on occasions, a perception as such and fear that the Tax Office may be slightly over-zealous.

1980

In relation to the reporting of interest, it is unsurprising that we are talking about people's financial information – information which they do not really wish to share with the whole world. I see that it actually talks of an automated system but there is no mention of the means of delivery. There is no mention as to whether or not this will be through encrypted measures and I for one would not particularly like to have someone simply pick up a phone and tell the Tax Office over an open line exactly what my interest was that I received in my bank account, or what interest I actually paid on my mortgage interest relief. And yet without any security measures we may as well be sending that information open to the wide world.

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These days there is an awful lot of encryption that is available. I would expect any report of the Government demanding information to include details, or at least assurances, that security measures would be put in place to ensure that such information cannot be easily accessed. And this is not a particularly burdensome requirement in this day and age. All Members will know that when they access their online bank account details the first line of the address changes from http to https – the 's' standing for secure. What it means is that suddenly there is an encryption between your connection and the bank. This is not difficult and yet the Report once again fails to actually address those issues.

1995

What I am seeking is assurance that security and encryption will be used in any measures and that it will be included in any law that is actually going to be proposed, because I think once again we need to ensure that failure to give due regard and protection to people's information should be punishable by law, because this is not information that people give willingly, it is information that we as a Government demand of them.

2000

Thank you.

2005

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes, sir, I can only endorse the earlier points about hopefully the Income Tax being able to be able to complete the social contract of not only demanding speedy returns from the public faster than in the past, but also delivering rebates and appropriate timescales on the other side.

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I am interested in what Deputy Green has said because surely any attempts to significantly change or improve tax cap policies for high net worth individuals should be seen in a larger context of an overall tax, pensions and benefits review, because clearly you are balancing social objectives against our competitive advantage. Therefore, I think perhaps in the past I recall a politician saying that when we changed the rules in the past to accommodate many millionaires who perhaps we wanted to see living here in Lagoons or wherever, that did not actually materialise and the number of really high net worth individuals who took advantage of Income Tax's offer is not as high as it could have been.

2015

That said, that is not actually what I was intrigued by in the Report: I picked up the points that the Treasury Minister has identified relating to the 'either/or' policy of either imposing a fine charge or prosecuting somebody for failure to show their accounts and fill in their form. I am a bit concerned about a more zealous approach by Income Tax because, although evidently they want a level playing field and they want to encourage due diligence, I think part of Guernsey's success over many years since the 1950's was that the Income Tax Authority, as it then was – which was managed by a separate political board – had a measured approach and did, to a degree, act reasonably and negotiate.

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2025

I think if you start to have a doctrinaire approach to people paying taxes you might initially seem fairer and more egalitarian, but there runs the risk that you create a business context which discourages enterprise, free growth and those kinds of policies. I do not think we want to become a mini-United States Internal Revenue. I would not wish to see that for Guernsey despite wanting to increase our tax revenues in one way or another.

2030

The Bailiff: Any further debate? No.

The Minister, Deputy St Pier, then will reply.

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Deputy St Pier: Sir, thank you to the three Members who contributed to the debate.

2040 If I could perhaps deal with Deputy Bebb's point first. This really is all about seeking to ensure that we use our resources as efficiently as possible and that is the reason for requesting, or certainly looking at, receiving this information directly from the banks. And, as I said, particularly in the context of the fact that the banks are now having to collate and report this information as part of the Island's obligations – whether it is under the EU Savings Directive or under the other Exchange of Information Agreements that have been agreed – automatically of course, as with the UK FATCA that we talked about earlier.

2045 So, I can assure Deputy Bebb that the imposition of penalties is not a revenue raising objective, it is all about ensuring that our administrative resources are deployed as efficiently as possible. And so, for example, if we take the question of chasing returns, the imposition of penalties last year for the first time for the non-completion of returns has had a significant impact on the completion of returns in a timely manner. We hope that will continue to improve but clearly we do not want staff spending time chasing returns, we want them processing them and that is what the penalty regime is about. It is not to raise revenue, but it is to ensure a timely compliance.

2050 He made a very valid point in relation to the delivery of information and ensuring that people's privacy is retained. I do not think that the means of delivery will have been finalised by agreement between Income Tax and the Association of Guernsey Banks as the industry representative on that but, as I say, I think there will be already established mechanisms for the transfer of data, given the need to report to other jurisdictions. But of course the preservation of personal information is absolutely paramount.

2055 I think the point which Deputy Bebb makes about the need for the legislation to incorporate additional data protection-type rules is certainly something which we will take away. Unfortunately, in the absence of the Procureur I cannot seek his advice, but I imagine that that information will already be well protected under the Data Protection Law. But, nonetheless, I think his point is valid and is something to consider as part of the drafting process, so I thank him for raising that.

2060 With regard to Deputy Green and Deputy Gollop's point, yes, I can confirm that the Department has given some consideration to this question. Of course, if business income is received in a company then it will be taxed at 0% under the general rate of corporate taxation, unless or until it is distributed in which case it will be taxed at 20% or subject to the tax cap if applicable. If an individual is receiving employment or business income, be that as a sole trader or in partnership, then it is subject to the tax cap, but the numbers of individuals who benefit from that regime does fluctuate and I think the most recent numbers which suggest that of the 32 individuals who are tax capped, around about 17 of those are in that category.

2070 It may be that this is the law of unintended consequences because it was perhaps never really intended that that group of people would benefit – it probably was not. The objective, as I think Deputy Green identified, was clearly to incentivise high net worth individuals to settle here, become resident, bring their capital to the Island and not to relieve high income earners *per se*.

2075 However, the Department's conclusion was that it was better, as Deputy Gollop alluded to, to consider this not on its own but as part of the Personal Tax Benefits and Pensions Review and consider it in the context of whether the tax system should be proportionate or progressive, the role of income tax allowances for high earners, the role of the upper earnings limit and for social security contribution, and the interplay between all of those elements. So, yes, I can confirm to Deputy Green that it will be reviewed in that context and of course Deputy Green, as a Member of the Social Security Department, will have the opportunity to input on that.

2080 I hope that has addressed the three Members' points which they raised in debate and again I urge Members to support the Proposition, sir.

2085 **The Bailiff:** Members, there are 12 Propositions set out on pages 2244 through to 2246 of Billet XXIV. I will put them all to you together. Those in favour; those against.

Members voted Pour

2090 **The Bailiff:** I declare them carried.

COMMERCE AND EMPLOYMENT DEPARTMENT

Strategic Development Fund – New Market Development –
Debate commenced

Article X:

2095 *The States are asked to decide:*

Whether, after consideration of the Report dated 17th September, 2013, of the Commerce and Employment Department, they are of the opinion that transfers from the Strategic Development Fund to the revenue budget of the Commerce and Employment Department totalling up to £900,000 over the period 2014 to 2016 be made to fund an increased grant to Guernsey Finance to finance the activities detailed in that Report.

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The Deputy Greffier: Billet d'État XXIV, Article X: Commerce and Employment Department – Strategic Development Fund – New Market Development.

2105 **The Bailiff:** The Minister, Deputy Stewart, will open the debate.

Deputy Stewart: Mr Bailiff, Members.

Firstly, I would like to say that this is for me, and I think for all of us, an extremely important debate for the future of our main driver for the economy. And, secondly, this Report is not going to ask Members to make a difficult choice between money for cancer-screening, schools or anything else for that matter. If we approve the Proposition the monies will be coming from the Strategic Development Fund which has been ring-fenced for initiatives of this nature, and if I can quote from the original report:

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2115 “... for funding significant strategic policy developments which have been approved by the States and..... produce substantial new or enhanced growth for the economy and revenue for the States”.

Well, honestly, if this Report does not tick all of those boxes I do not know what will.

This is about a bid for £900,000 of that Strategic Development Fund to give Guernsey Finance the resources to be better able to promote the Guernsey financial sector in new and emerging markets, whilst at the same time maintaining our presence and activity in our existing markets. If successful, these monies will be spread over a period of three years.

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I would like to thank the Members who attended the extensive briefings given by the Chief Executive of Guernsey Finance and the Chairman of GIBA hosted by Commerce and Employment. These were facilitated to ensure that not all of our plans were dished up to our competitors on a plate.

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The promotion of Guernsey as an international finance centre is becoming increasingly more vital. As we all know, we are in a far more competitive world with traditional markets stagnant with slow or even, in some cases – and I love this turn of phrase – at negative growth, which actually means they are declining. And on the flip side there are new and emerging markets such as China, Russia, India, Brazil and others that offer new and exciting opportunities for our finance industry.

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So what does Guernsey Finance do? Well they create visibility and awareness of Guernsey across the world. They provide a platform for industry to try and help them win business. They put on marketing events, such as our massively successful Funds Forum which I attended in London with nearly 500 delegates there. We facilitate Governmental meetings and delegations – because they helped run our entire China trip for the Chief Minister, myself, for the regulator and industry as well. They perform technical research to inform our strategy, and they are an extension of the marketing departments for our small, local businesses in the finance sector – which incidentally is probably most of our finance sector. They are not these big companies – most of our finance sector are small, independently-owned Guernsey businesses.

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So, with all this work, how much does Guernsey Finance currently get to do it? Well, C&E funding has remained at £800,000 *per annum* since 2010, though the industry contribution via the Guernsey Finance levy has risen from £361,000 in 2010 to just over £402,000 in 2013, and the accountants provide voluntary contributions of £30,000 which they have done for 2013. So the total amount roughly is around £1.2 million and in terms of a large – and we *are* a large – and respected international finance centre, this is an extremely modest amount.

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Let us take a look at our chums down the road shall we – Jersey Finance and their government funding? In 2012 the government gave Jersey Finance £2.7 million. By 2015 the States of Jersey will be stumping up £4.6 million – outspending us by a ratio of 5:1 by 2015. Jersey has recognised

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now is the time to invest in the future. This has been a bit of a journey – nearly 13 months – and one of the most difficult things whilst preparing this bid was to convince my friend at T&R and his Board of the business case. I was mindful that I did not want to make promises I could not keep and, in effect, potentially mislead this Assembly. This, after all, is promotion and marketing. It is like advertising in the *Press* and on the radio. There is no guarantee that spending £1,000 will bring in sales of £5,000 or £10,000. So part of the equation is a leap of faith. It is common sense. Of course we have to promote the key driver to our economic prosperity. And what is going to happen if we do not do it? Well, let us have a look at the new markets. The competitors will get there first and that first adopter always has that advantage – just like in our Channel Island Aircraft Registry, which went down so well this week. And it will be harder, and harder means more expensive. It is harder to break that market, if at all. And we cannot afford to take money away from our other efforts so we are going to end up with net or nil growth and we will miss out on these new opportunities. The emerging markets are not going to be the emerging markets forever, they will be the next mature markets and we will rock up well too late. And on our mature markets, well, there is contraction. We know that, we read it in the paper all the time and that is going to result in less tax take. We are more at risk by not investing in our mature markets. It means the bulk of our revenue is really vulnerable and we would not be able to defend ourselves adequately because visibility is key to what Guernsey Finance does.

Of course there are still some who are sceptical – the odd letter in the *Press* and questioning the wisdom of supporting our finance industry with public funds – and these detractors remind me of the famous Monty Python sketch from *The Life of Brian*, when the leader of the Judean People's Front asked the question, 'What did the Romans ever do for us?' There was silence and someone says 'The aqueduct' and then someone else pipes up a few seconds later, 'They gave us the roads', someone else says, 'Law and order', someone else says 'and of course prosperity, we must not forget that, Reg, prosperity.' The leader then says, 'Right, but apart from the aqueduct, education, roads, law and order and prosperity, what did the Romans ever do for us.'

So my point is: if you question the detractors and push them, they have to admit that without a successful finance sector, education, roads, law and order and general prosperity (*Interjection*) – oh yes, I could have done a bit more of the Monty Python sketch, we do not have an aqueduct but we do have doubts. (*Laughter*) Without a successful finance sector our general prosperity would be in an extremely difficult place to where we are and where we find ourselves today.

So let us ask ourselves the question: what does the finance industry do for us? Well, it drives 42% of our economy directly and around 71% indirectly. It employs just under a quarter of the Island's workforce, yet contributes 41% of the Island's ETI. The average salary in the finance and legal sector is round about £47,000 compared to an economy-wide average of around £30,000. The GDP per employee is £110,000 compared to the average of £59,000 and in direct contribution to Government revenues, as estimated back in 2011, tax on bank profits – £24 million; ETI – £89.5 million; company registry fees – £5.3 million. That is a total of £118.8 million.

So if we remember finance drives 41% of our economy how does that compare to, say, retail? That drives 8%. What about tourism? There is a lot of investment in that at the moment with hotels all round the Island – 3% of our economy. IT – and, yes, we do need to diversify – but that is not like switching on a light switch to develop the skills and the investment it is going to take time to diversify our economy. IT is 3% of our economy. If we grew finance by 10% it would be the same as doubling our tourist sector or increasing retail by 15%. That is what the finance industry does for us.

What happens if it contracts? Well, on page 2261 you can see the effects of a loss of just 1% in Employee Income Tax receipts, by sector. So a contraction of 1% in horticulture would lose us just over £26,000. Tourism gets a bit chunkier at £96,000. But if the finance sector contracted by 1% we would take a hit of a massive £984,000. That is nearly a £1 million loss from just a drop in tax receipts of 1%. But, okay, let us be optimistic for a moment. On the plus side what if over the next few years we can make strides in these new markets? What if we can grow the finance sector by several percentage points? The difference to the Government coffers would be substantial and it would certainly take the pressure off our current fiscal position. And on news just in today the Cayman Islands also recognises this. This is a news story: Gonzalo Jalles, CEO of Cayman Finance has called on government to do more to promote and defend the Cayman Islands' financial services industry. He says:

'Competitor jurisdictions like Bermuda, Guernsey or Jersey have promotional bodies that are financially supported by government. The budget for Guernsey Finance...'

– and we are at the bottom –

‘... is about \$1.3 million. Bermuda Pro Business has a budget of \$4 million and Jersey Finance has about \$6.4 million available to promote its jurisdiction.’

2215 This extra £300,000 a year over the next three years is vital. If I could hold a gun to your head I would do it right now – that is how much we need it. It is vital if Guernsey Finance is to do its job, not only to safeguard our current business as best we can from increased competition, but also to help develop those new and emerging markets and to grasp and close our fist on these opportunities for the benefit of the whole Island.

2220 I ask Members to support this initiative and vote in favour of this single Proposition – and a Merry Christmas from the Board of Guernsey Finance.

Thank you, sir.

The Bailiff: Deputy Hadley.

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Deputy Hadley: Mr Bailiff, I would like to applaud the excellent speech just given by the Minister. It is probably the best he has ever given to this Assembly, almost as good as his turns on *Radio Guernsey*, and having been to the presentation from Guernsey Finance I am convinced that the money will be well spent. We will get excellent value for money.

2230 So I hope the Assembly will give Guernsey Finance an excellent Christmas present.

The Bailiff: Deputy Bebb.

2235 **Deputy Bebb:** I sincerely would like to support this Report, because I think it is quite right that it is essential that we support the main driver of our economy. I actually agree with everything that Deputy Stewart says in his speech. But I have some very real concerns. Guernsey Finance recently opened up an office in China and yet I see only one company here that is making real business with China. I think that my concern – and I apologise to Deputy Stewart, I could not make any of those presentations... and I do recognise the reason why everything is not included in this Report, but that approach of setting up offices in other jurisdictions is not exactly the most beneficial for being agile, in my opinion.

2240 In my opinion, what we should do is, rather than take on the additional expense of large offices which come with costs, what we need to do is employ more people who are willing to live out of suitcases. I think it is far more plausible that in this day and age when engaging with people in order to try and attract them to the Island for our finance industry, what we need are people who are willing to go out and meet the clients face to face. That does not require an office, that requires someone who is willing to put on a suit and actually know their business and actually go and sell it. I fear that the current intentions that I see with the development of trying to open up new offices, is at the wrong direction. Therefore, my question to Deputy Stewart is that, realistically, what is that intention? Does he agree that we need to employ more people who will actually take that approach rather than the much more expensive approach of setting up offices – which I am not convinced by the case for?

2250 There was one other thing that I would actually like to raise in relation to this Report and that is the use of the Strategic Fund. I feel that, yes, this is a case for using the Strategic Fund but I think there are other cases of using the Strategic Funds has recently not been used and I think that we are finding the budget reserves being used. I would actually question whether we have the right requirements for the Strategic Funds to be used. I was going to raise that in the previous debate but it is equally valid in this one... as to the use of budget reserves as opposed to using the Strategic Development Fund. I am unsure if we have the right criteria in place at the moment and I would welcome whether any Member of T&R would actually like to comment on that, either in this debate or separately in correspondence after this debate.

2260 Thank you.

The Bailiff: Deputy De Lisle and then Deputy Conder and Deputy Gollop.

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Deputy De Lisle: Sir, thank you.

2270 An industry that is a big contributor to our economy, employing over 20% of our workforce and accounting for 40% of our gross domestic product, deserves nothing less than the first tranche of this Strategic Development Fund – the first bite, if you like, at the Strategic Development Fund. It is important that we maintain our position in finance and Government has a responsibility to the community in seeing to that. And, sir, it is not just a matter of marketing and paving the way for new business. In order to secure jobs in Guernsey we need to ensure that guidelines to outsourcing

are changed into rules and regulations that protect the employment opportunities for current and future generations here.

2275 At present our people train others in India, China, Malaysia, South Africa and elsewhere who then represent Guernsey Plc outside the Island – while our people are made redundant. This has contributed to job losses and places Guernsey Plc at huge reputational risk. Marketing, sir, is essential to raise awareness and profile and to pave the way for future business. And I heartily support the proposals that lie before us today. But it is also important that we protect what we have
2280 and not allow the jobs to slip away. It is pointless spending more on marketing if we are going to continue to allow our jobs to slip away through outsourcing.

I am fully supportive of a host of measures being taken to enhance and grow the finance industry. New product development backed by legislation and innovation covering foundations, limited partnerships, image rights and aircraft registry – all ways of providing added buoyancy to the finance industry.
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I call on Members to support this £300,000 a year three year funding of an increased grant to Guernsey Finance, aiming to develop new markets, enhance business, create additional employment and generate additional Government revenues – but also enhancing our international relations and identity.

2290 Thank you, sir.

The Bailiff: Deputy Conder.

Deputy Conder: Thank you, sir.

2295 I would also like to congratulate the Minister on an excellent speech in which he made the case very clearly and I will support, with no reservation whatsoever, this Proposition.

Sir, I have had the privilege of working closely with Guernsey Finance in my former role as Head of the Guernsey Trading Agency and I know of the extraordinarily good work that they do in developing and supporting our finance sector – as the Minister said, the success of which is absolutely crucial to the welfare and future prosperity of this Island.
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Sir, I just have two questions, I think, for the Minister if he would be kind enough to respond to them. First of all, this tranche of £900,000 is over three years. I just wonder what the Minister and his colleagues' views are as to what will happen after those three years? Because if, as I am sure, this will be a successful initiative, I cannot believe that they will revert to the present budget at the end of that time and I would anticipate and hope there are some contingency plans to continue to allow Guernsey Finance to operate at its new enhanced level on the assumption that this is approved.
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Could I also ask the Minister, as I did at the excellent presentations, whether or not he would consider expanding the range of external support for Guernsey Finance? I think he mentioned accountancy, sir. He did at the presentation. They make a contribution but I have to say, in my opinion, a fairly modest contribution. But I would like to suggest – and I suspect he will know what I am going say – that other professions that significantly benefit from the efforts of Guernsey Finance in terms of work streams – and I refer particularly to the legal profession, advocate firms... I think it would be entirely reasonable and in their interest to also make a contribution to the running costs of Guernsey Finance. I hope any who are listening to this debate would consider that would be appropriate... and I hope that the Minister may be able to – as I am sure he can with his usual powers of oratory and persuasion – persuade our legal friends to also align themselves very closely with Guernsey Finance.
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I congratulate the Minister on an excellent speech. I congratulate Guernsey Finance and its superb Chief Executive on the work that they do. I will vote for this Proposition with enthusiasm. I hope colleagues will.
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The Bailiff: Deputy Gollop – and we are close to 12.30 p.m.

2325 **Deputy Gollop:** Yes, sir, thank you.

I think that Deputy Stewart has rightly praised the finance sector for what it is doing for the Island. The contribution it is making to the economy is *very* significant but the problem is almost one of public relations. It is getting that message across to Mrs Le Page at Torteval because that has been the political problem over the years – it has been in the postbag in the *Press*, the comments on social media, the phone-ins and so on. Because what is interesting is that we had, perhaps in the last Assembly, a number of Members who took more of an anti-Guernsey Finance line at times and funnily enough most of them lost their seats in the election, which might deduce something about the public view. But I think there is a greater realisation that the finance sector
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2335 has to be supported and that we really do have to focus on economic growth and employment growth for the Islands.

I personally can understand why Guernsey Finance are putting offices in countries because it is easy to accept Deputy Bebb's view that you can be a man or woman with a suit and a suitcase, but I think if you are based in a place it not only flies the flag for the Island and is a point of reference, but it enables the officers there to become very acquainted with the business culture, the networks, the attitudes, the legislation of those communities.

2340 So I would hope that the budget will be used both for the peripatetic traveller and for the people based where they are. I think perhaps Guernsey Finance, and Commerce and Employment need to strengthen the public relations to the wider Island and not just the industry and the States Members, to really make the point that the idea that finance could decline by 10% and we could replace that with a return to bed and breakfast guest houses, is actually a complete falsehood and needs to be exposed as such.

The Bailiff: That brings us very neatly to 12.30 p.m. Deputy Gollop. We will rise now and resume at 2.30 p.m. and I will call Deputy Luxon.

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

COMMERCE AND EMPLOYMENT DEPARTMENT

Strategic Development Fund – New Market Development – Debate concluded and Proposition carried

The Greffier: Billet D'État XXIV, Article X: continuation of the debate on Strategic Development Fund and New Market Development.

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The Bailiff: I call to speak Deputy Luxon.

Deputy Luxon: Mr Bailiff, thank you.

2360 Sir, I fully support the New Market Development proposal that Deputy Stewart has laid today, but I have one problem with it: it is not enough.

Sir, Bruce Forsyth, a long time ago on a TV game show – I think it was about pontoon or some sort of card game – coined the catchphrase 'lower, lower' for a low value card and 'higher, higher' for a high value card. Well, I believe, sir, the additional grant should be higher, much, much, higher – and I will tell you why I think that is the case.

2365 Sir, this additional fund is not a new cost, it is a new investment. In fact, the existing combined Guernsey Finance Funding with C&E is not a cost either – the £1.3 million – it is also an investment. Sir, this is not a risky decision and it is not an inappropriate decision – it is an imperative decision. I do not use the word 'speculate' easily but to speculate to accumulate we need to promote our Island's activity and our economic activity.

2370 Sir, Guernsey Finance and C&E are responsible for promoting and ensuring that our economic sustainability continues. It is a very noisy global market place and Guernsey must – *simply must* – find new ways to punch above its weight through targeted, effective promotional strategies and tactics... and delivering well. Yes, we should expect and demand that Guernsey Finance and our industry players deliver best and better value returns for every taxpayer penny invested – but invest we must.

2375 In 2008 after the financial markets collapsed, and for the five years since, Guernsey fared comparatively well with other jurisdictions – relatively resilient, relatively robust – but the lapping waves of adverse impact in the last 24 months or so are having difficult implications for our economy, for our finance sector and for our own Government fiscal position. The knock-on effect on our broader economy too, through the multiplier effect, has obvious consequences for tax revenues.

2380 Sir, the global business environment is fragile and so Guernsey's business environment has become fragile – it is feeling the strain of change and competition and burden. It is finding the search for growth streams extremely difficult and this small 'lower, lower', small additional investment is critical, crucial, essential. It is key. We need to provide slightly more cash now to do new things – new targeted things, thoughtful things – a strategy. We also need to send out a

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message that the States of Guernsey is open for business, on behalf of the people of Guernsey. That Guernsey is open for business.

2390 Business is not a dirty word. Business is the economic creator of funds and taxpayer revenues that allow us to invest in our social services on behalf of the people of the Island. Sir, we need to stimulate and encourage our many entrepreneurial companies that are based here in Guernsey to go front foot and to push their strategies and plans to grab growth – wherever it may come from.

2395 Sir, I think many of our international finance companies are suffering from a slight lack of confidence and a sense of that fragility I mentioned earlier, and both we in Government and industry need jointly to make sure Guernsey achieves and attains its share of international business to make sure that we continue with our successful, sustainable, economic activity.

I fully support the proposals. I think they are very timely but wish it had been a higher ask for more money.

2400 Thank you, sir.

The Bailiff: Does anyone else... ?
Deputy Sherbourne.

Deputy Sherbourne: Thank you, sir, Members.

2405 I am probably one of the most unlikely to stand up and talk about investing in local industry and business. I think I would probably be labelled as a tax and spend Member. But I am actually realistic, in that I understand that we need to have that money before we can spend it.

2410 So please, Deputy Stewart, get lots of money so that I can then build more schools. *(Laughter)* Seriously though, I was one of the Members to attend the presentation and I do thank your staff for that – it was an excellent presentation. And it is timely... I take Deputy Luxon's comments because over the last couple of decades our finance industry has actually evolved incredibly. It is no longer the industry of the early 2000's. It is actually an industry that has diversified and it has actually survived because of the innovative nature, the entrepreneurial nature of our young people – people who have actually been brought up in the industry and are now getting to the top end of it, those with ideas, those that need – and to use the term that I used in my manifesto – to be enabled to provide for us. That should be our job: to enable our young people with real talent to use those skills that we know they have, for the benefit of all of us. So I do support this initiative.

2415 I agree, I think there should be more. I think whatever we put in we will certainly reap the dividends and so I would encourage all of you, from whatever perspective you might come, whether you are a spend and tax or whether you are a saver or whatever, please support this initiative. It is very important for the future of this Island.

Thank you.

The Bailiff: Does anyone else wish to speak?
2425 Deputy Soulsby.

Deputy Soulsby: Sir, a few months ago we gave the go ahead in this Assembly for approximately a quarter of a billion's worth of pipeline capital projects. That was the easy bit. The hard bit is finding the money to pay for it. Yes, we can look at taxing more but that can only go so far. If we want to spend money on new schools, deep water berths, and maintaining and improving our health and education services, we need to be proactive and bring more money into this Island.

2430 While we do need to focus on developing new industries – and it would be giving nothing away to say that this is a key part of the Economic Development Strategy to be made public early in the New Year – such initiatives are not going to result in immediate changes to our economic structure. Neither can we expect them to completely replace our finance industry – an industry we should be proud of, by the way.

2440 So, what do we mean by the finance industry? Well, it is not one amorphous lump – just as we talk about retailers being one sector – but in actuality it covers a huge variety of different business types. So too the finance industry is incredibly varied – and probably more so in Guernsey than anywhere else in the world. The depth and breadth of Guernsey's offering is an extremely big selling point and explains why the multiplier effect of new business in this sector is so great.

2445 This diversity goes beyond the four main sectors of banking, funds, insurance and fiduciary – and just a quick review of the Guernsey finance website provides a clear understanding of what we can offer. It includes clean tech, family offices, captive insurance, intellectual property, investment management, custody services, foundations, private equity, commercial insurance, managed trusts, limited partnerships and, a recent addition, image rights. It is this breadth and depth that has

probably protected the Island during the recession better than many other jurisdictions – and the entrepreneurship and innovation continues to evolve.

2450 On Monday I was pleased to attend the launch of the new Channel Islands Aircraft Registry – an initiative that has the very real potential of delivering positive benefits to our finance industry. However, it is all very well having a great new product but we have to tell the world about it and demonstrate that Guernsey can provide a full suite of support services for the high net worth individual and others on the back of it.

2455 We need to get our message out there. What we have on our side is the years of expertise, local talent and innovative approach but we have to actively demonstrate it is worthwhile coming to Guernsey, versus all our competitors across the globe.

2460 We cannot expect to have business beating down on our door anymore. Life is very different from a decade ago. There is more competition, for a start, and sources of new business have shifted. We need to be constantly ensuring we adapt and are not left behind, and the value of Guernsey Finance is showing a joined up approach. It is all very well businesses going out there individually – which many do and will need to continue to do so, but what Guernsey Finance can do is show Guernsey is open for business, demonstrate stability in the jurisdiction and a welcoming attitude to those that provide business opportunities that will benefit *us*.

2465 The present funding levels may be okay if nothing changed and things were the same as they were a decade ago, but we have to seek out new markets whilst at the same time maintaining our existing relationships. If we are going to fund Guernsey Finance we need to ensure it is funded properly for today's reality, otherwise we end up with an unsatisfactory compromise when our competitors are pouring money into their equivalent organisations. These include Luxembourg, Dublin and Malta – and closest to home, of course, is Jersey Finance which, as the Minister
2470 mentioned this morning, earlier this year was granted over £4 million and we are told it can expect more.

To me, paragraph 47 in this Report, says it all. The application of resource at the right time is a key factor in success that is widely recognised. Guernsey Finance's assessment is that delays in initiating work to raise awareness and establish networks in target jurisdictions is placing the
2475 Island at a competitive disadvantage. Entering markets later is more difficult, more expensive and less effective.

On speaking to senior members of the finance industry it is clear that they believe Guernsey Finance has a major role to play. In particular, the following three areas of work were considered crucial: (1) By adding significant value to the various industry associations such as the AGB, GIIA
2480 and GAT. (2) By organising forums where industry can come together to discuss new opportunities for the jurisdiction, including issues such as when new market opportunities are emerging, and considering where Guernsey could introduce new legislation to take advantage of developments internationally. Here Guernsey Finance both facilitates and provides insights from their international discussions, especially based on their access to foreign governments and
2485 industry associations. This is especially the case in places such as China where regular visits and high level contacts have developed relationships which could not be accessible to industry representatives directly. And finally (3) Through international seminars and workshops, Guernsey Finance delivers events where local industry professionals can showcase the finance sector's key attributes, particularly new developments and local responses to international developments such
2490 as the AIFMD or FATCA.

So, it is not just about selling Guernsey. It is finding out what is happening in the market place, what our competitor jurisdictions are doing, where the gaps are and ensuring Guernsey is on the ball.

2495 If Guernsey is to continue to be the innovative centre it is in the future we need to invest now. If a job is worth doing it is worth doing well and I urge Members to support this Report to enable Guernsey Finance to do just that.

The Bailiff: Deputy Brehaut.

2500 **Deputy Brehaut:** Thank you, sir.

I think this speech might be best categorised as bleeding heart liberal. So people will know where I am from the very start.

2505 I was interested to hear Deputy Stewart refer to the new Air Registry: 'It was going to be a joint venture, we worked closely with Jersey'. In his own words he pressed the turbo charge button and now we are not working with Jersey and I would like to know why we are not working with Jersey. I have asked for him, formally through an email to all States Members, for a briefing note on exactly what happened, and in return he referred me, I think, to the Jersey Scrutiny Review. But

I would like a briefing paper detailing why the relationship with Jersey disintegrated and why they went their own way on that, at some point. Thank you.

2510 Deputy Stewart said: ‘What did the Romans do for us, and the Judean People’s Front and the People’s Front of Judea?’ (*Interjection*) Yes, well okay, but what did we do for the Romans? I think we reduced corporation tax did we not? We removed corporation tax which gave a lift to this economy... And I support that. I voted for Zero-20 but I support that. But the fact is we cannot pay. We are closing schools. We have closed St Andrew’s School. We closed St Sampson’s
2515 School because we have a self-imposed structure of deficit because we do not charge the level of tax that we should be doing.

I do not like this alchemy. We do this all the time with the taxpayers’ pound. The taxpayers’ pound is... ‘Wait a minute, no, no, you are confusing it with revenue’. The taxpayers’ pound is: ‘No, no, no, you are not. That is capital, Barry.’ The taxpayers’ pound: ‘No, no, that is from the
2520 strategic reserve.’ The taxpayers’ pound remains that and we are going to spend £900,000 and, despite what people think of my speech, I support that. But we did have the Guernsey where people referred to the three-legged milking stool that was Guernsey, that was finance, tourism and growing. We do not have those things any more, we do not have those things. We have a one-legged stool and we are putting another £900,000 into that single leg in the hope that it looks
2525 something like a mushroom, perhaps, when we are finished.

What could we do with £900,000? If you look at what Nigel Mansell did with supporting a cycling team and the massive publicity that brings with a relatively small investment. Just to show, for example, the cycling jersey with Guernsey emblazoned on – it could be on every TV screen, in every bar, in every part of Europe. It just shows that there are other things you can do with money, with sponsorship, to raise Guernsey’s profile.
2530

On a personal note then that we are looking to... and just to make the broader point, at the beginning of the week with the death of Nelson Mandela, I remember living through that period as we all did in the 80’s when people were opposed to sanctions against South Africa. They said ‘No, Guernsey must have strong business connections with South Africa,’ and we see over the passage
2535 of time the wisdom of sanctions and how that political process evolved in South Africa.

Now when we look at emerging markets such as China it would be easy to forget that China is a one-party state. Its environmental credentials are shocking. It has the death penalty for drug smuggling then, astonishingly, the organs are removed from those people who are executed and then sold on. These are the emerging markets that we want to deal with. And we know, because it
2540 is well-documented, that children work in unregulated factories and, sadly, on occasions, have burned to death. That is the emerging market that we want to do business with – within China – and I know we will and I know that will not be stopped, and I know that I am a minority in that area. But remember when David Cameron went to Sri Lanka and spoke to President Rajapaksa he spoke to him and gave him a lecture on human rights about the atrocities that Sri Lanka had
2545 committed. He could do that because there were no trading links with Sri Lanka, or not very much. When David Cameron went to China he kept his mouth shut – in fact he did more than that, he took a trade delegation with him.

We do extremely well, we are extremely fortunate on Guernsey for the lifestyle we have got. I support the £900,000 but sometimes you know we cannot forego everything, we cannot forego
2550 everything for economic success and growth – and we must at some point have a view towards human rights.

Thank you, sir.

The Bailiff: Anyone else?

2555 Yes, Deputy Laurie Queripel.

Deputy Laurie Queripel: Thank you, sir.

Sir, as a Member of the Commerce and Employment Department my support of this proposal should come as no surprise to my Assembly colleagues. However, it is support with one or two
2560 reservations.

Deputy Stewart has been reported recently as saying that the finance industry was running out of steam and then we have the Chairman of GIBA saying that businesses within the industry cannot afford to pay a higher levy in regard to promotional work. So when we are about to commit a further nearly £1 million of taxpayers’ money towards marketing activity, such comments may
2565 not fill members of the public with the greatest of confidence. Because members of the public still want to see tangible benefits for the community from this further investment and they may wonder why an industry that has benefited from the very generous tax strategy – as Deputy Brehaut has

mentioned – is not in a better position to make a further contribution. Those are quite unfortunate comments in a way.

2570 Then the further comments that funding was quite modest compared to the support and subsidies offered to other sectors... but no recognition of that tax strategy or Zero-10, no recognition that London air links need to be secure in the main for corporate and finance business, no recognition of the issuing of many thousands of licences over the years to populate the industry and no recognition of the inflated cost of living for Islanders – property prices, for example.

2575 So I think actually when you add it up Guernsey and the people of Guernsey have made a very big contribution in servicing and facilitating the industry. So, yes, undeniably there have been rewards and prosperity for the community but it has come at a cost. That cost is all part of Islanders' historical and ongoing investment in the industry. But in respect of Deputy Stewart's comments sir... quite realistic. The shape of the industry is changing and it is felt that by increasing marketing in new and emerging markets new life can be breathed into the industry and a new head of steam can be built up – and hopefully there will be further and measurable rewards for the wider community.

2580 So not unbridled support from me, sir, because I am disappointed that some of those who should know better have not acknowledged the big commitment already shown by our Island. Islanders have not skimmed in their contribution and have deserved the rewards that have been forthcoming.

2590 The GIBA Chairman did say, sir, he supported the pursuit of alternatives and more diversity in the economy. And I must admit, sir, I do have a liking for businesses and industries that produce a tangible product but there is not another Specsavers out there or even another Tektronix out there knocking on our door. Marketing funding would not be well spent seeking out those types of industries and businesses at the moment.

2595 Sir, I think, my slightly cautious approach mirrors the comments of Treasury and Resources: it is not a clear cut investment decision because it is difficult to quantify direct benefit and we do need to work to ensure that best value for any taxpayer investment can be demonstrated and there really is a role there for Commerce and Employment to make that happen with the help of Treasury and Resources.

2600 Then, sir, there is the risk of a small fish trying to be big. We need to be discerning in the business that we are trying to attract. The eyes of the big fish – and it has to be said at times they are critical and envious eyes – are upon us and although, in truth, a number of our larger neighbours are swimming in all sorts of murky and toxic waters, they will be quite happy to render us a slap.

2605 So, just as T&R say, sir, on balance they support the proposal, so do I. On balance because, as Deputy Dave Jones very often is fond of saying, it is the only game in town. On balance because there is nothing new on the horizon. On balance because it may help to sustain our economy and may help to secure existing and perhaps new jobs within the sector.

So for those reasons, sir, I am offering my support.

Thank you.

2610 **The Bailiff:** Those Members who wish, may remove their jackets.
Deputy St Pier.

2615 **Deputy St Pier:** Sir, I rise because I think it is an appropriate point for me to follow Deputy Laurie Queripel, given some of the comments that he has made which I think do reflect and echo Treasury and Resources' letter of comment. Sir, a former Member of this Assembly said in the media recently that they hoped that I would be the white knight who would ride to the rescue of the public on this issue. I am afraid that Member will be disappointed because Treasury and Resources does support this.

2620 As the Minister and Department will know, however, it has not been a slam dunk for Commerce and Employment, and Guernsey Finance with Treasury and Resources, in presenting this Report and I hesitate to say this this afternoon, given the Minister's discomfort, but I think that has been a bit of a sore point with the Minister.

I would like to thank the Commerce and Employment Department and Guernsey Finance for the additional work that they have done on this Report and in bringing this Report to us, albeit later than they might have wished.

2625 Treasury and Resources did advise Commerce and Employment earlier in the year, and it is reflected in our letter of comment on page 2264, that in our opinion the industry should be contributing more. However, I do think just to counter Deputy Brehaut's comments about Zero-10 it is worth remembering that part of the response to Zero-10 was a substantial increase in TRP for

2630 the regulated financial services sector and, of course, increase in social security contributions. So it was a balanced response, so we should not forget that there have been additional contributions made, and Treasury and Resources do understand the reluctance of Commerce and Employment to impose a further cost burden on the industry at the present time, but we do encourage Commerce and Employment to consider doing so with Guernsey Finance as and when there are signs of growth returning to the sector.

2635 Not least because, as one Member has already pointed out, this is only a three-year funding stream and there can be no assumptions that it will continue beyond the end of that period. So it may be necessary to consider how that is replaced in due course by private sector funding. I would also encourage both the Department and Guernsey Finance to track the performance of this additional funding and how it has contributed to reflect the value which has been... the return that has been earned on the investment.

2640 However, I, like Deputy Conder, personally feel that there is one sector which has not contributed as they should and that is lawyers – both Guernsey and non-Guernsey lawyers – practising in Guernsey who benefit from the work of Guernsey Finance. They are often the first to benefit from the success of the work of Guernsey Finance and, indeed, they may well be the only people to benefit because they often advise structures on whether they can or cannot come here – and so they are remunerated whether or not they do. So, I think, given that they should be contributing and given taxpayers are being asked to step up to the plate – and I think it is very likely they will be stepping up to the plate before the end of the afternoon – this profession should itself also be contributing. And it is not sufficient for them to say that they are contributing through their tax contribution because, of course, the other regulated industries are doing that as well and it is in that sense part of their corporate and social responsibility, I would suggest.

2650 The Guernsey Finance Levy, of course, only applies to the regulated sector and that question is not regulated. But there is a precedent, which again Deputy Conder did refer to, which is the voluntary contributions made by the accountants who also are unregulated in this sense.

2655 I did consider laying an amendment on this issue and on reflection I decided it would be better to deal with the matter without doing so, but my personal expectation is that from 2015 that profession ought to be contributing in the region of £40,000 to £50,000 a year to reflect their share of the burden.

2660 So I would like to ask the Minister whether he can confirm that he will be seeking such a contribution from the profession and also can the Minister give an undertaking that if he cannot agree a voluntary arrangement that he will return to the Assembly in good time, perhaps by September next year to advise the Assembly and to present alternative solutions?

I just also want to respond to Deputy Bebb. Deputy Bebb, quite rightly, raised the question of the role of the Strategic Development Fund here and whether the Budget Reserve was a more appropriate funding stream. The Budget Reserve was considered but from Treasury and Resources view, of course, Budget Reserve is for unplanned and unexpected expenditure. This is neither. This is both planned and expected, and it is recurring – it is recurring for the three years. For those reasons we felt the Budget Reserve was not the appropriate source and that the Strategic Development Fund, given the criteria that have been set, as the Minister referred to, was the most appropriate source.

2670 Thank you, sir.

The Bailiff: The Chief Minister, Deputy Harwood.

2675 **The Chief Minister (Deputy Harwood):** Thank you, sir.

The Guernsey Finance took a very brave and courageous decision in 2007 to establish a representative office in Shanghai in China, and I congratulate Guernsey Finance for their persistence in maintaining that office.

2680 As Members will know, Deputy Stewart and I have recently visited China and I can testify to the effectiveness of that office. Having someone on the ground in China is absolutely essential and I would urge Guernsey Finance to ensure that situation continues. Unlike Deputy Bebb, I do not agree that in all markets you can just turn up with a suitcase as and when you may be able to fit it into your itinerary. It is critical, if we are to tackle these markets – and China in particular – that you have a permanent representative there to build up connections, to maintain those connections, because it is a very long slog and whether that model applies to all markets or not, I do not know, but certainly for China it is essential.

I also pick up a comment that has been made recently that suggested that the finance industry was running out of steam. I am somebody who has worked in the finance industry, albeit as a lawyer, and I have taken note of the various comments made about the legal profession this

2690 afternoon, and I would urge my former members of the legal profession to take note – take serious note – and actually to step up to the plate to make a contribution to the work of Guernsey Finance because it is important for the whole of the Island.

In terms of running out of steam, yes, we are, in terms of our traditional markets – if you look at the European Union, if you look in the UK. Our traditional markets themselves have been
2695 running out of steam, have been running out of growth. We have to, therefore, diversify the markets that we are tackling and we as a jurisdiction have to diversify into those markets. We have to promote the jurisdiction. It is up to us and particularly up to Guernsey Finance in that role to do so because we first of all have to sell the jurisdiction, sell the brand and then industry should follow up to secure the business.

2700 I have always said that we must nurture and grow the finance sector. Nurture it, yes, but we have to also find growth and Deputy Stewart... and in the Report there is a suggestion of 1% reduction in ETI from the finance sector... amounts to over £900,000. There is another very startling statistic, which many of you who have attended Professor Geoffrey Wood's presentation on the independent fiscal policy review... and this will actually be appended to the January Billet
2705 – and there is a statement here which I would urge you to take note of:

'Scenario modelling indicates that if finance sector growth in Guernsey stagnates over the next ten years, both GDP and total employment will be approximately 10% lower than the central forecasts by the end of the period. A knock on effect of this would be a 10% reduction in General Revenues against the central projections.'

2710 We cannot afford to let this industry stagnate, we must find growth if we are to maintain the standard of living that we all aspire to.

Sir, I would urge all States Members to support this proposal. It is a very modest proposal and I agree with Deputy Luxon: you could well argue there should be more money made available to
2715 Guernsey Finance but I think the reality is that Guernsey Finance need to build up their resources in order to make best use of the money. But *please* get behind this – we need to continue to nurture and also to *grow* the finance sector and we need Guernsey Finance to lead that attack.

Thank you.

2720 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

My first reaction on reading this Report and the Proposition, was: why only £900,000? I may broadly be to the left of centre, I suppose, but I have never really understood the left's anxiety
2725 about funding – using public money to fund organisations like Guernsey Finance.

When Guernsey was very reliant on horticulture the States of the day pumped millions into support of horticulture. In fact, there was a Horticultural Advisory Service run by the States. The States had a Committee for Horticulture dedicated to, as the name suggests, dealing with the horticulture industry. And the States did similar things with tourism and with other sectors that
2730 were... upon which it still does indeed – but other sectors upon which the Island had been reliant in the past. So I am wholly supportive of this initiative.

The fact that the corporate sector, generally, is providing insufficient revenue to the States which, I think, is the case post Zero-10, is not a reason to starve an organisation like Guernsey Finance of the necessary funding to promote Guernsey as a jurisdiction. We cannot beat Guernsey
2735 Finance over the head simply because we, at the moment, unfortunately, cannot find ways to draw in more revenue from the corporate sector as a whole.

I do understand Deputy Brehaut's point about the dubious human rights regimes which exist in some of these developing nations, but actually there is a good case – if one looks at the way that nations develop – that the more trade a developing nation does with the outside world, not only
2740 does business spread but also democracy spreads, and very often the standard of living is raised. In fact they always say that the one thing that made the greatest difference to the end of communism in the Soviet Union was Dallas because so many Muscovites had access to Dallas, the television programme, and suddenly realised the kind of life that was on offer in the west. But that happened by the country opening up.

2745 So I have some reservation about the general liberalisation of markets but I think, it is true to say that as countries open themselves up to trade they often open themselves up to pluralism and democracy and I do not think that we should ignore the possibility. I know we are making a tiny contribution in Guernsey but as the west engages with the developing world I think there is a chance that democracy will take root as well as business opportunities.

2750 The overwhelming reason to support this proposal is because we are, for employment purposes, very heavily reliant on the finance industry and so much of our tax take today is on ETI

– or at least on employment through social insurance contributions – and ETI tax receipts, and the more employment we have, and the better the businesses which employ are doing, the better our economy will do. And the more jobs we create, the fewer social problems we have. And also the more jobs, particularly of high value, that we create, the higher our tax take will be and the more money we will have to spend on education and health care and policing and infrastructure and all those sorts of things that the Members of this House who are particularly interested in social policy, the more of that we will have to spend. So I really do think that this kind of initiative is worth supporting.

I am surprised that our finance industry has remained as robust as it has while we invest so little in the promotion of Guernsey Finance and related enterprises.

I would urge the States to support this Proposition – and I would urge Commerce and Employment to keep this figure under review and if they feel there is a case, to return to the States for further investment not to hesitate to do so.

Thank you, sir.

The Bailiff: Any further speakers?
Deputy Lester Queripel.

Deputy Lester Queripel: Thank you, sir.

I am a supporter of our finance industry and I fully endorse the proposal for £900,000 to be provided to Guernsey Finance.

Unfortunately, I was unable to attend the senior presentations due to other commitments, and I do have two concerns. Picking up on Deputy Brehaut's point, do we really want to do business with those countries who abuse the human rights of residents in their own countries? I do not expect the Minister to answer that question but I rise to express my concerns in that area and have them recorded in *Hansard*, and I do take comfort from Deputy Fallaize's comments in his speech.

My second concern is, picking up on Deputy Bebb's point that rather than set up offices in other countries perhaps we should be employing people who are prepared to live out of suitcases and travel the world looking for new business – well, sir, I have the privilege of sitting next to the man in this Chamber who, in his capacity as Chief Minister, did just that and I truly believe that the Island would not be in the position it is in without the efforts of Deputy Trott – a position which is the envy of many jurisdictions, and I am sure he will pay me later for saying that.

We all know Deputy Trott is now a director of Guernsey Finance. I would ask Deputy Stewart if he could inform us please of any plans to send Deputy Trott globetrotting, (*Laughter*) (**A Member:** One way.) (*Laughter*) because he would be of enormous benefit to the Island, sir, but he would be a great loss to me. (*Laughter and interjections.*)

The Bailiff: Does anyone else wish to speak?
Deputy Brouard.

Deputy Brouard: Just very briefly, sir.

I think my Minister and the rest of the Board have basically covered most of the points so I am not going to do my speech. I can sense the mood of the House.

I will just touch on a couple of points that I think Deputy Conder raised. It was - what is going to happen next? This is a three-year funding programme and, yes, definitely the Board have already started to talk about what we can do and what we need to do for going forward. Deputy St Pier as well, touched on that and certainly we are looking for other funding models.

Something that Deputy Fallaize said was interesting: why only £900,000? One of the issues is that, of course, Guernsey Finance is quite a small organisation and you cannot increase the spend too quickly because they have not got the staff and the resources to do so. So, I do not think £300,000 is going to be spent all in the first year. It is going to be more in the second and the third year. So, that is part of the reason – so it is to build the staff and the delivery.

Thank you very much, sir, and please support the Report.

The Bailiff: Deputy Trott.

Deputy Trott: Sir, this debate has been like a breath of fresh air. Even those that have tried to be negative have not been able to be because they have accepted the value of promoting our major industry. And, sir, wouldn't it be fantastic if when we go to the vote later we are unanimous or, if that is not possible, we are without dissent. What a message that would send up to those who work very hard around the world selling our interests. And, on the subject of selling, a Member said to

me this morning as we were coming in to the building, 'I wish I understood more about selling. I wish I understood more about marketing'. I said, 'You do because anyone who has been through an election will know that the better your promotional material is, the better your message – and importantly, the more doors you knock on the more chance you have of success.' This is, in a nutshell, what this initiative is about. It is about giving more resources to an organisation to enable it to knock on more doors to sell a very important message.

Sir, having heard some superb speeches, I have to say that I find the enthusiasm of the Minister of the Commerce and Employment and the Minister of the Public Services Department intoxicating – and long may it continue because that is exactly the sort of positive glass half-full or better approach to policy that we need.

May I also say, sir, that I am filled with Christmas cheer for another reason? The prospect of lawyers paying (*Laughter*) £50,000, as mentioned, towards the marketing and promotion of financial services in this Island. That fills me with a combination of emotions – glee, being the most obvious.

Deputy Brehaut: Sir, it is a fairy tale not a Christmas story. (*Laughter*)

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Sir, I rise just to echo the comments that have been made before but also to reflect upon those who made comments on the amounts involved. I think it was Deputy Duquemin in the debate of Disability and Inclusion Strategy who pointed out that it is not so much the amount that you spend that matters, it is *how* you spend it.

In terms of promotion and in terms of making our case known I am very keen, and I believe this will enable Guernsey Finance and Commerce and Employment, in general, to have better options. But the key thing we all know is to find the right people and the right relationships to make so that the diversification that is required in this fast changing sector of our economy and the global economy, is able to not only keep apace but to innovate in an appropriate way.

So I am totally supportive of this. Furthermore I do believe that this is a case of both and some of the comments that have been made by those Members who have referred to countries where perhaps there are human rights issues at stake, it seems to me very much, sir, that it is not a case of a choice of one or the other, but when we engage in business there and as relationships develop we also are party too and we should not be frightened of raising issues where there are human rights at stake and we should be strong on both counts, even though we are small.

Bearing in mind the comments that Deputy Fallaize made earlier, sir, and the anticipated swift response in terms of streaming the proceedings of this Assembly, I am sure that when people in those countries are able to access our debates in this Assembly they will all be very quick to choose our form of democracy as a way forward.

The Bailiff: I see no one else rising.
Deputy Stewart will reply to the debate.

Deputy Stewart: Mr Bailiff, it is too late to put in an amendment for £2 million. (*Laughter*) I would like to thank all of the people who have risen today to speak in support. I will try and be brief because it is Christmas and we have got other things to get through and finish today. Sir, I will just address the questions but thank the Members who have spoken in support.

Deputy Bebb said he only knew of one company that is out in China – there are a lot of companies out in China. Just as an example, over the last few years the fiduciary sector has increased from 1% of its business in China to 3%, and it is growing. It is hard work out in China. They want to get to know you, but it is big. Every year China adds an economy the size of Spain. In the last three years it has added an economy the size of the UK and they want to get to know you. That is why we have cultural links as well as our business links, and those cultural links are also of benefit to us and we will cover more of that off. I think it is important in China to have that office – Wendy Weng is doing a fantastic job and, of course, the intelligence in a nation that is rapidly changing... Only a few weeks ago we were very fortunate in the timing of our visit, with the Chief Minister, myself, the regulator, industry and Guernsey Finance. They had just had their third plenary session where they announced more liberalisation in China, more opportunity to invest and for the Chinese people to also invest outside of China. It is important to keep that very close link.

I wish I could say more about our visit to China but I do not want to tell our friends just down the road exactly what we achieved. But I really feel that we are close to some really big leaps there and I would like to think that is going to happen.

2875 We have been asked – Deputy Conder raised it and a couple of others – what is going to happen after the three years? That is something we have already discussed at the Guernsey Finance Board. It is something we are already discussing at Commerce and Employment. Actually going out to some of these emerging markets, what we will be able to understand is more about them – not only what the shape of Guernsey Finance might need to be but also what we have to do as a Government, because remember this is not just about Guernsey Finance. Government has to go there – our Tax Office – and sign DTAs, sign TIEAs. The regulator has to go there. The regulator has to engage with other regulators and sign regulatory... It is teamwork and that is what we do. But we will, I hope, in this session, bring a full report to actually look at what is the shape of Guernsey Finance? What does that need in funding? And I intend to bring that, during this term, back to the Assembly.

2885 Both Deputy St Pier and Deputy Conder raise an important point. All of the industry contributes apart from the lawyers and I could not agree more and fortunately next week I am going to meet the Bâtonnier, and I do not think I am going to give them a very happy Christmas because I think it is high time that the lawyers realised that they are part of this industry. They benefit hugely from this industry and they need to step up to the plate.

2890 Furthermore, a lot of the recent legislation we have brought really does benefit them. LLPs: they will be setting them up. Image rights, a perfect one for lawyers – it was driven by the legal profession. They were the ones who said, ‘Can you get this adopted, Kevin? We have been pushing for ages,’ and, of course, our very own Channel Island Aircraft Registry that will benefit the lawyers.

2895 I will say to Deputy Brehaut that I will see what we can release, I will talk to our colleagues in Jersey... if they are happy for some of our correspondence to be released. I will say that you can see from the tone in today’s paper that I think everyone accepts where we are now, but what I can give this Assembly is the assurance that my Department, and both politically as well... we played the Aircraft Registry with an absolutely straight bat at all times.

2900 Deputy Brehaut also mentioned taxpayers’ money. I would like to think that I spend taxpayers’ money. I am a taxpayer, obviously but I think about ‘am I spending it’? If this was my own money would I be spending it this way and I could answer to that question, in this instance, 100% yes.

2905 Two careers ago when I had a manufacturing business and I had a couple of hundred employees, I had done the easy work, I had been round Europe – nice and close, nip over on the ferry, get some business. But then I wanted to expand that and I spent five years travelling round the world going to the Middle East, the Far East, Central South America, North America, going to exhibitions in Singapore, standing there all week until I got blisters on my feet, going to exhibitions in Hong Kong. That was money I could have kept in my back pocket – that was my own money. And some of those exhibitions you would think you were getting nowhere, but then a few months later you went back and the business came in. And for my efforts I was very proud to receive the Queen’s Award for Export Achievement. So I think I am qualified to speak on that.

2910 We have to keep up our effort. It is so important. This is a good spend of taxpayers’ money because this is exactly how I have spent my own money in the past.

2915 I think Deputy Brehaut does make another point: what about how countries behave? Well, look, these are emerging markets, these are emerging countries. It was not long ago... and look at the environmental record in London: it was not long ago when they had *smog*. These countries are just emerging. They are behind us. They are developing nations. It was not that long ago when we had the birch in Guernsey! ‘Well, whoopee doo human rights!’ when they were giving people the birch. And of course our last witchcraft trial in Guernsey was, I think, 1913. So, I think it is important to engage with these countries, understanding they are emerging and developing and I think through trade we can engender change. (*Laughter*)

2920 Deputy Laurie Queripel – I was worried about you for a while Laurie, but you did come through in the end (*Laughter*) I have to say. (*Interjections and laughter*)

2925 In closing, I would like to thank everyone. I think it sends, as Deputy Trott says, a really powerful message to the finance sector.

I think it is important that over the coming years we do also put effort into diversifying into areas where we clearly can grow. We obviously cannot have car manufacturing here, or anything like that. We have to look at low footprint, high revenue and obviously the Commerce and Employment Department is looking very seriously at how we can *not* have all our eggs in one basket, but right now that is where we are.

I thank Members for their support this afternoon and if I could echo Deputy Trott's words: if this could be unanimous it would be a very happy Christmas not only for Guernsey Finance but for the finance sector generally.

2935 Thank you, sir.

The Bailiff: Members, there is a single Proposition. It is at the foot of page 2264 in Billet XXIV. Those in favour; those against.

2940 *Members voted Pour.*

The Bailiff: I declare it carried. (*Applause*)

Billet d'État XXVI

POLICY COUNCIL

Social Welfare Benefits Investigation Committee – Debate concluded and Propositions carried

The States are asked to decide:

2945 *I.- Whether, after consideration of the Report dated 2nd December, 2013, of the Policy Council, they are of the opinion:*

1. To agree to rescind paragraph 28 of States Resolution XI of 14th November 2013.

2950 *2. To agree to form, at their December 2013 meeting and in accordance with Rule 18 of the Rules relating to the Constitution and Operation of States Departments and Committees, the Social Welfare Benefits Investigation Committee as a Special States Committee, with the mandate as resolved by the States of Deliberation on 14th November 2013.*

3. To elect a Chairman who shall not be a member of the Housing, Social Security or Treasury and Resources Departments.

2955 *4. To elect one other member of the Social Welfare Benefits Investigation Committee who is not a member of the Housing, Social Security or Treasury and Resources Departments.*

5. To authorise the Treasury and Resources Department, if required, to approve a transfer from the Budget Reserve to establish a budget for the Social Welfare Benefits Investigation Committee in 2014.

2960 *6. To direct the Treasury and Resources Department to take account of the funding requirements of the Social Welfare Benefits Investigation Committee when recommending Cash Limits for 2015.*

2965 **The Bailiff:** Is it correct that we are not yet ready to continue with debate on the Social Welfare Benefits Investigation Committee, or is everybody...? Are you ready for us to continue, or not?

Deputy Fallaize: I would rather take the other items, sir, if possible.

2970 **The Procureur:** I think you must make a ruling, sir, but you have commenced debate on an item and discussions have taken place for the purpose for which we adjourned, and I would have thought that ordinarily you should resume as soon as we have resolved the issues for which we adjourned.

2975 **The Bailiff:** I did have a note passed to me suggesting that the issues are not yet resolved, so that is why I was enquiring and I know there have been some very intense discussions going on, because I think some Members found them rather distracting during the last speeches.

2980 Can I suggest that either those who are still discussing leave the Chamber and discuss it, or we continue with the debate now? I see no-one leaving the Chamber. In that case, we will come back to the debate on Policy Council Report on Social Welfare Benefit Investigation Committee. Is there an amendment to be laid, is the question?

Deputy Fallaize: No, sir.

The Bailiff: No, in that case we resume debate. I think I was going to call Deputy De Lisle next.

2985 Deputy De Lisle, do you still wish to speak in that debate?

2990 **Deputy De Lisle:** Sir, I was a little... in fact, I drew comfort from the view that it is unlikely that additional resources will be required in order for the Committee to carry out its mandated functions, in that this initiative would be supported by existing officers with the necessary expertise on the subject matter. But given what I have heard now that there is interest... that a budget should be drawn up for the Committee, and some interest in fact in providing resources in addition to what was originally indicated, for this particular Committee's work, and I would like to encourage restraint actually and discourage any use of additional resources with regard to this work and try to confine it to an in-house Committee investigation, and to try and do that through the Departments as much as possible.

2995 Thank you, sir.

The Bailiff: Is there any further debate on why Members were debating just Propositions 1, 2, 5 and 6 on pages 2409 and 2410 of Billet XXVI?

3000 Deputy St Pier.

Deputy St Pier: Sir, I just rise to deal with the question of resourcing which has been raised by a number of Members.

3005 I think Treasury and Resources' position is that, given Rule 15(2), it would have been remiss of the Department to provide support without some kind of comment on the resourcing issue and in particular the reality that resources have not, or the need for resources have not, been identified at this point.

3010 I think Deputy Fallaize suggested that there was some kind of rift between Treasury and Resources and Policy Council, on this issue. I do not accept that at all. We very much accept that if this Committee has been set up by the States that it will require a dedicated budget and, however, our first assumption is that the skills to undertake the work at an officer level are likely to reside within Social Security and Housing. Therefore one would expect the first point of call to be a transfer of those resources to this Committee to undertake its work in the first instance. If additional resources are required that is a separate matter which then would be dealt with by reference to the budget reserve in the normal manner.

3015 I think our key point, sir, is to make Members of the Assembly aware that the normal processes will apply in terms of budget for this and in terms of Treasury and Resources' approval through the budget reserve process. We, the Department, do not believe that the Assembly, in approving the establishment of this Committee, were writing an unlimited cheque for its existence. I do not think that was Members' intention at all and indeed I think that was part of the debate when this was debated last month.

3020 So our comment is simply a pragmatic response to the current situation, to enable the Committee to begin its work, recognising that resources have not been identified. They will need to be identified and, if that is over and above the transfers from existing Departments, for the reasons that Members have identified, then there will be an application to the Budget Reserve in the normal way.

3025 Thank you, sir.

The Bailiff: Deputy Langlois.

3030

Deputy Langlois: Thank you, sir. I rise just briefly on two matters.

The resource issue, I think, is a little bit of a red herring for today. I literally had to return to reading one more detail of this very short Report. If you turn to paragraphs 3.3 and 3.4 on page 2406, I do not think that 3.3 and 3.4 could be much clearer in that they are saying:

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‘At the date of writing this Report...’

– there is a clue in that because this was put together very quickly indeed in order to get here today.

3040

‘At the date of writing the Report...’

– that is the belief. I can confirm through my Chief Officer that these meetings that he described in 3.2, have been taking place and I think one of them was taking place this morning, while people were changing their minds about where we would go with this. Then in 3.4:

‘However, given the complexity of the subject...’

– blah, blah, blah... ‘this Committee has the right to come back and say we may need more resources.’

I will just put a marker down now, not in terms of saying, ‘Well, of course, you cannot come out of Social Security, and so on.’ I am not saying that. I am simply saying, having had the experience of resourcing the last round and knowing what the previous attempt leading up to March 2012 cost in resources, I doubt if we... I really doubt whether we will get past the point where the Committee does not have to come back and say we need some resourcing. But that is really just making the point from experience. But 3.3 and 3.4 – that we are effectively approving this Report today – tell the story as it is and let us get on with it, let us not put blockers in the way to do with those points.

With regard, I think it is totally appropriate today that I repeat an undertaking I gave at the end of the last debate and that is that the Social Security Department, as a Department, will give full support to this Committee. We have nominated our Members. I have every intention that it will be the same two Members throughout and that if half way through something happens that one of those has to change then I really do not think we should have to come back to the States because that will put further delay on it and so on. But will I as Minister be encouraging people to say, ‘Well, actually if I send you and you next time and then you and you, then I will go, and we can confuse...? No, that game will not be played. The two people who have put themselves forward – well, I say put themselves forward – who have *agreed* to be part of this, by mutual agreement of the Board, are doing so with good reason and will be fully committed to it and so will the Board.

The Bailiff: Anyone else? No.
The Chief Minister then will reply.

The Chief Minister: Thank you, sir.

At this stage I am just replying in relation to Propositions 1, 2, 5 and 6, because I think we said that elections would just be dealt with separately.

The issue that has been raised throughout the discussion debate on this particular matter relates to resource, I agree. I concur with both Deputies Gavin St Pier and Deputy Langlois, it is recognised it will only be once the Committee is up and running that it will be possible to identify the resource that that Committee will require in order to discharge its mandate. It is entirely appropriate, sir, that I believe that it should be a matter for that Committee once it has been constituted, if necessary, to come back to Treasury and Resources Department with a reasoned argument for their resource requirement.

As I said at the outset, sir, I think there was encouragement within Policy Council to try and get this Committee up and running sooner rather than later, recognising in particular the time restraints that have been imposed upon them in order to discharge their duties.

For that reason it was felt it would be appropriate to bring this matter to this sitting of the States and I would urge States Members to support Propositions 1, 2, 5 and 6, in order that we can at least get the Committee in motion. It may be necessary for it to come back with a request for resource, but at least let us get the Committee constituted, get the Committee to be able to meet and then for the Committee itself to determine what resource requirement it will need.

I therefore urge all Members to support Propositions 1, 2, 5 and 6.
Thank you, sir.

The Bailiff: Members, these Propositions are on pages 2409 and 2410. I put to you together Propositions 1, 2, 5 and 6. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare them carried.

So we come then to Proposition 3 which is to elect a Chairman who shall not be a Member of the Housing, Social Security or Treasury and Resources Departments, and the Rules governing propositions to elect Chairmen are contained in Rule 20(5), which is page 35 of the white pages in my print of the Rules, for those who wish to refer to them.

3105 We begin by me first inviting Members to propose eligible candidates. The Rules provide that nobody shall speak about a candidate at that stage.
Chief Minister, you wish to propose?

3110 **The Chief Minister:** I would wish to propose at this stage Deputy Andrew Le Lièvre as Chair of the Committee.

The Bailiff: We are just concerned with the Chairman at this stage. So that is proposed by Deputy Harwood and seconded by Deputy Le Tocq.

3115 **Deputy Le Tocq:** Yes, sir.

The Bailiff: Do we have any other nominations? No?

In that case, the Rules go on to provide that I shall invite each candidate, or the candidate if there is only one, to speak for not more than five minutes.

3120 Deputy Le Lièvre, do you wish to speak for not more than five minutes?

Deputy Le Lièvre: This is not impossible I can speak for as little time as I want.

Thank you, sir, for inviting me to speak. I will not take up the States' time other than to say that I thought I was coming this morning to what would have been a normal birth and it nearly turned into a caesarean section. *(Laughter)*

3125 I am pleased that Deputy Langlois made it clear that there would be no nefarious, if you like, activities to undermine the Committee because that is not the intention of this working party – this working party? – this Committee. Deputy Fallaize would have it as a working party. I have already fallen into that trap.

3130 There is no intention of this Committee either to undermine the mandates of either Housing or Social Security. The intention is simply to bring to this Assembly a set of proposals that finds favour with both Departments and also represents the best deal for the community. That is the sole intention. It has always been my intention – that and nothing else.

I was somewhat disappointed to hear some of the remarks that were made this morning but I am sure, in the fullness of time, we will prevail.

3135 It is a short timetable. We will get there because I am determined that we will. And we will succeed – of that I have got no doubt whatsoever. If I had doubts I would not be standing here saying that now.

I think I will leave it as that, sir, other than to say thank you to the Chief Minister for his nomination and to Deputy Le Tocq for seconding it. I look forward to getting on with the work as quickly as possible.

3140 Thank you, sir.

The Bailiff: Members, we vote on the proposal to elect Deputy Le Lièvre as Chairman of this Social Welfare Benefits Investigation Committee. Those in favour; those against.

3145 *Members voted Pour.*

The Bailiff: I declare Deputy le Lièvre elected.

3150 We now need to elect one other member of the Committee who is not a Member of the Housing, Social Security or Treasury and Resources Departments. The Rules provide that on a Proposition to elect members of a Department or Committee, I first invite the Chairman of, in this case the Committee, to propose eligible candidates, or an eligible candidate in this case, and nobody shall speak about a candidate at this stage, the Rules say.

3155 Deputy Le Lièvre, do you wish to propose a candidate?

Deputy Le Lièvre: I propose Deputy Peter Gillson, sir.

The Bailiff: Deputy Gillson, thank you.

3160 Do we have a seconder for Deputy Gillson?

Deputy Le Pelley: I formally second, sir.

The Bailiff: Deputy Le Pelley seconding Deputy Gillson.

3165 Do we have any other nominations? No? In that case we go straight to the vote. I think that is what... Yes, we go straight to the vote without speeches.

The Proposition is to elect Deputy Gillson as a member of this Committee. Those in favour; those against.

3170 *Members voted Pour.*

The Bailiff: I declare him elected.

Billet d'État XXIV

HEALTH AND SOCIAL SERVICES DEPARTMENT

Children and Young People's Plan 2014-2016 – Propositions carried

Article XI.

The States are asked to decide:

3175 *Whether, after consideration of the Report dated 23rd September, 2013, of the Health and Social Services Department, they are of the opinion to agree to the extension of 'The Children and Young People's Plan 2011 to 2013' by up to 3 years.*

3180 **The Greffier:** Billet D'État XXIV, Article XI: Health and Social Services Department – Children and Young People's Plan 2014-2016.

The Bailiff: Deputy Dorey will open debate.

Deputy Dorey: Thank you, Mr Bailiff.

3185 The Children and Young People's Plan draws together a range of agencies involved with children and young people, to co-operate in planning better ways to work together to achieve better outcomes for our young Islanders. Every Department and organisation which works with children and young people has a responsibility to contribute to the Plan.

3190 Under the Children's Law, Health and Social Services is responsible for bringing the Plan back to the States every three years. For today's Report, we are seeking an extension to the current Children and Young People's Plan for up to three years.

There is work ongoing between States Departments and other organisations at present to really develop the next stage of the Plan. This extension will allow this work to come to fruition. I hope that this will take much less than the full three years requested and, if so, we will bring it back to the States at the first available opportunity.

3195 Sir, I am aware that some Members might be disappointed we are seeking an extension to the Plan. I hope that I can at least assure them that the current Plan is a good one and that we will continue to achieve better outcomes for children and young people if we continue to work towards its goals.

3200 We are reporting back to the States now because it is a requirement of the Law to renew the Children and Young People's Plan every three years, not because there is a fault with the existing Plan, which has the welfare and wellbeing of children right at its heart. This is the reason why HSSD is prepared to recommend an extension to the Plan for three years at the very most.

3205 The Children and Young People's Plan seeks to ensure that all young Islanders have the best possible start in life. It focuses on five areas ensuring that children are healthy and nurtured, that they are safe, they are achieving and active, that they are respected and responsible, and that they are included.

3210 Much has already been achieved in each of these areas since the first Plan was approved. Some of this has been done by individual Departments working within their usual sphere of responsibility. Some of it has been done by Departments working together and with voluntary and private organisations to create better joint services for children and young people.

I would just like to give you a flavour of the breadth and depth of the work that has already taken place, spanning all age groups, from babies to teenagers, and every aspect of life, from visits to the dentist to the celebration of youth achievements. In terms of health, there has been a focus

on better information at every age, from maternity clinics to healthy lifestyle education in schools, covering both physical and mental health.

Important services have been developed for children at high risk who are in greater need of support, for example, the Children and Adolescent Mental Health Service now has an intensive outreach service for young people with severe mental health difficulties.

A short breaks fostering service has been developed with three sets of carers currently trained up, and a Child and Maternity Post Abuse Therapeutic Service has been established.

The Island's Children Protection Committee organisations working with children are looking at how best to support families where factors such as domestic violence or substance abuse indicate a greater risk of harm. Procedures and practices with child protection are constantly being developed, and children and young people's awareness of certain risks has been improved, for example for an updated e-safety curriculum.

We are working to ensure that the voices of children and young people are heard, and that children and young people can have a say in the things that happen to them. Reflecting the ethos, 168 staff have now completed training in the Family Partnership Model which promotes the use of listening skills in health and social care work. I have outlined just a few of the things that have been achieved and I have focused primarily on the things that HSSD has led on or has been involved in. Other Departments and organisations can also be proud of what they achieve through the auspices of the first Children and Young People's Plan. I am sure that we will hear more of that today. A fuller outline of what has been achieved is provided in the progress report which is appended to the States' Report.

Although we are asking for an extension to the Children and Young People's Plan, at present there is no intention to stand still on working together to improve opportunities and outcomes for young Islanders. All the Departments and other agencies involved in the Plan, will continue to work together to ensure the best possible future for children and young people in Guernsey and Alderney, and we would take the earliest opportunity to report back to you on the next stage of the Children and Young People's Plan.

Finally, I know there is a proposed amendment and, if placed, I can assure the House that HSSD will not be opposing it.

Thank you.

The Bailiff: That is your cue Deputy Brouard. There is one amendment, proposed by Deputy Brouard, seconded by Deputy Le Lièvre.

Deputy Brouard.

Amendment:

To number the Proposition as "1" and add a further Proposition as follows:

'2. To request the Health and Social Services Department:

a) In the development and implementation of the extended Children and Young People's Plan, as described in paragraphs 12 to 15 of that Report, to investigate whether the children of Guernsey and Alderney could benefit from the adoption of elements of the UK Department for Communities and Local Government programme under the policy entitled "Helping troubled families turn their lives around"; in particular from initiatives such as targeting, early intervention, sharing of data, and dedicated officers taking responsibility for particular families;

b) to take forward any such initiatives which the Department feels, following such investigation, would benefit those children;

c) when submitting a new Children and Young People's Plan to the States, as envisaged in paragraph 10 of that Report, to include therein, or report together therewith as appropriate, details of any such initiatives which the Department has implemented or piloted, or proposes to implement or pilot.'

Deputy Brouard: Thank you, sir, Members of the Assembly.

We seem, at times, to be able to identify a problem but somehow we never quite get to the very heart, and with the best of intentions we end up dancing around the edges or, at worse, making a bad situation even worse.

I also asked the one person who I know was a critic of this, when I tried to get traction when we were both in Social Security together. I have been working on this for the last two years – writing letters to all the Ministers with social responsibilities, speaking to staff, heads of service, engaging with the Director of Public Health, all sorts – as I think we have an opportunity here. So I am really pleased that he is to second this amendment... and my thanks to Deputy Le Lièvre.

3275 What is sad for me is that, at reception age, staff can virtually predict the educational outcome of a lot of our youngsters, and those who will struggle. My time in Social Security showed where these predictions kept coming true and we, with limited resources, then have to help youngsters leaving school with not the best of qualifications, the lack of motivation – which is probably the key one known to the police – not an attractive starting package to set sail on life.

3280 We end up watching it happen. Attempts are made to help, but it is not enough. The Mulkerrin Report had one statistic which I carry around: half our 11-year-olds at high schools had a reading age below 11. How are they going to cope?

Just think of our own children. When they come home we give them tea, we see that they do their homework, we make sure we know where they are, we make sure they get a night's sleep, get to school on time. But it is not like that for some of our children. If mum is a chronic alcoholic and dad left after a bitter divorce those rules and support that we had are sometimes not there.

3285 My seconder, Deputy le Lièvre put it really well at Social Security some four years ago. He said something along the lines of, 'Some of our youngsters grow up with a different rule book from that which most of us have.' We cannot fix all of our problems today but there are a few really key elements, I believe, where we can really help. And a dedicated person to help a family is one of those.

The UK identified this back in 2011. Mr Cameron made a speech on troubled families. Please do not get hung up on the name, but over in their country they estimated that some £9 billion was spent on some 120,000 families. The equivalent here would be about spending £9 million on 120 families. It may well be less in our society but families in need we have. These families are often seen many times by different agencies and, while these agencies seek to deal with specific problems or individuals within a household, no-one has responsibility for dealing with the family or its problems as a whole.

3295 What the UK identified was targeted consistent help to break the cycle. We are not immune and we have families over here that for many years we have left their needs unmet. What the UK Prime Minister said was something along these lines of when the front door opens and the worker goes in, they will see the family as a whole and get a plan of action together, agreed with the family. This will often be basic factual things like getting the kids to school on time, properly fed – the building blocks of an orderly home and responsible life.

3300 These things do not always cost a lot of money but they make all the difference, and they will get on top of the services, sorting out and sometimes fending off the 28 or more different States' services that come calling at the door – not a string of well-meaning disconnected officials who end up treating the symptoms but not the causes.

I think all of us here as Deputies will realise from some of the phone calls we get sometimes that people go to help but no-one actually has the time to go back and find out what the real cause was. Once you have solved that then everything else falls into place.

How big a problem we have, I do not know, but if we could give that targeted support to those families... and I think one Minister told me a few weeks ago, between our professional staff, he thought they could very quickly pull together the families who could do with this sort of support.

3315 There are savings here as well because you only need to break the cycle once. In the UK using single case workers for a family can save all the multi agencies all ploughing the same furrow. Have you ever tried opening another bank account when you are already with an existing bank? You end up filling out the same forms, taking your passport all over again and it is much the same as each of the different agencies do their own individual due diligence. Why cannot we just get that controlled?

3320 The States does not currently have a single Department responsible for identifying and helping troubled families in Guernsey or Alderney. I think we are the same as many places where we spend 80% of our resources on the 20% who need help.

3325 We do not have a coordinated approach and I now want to quote from two of our senior Members who were addressing the States in February this year when debating the mental health issue. This is from *Hansard* – I understand it is similar to Twitter, as it is there forever and you are on the record:

3330 'Sir, the Report correctly identifies a number of initiatives involving cross departmental co-operation that have already produced results. The Primary Care and Mental Health and Wellbeing has already been cited as one example, but for a small community such as ours the Report is also disappointing to note the number of instances where the Report identifies the lack of multi-agency 2370 and integrated care planning in the past as an obstacle. The Report is littered with such references. It is, again, very disappointing in a community such as ours that we should be in a situation where the Departments and different agencies have not been working effectively together. Having said that, I recognise the importance now of effecting and producing that degree of co-operation.'

And a further one:

3340 'I was heartened by the words that the Minister...'

I think he was referring to Deputy Dorey at the time.

3345 '... used in opening, where he talked about effective inter-agency working. But I would like to add to that, it is going to take more than just effective inter-agency, or inter-departmental, working, sir, because I believe this really requires every single 2420 individual in our Island community taking the matter of mental health and wellbeing much more seriously and much more personally...'

For the other 44 of us, that was the Chief Minister and the Deputy Chief Minister.

3350 What I and my seconder are asking, is that we have a look at the UK set up, see what has worked and what is working now, because the idea is sold to me. It is a sound concept. I will tell you how – but I am having a struggle for the right word – a mentor, a guide, a case worker, someone to be there for that family to help that family take responsibility. We will continue to dance around the edges.

3355 The UK system is not without its critics and I am not saying to replicate it. What I am asking is for HSSD, as the holder or driver of the Children and Young People's Plan, to investigate whether the children of Guernsey and Alderney could benefit from the adoption of elements of the UK Department for Communities and Local Governments Programme, under the policy entitled Helping Troubled Families Turn Their Lives Around. And, in particular, initiatives such as targeting, early intervention, sharing of data and a dedicated officer taking responsibility for particular families.

3360 So let us have a look at what they have done and see what could work for our community. What we usually do is pick the best bits.

3365 Yesterday a friend of mine gave one example: a mother of a young lad, just early teens. There was a review meeting with regard to the boy. The mother was encouraged to accept a referral to a relevant support agency and the mother commented along the lines of, 'We do not want to see or have anyone else in our lives. It is all too much. We just want to be left alone and do the best we can.' Now that lad and his mother... his father has a drink problem and has very little to do with his son. The son is being given lots of different messages from both parents – mother is doing the best she can. The son is involved in petty crime. That particular family, the worker advised me, 3370 had 14 varying agencies involved –

The Bailiff: Can I just...? We did have HM Procureur this morning, warning us about taking care in dealing with individual cases, I wonder whether you are in danger of giving some information –

3375 **Deputy Brouard:** This is taking elements from different –

The Bailiff: So this is not a live case. I thought you said this was a review meeting yesterday?

3380 **Deputy Brouard:** No, I have moved the different parameters around, sir.

The Bailiff: Right, Mr Procureur.

3385 **The Procureur:** I am not sure whether Deputy Brouard did make that clear. I was beginning to wonder myself. So this is a story –

The Bailiff: It is a story. It is not a live review meeting that took place yesterday and that is what I thought he was talking about.

3390 **Deputy Brouard:** I was advised about it yesterday but it did not happen yesterday.

The Bailiff: It did not happen, right. Thank you.

3395 **The Procureur:** And as a story it will be tremendously persuasive in persuading Members to vote for this uncontroversial amendment, I am sure.

The Bailiff: Deputy Brouard, sorry if I...

3400 **Deputy Brouard:** We all know from our own working lives, if you have a particular responsibility you will work to make sure something happens. And while you have 14 agencies in a particular case – and I know of another case where, I was advised, there are some 17 agencies involved – no-one is in charge. We need to offer families that stability, that mentor, someone who puts the families first.

3405 I am not an expert in social welfare and that is why I want our professionals to have a proper look at the scheme and that is why the amendment is not prescriptive, and if they find something that we could benefit from in Guernsey then let us see if we can pilot it.

Unless we do something to change their lives we will all continue to pick up the cost, whether it is in disruption in the class room, whether it is lack of a certain reading level, or petty crime, truancy – but the real cost to us as an Island community is, of course, the waste of potential.

3410 So, please, let us have a look and see if there is something we can learn from the UK on this and see if we can put something special to help our families.

Thank you, sir.

3415 **The Bailiff:** Deputy Le Lièvre do you formally second the amendment?

Deputy Le Lièvre: I do, sir, and reserve my right to speak.

The Bailiff: Thank you.

Deputy Hadley.

3420

Deputy Hadley: Speaking, Mr Bailiff, to the amendment, I was very pleased to see this amendment and in particular was very pleased to see that Deputy Brouard had mentioned early intervention.

3425 I have been concerned for many years with the difficulty that parents have had in obtaining help from the Health and Social Services Department when they have had difficulties bringing up and controlling different children.

3430 I have visited several parents at home to discuss their problems with them and the difficulties which they have experienced in getting help and, sadly, in the most distressing case, a child had taken their own life. I firmly believe that if help is not given at an early stage then the cost to people and to the community of Guernsey is much greater in the long run.

Sir, it is something that I have brought up a number of times when I have been on the Board of the Health and Social Services Department – that more resources do need to be put into the services dealing with families and young children, and we do need more social workers to help in this bid.

3435 Thank you, Mr Bailiff.

The Bailiff: Deputy Adam.

Deputy Adam: Thank you, sir.

3440 First, as far as Deputy Brouard's amendment... I am fully supportive of it but I must consider that he quoted from *Hansard* earlier on this year. I think if a *Hansard* had been available for the last two or three years I would have spotted somebody's speech coming straight out of it, because it did remind me that he had said very similar things in the past and all just so true and still as important today as it was when we first started on about the number of multi agencies, and no correspondence or speaking to each other, and therefore confusion.

3445 What would have helped that, if it had been developed by now, is the new computer system within HSSD because supposedly when someone is born in Guernsey case notes are named a unit number, they go on the computer, then a record is kept on computer throughout their lives. So you can pick up and you can get information throughout. But, as he says, data protection has always been a problem, although attempts to resolve it were made in that there was a code of conduct for exchange of information between different professional groups, but that had to be done before that was done satisfactorily. So I am fully supportive.

3450 One thing, as he says, is that when children get to either nursery or pre-school they tend to move away from health and health-type services, and more into social and education-type services. Therefore one wonders – and I should not be saying this, but never mind – if maybe the children care services should be more under one umbrella, which would have people from Education involved and Home Department. It is not a favourite thing – I think Health and Social Services is much better altogether – but there is some argument in favour, as in the old days with a separate

Children's Services Board that dealt with children's matters. (*Interjection*) I am just airing that, which would probably go straight against the Minister, but never mind.

The other part of this I have already hinted to Deputy Dorey. I was not impressed by this States' Report. I feel this is such an important Plan. The Children and Young People's Plan was listed, again, in January of this year to be renewed and presented in quarter three or four and my initial impression was that this Report provided Members with minimal information – in fact the Minister has given more information in his speech than actually we could find in the document. But still there is a lack of hard facts.

He did mention the one case, I think. It is 186 people that had done training. But people have done a huge amount of work. A lot of effort has been put in by various Departments to try and bring this Plan forward and bring it into proper place so that every child matters and the child is at the centre. And I feel it does not bring out the efforts many of the staff of HSSD and Education and Home Department have done over the last three years. Therefore, I found it disappointing.

The Report was first highlighted in the 2009 States Strategic Plan. Money was given – actually, at that time it cost about £500,000 a year to implement all aspects of this Report. The initial part was taken to T&R in 2010 and £109,000 was allocated, which was the amount requested.

You are all sitting here thinking that is for HSSD. The answer is: it is not. The point is there is as much going to Home Department as is going to HSSD and there were some small amounts – one-offs – going to Education. So that bid taken by HSSD was for multi-purpose Departments.

As I say, there is mentioned Post Abuse Therapeutic Service – but it does not tell us what numbers access these things, what is the size and significance of that problem within our community. I am sure they have the figures.

Impact development for parents and children in need – it mentions the Duke of Edinburgh Award registration has increased. It is difficult to say if it is due to this Plan, but it would be nice to know how much they have achieved because it is such a vital part. But, although HSSD has a duty to prepare a Children and Young People's Plan every three years, it shares the responsibility with other States Departments directly involved in providing services and more widely with all States Departments and other agencies. Is this where the difficulty has arisen to bring a new Plan forward? I must say that I found paragraphs 12 and 13 on page 2266 difficult to interpret and likewise, but taken together, with paragraphs 14 and 15. I am led to conclude that improvement in shared understanding, planning and delivery of service for the needs of all children and young people, has been more challenging than was envisaged in the business plan. I think the bottom line in the message that should go forward is we must see more working together, as Deputy Brouard said.

Obviously this Plan... yes, you might be able to improve it and, yes, you might be able to add bits on to it but, basically, fundamentally, it is a very sound Plan and how much tinkering you need and how much *newness* is required, I am not too sure.

Policy Group comes along again. The Report refers in paragraph 16 to the role of Policy Council's Social Policy Group and states that it has prioritised the Children and Young People's Plan as one area it wants to focus on. Earlier on today, Deputy Gollop stood up and said how is Social Policy Group going to have the resources to do all these things? Can we expect Social Policy Group to exert greater authority and influence to achieve the development of shared engagement and understanding during any extension of the current Plan? Or is this just a case of sop? I am not too sure. Why is the Social Policy Group being involved? Are they going to be of any benefit? Have they in other aspects? The Policy Council should ensure, and it is part of their mandate as we heard this morning, that cross-departmental working parties have clear terms of reference, timeframes and very clear lines of accountability.

As I say, I believe that this Report has to be allowed to continue for, one hopes, maybe two years, maybe 18 months, rather than three years. How much revitalising it needs, I am not too sure, because the basic outline of the Report was very good to start off with but every Department must take it on board and people must work together for the benefit of the young people.

Thank you, sir.

The Bailiff: Deputy Adam has spoken generally, as well as on the amendment. Does anybody else wish to speak on the amendment?

Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

We hear a lot about the need for Departments and Committees to work together and sometimes I wonder whether we should create a States Committee with a particular remit to co-ordinate the work of the other Committees. That is an idea for the future perhaps. (*Laughter and interjections*)

It is interesting that this is an amendment which – I do not know how I will vote yet on the amendment – promotes all the working together – multi-agency working. And yet in the Report itself the words ‘multi-agency working’ appear in almost every paragraph. At page 2272 there are two references to multi-agency strategies. At 2273 there is reference to multi-disciplinary working, 2274 – multi-agency Looked After Children Strategy, 2278 – multi-agency working, 2281 – develop a multi-agency on-line survey, there is one at 2284. I think there are two or three others that I have not noted down.

So, although the objective of the amendment clearly is healthy to encourage working together, actually it seems as if, in the opinion of HSSD at least, that is being fulfilled already because the Report is absolutely full of references to working together and multi-agency approaches.

Also I would have thought that, in developing the Children and Young People’s Plan, the Health and Social Services Department would look at what is going on in other jurisdictions, particularly in Jersey and the UK, since there are clearly similarities between those jurisdictions. So I would like the Minister, when he speaks on this amendment, to advise the States whether the Department, in putting together this Plan, did consider policy that has either been implemented or is in development in the UK. And, if it did, why did it not decide to include in its Plan the UK policy entitled Helping Troubled Families Turn Their Lives Around? Because if HSSD has considered the merits of that policy and decided not to include them in its own Plan then I would like to know that before we vote on this amendment.

Thank you, sir.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

I can find common ground with much of what Deputy Adam said about the coordination and development of social policy because the resource at the centre is quite small and, as the Chief Minister implied, overworked – because, with 40 work streams, that is a lot of work for one, two or three individuals to do.

I agree too with what Deputy Hadley said, about the need to intervene and support more social workers because I think the Island suffers a little bit from diseconomies of scale. I mean, if we do succeed in these inter-agency meetings – Deputy Fallaize and others – then, yes, I can accept the comment that e-technology is one way of achieving some good outcomes, but the reality is you will probably get 10 people in a room and that is two or three hours out of their time and that is actually 30 hours, and the Island is small so it is likely to have people on both a managerial, a professional level and more of a lower case work level – and we have not got like a local authority in the London Borough of 300,000 people and a budget, and a staff to match that. So in a way we have to bite the bullet and accept that we actually need more social workers than a community this size would normally have, because of our isolation and because of the combined and awkward need that most Policy Departments have, of both developing governmental policy and implementing it in a local area – and I think we often forget that.

Obviously, I accept what Deputy Brouard says and I think I will vote for this amendment without evidence to the contrary, but he did imply a little bit that the community is divided into 80% of really great families and 20% who could have a little more work done. And I do not think it is as simple as that.

We know across our socio-economic structure there are people with issues and, more importantly, sometimes the troubled – we will call it troubled – behaviour is not due to sin or to wickedness of home or abuse – although they can be factors – it is due to behavioural conditions and impairments. We have not really heard the word ‘disability’ once today but it is actually about conditions and... there is not enough in this Report of integration with the Disability and Inclusion Strategy. It is mentioned, but about the level of support that you will need with, for example, ADHD, with autism, and other work streams.

I actually agree with Deputy Adam that we might need to look again in our ministerial structure and I think some of us are open minded on the possibility of a Social Services Ministry that would integrate some elements of two or three Departments. But I think that is for the future and we are where we are with HSSD’s Report.

It is a good Report in terms of encompassing many elements of our diversity – like they mention people working in the Arts Commission and having sports on community estates and so on – but it does not give us enough data in terms of numbers, in terms of percentages, in terms of

3580 budgetary resources and man power leads. Because to me a plan that is going somewhere identifies what goals you need to attain and the hurdles to overcome them, and reading this it is more of a vision statement than specifically without giving direct references to how you would get to those visions.

For example, if you are being inclusive and going for inclusion, do we need to have statutory rules about who can and who cannot access social services, and for what cost and what period? I do not think that is there in this Report. I think it has grown out of a need to target children at risk. Yet when we know that category might include disability, but generally would include households with anti-social behaviour and other issues... but I think it needs to be broader. I think it needs to be focused on all young people's needs across the community and identify special needs provision, particularly.

3590 There are definitions at the back which are quite helpful in the main Plan. It includes Alderney which I think is also very positive. But about disability, about impairments and the need to overcome those, I still think we are waiting for part two of this Plan, which will actually have direct resource needs – so that we are not just in a position of saying yes to a general plan and then not a lot happening... that we actually know that we are committing £5 million, for example, to it. I think that work stream has to happen and to a certain extent it is the Policy Council's work stream, rather than Health and Social Services.

The Bailiff: Anyone else?
Deputy Bebb.

3600 **Deputy Bebb:** Thank you, Monsieur Le Bailli.

Very briefly, the question was asked, I believe, by Deputy Fallaize, as to why some of this is not already included. The truth is that there are elements of what Deputy Brouard is proposing within his amendment that are being incorporated. They are being worked through, but obviously that is not exactly... the Plan that we have in front of us actually predates some of the information but some of the work is actually worked in a way that is expected and that is why the Department welcomes the amendment. Because, in bringing forward the new Plan, of course, we will actually take note fully of it and we will actually clarify it. But a lot of those working practices are already in place. Multi-agencies, of course, are the best way forward and as much as is possible we do try and incorporate that kind of behaviour within the Department.

3610 Thank you.

The Bailiff: Deputy Le Tocq.

3615 **Deputy Le Tocq:** Thank you, sir.

I want to just speak to the amendment first, but picking up some points raised by Deputy Fallaize. As Deputy Fallaize well knows, and others, the Social Policy Group is just simply a sub-group of the Policy Council and, therefore, a means by which the Policy Council seeks to outwork its mandate of co-ordinating policy, and it does so in this respect because the main Departments, the Ministers of those Departments involved with social policy, are represented on the Social Policy Group.

3620 In terms of tools to do that, arguably, we have none, as again Deputy Fallaize well knows, except force of personality to enable us to do this. Arguably the Civil Service have more tools to enable that co-ordination, and encouragement, and steering of policy when it falls, particularly, over a number of different Departments.

3625 In this respect and where the particular amendment refers to troubled families – or families with complex needs, as it is often referred to now, although I am sure we understand what these terms refer to – is something that my Department – the Home Department – has obviously felt very strongly about for some time. So I am totally in support of this amendment.

3630 It only seeks to underline and reiterate something which I and my Chief Officer – if I can continue to call him that – has been saying for some time. That is, with regard to the Criminal Justice Strategy, if we tackle issues such as this and if we have a continued – because it has already begun – inter-agency working that focuses on the particular issues surrounding troubled families, then we will begin to see benefits that play out in other strategies in other Departments and in our social structures and welfare altogether. There are huge benefits from it, so I am supportive of it.

3635 I do not believe, sir, that having a separate Committee or Department to do that would be any extra help because that separate Committee or Department would have to relate to the three current Departments involved as well, so you would just be complicating things further. But I am

3640 supportive of this amendment and I do believe that we are already talking about this in a way that is bringing people together who have key involvement in making the differences that are achievable here. We can learn and we are learning and we have got individuals who are taking note of developments elsewhere – in communities like ours, as well as in the UK – but I think it is important to look at the particular needs of small communities and small Island communities like

3645 ourselves in regard to families with complex needs, and that is already work which is in progress.

So I am supportive of this amendment and I hope that it will be passed unanimously.

The Bailiff: Deputy Brehaut.

3650 **Deputy Brehaut:** Thank you, sir, I rise to speak generally.

I was just thinking to myself, reflecting on relatively recent history of HSSD perhaps over two election periods, and doing the numbers: 14 Members of this Assembly have served on HSSD, only some were not re-elected – Deputy Shane Langlois has been a Member. We have had 14 Members of this Assembly then sit on HSSD.

3655 In that time we have had two Chief Officers and we now have an acting Chief Officer. We have had two Ministers and we have had four Deputy Ministers of HSSD. I totalled it up, looking at old papers, the staff that used to report to board level and there are 18 names that I found that are no longer at HSSD, have moved on to other places and *countless* front line staff.

3660 So this policy, this Plan, is a positive way forward, but what HSSD needs more than anything for this Plan than any other, is political and staff continuity, and HSSD can deliver few. We can deliver this. Although it says there are no resource implications, HSSD would run much more smoothly as an organisation if we could deal with the constant merry-go-round and roundabout that is the staff recruitment and retention issue.

3665 Deputy Al Brouard's amendment says that Helping Troubled Families Turn their Lives Around – and I know that is a UK initiative... I could depart into party politics and suggest that the UK, first of all, do something about their own levels of poverty, the bedroom tax, acknowledge the existence of food banks and do something about unemployment, but this policy they *have* to identify troubled families, I do not know – and I will not resist the amendment because I understand what it is getting at – but I think comparisons can be made in some areas but not all.

3670 The observation I would make that worries me a little bit about the amendment and perhaps elements of Deputy Brouard's speech, is that we sort of know what we mean by troubled families and where they are likely to come from. It was not that long ago that domestic abuse was seen to be the five o'clock Friday payday domestic issue, when we know that domestic abuse knows no boundaries and is prevalent throughout society and throughout the social classes.

3675 I do worry that, the parlance we are using, the generalisation that you further stigmatise and marginalise a certain group of society, when children can be the children of very affluent people yet still be having significant issues in their lives that need resolving.

3680 Sir, obviously I am supportive of the Plan and I am supportive of the amendment, but if you want HSSD to deliver on any initiative then what HSSD needs more than anything is your support, both politically and in holding up the morale of HSSD, to ensure that we can aid and assist our staff who are always trying perpetually to recruit and train.

Thank you.

The Bailiff: Does anyone else wish to speak on the amendment? No?

3685 Well, Deputy Dorey do you wish then to speak on it immediately before Deputy Brouard replies?

Deputy Dorey.

Deputy Dorey: Thank you, sir.

3690 Firstly, I would like to thank Deputy Brouard for consulting the Department on the wording of his amendment.

3695 I think it is important for Members to know that the original Plan was developed before the current UK initiative for troubled families came forward. The Plan was based on themes and outcomes used in England, Wales and Scotland and, of course, a very important part of the development of the Plan was that children and young people in Guernsey were asked to contribute on what they would like to see in the Plan.

There are a number of policies in the overall UK policy on Troubled Families and some of these have already been looked into, and there has been some concerns about them. But the Department is always willing to learn from other jurisdictions and we are happy to investigate.

3700 Some of the things in the Troubled Families Plan are about targeting, which we have looked at and do apply where we think it is right to apply. We have a number of, for example, early intervention initiatives that is through the current family partnership team. To give you an example, the Guernsey Parents Partnership is an early intervention programme with sustained and structured support for families at risk of poorer health and social outcomes. The team's work is a collaborative initiative involving health visiting, midwifery, family support, social work, and mental health services. That is just to give you some examples.

Sharing of data – we have a protocol but we could and we accept that it could be more extensive to have a greater sharing of data. We have got youth-dedicated officers with particular families but we accept we can investigate further.

3710 Sir, I hope that has answered Deputy Fallaize's questions that, yes, it was based on the UK originally – it was based on the UK, Wales and Scotland – but we have looked into this particular initiative. But we are always happy to take forward any initiatives, as the amendment says, which will benefit children. That is what we want to do. And also we are happy to report on them in the next Plan. So, as a Department we will support this amendment.

3715 Thank you.

The Bailiff: Deputy Brouard will reply.

Deputy Brouard: Thank you, sir.

3720 I am just going to touch on those people who have made comments. Thank you ever so much for the support, Deputy Hadley and Deputy Adam. It is very much about agencies working together.

I think that brings me on to Deputy Fallaize – what is different? I think the key one that the UK found was that having a dedicated case worker looking after one family, and that consistency... It almost touches on what Deputy Brehaut says. He is wanting for HSSD to have political and staff continuity, but so does the family – especially the family that is going through troubled times. That is where – although each agency is great – you need that one person to hold them, to be that mentor, to be that support, to be that role model, to take them through. It is not for every family. It is just for some of those who are in that critical position, as it were.

3730 Deputy Bebb, thank you ever so much for your support, and Deputy Gollop, I think that is very helpful. Deputy Le Tocq has been very supportive right from the start and has made very helpful comments.

When you look at the comments from the Social Policy Plan, which we all approved earlier this year, this is taking forward some of those notes. The Social Policy Group is very well aware that a relatively small number of families and individuals require a disproportionate amount of resources to be voted for them across the States, primarily in a reactive way – and we are looking at ways of how to make it reactive. This is one way of making it reactive, by having someone there with that family, because they go from one crisis to the next crisis to the next one, and that is why it is really good to have, as Deputy Brehaut says... for HSSD to have continuity. It is very important for these families to have that continuity.

3740 Deputy Dorey, thanks very much for being open minded to have a look at this and look at perhaps putting some dedicated officers in once you have had a good look at the UK scheme.

Please, I would be very grateful if you would all support it.

Thank you very much.

3745

The Bailiff: Members, we will vote then on the amendment proposed by Deputy Brouard, seconded by Deputy Le Lièvre. Those in favour; those against.

Members voted Pour.

3750

The Bailiff: I declare it carried.

We come back now to general debate. A number of Members have spoken generally. Does anybody else wish to speak in general debate?

Deputy Lester Queripel, and then Deputy Hadley.

3755

Deputy Lester Queripel: Thank you, sir.

Sir, it was with a heavy heart and immense disappointment that I first heard of the request for an up-to-three-year extension for the Children and Young People's Plan. And the more I thought about it the more disappointed and confused I got. It would have been perfectly acceptable to me for a request to me made if we had been told in this Report that the current Plan was so effective

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and so successful, that we simply do not need a new Plan. But we were not told that. We were not told that anywhere in this two pages' worth of text spread over a three-page Report. So we do not actually know if the current Plan is effective or successful by reading this Report, and I believe that is the first thing we should have been told is: is the current Plan effective and successful or isn't it? And if I had been the Health Minister or a member of the Board that is the kind of information I would have insisted be included in this Report.

So we are presented with a Report that is practically devoid of any detail at all. The Health Minister provided more detail when he answered seven of my questions by email over the weekend (*Laughter*) than there is in this Report. And, as Deputy Hunter Adam has already said, the Health Minister provided more detail in his speech than there is to be found in this Report. The idea of a Report surely is the Report itself provides as much detail as possible. I thought the reason we had Billets weeks in advance of debates was so we could study the detail in the Report and not wait until the debate to pick up on the detail in the Minister's speech.

Sir, my first question to the Minister is: why was the detail you gave in reply to my seven questions and the detail you gave in your speech today, not in your Report?

What we are told in the Report, at paragraph 10, 11 and 12 on page 2266, is that a great deal of work was undertaken following the introduction of the Children Law in 2010, but some of the work has not been progressed because that work is reliant on other changes having to be made. This includes work on improving shared understanding, planning and delivery of services for the needs of our children. And this also involves a fundamental partnership approach to how services work together for children.

The request for an up-to-three-year extension to the existing Plan is being made to enable this shared understanding to be developed. That is where my confusion arose, sir, because this was not the reason for devising the Plan, and setting the three-year time frame in the first place to do all those things. Once the initial work had been done, after the introduction of the Children Law 2010, my concern is: was this Plan then put on the back burner by some of the people involved? Because the possibility that it might have been concerns me greatly.

My confusion is compounded by the fact that in the appendix there is a list of a lot of the work that has already been done. If Members turn to page 2273, sir, they will see what I mean, because on page 2273 Members will find a list of key outcomes that fill the entire page. The bottom of page 2275 over to almost the entire page of 2276 is another list of key outcomes. On page 2278 there is three quarters of a page of key outcomes, plus, there were two more lists of key outcomes, on pages 2280 and 2281. Some of the work has already been done and it seems to me that HSSD do not need anything like an up-to-three-year extension.

So bearing in mind that HSSD were legally bound to present a new Plan to this Assembly today and they have not done so, and bearing in mind that a lot of the work has already been done, and bearing in mind that this Plan could – and I am not saying it would but it could – sit on a shelf for two years gathering dust, and for the first six months of the third year be picked up and be presented to the next Assembly after two and a half years... Six months before the end of the three-year period which I assume is well within this renewal period itself...

Sir, my next question is where will the urgency and the incentive come for HSSD to present a new Plan to this Assembly within the next two years and four months? And the reason I say two years and four months is I think it is really important to bear in mind that in approximately two years and four months we will have a general election, and the last four months of that time will probably be spent by most Members of this Assembly planning their campaign and preparing for the election. (*Laughter and interjections*) Then, of course, the reality is that the new Assembly will need time to bed in. So it seems to me that we can write off the last year of that three-year extension completely.

Sir, to my mind the Plan really does need to be presented to *this* Assembly within the next 18 months and in fact I think it is absolutely *vital* that it is presented to this Assembly within the next 18 months.

So my next question focuses on interpretation of terminology because we are told in this Report, in paragraph 10 on page 2266, that the intention is for a new Plan to be submitted well before the end of the three-year extension. So I would like the Minister, please sir, to give me his interpretation of the term 'well before the end' – because that kind of terminology lays itself wide open to misinterpretation. Are we talking three months, six months, 10 months? The Minister must have an idea.

Whilst I am focusing on the timeframes involved, if Members turn to page 2285 of the Billet, sir, they will see that we are told the Policy Council supports the Report and is committed to working closely with the Health and Social Services Department to bring proposals to the States at the earliest opportunity, within the next two years. So the expectation of the Policy Council is

within two years, yet the request from HSSD is for up to three years. So, is the Minister able to tell me, seeing as he is a Member of the Policy Council, did the Policy Council simply ignore HSSD's request for up to three years?

3825 Sir, the children are our future. They trust us and they rely on us to do what is best for them. We owe it to them to comply with our duties and our responsibilities. In relation to the Children and Young People's Plan, we are not talking about giving a child a sweet and taking it away again, then having to endure half an hour's worth of screaming and tantrums. We are actually talking about children's lives here and, just in case any of my colleagues think I am being dramatic, sir, I ask them to please turn to page 2266 of the Billet because paragraph 7 on that page reads as follows:

3835 'The Children Law also places an obligation on all States Departments to implement any recommendation made in the Plan, including the identification, assessment, and provision of services, which may be necessary for children in need, and children at risk'.

3840 Sir, if Members turn to page 2282 they will see the glossary definition of 'children in need' and 'children at risk.' I am not going to read all of them, but I would like to read three in an attempt to emphasise how important the implementation of this Plan is to our children. Section 23 of the Children Law 2008 states that:

3845 'A child is at risk if s/he:
- is believed to satisfy the grounds of compulsory intervention
- has suffered, or is likely to suffer, significant impairment to health or development
- has suffered, or is likely to suffer, sexual or physical abuse.'

Moving on to the definition of a child in need Section 23 of the Children Law 2008 tells us that:

3850 'A child is in need if s/he:
- needs additional services in order to either achieve or maintain a reasonable standard of health or development
- is disabled
- is adversely affected, or likely to be, by the disability or illness of a family member.'

3855 Which, I think, makes it quite clear that our children cannot possibly wait for anything up to three years, hence the need for urgency. And just in case any of my colleagues were wondering why I have not laid an amendment, the answer is that I had considered that in fact I spent all weekend working on it, apart from Saturday night which... I believe even a politician is allowed a night off. (Interjection) But the amendment I was considering laying would seek to halve the three years requested to one and a half years, to introduce some much needed urgency into the whole situation. But, after careful consideration and talking to several of my colleagues, I decided to drop the amendment and do what I am doing now, which is voicing my concerns and ask questions of the Minister.

3865 I want to emphasise, sir, that I am only too aware as the current Plan... We are told, in paragraph 2 on page 2265 of the Billet, that that Plan expires on 31st December 2013. We are also told, in paragraph 5 on the same page, that HSSD have a duty to prepare and submit to the States, at least once every three years, a Plan setting out a strategy for the provision of services to promote and safeguard the welfare of the children of Guernsey and Alderney and the families of those children. I am also aware that in paragraph 6, which starts on the same page, we are given a list of six aspects of the Plan which tell us they are all aspects of the first Plan. I am also aware of the fact that paragraph 16 on page 2267 tells us that HSSD are legally bound to present a new Plan to this Assembly today. But I am not going to focus on any of those (Laughter) because I want to focus on the resource issue, sir.

3875 I ask my colleagues to turn to page 2285 and when they do, sir, they will see at the top of the page that T&R tell us:

'As there are no resource implications in this Report, the Treasury and Resources Department has no comments to make.'

3880 So our Treasury Department have no concerns whatsoever about resources. Plus the Children's Plan itself has 68 action points, 64 of which are already funded or need no additional funding, two of the remaining four have been discounted, the third is dependent on the obesity strategy, and the last one is covered in the States Strategic Plan.

3885 So we have already been told there will not be any financial implication, and just to prove that, sir, I have a copy of the original Plan which states all I have said, if any Member wants to check it out later.

3890 Regarding staff time needed, the skills needed and the facilities needed, well, all of those will have been factored in three years ago. So staff time, staff skills and facilities are not going to be a problem, and bearing in mind that time is money, (Laughter) everything is driven (Laughter and interjections) – it is only 4.44pm, sir, I have still got 45 minutes to go. Bearing in mind that time is money and that everything is driven by money, it seems to me that the resources needed are already in place. But unless I am missing a fundamental point somewhere, sir – I see no-one rising to tell me that I am...

3895 **Deputy Gollop:** I wanted to... (*Laughter and applause*) I have been itching... if he will give way for one minute.

3900 The Deputy has mentioned many times the need to bring this back, improved as soon as possible, but surely that is a level of resource that the Assembly gives. Unless the politicians write and do all the work themselves, unless we give the resource both for the Policy Council and HSSD, we cannot just talk about an amendment that could have been successful in its own right.

The Bailiff: Deputy Queripel.

3905 **Deputy Lester Queripel:** I thank Deputy Gollop for that contribution, sir.

I will continue by focusing on Deputy Dorey telling us that this was an ambitious Plan from the outset and that the volume of work was underestimated by many of the people involved. I do not remember any of the agencies or any Member of the Assembly at the time expressing concerns about the timeframe involved. Surely if anyone had concerns they would have expressed them at that time. Therefore, they must have been confident that they could deliver the new Plan to the Assembly today, as they were duty bound to do.

I will not give way to Deputy Bebb, sir, he has got plenty of time to respond later.

3915 So, by Deputy Dorey telling us that it was an ambitious Plan in the first place and that the amount of work involved was underestimated, is he actually apologising for the non-delivery of a new Plan in this Chamber today? And can he remember any of the agencies involved or any Member of the Assembly at the time expressing concerns about the three-year timeframe?

3920 My concern, sir, is: has this whole issue been put on the backburner by some of the people involved? I am aware a lot of work has been done and I do not expect the Minister to answer that question. But I do expect him to answer the next one. Can he give me an *absolute* assurance that the development and the progress of a new Children and Young People's Plan will not be put on the backburner by any agency or Department?

3925 Sir, one of the reasons I had such a heavy heart when I heard about the request for an up-to-three-year-extension was because if the delivery of the new Plan takes longer than two years and four months then the whole issue bypasses this Assembly completely, and gets passed on to the next Assembly to deal with. I do not think that is right, sir.

Deputy Bebb: I am sorry, could I just ask whether Deputy Lester Queripel is entering into tedious repetition here? (**A Member:** Hear, hear.) Because I have heard this point from him already and I feel that a number of the points that he has made are being repeated.

3930 **The Bailiff:** Deputy Queripel, I think you are in danger of repeating yourself. Are you coming close to making a new point or –

Deputy Lester Queripel: I am, sir, yes indeed.

3935 **The Bailiff:** – to a conclusion?

Deputy Lester Queripel: I have got two more questions I would like to ask, sir.

3940 Sir, does the Minister share my view that it would be morally wrong for this whole issue to bypass this Assembly completely and be passed on to the next Assembly? And my last question to the Minister is, perhaps, the most fundamental of the nine questions I have asked during the course of this speech. What will HSSD do if the Assembly do not agree for an up-to-three-year extension today?

Sir, I have provided more detail in this speech than was actually provided in the Report, so I will close with a plea to Ministers to please provide more detail in future reports. Those of us

3945 down here on the floor have to waste too much time tracking down detail and it would be far simpler if it was in the Report.

One more plea I want to make is to HSSD, who I sincerely hope have taken note of at least some of what I have said today. That plea is a heart-felt plea on behalf of the children of Guernsey and Alderney and their families, in a slightly poetic form: please produce the new Children and Young People's Plan as soon as you possibly can.

Thank you, sir.

The Bailiff: I was going to call next Deputy Hadley and Deputy Fallaize and then I will come to Deputy le Tocq.

3955 Deputy Hadley.

Deputy Hadley: Mr Bailiff.

3960 Back in January 2010 when the Children's Law came into force it did put an obligation on the Department to prepare a Children and Young People's Plan every three years. It seems to me that what the Department are doing, in asking us just to extend the current Plan for another three years, is a complete nonsense because if that is acceptable to this Assembly then nobody ever need take much notice of any duties that are put on the Department.

I would like to ask the Minister: is the failure to develop this Plan a lack of resources in the Department or is it resources in the field to actually progress some of the issues forward?

3965 On page 2281, it says that:

'Children will be supported to help them overcome social, educational, physical and economic inequalities,'

– and then a series of issues.

3970 So if this Plan means anything – it is not just words – perhaps he can tell me in his summing up or before the next meeting of the Assembly when they will identify and implement strategies to help children move out of poverty, as part of a wide review of benefits? And what the Department is doing to ensure that workforce development strategies include a focus on young people who are not in employment, education and training? And when is he going to report back to the States on improving the quality, availability and affordability of child care? And when will the online survey to gauge parents' views be started? And when are they going to monitor whether young people in Alderney can access appropriate services?

3975 Unless we can have an answer to these questions within a reasonable length of time then this Report is just words and one thing the Department is very good at is producing words and reports rather than action.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

3985 I take a slightly different view to the views expressed by the last two speakers.

Deputy Lester Queripel said that if he were the Minister or a Member of HSSD – and so, if there is a vacancy on HSSD at any point Deputy Dorey will know where to look... (*Laughter*)

3990 Deputy Queripel phoned me on Monday evening to talk about this Plan and we were only on the phone for two or three minutes because I said to him I was running out the door to go to the Vale Douzaine meeting – where, as Members now know, it transpired I ended up talking about doubts. And I think, after what I have just heard, I can say thank goodness for the Vale Douzaine and doubts (*Laughter*) because, sir, I think Deputy Queripel has completely misinterpreted or misunderstood the purpose of the Report that Health and Social Services are laying before the States.

3995 He says, 'Why is this a three-year Plan?' Well, there is a legal obligation on Health and Social Services to prepare a plan every three years and, as paragraph 2 states, the first Plan was approved by the States on 24th November 2010 and expires on 31st December this year. So that is why HSSD are returning to the States with a three-year plan rather than a one-year plan or a two-year plan or a 20-year plan. There is a legal obligation upon them to produce a three-year Plan.

4000 Deputy Queripel criticised either HSSD or the Policy Council for the letter of comment that the Policy Council has attached to this Report. But the proposal is to extend the Plan for up to three years.

4005 There is an analogy here with the Housing Control Law. The Housing Control Law is extended for a period of time which goes beyond the time when the States expects the new population management regime to be in place, because it would be absurd for the States today, in 2013, to say

we think a Children and Young People's Plan will probably be in place – a new one – by July 2015 and, therefore, ask the States to extend the present one until June 2015, because it would be cutting it too fine.

4010 That clearly is the origin of the proposal to extend it by up to three years. I do not think there is anything wrong in the Policy Council's letter of comment. It seems perfectly consistent with the Department's Report.

So HSSD is putting to the States a three-year Plan in accordance with the Law. Obviously it is true that much of the Plan is similar to the original Plan that the States approved. But that is obviously because the Department believes that much of the Plan that was approved in 2010 remains valid today.

4015 They could have done what States Committees like doing, which is take all the words of the previous Plan, throw them up in the air, jumble them around a bit, reassemble them in different ways and then stick them back before the States again and say it is a shiny new strategy. We get quite a lot of that. I actually commend HSSD for saying, 'We think that the present Plan, or much of it, remains valid and, therefore, we are laying quite large sections of it again before the States and asking for it to be endorsed again'. I will give way to –

Deputy Hadley: Mr Bailiff, that would make sense if it were not for the comment by Deputy Bebb who said they are actually doing things which are not in the Plan, so the Plan does not actually reflect the work they are doing, going forward. They have not bothered to amend the Plan. They have just literally handed the same Plan to the States and said, 'Well, this is also going to be the Plan for the next year, so we do not need to do any work'.

The Bailiff: Deputy Fallaize.

4030 **Deputy Fallaize:** No, sir, for reasons that I will come on to in a moment, I do not think it is exactly the same Plan. But I think it is probably wise to permit an extension of the Plan for up to three years because that is in accordance with the Law and that seems a fairly good place to start.

4035 Deputy Queripel criticised the Department for not updating Members sufficiently and I thought that was unfair, because the appendix is part of the policy letter. Paragraph 3 of the policy letter says:

4040 'This Plan with updates including those on the actions taken since it commenced, is also provided as the appendix to this Report.'

And the policy letter of whatever it is – three pages – has to be read in conjunction with the appendix which sets out all of the priorities and all of the actions undertaken since 2010. And if you read the one in conjunction with the other it is quite clear that HSSD is laying before the States detail about what has been done to fulfil the Plan that was approved in 2010.

4045 I think there are 14 priority areas and HSSD, actually, have laid out under each priority the work that has been undertaken. There are multiple bullet points explaining what has been done under each priority area. So I think the criticism that HSSD has not provided any detail in this policy letter is totally erroneous and, again, I think this is quite a... It is a reasonably brief and to the point Report, but actually I think that that is commendable because often strategies and plans that are put before the States are nothing more than motherhood and apple pie, and this one feels to me a bit more tangible, even if we might like progress on some of the action points to be quicker than it is at the moment. But that is a matter of resources and it is this Assembly which approves HSSD's budget, and I am quite sure that if the Assembly were to approve more money for HSSD to pursue more initiatives as part of the Children and Young People's Plan, Deputy Dorey and the rest of his Committee would be only too pleased.

4050 Deputy Lester Queripel is concerned that the States could be bypassed. I really do not see how that can be but, if I am following his logic correctly, it is sort of inevitable because we are on a four-year election cycle. This Plan is in a three-year cycle. It is inevitable that there will be some terms where the Plan will be considered twice and so the States – in fact, I think the next States, if my maths are correct – would have an opportunity to consider the Plan twice. So they could send HSSD back with some new initiatives, as part of the Plan, and then see an update on those same initiatives in the same States' term. But it is also true that some States will not see more than one edition of the Plan. That is the nature of what happens when you have a three-year Plan and four-year election cycles. I do not think HSSD can be criticised for that.

4065 Deputy Queripel could, if he wanted, have laid an amendment. He spoke about that. He could lay a Requête. If he wants to see alternative action, as part of the Children and Young Person's

Plan, he is able to bring proposals to the States to provide additional resources or to prompt different or additional action.

4070 I would have encouraged him to lay an amendment if he felt that the present Plan was inadequate. But he did not, in his speech, highlight any areas of the Plan that he thought were inadequate and where HSSD should be doing something different. And, for that reason, sir, I thought much of his criticism of the Department's Plan was unreasonable.

4075 I will support the Proposition before the States. I expect that HSSD will be back to report on this area of policy during this term of the States. Other than that, sir, I do not think there is anything to say, other than I would encourage Members to support the Proposition.

The Bailiff: Deputy le Tocq.

4080 **Deputy Le Tocq:** Sir, the advantage of getting up to speak after Deputy Fallaize is that he has said everything that you were going to say, largely – if at greater length than I would have said. I would have said, 'Read the Billet' (*Laughter*) but...

4085 All joking apart, I rise, therefore, just to make a few comments on how the Policy Council and, particularly, the Social Policy Group – the tool of the Policy Council to oversee and steer, particularly, the priorities of this Assembly with regard to social policy through the next few years...

4090 To explain to this Assembly and address some of the questions that have been issued: first of all, just to make it absolutely clear, it is acknowledged that, in accordance with the Children's Law, HSSD is the lead Department for the Children and Young People's Plan. A political party is going to be... A political *working* party is going to be set up! (*Laughter and interjections*) It is Christmas – I was just checking you were not all asleep. A political working party is to be set up to oversee the drafting of the new Plan and this will include representatives from HSSD, Home and Education – who are the Departments all involved, particularly with this aspect of social policy – but these representatives need not be Ministers from the respective Departments. The working party will be chaired by the political representative of HSSD. That is what we understand is going to take place.

4095 The role of the Policy Council will be, firstly, to act as a critical friend in this process, secondly, to monitor progress and, thirdly, where possible, to assist with resourcing. This is consistent with how we have got to this stage already and why we have these Propositions before us, in that, as has been stated clearly by Deputy Fallaize, we believe that much good has been done under the current Plan. There are further things to be worked out and to be rolled out – things yet to be established and there will be, of necessity, some tweaking to be done. There is some work already being done with other agencies outside of the States – some good work that will help us to formulate it. But we cannot move away from the fact that that is why we are faced with the Propositions before us to extend the current Plan.

4105 Then, finally, sir, I would like to point out that in my role as Chair of the Social Policy Group I will act as an *ex officio* member of that working party and I will attend, whenever possible, and receive minutes and papers of the meetings because I want to take a particular interest, bearing in mind that this is one of our key priorities in terms of social policy over the lifetime of this Assembly.

4110 So I give my commitment with all the force of personality that I possibly can that we will deliver this Plan and we will do so as expeditiously as possible.

Thank you, sir.

The Bailiff: Does anyone else wish to speak in general debate? No.

4115 Well, Minister, will you then please reply to the debate?

Deputy Dorey: Thank you, Mr Bailiff.

I think the last two speeches from Deputy Le Tocq and Deputy Fallaize have really answered most of the points of the debate and I thank them for their contribution.

4120 I would just add to what Deputy le Tocq said – to what is in paragraph 17, where there is not just a political working party, there is a staff group which sits under that of cross departmental... So I think we have a political steering but we have a critical friend and we have a staff working group, and I think the combination of that will, I hope, give Members the confidence that there is a real commitment to come out with a new Plan in the timeframe. And, to give Deputy Queripel...
4125 we said, '...well before the end of the three-year term,' and, yes, we want it within this term of this States.

Deputy Adam mentioned what I said in my speech, compared to what is in the Plan and I suppose that takes up Deputy Fallaize's point because the very point I made about 168 people being trained is actually on page 2276, which is the final bullet point on that page.

4130 So, I was trying to take points out of the Report and put them in my speech, but I totally agree with him – he said it was a very sound Plan. Yes, it is a very sound Plan and we will continue to work on it. Not everything has been done and there are many ongoing actions.

4135 So we are committed and we will continue to work with it and we are committed to also producing a new Plan which will presumably have some of the excellent ideas which are in this one, which have not been completed, and also new ways of going forward.

4140 Mentions have been made about resources. Well, when the Plan came out there were two SSP bids which were put forward – one was for £500,000 which was for looked after children, 16-18, and there was also about £108,000 for the development of the Plan. So there has been new resource put in as a result of the Plan and as a result of SSP bids, but we are not asking for any new resources at this current time within the situation we are in.

4145 Although it is not really to do with the actual Plan but Deputy Gollop and somebody else mentioned about whether the children's services should be separated from HSSD. I fully accept that HSSD is the largest Department but the staff feedback is that there has been a great benefit bringing Social Services and Health together, and they consider it would be a huge step backwards to separate those. So they believe it should stay integrated and I have great hopes when we create a new Social Services Centre – when we have the Social Services from Education and also Home working altogether under one roof – we will get increased benefit and closer working together, and that would be the most important thing.

4150 I am not going to answer all Deputy Queripel's questions as Deputy Fallaize has really answered most of them. There are very detailed actions that we have taken. They are in bullet point form. I accept that some people might not like that because there is not a descriptive paragraph, but we try to make it easy to read which, I hope, will be beneficial to everyone.

Mention has been made about the Law. The Law says 'a Plan'. It does not say 'a new Plan'. We are fulfilling the Law by bringing this back.

4155 Deputy Hadley mentioned about priority 14. Well, I think, actually, it illustrates that this Plan is being led by HSSD but it is not something which is just the responsibility of HSSD. Deputy Queripel showed a copy of the original Plan – which is in the Billet – from 2010 and it very clearly shows who leads on various sections. In 14.1 it says who leads SSD. In 14.2 it says Education, SPG, 14.3 says SPG and 14.4 says Education and 14.5 says HSSD. I think that
4160 illustrates we are going to continue with the work, we are going to work with other Departments, and it is really a cross departmental Plan to improve the services for our children.

Sir, I do not intend to say anything more and I urge the States to support the Proposition.
Thank you.

4165 **The Bailiff:** Members, I remind you there are now two Propositions. There is the original Proposition on page 2285, which has been renumbered 1, and a second Proposition has been added as a result of a successful Deputy Brouard/Deputy Le Lièvre amendment.

I will put both Propositions to you together. Those in favour; those against.

4170 *Members voted Pour.*

The Bailiff: I declare them carried.

COMMERCE AND EMPLOYMENT DEPARTMENT

Guernsey Financial Services Commission – Compulsory Electronic Transactions – Propositions carried

Article XII.

The States are asked to decide:

4175 *Whether, after consideration of the Report dated 17th September, 2013, of the Commerce and Employment Department, they are of the opinion:*

1. To approve the proposals outlined in that Report.

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

4180

The Greffier: Article XII: Commerce and Employment Department – Guernsey Financial Services Commission – Compulsory Electronic Transactions.

4185

The Bailiff: Deputy Stewart, the Minister, will open debate.

Deputy Stewart: Mr Bailiff, Members.

I will be festively brief. The Report is very self-explanatory. What I can say is: well done to the GFSC! This initiative will get rid of 4,000 bits of paper and also they have been true to their word – if this drives efficiencies they are keeping their fees to an average rise of only 0.3% for next year.

4190

Just one point. I had an email from Deputy Ogier regarding the computer system Sentinel and I managed to catch up with the Director General of the GFSC last night. They will be making a presentation about Sentinel and what it means to FEPPG which, Deputy Fallaize, is a sub-group of Policy Council – sorry.

4195

What I will say is it is not for us to micromanage and, particularly with the Moneyval inspection next year, the Commission has to be seen to be independent and, quite frankly, I have no officers who would be able to evaluate a financial services piece of software. In that respect, I think we have to trust in the commissioners and in the management of the GFSC to get the equipment and software that they need to manage this properly.

4200

I think this is a huge step in the right direction. It saves paper. It is going to make it a lot easier for industry. We will come back to the States, obviously, with the legislation once it is prepared but I hope you can support this Report.

Thank you.

4205

The Bailiff: Any debate?

Deputy Ogier.

Deputy Ogier: Thank you, sir.

I want to talk briefly about who regulates the regulator in this Report.

4210

I think this is a good development. Electronic processing saves time, it is likely to be more accurate and efficient, and developments of this nature should be applauded and I want to support this.

4215

Members will have seen an email exchange between myself and Commerce and Employment, the sponsoring Department for this States' Report, where I ask what the cost of the IT project is and, therefore, by extension, what kind of extra financial burden we will be placing on the regulated entities? Something I am sure States Members would agree is something we should be interested in.

4220

After all, we set up the GFSC and it is operationally independent with its own Board. But that does not mean this Government's duties are over with regard to that entity. No-one means to micromanage and no-one needs to assess any software or get involved, but we must surely cast an eye over its performance from time to time and there is no better time to assure ourselves that the entity is being properly directed than when a Report containing the business of the GFSC comes before this Assembly.

4225

I wanted to know two things. How much is this IT project going to cost and, therefore, what is the extent of the extra financial burden which will be placed on the regulated entities? Something which is critical to the success of this Island. Given the high likelihood of unforeseen hurdles with IT projects, what steps have been taken by this body to ensure this project is effectively managed and, therefore, how can we assure ourselves that the funds levied for the purpose are spent wisely and prudently?

4230

I am not going to change the Law to facilitate something without kicking the tyres first. Is the Minister able to give financial details of this project and talk of the likelihood of success on something we are changing the Law to facilitate? And I am afraid, without that information, I will not feel that my duty as a Member of this Government, responsible for scrutinising policy and helping ensure the financial success of this Island, will have been properly executed and, therefore, will have no choice but to vote against this policy letter, as much as I want to support it. Whether other Members feel able to vote this through without receiving any assurances or employing any form of policy scrutiny is up to their individual consciences.

4235

4240 **The Bailiff:** Any further debate? No.
Deputy Stewart then, will you reply?

4245 **Deputy Stewart:** Yes, I am sure we will get the full picture of Sentinel from the GFSC when they present to FEFG in January. However, they have given C&E and FEFG assurances that they are driving efficiencies. And this is what it is about – it is getting rid of the human interaction, being able to get people to send in their PQs and their PDs online. It will save industry money, it will save the GFSC money and I will happily write to Deputy Ogier and even ask the Commission to contact him to give him some details of how they are spending their money.

I hope you can support this Report.
Thank you.

4250 **The Bailiff:** There are two Propositions, both on page 2290.
I put both to you together. Those in favour; those against.

4255 *Members voted Pour.*

The Bailiff: I declare them carried.

HEALTH AND SOCIAL SERVICES DEPARTMENT

Early Years Service – Ordinance for Registration of Childminders and Day Care Providers Under the Children (Guernsey and Alderney) Law, 2008 – Propositions carried

Article XIII.

The States are asked to decide:

4260 *Whether, after consideration of the Report dated 23rd September, 2013, of the Health and Social Services Department, they are of the opinion:*

4265 1. *That child minders, nurseries, pre-schools and crèches which are currently regulated under the Child Protection (Guernsey) Law, 1972 be regulated by and under an Ordinance made under the Children (Guernsey and Alderney) Law, 2008.*

4265 2. *That child minders and day care providers providing care for children at any time from birth up to the age of 8 years (instead of the current upper limit of 5 years) be required to be registered by the Department in respect of each premises used for such purposes, if they cross the threshold for registration.*

4270 3. *That the threshold for registration be caring for children of the relevant age for 2 hours or longer each day, on six or more days in any 12-month period.*

4270 4. *That all premises, child minders and day care providers that cross the threshold (including the States of Guernsey) be registered, unless expressly exempted by Ordinance or by Regulations made by the Department. Examples of exemptions include parents, guardians or relatives, foster carers authorised by the Department, and premises used for outings or visits supervised by a registered child-minder or day care provider.*

4275 5. *That registration be subject to applicants, premises and personnel being fit and meeting standards published by the Department; persons who are disqualified on certain grounds would need the Departments' specific consent and in any event registration would be subject to conditions specified by the Department in particular cases.*

4280 6. *That re-registration be required every 2 years to ensure that applicants, premises and personnel remain fit AND continue to meet the Department's standards; childminders and day care providers would be required to effect registration and re-registration and to pay the fees prescribed by regulations.*

4285 7. *That the Health and Social Services Department be empowered to vary conditions of a registration or revoke a registration on specified grounds, subject to appropriate notice; and that the Department's officers be given adequate powers of entry and inspection, to enforce the new childcare regulation regime.*

8. *That, on application by the Health and Social Services Department, the Royal Court Ordinary Division would be able to order a variation or revocation by the Department to take immediate effect, if children are suffering or are at risk of suffering significant harm.*

4290 *9. That provision be made for the emergency protection of children by empowering the Health and Social Services Department to suspend a registration or vary conditions of a registration with immediate effect, if the Department believes this is necessary to avoid significant harm to children; such power to be subject to safeguards such as a 72 hour time-limit, and the consent of a Law Officer.*

4295 *10. That provision be made for internal review by the Health and Social Services Department of its registration, variation, suspension, and revocation decisions, together with provision for appeals to the Royal Court Ordinary Division.*

11. That appropriate offences and penalties be prescribed to enforce the new childcare regulation regime.

4300 *12. That Part III of the Child Protection (Guernsey) Law, 1972 be repealed, subject to appropriate transitional and savings provisions for premises and child minders registered under that Law.*

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

4305

The Greffier: Article XIII: Health and Social Services Department – Early Years Service – Ordinance for Registration of Childminders and Day Care Providers Under the Children (Guernsey and Alderney) Law, 2008.

4310 **The Bailiff:** Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

The purpose of this Report is to bring Guernsey's system of childcare regulation in line with good practice in other places, by ensuring that childminders, after school and holiday clubs, which look after children up to the age of eight, are properly registered and inspected.

4315 It will also introduce greater protection for the regulated services and providers themselves by the establishment of a suitable complaints and appeals process. At the same time it will allow the regulatory team to intervene in emergency situations and to suspend the service or provider for up to three days when there is a risk to children.

4320 The Health and Social Services Department is currently responsible for the regulation of services under Part III of the Child Protection (Guernsey) Law, 1972. This requires childminders, nurseries and crèches, which look after children under the age of five, to be registered and inspected by the Department. This is done by the Early Years Team at HSSD.

4325 On a practical note, if the Report is approved, Part III of the Law will be replaced by an Ordinance under the new Children Law.

It is important to be aware that in Guernsey regulation stopped at a much younger age than in other comparable places. In Scotland regulation covers services for children up to the age of 16. In England and Wales the regulation of child care services protects children up to the age of eight. We are proposing that Guernsey's child care regulations should, likewise, protect children aged up to the age of eight.

4330 Any regulatory system requires the services and providers, which have been regulated, to meet certain standards. The proposed system will ensure that child care services for five to eight-year-olds as well as the under-fives are provided from safe facilities by suitable staff.

I should emphasise that this regulation does not extend to *all* services which have contact with the under-eights. It focuses primarily on services which provide care and supervision. It does not extend to sports and dance clubs or to youth organisations which have a more educational purpose. In addition it only applies to services which look after children for two hours or more at a time, more than six times a year.

4340 In preparing this States' Report, HSSD consulted with providers of holiday clubs and child care services and with childminders. We only had six responses and although some requested further clarification there was a warm response to the proposals, particularly from private providers.

4345 The Department believes that these proposals represent a sensible and appropriate step in improving the regulation of care for young children in light of good practice standards. It will help to ensure that the system is fair towards providers by introducing a proper complaints and appeals process and it will give parents and carers greater confidence in the quality of the services that they and their children are using. And it is by part of the 2020 Vision we were to review regulations and this is another step of that Vision.

Thank you.

4350

The Bailiff: Is there any debate? No. No-one is rising.

The Propositions are on pages 2297 and 2298 of Billet XXIV. There are a total of 13 Propositions. I will put all of them to you together. Those in favour; those against.

4355 *Members voted Pour.*

The Bailiff: I declare them carried.

4360

Season's Greetings

4365 **The Bailiff:** That, Members, concludes the business for this meeting and, indeed, the business for this year. It just remains for me to wish you all the customary best wishes of the season for you, your husbands, your wives, your partners, your families, for a wonderful and Happy Christmas and to return full of energy, restored and revived (*Laughter*) when the Deputy Bailiff will be presiding in January. (*Laughter*) I look forward to seeing you in February!

4370 **Deputy Lowe:** Mr Bailiff, sir, before we all rise may I thank you and wish you a Happy Christmas, and your family, on behalf of the Members of the States of Guernsey –

The Bailiff: Thank you very much

4375 **Deputy Lowe:** – and I would also like to – or the States of Deliberation – pass on good wishes to His Excellency and Mrs Walker for a very Happy Christmas with their family.

Members: Hear, hear.

The Bailiff: Thank you, Deputy Lowe

4380 *The Assembly adjourned at 5.22 p.m.*