

STATES OF JERSEY

OFFICIAL REPORT

TUESDAY, 12th DECEMBER 2017

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[9:30]

The Roll was called and the Dean led the Assembly in Prayer.

PUBLIC BUSINESS

1. Future Hospital: approval of preferred scheme and funding (P.107/2017)

The Bailiff:

We turn to Public Business, Future Hospital: approval of preferred scheme and funding, P.107. I will ask the Greffier to read the proposition.

Deputy S.G. Luce of St. Martin:

Might I just say something before we read that? As Minister for the Environment, it will be myself that makes the final decision on the current hospital planning application. As such, and knowing I would always have to make this decision, I have deliberately absented myself from all previous meetings concerning the new hospital. I will be also removing myself from this debate and not voting. To be clear, before I leave, the latest indication from the inspector who conducted the public inquiry is that I will now receive his recommendations in the second week of January. They will be exactly that - recommendations - and I will make the final decision one way or another after that time.

1.1 Future Hospital: approval of preferred scheme and funding (P.107/2017) - proposal of Deputy R. Labey to defer debate until 30th January 2018

1.1.1 Deputy R. Labey of St. Helier:

I wonder if I could invoke Standing Order 87(2)(b) and propose a deferral of this debate.

The Bailiff:

Standing Order 87(2)(b): "A Member of the States may propose without notice that a proposition listed for debate at the present meeting is deferred to another meeting day." It is in order for you to make that proposition. Do you wish to explain why?

Deputy R. Labey:

We have just heard from the Minister for the Environment the inspector is due to deliver his report in the second week of January. I think it is extremely important that we wait to see what is in that report before we make the decision on spending nearly half a million pounds. **[Approbation]** We do not have a design. We have a set and a schedule of parameters and those parameters have been changing up until November, indeed I understand that during the public inquiry new parameters were introduced. We have to find out from the inspector whether he believes due process has been followed in this regard. What about the couple who live in Newgate Street who are going to be massively impacted by this building? We have to know if they have had appropriate time to respond to the changing parameters. We do not have a design but we do now begin to appreciate the scale and mass of the building. I want to know if the inspector recommends planning permission be granted what are the mitigating circumstances? What mitigates breaking all the rules over the last 10, 20, 30 years in St. Helier where we have kept buildings in that area to the 5, 6-storey level. This massively breaks those rules. It is a matter of balance for the inspector and the Minister for the Environment. I want to know where they are applying that balance if planning permission is indeed going to be granted and those rules are going to be broken. Then there is the issue of this being - as I say, we do not have a design - an outline planning application. I just cannot believe that those who drew up the planning laws in 2002 and the legislature of the time would have envisaged that a building of this enormity and scale would go through a planning process where they adopt the Rochdale envelope, and it is an outline planning permission with

design matters to be sorted out between the department and the developer. So I want to know what the inspector has to say about that because it is quite a significant departure for the Island, and on the biggest capital project that we have ever undertaken. So there are so many questions that we need answering. This House, as we know, is not the place for the determination of planning applications. Rich, coming from me maybe. Indeed, this Assembly will not have a debate on planning issues but it does have the debate, it does have the control on the spending. We should not go and green-light the spending of this amount of money for this huge project without being absolutely sure on all the planning grounds. I think the time for having this debate is when we know if this scheme has planning permission or not. I move the proposition and I would ask that the debate be deferred until 30th January. I know that there have been representations from the Health Department - I did not read it because my computer system was down - but of a time-critical nature. But it is only a matter of weeks to wait and I have to say that for every clinician you talk to who is brave enough to come out publicly and support the scheme there are an awful lot privately who have a different opinion. It is dividing opinions both in Health staff, among us all, and the population. Let us be sure about what we are doing. It is discourteous to the people who made representations to the Planning public inquiry to steam ahead like this, as if we have no regard for it at all. I move the proposition.

The Bailiff:

Deputy, can I just be clear? Is your proposition that it be deferred to another meeting day, which would be fixed in the usual way or is it a specific proposition that it be deferred to 30th January?

Deputy R. Labey

It is a specific proposition to defer it to 30th January.

The Bailiff:

Is the proposition seconded? [**Seconded**]

The Bailiff:

Does any Member wish to speak?

1.1.2 Senator A.K.F. Green:

Not surprisingly I speak not to support this proposition. We have spent another 3 years looking at the options available for the Future Hospital. We have spent hours and hours working together as an Assembly at workshops, one-to-one meetings and discussions. The conclusion of those workshops, by a very substantial consensus, was that the current site is the right site, and that is why I believe many Members supported it when we debated that site this time last year. We have always said, and it has never been hidden, that this would be a big building. It has always been said that it would be higher than the current 1980s building and lower than the current chimney.

[9:45]

That has always been there. During the work that has taken place the Rochdale Envelope has changed slightly, and that was on the advice of the Architectural Commission to ensure that the streetscape remained similar to what it is now. So by setting the building back at the higher levels, when you walk along Gloucester Street, when you walk along Patriotic Street, when you walk down Kensington Place, although it will be modern, the streetscape is sensitive and also gave a facility for staff and for patients at about level 4. This is not a planning debate. The site has, if you like, current Health premises on it. The Island Plan has designated this area for Health use. We need, frankly, to be getting on with this. I would urge Members not to accept this referral to put off the debate again and again and again; now is the time to make the right decision for Islanders to support the clinicians. Yes, there are some clinicians who believe that if this does not get through

they can go back to the People's Park. Does anyone believe we can go back to the People's Park? No. This is the right place, the right hospital at the right time. If the planning inspector makes some recommendations to the Minister, and the Minister follows those through, then we have to alter the outline of the building, but within the budget, within the £446 million that will have been agreed. We know where we are going. We need to appoint a contractor, Scrutiny's own advisers, Concerto, said that they rated our scheme as fit for purpose, that it was amber-green,. The only problem they saw is Members' failure to make the decision today, because failure to make the decision today will result in a number of things. Not least that we cannot appoint a lead contractor. A lead contractor that can help with moving the scheme forward in a professional way. Today is the day to have that debate. If we want to air our feelings, get it out there for discussion, let us do that. Let us not put it off for another day.

1.1.3 Deputy J.A.N. Le Fondré of St. Lawrence:

I oddly enough will not be agreeing with many of the comments of the Minister for Health and Social Services. In terms of money, this is, as we have already heard, the biggest capital project ever. It is just under half a billion pounds. This is the only vote this Assembly gets on the matter. That is the crucial thing. If they said they were coming back for a final go I probably would not have a problem with this. This is the only vote we get. The consequences for me, and I do not want to go into planning stuff and potentially if we actually get to the debate, but I am looking at the information we have got in front of us. Now the Minister for Health and Social Services literally just mentioned the Jersey Architectural Commission. Well, in the actual planning inquiry there were some submissions by the planning officer who stated the following: "It is clear that the J.A.C. (Jersey Architectural Commission) were very concerned with some of the fundamental elements of the project. The sheer scale, mass and height of this building remain a major challenge for the design team and a major concern for the Commission. The Commission are still to be convinced that a building of this scale can be successfully integrated into this tight urban site. These views are shared by the Department of the Environment." My concern is if the planning inspector comes back and says: "Yes, in general, it is okay, but you have to take 2 storeys off the top" then that has a major cost implication potentially. I know one of the analogies that is around is Les Quennevais School. I am not going to go into as to whether it was delayed or not. In my head it was, but fine. The result was though that in the Budget that we just approved Les Quennevais School has gone up by 12.5 per cent. My understanding is that was because of the recommendations that came out of that planning inquiry. 12.5 per cent on this scheme is in the order of £50 million. For me, that is probably pretty material because even if it is within the overall envelope that they are talking about, it squeezes contingency down to fairly slim margins, shall we say, before we have even put a spade into the ground, let alone all the other issues. So for me, if the planning inspector, as we have heard, is coming back on 8th January, we have to allow the Minister for the Environment obviously time to absorb it and report back to us, but then if the planning inspector said: "Yes, go", and that is what the Minister comes up with, then a number of these amendments go away and we have a much clearer idea. To be honest, I think the whole thing will have a smoother ride. The other point I would say is, for example, I note Senator Ozouf has lodged an amendment today ... whether it was today or yesterday, but it is on our desks. I will say I was attracted by his earlier amendment. I have yet to see the one that is coming through. The Minister for Treasury and Resources had lodged something yesterday, which is a compromise I understand of the Connétable of St. John. Now I have not had a chance to even consider what the implications of this change is. At the moment I do not like the last part. I have not had a chance to digest that and I notice we have got to give permission for this to come through. That may be secondary in the overall scheme of things but bearing in mind just under half a billion quid, it is not an insignificant item and I therefore think we should be giving it proper consideration, from the point of view on knowing that before we green-light the £500 million - sorry, I will say just under

half a billion, £466 million - before we give the green light to that, because that is what we are being asked to do, as far as I am concerned by part (a) of the proposition. There is no comeback to this Assembly. We should know whether we can build it in what is held out to us by the Minister for the Environment and his officers within the last few weeks. Because if it changes there are some major implications, in my view, to that scheme. It is not a delay of months. I mean if somebody wants to amend it to 16th January, and that is feasible, fine. But at least we will know what the planning inspector is saying. That has to be directly material to this Assembly. I think the 30th is reasonable because that allows sufficient time for the Minister the Environment, it gives him a week up to the 16th roughly, and then it gives us time - maybe if we give him 2 weeks - and then it gives us time to digest the implications. We are not talking months of delay. This is the timetable that the Council of Ministers themselves put together. They are the reason we are in here, in this process. Surely it is not unreasonable for just under half a billion pounds to say: "Actually we should know whether we can build it or not." On that basis I support the proposition.

The Bailiff:

Before you sit down, Deputy, can I just put you right on one thing? The Minister for Treasury and Resources received his permission from the Assembly to have his amendment to the Connétable of St. John's amendment debated.

1.1.4 Connétable A.S. Crowcroft of St. Helier:

I just want to speak briefly. Some Members have already got into the main debate. I simply want to urge Members not to put it off again. I urge Members to do so for a number of reasons. First of all, I think it has been seductively presented by Deputy Labey of St. Helier. As a member of the Planning Applications Committee he really should be able to leave planning matters to Planning. I know, like him, I occasionally err into the world of planning, but really we have a planning inspector doing work. He is spending his Christmas working on our hospital plans. Frankly, I do not want to spend my Christmas working on the hospital debate because I am prepared for today. I think many Members have. We have had lots of briefings. The material is all downstairs on the presentation boards for Members who have not seen it. The media have highlighted today as the day we make a decision on the hospital. Quite honestly, I think the States has so often in the past been criticised for failing to make a decision. I think we tried to rescind the Esplanade Quarter scheme 8 times before we got on with that scheme. So let us just agree to marshal our thoughts, have the debate about the principle, leave the planning issues for the planning inspector and the Minister for the Environment and the very capable Planning Committee, including Deputy Labey. Let us leave that to them for next year but let us make a decision this week about whether we are going to build a new hospital or not. **[Approbation]**

1.1.5 Deputy A.D. Lewis of St. Helier:

Can I just remind Members that we have had 2 other quite large capital projects in recent years, Les Quennevais School, £40 million; Bellozanne Sewage Treatment Works, £75 million; both of which ended up with an inspector looking at the scheme and that happened after we had agreed in this Assembly that we would spend the money and get on with the project. **[Approbation]** This is a perfectly normal process. What the public do not want us to do today is delay it further. I think the media have criticised all sorts of things about this project already. That is fair. But they have also criticised us today and yesterday about delay tactics. I think absolutely, we should have the debate today, the things that need to be said should be said and we should get on with it. So I would urge Members not to vote for this proposition, as well-meaning as I think the Deputy is being.

The Bailiff:

This is not a debate other than a debate as to whether or not we are going to have a debate. So we are not going to spend all day debating whether we have a debate.

1.1.6 Connétable C.H. Taylor St. John:

I speak in support of deferring this debate. There are 3 reasons. Firstly, we have a number of late amendments; one only arrived on my desk this morning. I have not even looked at it. Whether we debate it or not is another issue but we also have an amendment to my amendment, which having discussed it with colleagues, has pointed out a few shortcomings that I had not been aware of. I am now in a position of not knowing whether I should support the amendment to my amendment or not. Secondly, we are in a period of uncertainty. We are awaiting a planning inspector's report and recommendation. How can we approve a business plan which could be basically overturned should the planning inspector find in a different way to that which we hope. Thirdly, we have been bombarded with information. This is one of my greatest concerns. Last year we had the hospital debate on the site, and I hold here the brochure we were given at the time. It shows 12 metres at roadside rising to 36 metres in the middle. The Minister for Health and Social Services spoke earlier. The reason why the middle had gone higher was to make the street side lower. Well it is not. The street side is higher than the 12 metres and the middle is 47 metres; not slightly higher, as the Minister described, but 30 per cent higher. We carry on with misinformation. The front page of the Scrutiny report has a photograph forwarded to them by the Health Department with a photo shop of what it would look like with the new hospital. But it is to the wrong scale. That is inaccurate. That is not correct. We are being asked to debate without true accurate information. I must ask that in keeping the reputation of this Assembly we should defer because if we make decisions based on photo-shopped pictures and incorrect heights we will be the laughing stock of the world, and I appeal to Members to defer this debate so that it can be carried out in an accurate and professional manner.

1.1.7 Senator A.J.H. Maclean:

The previous speaker, the Constable of St. John, talks about our reputation. I would suggest our reputation for not making decisions is going to be the biggest problem that we will have. How many times have we already not taken the decision on issues that have come to this Assembly and indeed on this decision? We have, since January, been looking at ... or long before January but since January when this Assembly was going to first consider the funding options for this hospital, been looking in some considerable depth at both the funding and indeed the way in which the hospital would be constructed. A lot of additional consultation has been undertaken. Members have been involved in briefing after briefing after briefing.

[10:00]

There is information downstairs for Members to refresh their memories and speak to any officers if they have any residual concerns about. To be using the inspector's report as another reason for doing nothing is simply, in my view, not acceptable. The reason that I say that is because the inspector will carry out, quite appropriately, and quite independently, his work. He will report and he will make recommendations. Now the difference between the hospital project and Les Quennevais School, which was referred to a moment ago, is that there is contingency funding built in to deal with just about any recommendation that the inspector might seek to come up with. If there was a catastrophic change from the inspector's report then indeed that would require a decision of this Assembly, but I can reassure Members that there is considerable contingency built in to deal with any recommendations that the inspector may seek to bring forward. I strongly urge Members, we need to have this debate, we need to make this decision today. There is nothing further that can be done or presented to Members in terms of information that should stop this particular decision being taken and the next step in this important project being undertaken. I would therefore urge Members to not support the proposal that has been put forward to defer until January. I would make one final point: I was disappointed to hear the comments of the Constable of St. John. Perhaps we will deal with that in due course, having met him and he agreed to the

amendment that I proposed, but we will deal with that no doubt later. For now, I would urge Members we must continue with this debate.

Senator P.F.C. Ozouf:

Can I raise a point of order? Would you please advise me and Members what we are going to be asking to approve? Many Members are talking about the report, but could you please rule whether or not we are approving the report or effectively the recital of the proposition because I think there is some ambiguity? Because the argument seems to be about what is in the report, not the principles of the proposition, and I will deal with my amendment in a second, if I may. Is there any aspect of the proposition that binds us to the report as opposed to the proposition?

The Bailiff:

The proposition binds us also to annex A of the Minister's proposition, so to that extent that is included within the proposition. Otherwise, it will be the proposition with such amendments as are adopted.

Senator P.F.C. Ozouf:

Annex A is about just the financial modalities of the Hospital Fund?

The Bailiff:

Yes.

Senator P.F.C. Ozouf:

Yes. That is the only aspect of the report which we are approving; everything else is just for information and so we are not bound by it? That is the point of order that I am asking for you to confirm, please.

The Bailiff:

No, the proposition refers only to annex A, apart from the contents of the proposition. So what the States are being asked to adopt is the proposition which incorporates annex A in the report, not the report itself.

Senator P.F.C. Ozouf:

Thank you for that ruling.

1.1.8 Deputy J.A. Martin of St. Helier:

I stand because I am not going to be stood here today and be told off by the Minister for Treasury and Resources who has put us in this position. We are in desperation state. Sir, you may have a short memory, but I do not. You had to adjourn this Assembly because the figures did not stack up and it was only a Back-Bencher, the Deputy of St. John, who pointed out that we could be borrowing more than we have in the bank. Then today we are at desperation again and we are told we cannot delay. Well I am very sorry, why are we going out there to ask an independent expert to look at the envelope? I have sympathy, we have done £75 million and we have done £40 million, Les Quennevais School. This, as Deputy Le Fondré said, is £500 million, and I do not want to be voting on the desperation. I want to know why is the Constable of St. John now perhaps not supporting the Minister for Treasury and Resources with the figures. Because we are backed up again; we allowed the Minister for Treasury and Resources to lodge his last-minute amendment which amended the Constable. Have any of us really been through the figures with the people that know? Because we are here today, and nobody can put this off until the end of January, the biggest decision that we will make. As Deputy Le Fondré says, do not think anything is coming back; after this debate, that is it. Yes, of course, we are giving them how many million contingency? Well I

am sure anyone can manage with that - sorry, did someone say something? - £74 million which we have lowered. So, what I am saying is I do not want to vote against this particularly, but I do not want to vote against the hospital project. Somebody is saying: "But do not", but I do not want to be in this position we are in. Why can we not wait until January? Why can we not wait until January? I have not heard anything. All we hear is it is our fault. The Council of Ministers, be under no illusion, have put us here today. We started this debate in March, moved it again, then they had this, well, a magic fairy turned up and said he could lend them the money and have some scheme better. Now again: "Believe me, I have put in a last-minute amendment and, trust me, the figures are correct." Do you really, really want to spend the biggest amount of money to date with half-baked information, promises? I have read Concerto and it is sort of amber-red and it is very consultant things, it could be this, but I do not know enough information, so you force me today to have the debate and I will probably vote against it. So it is up to the Council of Ministers because I think a lot of people feel like that. So you can push for the debate today and you may lose, then you are really up the paddle without a creek or something like that. **[Laughter]** Sorry, Sir.

The Bailiff:

I would be hard put to find anything unparliamentary about being up the paddle without a creek, Deputy. **[Laughter]**

1.1.9 Connétable J.M. Refault of St. Peter:

I think I stand to oppose the proposition principally because since I joined this Assembly in 2008, halfway through I went into Treasury working on P.82 which was the reform of health services. In my second term I was Assistant Minister for Health with Deputy Pryke and this time, along with Senator Green. I have been through all the iterations, all the delays, all the wrinkles and turns and reversals through all that period of time to do with funding, to do with Andium bonds, and all the other things we are discussing around this hospital. I would just like to remind Members that the majority of people in this Assembly, I hope, probably do not go to the hospital very much at all because of the 200,000 people that go to the hospital this year - 200,000 patient visits a year - most of those are babies and O.A.P.s (Old-Age Pensioners). They are the highest number of users. Last week, Thursday, I met with 125 of my parishioners for their Christmas lunch. They said one thing to me: "Just get on with it." They want a new hospital. **[Approbation]** Yesterday, I met another 125, the other half of my parishioners I could not fit into the hotel in one sitting. They said the same thing: "Just get on with it. Just make a decision. We need, we want a new hospital. That is what we want. Just make the decision and let the planning process run after that on how the hospital looks when it is finished." On the matter that was raised by the proposer of this proposal, Deputy Labey, yes, the staff are divided because they want somewhere else. Why would you not want to move into a brand-new hospital on a greenfield site? They want it on People's Park. We have denied them. We, this Assembly, have denied them, or Members have denied them that opportunity. They have now come to the position of recognising that while they still support the principle of People's Park, they recognise that is not the objective and they are, from the information I am getting from many of them, now behind the position we are in today. We need to make this decision, we need to make it now so we can move forward with the process of getting towards the planning permission and that planning permission will be the final decider of what we do and when we do it. Thank you.

1.1.10 Deputy G.P. Southern of St. Helier:

I will speak only about the timing of this decision and whether or not to debate today and simply point out to Members, as they probably are aware, there are 2 critical points in the year where we get a build-up of work to do and we come under tremendous pressure to get that work through, sometimes - sometimes - extremely complex work on the nod. Those 2 times are the December

break through to January, this mythical somehow end-of-year which has this impetus with it to get stuff done, as if there is a difference between December - what are we today, 14th December, are we? - 12th December and 12th January when we will have the final piece of the jigsaw ready for us and the same delay in March or in September. That pressure comes on now. The other time of the year of course is the last one in July and I have used that pressure myself. The reason why we have got a discrimination law is because it was put in on 19th January one year and it ended up as last debate on the afternoon of the fourth day and, surprise, surprise, we were all in favour of voting for the anti-discrimination law and it got passed. Now it had merits, and the argument was valid, but nonetheless. Another occasion when we, I believe, made an error, again, it was the December debate and we spent 2½ days - those were the days – 2½ days on the incinerator debate. It went on and on and on and on. When we passed that the thing was: “How are we going to pay for it? How are we going to pay for it?” Pressure was on, this is the last meeting, in the last hours, oh, nod through, let us pay for it all at once. We have got £40 million in the bank, we can do that, and that is what we did. Mistake. Of course, we could have paid it on the H.P. (hire purchase) on the tick. We could have hedged it even, as somebody said; that decision did not make it either. But this pressure that comes around twice a year to get stuff through means that there is a severe, serious risk of making big mistakes under that pressure to see it behind us. I urge Members that I believe that may be happening again. I hear talk of a hospital which is now 46, 47 - 46 metres high? - 47 metres high. News to me. Last time I seriously started thinking about the hospital about 6 months ago, I thought it was done and dusted, and the heights were certainly not that high. Now, putting that massive block in the town, there is an awful lot to the standards elsewhere. Is that the new height we are going to be building to? I have to ask, but I do not know. The pressure to push things through today could very well, and, I believe, would be a risk of making a serious error in the decision-making process, and I urge Members not to do it today.

1.1.11 Deputy S.M. Brée of St. Clement:

I stand in front of you as the chairman of the Future Hospital Review Panel and I am gratified that so many Members, including Ministers, have referred to our report. I think it is important that we put it into context, the comments that have been made. While it is quite right that our advisers, Concerto, gave the overall project an amber-green, we have to remember that the amber-red that they gave at the beginning was: “This is all going to fall apart if you do not get planning permission.” That is what they said. That is what they meant and that is why the review panel put as its prime recommendation that the debate be delayed until we had certainty from the planning inspector and the Minister for the Environment.

[10:15]

It is quite bizarre that this Assembly is being asked to debate and vote on a proposition that we do not even know whether or not the hospital, as outlined in the Outline Business Case, and the funding that is being supported by that Outline Business Case, can even be built. This is the biggest project that the Island has undertaken, but, more importantly, it is the biggest decision with regards to health care that this Assembly is being asked to take for generations to come. Surely, if it is a 6-year project and then a lifespan of a hospital of 60 years, what is the big issue about delaying the debate for 3 to 4 weeks to know that what we are discussing can be built where it is projected to be built and of the nature? That is why I feel that we would be wrong as an Assembly to base our final debate on this issue, and I stress the word “final”, because it will not be coming back to this Assembly ever if we debate it today and approve it. We are being asked to debate without the full facts in front of us and that is why I feel that we should support the proposition from Deputy Labey so that when we come back in January we know with certainty what we are debating and voting on. Thank you.

The Bailiff:

I do remind Members that we are only considering whether or not to debate the proposition today.

1.1.12 Deputy M.R. Higgins of St. Helier:

I accept that. People have said that the public are critical of the States for delay. There is no doubt about that, they do, they criticise us for it. But they also criticise us for wasting money and, as Members have already said, £500 million roughly, if you accept the figures they can catch everything in the £74 million contingency of £460 million, it could creep up to £500 million before we are finished, or even more. Now the point is, it has got to be the biggest decision, as has just been said, this Assembly will make, probably for years. It is a staggering amount of money and it is one that we have got to get right. Now, the other thing that people are critical of is the fact that we do not examine things properly, our decision making. We very often pass things on the scantiest evidence, very little information or conflicting information. Just look at the Waterfront as an example. We were told so many things about the Waterfront. It was going to be let to a certain level before the thing was going to be built. We were told that there were going to be outside people who were going to be coming in and occupying the premises because there were going to be the highest standard; people from outside. We have not got one person, one organisation, come in from outside. They were all, one way or another, connected with the States of Jersey Development Company, either advisers or some of their people were on the board. We are told all this by the Council of Ministers and many people were taken in by it. The point is, we have got it, they are building it, and we know that there is ... right even now we do not even know if they are going to make a profit on the scheme or not. Now, this scheme, they have been telling us repeatedly: "Yes, we have got to have it. It has got to be this, and it has got to be that." Now how many of you went to the planning inspector's investigation at the Radisson Hotel? I do not know how many Members went but the day that I went they were discussing the height of the hotel. Not hotel, hospital; hotel might have been better. They were discussing the height of it. Now the Constable of St. John has mentioned 47 metres. What we were told at that inquiry was that the height will come out to almost, within a metre or 2, of the height of the road outside Overdale Hospital. Now just think about that. We have got the hill behind the People's Park and so on, this thing will be that high and almost to a height of the road outside Overdale Hospital. It is a phenomenally large building. It looks like to me, I know there were no windows in the drawings and the model that they had, but it looks to me like we are planting a nuclear power station into the middle of St. Helier. The scale is going to be unbelievable. From the evidence that I heard, I would be most surprised if the planning inspector went ahead with what was being said. Now what we are talking about here is delaying this debate, well, for a month basically, to the end of January. I honestly believe that we should wait until that information is available and then make a decision in the same way. If the debate does not go ahead, I am going to be asking for questions of the Minister for Treasury and Resources about how they arrived at some of their figures. Remember, this project was put forward in 2016 and they have been talking about the same figure ever since. Now inflation and other things are going to cause the cost to go up. I also want to know the basis of how they arrived and accounted for the various risks. So I have got other questions that need to be dealt with; they can deal with them at the same time. All I will say to Members is, yes, the public will criticise you for delay, but they will criticise you more if you get it wrong and we have that amount of money that could be spent on other things in the Island that we have wasted on this particular project. So, I urge Members to vote for the proposition of Deputy Labey and let us delay this until we have got the inspector's report. Thank you.

1.1.13 Senator I.J. Gorst:

I understand absolutely why Deputy Labey is making the point that he did in asking Members to defer the debate on the hospital today. He is following the recommendation of the Scrutiny Panel that there should be a deferral until a decision. Now that decision is not a decision of the planning

inspector, which we heard this morning is probably going to be delivered, the planning inspector's report will probably be - and it is a probable, there is no certainty to that - a probable delivery in the second week of January and then the Minister for the Environment will have to make a decision. The Minister for the Environment will, with such a large project, I have got no doubt, want to carefully consider what the planning inspector recommends. It is the sort of person the Minister is. With such an important decision, I have no doubt whatsoever that the Minister for the Environment will wish to seek legal advice about the implications of a decision one way or the other. I see the Attorney General considering that. I think he needs to do quite a lot of considering because I have got no doubt with such a project he will want to. Why do I say that? Because we know from the history of planning inspectors' reports, how they are framed. There is a recommendation - and this is sometimes what members of the public find frustrating - there is a recommendation, on the one hand, and on the other hand there are actions which can mitigate why one might take a different view. Other Ministers have had to grapple with that and I have been lobbied on various buildings about: "Why did the Minister make such a decision when the planning inspector said A, B, C and D because that was not the full story of what the planning inspector recommended it do." They might recommend not to go ahead or not to give approval, but on the other hand say, if it were lowered 2 floors or lowered one floor or structured in a different way, that might give grounds for the Minister for the Environment to say yes to the application. Members have said there is sufficient contingency in the Budget in order to meet that type of recommendation. So I can see why the Deputy is asking Members not to make the decision today and it is quite appealing. Because other Members have said: "Well, it could be another 3 weeks, another 5 weeks, roughly, is what the Deputy is asking us to delay for, even though we may not know at the end of that 5-week period what the decision of the Minister for the Environment is." He is going to be hard-pressed to have that, but there may be one. Other Members have tried to say: "Well, if the planning inspector says it has to be a floor less, well we cannot do it, there is not the money in place." They know in the contingency there is and some Members that have said that have done their own development projects and they know how development functions like that, throughout the ongoing development things change. You use your contingency for something you never dreamt that you might need to use it for and other areas that you thought were going to be really tricky and difficult you do not need to use contingency for. The developments of this scale - developments full stop - change, they ebb, and they flow. You start off with the very best numbers that you have, but you know throughout a project it is going to change. That is how it works. But the point I want to make is: is the information that we have got in front of us sufficient for us to go ahead and make a decision today? A number of Members have gone, not just from the planning decision, but looked at all the other numbers and said: "Well there is an amendment here and there is an amendment there, there are all sorts of numbers attached to them." The chairman of the sub-panel said that the critical path was amber-red and therefore we should wait for planning permission. But he knows that his advisers said to him there were 3 areas on the critical path that were in the amber-red category, one of which was planning approval. His experts did not say: "Wait for planning approval", they said that was one of the critical path decisions which needed to be taken. But they are not ordered, they are in bullet-point form in that report, and the first one - the first one - the Deputy is shaking his head. The first one is, goodness me, it is not planning approval, it is the Outline Business Case approval, the very decision that the Minister is asking Members to take today or tomorrow, whenever we get to that debate, and I hope we do. That is a critical path decision to make ...

Deputy J.A.N. Le Fondré:

May I seek a point of clarification?

Senator I.J. Gorst:

... and that is an amber-red critical path decision to make that Members who are concerned about critical path decisions are saying: “Do not make the second decision; therefore, do not make this decision either.” There is another one as well that the inspector talks about as being on the critical path and that is contractor appointment for the first stage of the main hospital build contract, so there are 3 areas that are on the critical path. I do not know if you know, I imagine you do, managing, dealing with critical path analysis, dealing with a project, there is never just one item on the critical path analysis that might be red-amber. In complex projects and dealing with complex problems, there are always several, and you cannot take your eye off any one of them and you cannot say: “I will not make a decision on this one”, you keep pushing all of them forward, you keep making the decisions to keep the project on track. The same experts, the Scrutiny Panel’s experts said their overarching conclusion is that the Outline Business Case provides the States of Jersey in that instance - that is us, we are the decision makers - provides the States of Jersey, however many times Members might wish to criticise the Minister or the Council of Ministers or why we are having to make the decision today, provides us, as decision makers, with a sound-enough basis for decision-making: “We rate the overall project, even though there are those 3 areas which are critical, as amber-green.” Some Members are trying to talk about particular areas and say they are red-amber and therefore we should not do it, we should just wait. No, when you are dealing with a project, you manage those areas, you manage the risk, you recognise that they are there, and you do all that you can to mitigate it.

[10:30]

So not making a decision today does not mitigate that critical path, does not mitigate that risk, does not miraculously change those critical path issues into amber-green or green, it heightens the risk. It probably changes that from amber-red to red because one of those 3 critical items we would be saying: “We are putting the decision off.” I do not think that is what Members want to do. Some Members do not like the site. I accept that. Some Members do not like the funding mechanism. I accept that but let us have the debate. Let us stand up, if Members do not like the site, stand up and vote against the Outline Business Case and this proposition, and explain to the public why they do not like the site. It is perfectly legitimate. Some Members do not like the massing of the outline planning application, stand up and tell the public that is why they are voting against this proposition. If some Members do not like the funding mechanism, although we are coming to an amendment in that regard, stand up and tell the public why they do not and why they are voting against making a decision, but vote against the proposition. This is not an artificial December Christmas deadline, and Deputy Southern knows that because he has read the professional independent expert’s advice, so he knows that is not the case. I understand that it is appealing to wait for a little bit more information, to wait for another decision. Based on the expert’s advice, advice that was not given to the department, advice that was not given to the Minister for Treasury and Resources, advice that has not been paid for by the department, advice that has been provided to the Scrutiny Panel, says there are 3 items of critical importance: agreeing the Outline Business Case that the Minister is asking us to do, getting planning approval and instructing the main contractor. It would be wrong for us. The planning issue will be dealt with. If we agree this today, the dependency of instructing the main contractor can take place. By going ahead and making a decision, we turn that amber-red from amber-red probably to amber-green. Let us not turn it to red by not making a decision. Thank you. **[Approbation]**

Deputy J.A.N. Le Fondré:

A point of clarification from the Minister? The Chief Minister said the planning decision can be dealt with. Does he know the outcome of the planning decision?

Senator I.J. Gorst:

Absolutely not and it would be completely wrong for any Member to suggest that they did.

Deputy J.A.N. Le Fondré:

So he does accept that planning risk is high?

The Bailiff:

It sounds like a second speech, Deputy.

1.1.14 Senator P.F.C. Ozouf:

I am going to be speaking very, very briefly. There is one thing that is frustrating all Islanders about this Assembly and I have, certainly since not being a Minister, been shocked at the strength of feeling about one aspect of how we are regarded by the public, and that is the lack of progress and the time that it takes to make decisions. Islanders are concerned about financial decisions and the waste that arises because of delays. In fact, I have been shocked at quite the strength of feeling of the public's anger of the length of time that it has taken to make a decision for the hospital. I will make one quote from Facebook that I saw, I think, about 10 days ago: "The States take an incredibly long time to do anything. They argue about everything. They did it for the incinerator, the police station, housing sites and here we go again with the hospital. I want them to make a decision and then make sure it is properly implemented." I rest my case and I think we should make that decision and implement it and hold the people responsible, their feet to the fire, the Scrutiny Panel, the P.A.C. (Public Accounts Committee) and the officers to implement it properly and make that decision and, whoever that person on Facebook was, not let them down because that is the strength of feeling. We put decisions off and the public get angry.

The Bailiff:

Very well, Deputy Labey, do you wish to reply?

1.1.15 Deputy R. Labey:

I am sorry, but Members of this Assembly who are not in the Executive do not have to sit here and take lectures on delays from the Council of Ministers. [**Approbation**] The biggest delay was chasing that wild goose on People's Park, and the Minister was told that. As soon as People's Park was announced, there was a furore. He could have stopped it there and then. Why did the Council of Ministers not lean on him and say: "For goodness' sake, drop it, it is not going to happen"? It is not going to happen. It will not wash with the public and we have wasted an awful lot of time with that. Then, as Deputy Martin said, we had the fiasco over the last funding debate which again is not the problem or the fault of Members of this Assembly who are not in the Executive. Perhaps I did not make myself clear enough to the Constable of St. Helier, I am not trying to interfere with the planning, I am trying to honour the planning process. How would you feel, how would Members feel, if they lived in Newgate Street or Gloucester Street or Kensington Place, had made representations to the public inquiry, had taken part in the public inquiry, and their representatives were powering on regardless of what the results of that public inquiry will be? It is very easy for people to shout: "Let us get on with it. Let us get on with it" and get the foot-stamping. It is dangerous on such a big issue, that attitude and fatigue. I know people are fatigued about this debate before it has even started. No one is particularly looking forward to it, but we have got to have it at some stage. But fatigue is dangerous too because it clouds your judgment and you are not thinking straight if you just want to get it over and done with. This is my principal point, that we have to be so careful in this Island and with our processes, with our governance, that we honour the checks and balances in our system. Now the review panel provided one check and balance and whatever the Chief Minister says in his fascinating tour of every combination of traffic light, the result of that review was unequivocal: wait until the public inquiry publishes its results. Unequivocal. The public inquiry does provide a check and balance. It was a long inquiry, it was a

full inquiry, a lot of people made very, very articulate and pertinent representations to it. We should wait and see what weight the inspector lends to each argument before we proceed. This is our last chance. This debate is our last chance to influence this and have our say; after that, they are off. Just why are the Council of Ministers getting so heated on this and wanting to be so hasty? What is the problem with 6 weeks? We honour the planning process, we find out what the planning inspector, the independent planning inspector has to say about it, and we learn from it and we proceed. That has got to be - that has got to be - the sensible way forward. The media and the public are very well aware, I heard it on the radio this morning on every news bulletin, that there was a chance that this would be delayed, it is in some amendments, so it is not going to come as a great shock to people. Now we should not act in haste and repent in leisure. I cannot vote for the hospital funding until I have seen a conclusion to the public inquiry, unfortunately. I have steered clear of mentioning anything about the right site, *et cetera*. I have just confined myself to the issue of waiting until this important check and balance of the public inquiry is completed, and we have that information, and we honour that process and all of those people who took part in that process. I maintain the proposition and ask for the appel.

The Bailiff:

The appel is called for. The debate is whether or not to defer debate on P.107 and the amendments until 30th January next year.

POUR: 19	CONTRE: 25	ABSTAIN: 0
Senator S.C. Ferguson	Senator P.F. Routier	
Connétable of St. Saviour	Senator P.F.C. Ozouf	
Connétable of Grouville	Senator A.J.H. Maclean	
Connétable of St. John	Senator I.J. Gorst	
Connétable of Trinity	Senator L.J. Farnham	
Deputy J.A. Martin (H)	Senator A.K.F. Green	
Deputy G.P. Southern (H)	Connétable of St. Helier	
Deputy of Grouville	Connétable of St. Clement	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Peter	
Deputy K.C. Lewis (S)	Connétable of St. Mary	
Deputy M. Tadier (B)	Connétable of St. Ouen	
Deputy M.R. Higgins (H)	Connétable of St. Martin	
Deputy J.M. Maçon (S)	Deputy J.A. Hilton (H)	
Deputy S.Y. Mézec (H)	Deputy of Trinity	
Deputy L.M.C. Doublet (S)	Deputy E.J. Noel (L)	
Deputy R. Labey (H)	Deputy of St. John	
Deputy S.M. Bree (C)	Deputy S.J. Pinel (C)	
Deputy T.A. McDonald (S)	Deputy R.G. Bryans (H)	
Deputy G.J. Truscott (B)	Deputy of St. Peter	
	Deputy A.D. Lewis (H)	
	Deputy of St. Ouen	
	Deputy S.M. Wickenden (H)	
	Deputy M.J. Norton (B)	
	Deputy of St. Mary	
	Deputy P.D. McLinton (S)	

Deputy M.R. Higgins:

Can I just say, I did press the button; for whatever reason it was not recorded. I would like it to be known that I voted against. Sorry, for the proposition.

The Bailiff:

I can announce to Members that the third amendment to P.107, Future Hospital: approval of preferred scheme and funding - third amendment, has been lodged by Senator Ozouf and also that P.124, Hospital catering department: cancel relocation to an offsite location - petition, has been lodged by Senator Ferguson.

Senator P.F.C. Ozouf:

I will deal with the machinations of whether or not the States will take a reduced lodging period at the point of which the amendments will be heard. Because my 2 amendments, one is in time and one is not, and so I will deal with that at the time, if I may.

1.2 Future Hospital: approval of preferred scheme and funding (P.107/2017) - resumption

The Bailiff:

Yes, I was going to say we are going to follow the running order which the Greffier circulated last night and your 2 amendments come later on in that period. Very well, Minister, do you wish ... we have not read the proposition yet. Greffier, will you please read the proposition?

The Deputy Greffier of the States:

The States are asked to decide whether they are of opinion to refer to their Act dated 23rd October 2012, which requested the Council of Ministers to bring forward proposals for a new hospital, and their Act dated 1st December 2016, which approved in principle the site location for the new General Hospital; and (a) to approve the Preferred Scheme contained within the Future Hospital Outline Business Case with a capital expenditure budget of up to £466 million; (b) to approve, in accordance with the provisions of Article 3(3)(a) of the Public Finances (Jersey) Law 2005 (“the Law”), the establishment of a Special Fund to be known as the “Hospital Construction Fund” and to approve the Fund’s purpose, as set out in Appendix A to the report accompanying this proposition; (c) to authorise, in accordance with Article 21(1) of the Law, the Minister for Treasury and Resources to borrow up to £275 million towards the construction of the Preferred Scheme, and to direct that the amount borrowed be paid into the Strategic Reserve Fund; (d) to agree that the Strategic Reserve Fund policy be amended so as to authorise the transfer from the Strategic Reserve Fund to the Hospital Construction Fund, drawn down as required, the sum representing the balance of up to £466 million after deducting the £23.6 million already allocated in connection with this project in previous budgets; (e) to agree that the Strategic Reserve Fund policy be further amended so as to authorise (i) that the costs of borrowing and ongoing finance and administration costs related to the borrowing be borne by the Strategic Reserve Fund; and (ii) the repayment from the Strategic Reserve Fund of the amount borrowed in accordance with paragraph (c) above; and (iii) that on the final account of the Preferred Scheme being presented, any unspent monies shall be returned to the Strategic Reserve Fund.

1.2.1 Senator A.J.H. Maclean (The Minister for Treasury and Resources):

Well I am delighted, after a small hiccup, to be presenting this proposition today on behalf of the Council of Ministers. I should say, following the debate we have had this morning, I understand fully some of the concerns raised by some Members of this Assembly. I hope that in my comments I will give some comfort to those Members. We believe that this is the right solution to fund and build a much-needed new hospital.

[10:45]

Jersey is not alone in facing the challenges of maintaining the health and well-being of an ageing population. Considering this proposal represents one of the most important decisions that Members will be asked to make on behalf of Islanders. It is a proposition that asks this Assembly to approve

the preferred scheme for a new hospital on part of the current site. It includes additional properties on Kensington Place and a new-build support facility at Westaway Court contained within the Future Hospital Outline Business Case. It sets a maximum capital expenditure budget of £466 million, and within this is a maximum level of borrowing of up to £275 million. It also asks for the approval of a special fund, the Hospital Construction Fund, and proposes necessary amendments to the Strategic Reserve. Few people disagree with the urgent need for a new hospital to provide the general and acute care that Islanders require now and in the future. The current hospital has developed piecemeal over many decades and its physical condition, as independently assessed, is rapidly becoming inadequate. All credible solutions for a new hospital require a once-in-a-lifetime investment. Those closest to the situation, our senior hospital clinicians, are urging us to make this decision quickly. They say that commencing the build of our new hospital is now becoming time critical and that any further delays could lead to potentially serious consequences, a view backed by other professionals. We are fortunate to have high-quality, experienced and committed staff working in our hospital, but their message is clear. They are increasingly hampered by the inadequate physical environment of the current hospital. It is affecting their work and their patients. Today is not a debate about whether a new hospital is needed; that decision was made by Members in 2012 when approving proposals to transform the way our health services are provided. It is not a debate about where the new hospital should be built. That decision was made by this Assembly in 2016 after extensive research and consultation. This proposition is asking Members to approve the preferred scheme from the Outline Business Case and to agree the funding mechanism to pay for that investment. The budget for the new hospital is capped at £466 million and covers professional fees, buying the land, the new build, relocating services as work progresses, and the refurbishment of the granite block. It also includes the cost of renting accommodation for healthcare workers until 2020, as Westaway Court will become part of the new development. In terms of funding, we are proposing to borrow up to £275 million through a public-rated sovereign bond. This option has been subject to detailed analysis and remains the preferred option based on professional advice. It is a solution that has received the support of the Fiscal Policy Panel, a group of independent expert and renowned economists. Their view is that borrowing money by issuing a bond is, and I quote: "Sensible in view of the fiscal and economic outlook." The panel acknowledge the risks of this approach, but felt they were, and I quote again: "Not significant enough to require a different approach." The panel said: "This is the best and most cost-effective way of funding a new hospital, given the current borrowing costs and expected returns on the Strategic Reserve." Apart from borrowing, the balance of the funds needed to fund the hospital would come from our reserves, from the excess returns in the Strategic Reserve above the protected value agreed by this Assembly in 2012. £23 million of the total is already available from previously-voted sums. A range of experts have recommended borrowing because of the low cost of money currently available. Furthermore, a low rate can be locked in for the whole period of borrowing, giving important certainty. By fixing the cost of borrowing for 30 years or so at today's low rates, Jersey will be able to use the investment returns from the Strategic Reserve to pay the interest on the loan and to pay back all capital borrowed at the end of the period, and that is based on modelling which is both very prudent and includes assumptions for future investment returns at low levels. Future returns, as an example, have been modelled at half the average historical returns achieved over the past 40 years. The average income from the Strategic Reserve for the last 10 years has been 6 per cent, while the price of a fixed-rate bond is currently estimated at around 2.7 per cent. After consultation and advice from independent investment specialists, we have used a long-term rate of return of 2 per cent above R.P.I.Y. (Retail Price Index excluding Mortgage Interest Payments and Indirect Taxes) in our model. By borrowing at very low rates of interest we can also leave our existing reserves in place where they can continue to grow. The cost of borrowing can be funded from the excess returns on the Strategic Reserve. This is the excess income from the capital amount above the protected level that I have already referred to. Every

proposal of course carries some risk, but this makes the most of the low cost of borrowing and is the most cost-effective way to fund a new hospital. The money raised through the bond would be put into the Strategic Reserve and drawn-down to the Hospital Construction Fund under a clear governance structure. This proposal makes the most of our considerable reserves and takes advantage, as I have said, of the borrowing rates and conservative future return estimates. This blended funding proposal means we retain the majority of our reserves which will continue to grow while funding all the interest payments and borrowing. I have always favoured a blended solution, but the blend is now more defined in this proposal. There is more certainty over what we will borrow and how much of our reserves we will use. We have listened to the concerns over the original strategy and we have reduced the maximum amount we will borrow to a sum I have already mentioned of £275 million. In the budgets of 2014 and 2015, Members agreed to allocate £10.2 million and £22.7 million respectively from the Strategic Reserve Fund to pay for the planning and creation of new hospital services. £23.6 million of that funding remains and will go towards the total of £466 million, which is the capped budget. The remaining £442 million comes from borrowing up to £275 million and from the Strategic Reserve providing up to £167 million of our reserves. We propose to issue a sterling bond and that is what our advisers have consistently been saying, and now we have a review panel of advisers agreeing with that position. We have looked at alternatives with our advisers, but the constant message has always been to keep it simple in order to minimise and provide certainty over costs. Timing of the bond is important too. Previously, Scrutiny's advisers felt the bond should be delayed until there was more certainty over costs. We have that now and we have a developed Outline Business Case. Those Scrutiny advisers now recognise that it would seem prudent, and I quote: "It would seem prudent to borrow now before rates go up further." We have been fortunate with borrowing costs so far, but I do not want to take any further risks and miss out on the current low rates still available. I do not want the cost of financing this hospital to be higher than it needs to be, and I know that nobody in this Assembly does either. We understand that some Members and Islanders do not like borrowing, but under this proposal Jersey will still have very low levels of debt compared to almost anywhere else. By borrowing up to £275 million, we would take our debt to G.D.P. (Gross Domestic Product) ratio from its current level of 6 per cent to no more than 13 per cent. To put that into context and as a comparison, the United Kingdom has a ratio of 88 per cent. At this stage of the project, we consider it is appropriate to include a contingency of £70 million within the overall budget. Members will recall this figure was £74 million the last time we lodged a report and proposition and that we are now proposing to build at Westaway Court, and a permanent move for pathology to the new building. The total budget for the project, as I have said, has been capped regardless of the change to contingency allocations. This should provide Members with comfort that in the unlikely event that any additional expenditure is required for the project, it could not happen without a further decision of this Assembly. The money raised through the bond, as I have pointed out, will go directly into the Strategic Reserve. There will be a strict governance arrangement around the drawdown of this money. It will only be released into the new Hospital Construction Fund as requested by the project board, and it will only be moved by Ministerial Decision, which is both transparent and public. The construction costs will be met from the Hospital Construction Fund which will remain in place until any external borrowing has been repaid. This is one of the biggest decisions this Assembly is being asked to make. It is certainly our biggest ever capital investment decision. As such, we delayed this debate to give Members more information and greater comfort around the funding options and also to allow time to develop the Outline Business Case. We have done more work with external advisers and the Treasury Advisory Panel to treat and to test some alternatives. Following that process, the funding solution in this proposal has been very carefully considered and is still the clearly recommended option. The Outline Business Case now provides more detail about what that investment will deliver. We wanted to make sure this really was the best value for money and we believe it is. The business case has been developed to industry

standard. Her Majesty's Treasury's 5-case model has been used: the strategic case, the economic case, the commercial case and the management case. The strategic case sets out the overall context for the project and ensures that the project can meet the aims of the hospital and wider department. The economic case evaluates the options and confirms that our preferred scheme delivers best value for money. The commercial case ... Sir, I do think I heard a little beep then. It might go towards helping to fund this project. [Laughter]

The Bailiff:

Is anyone going to own up to that noise?

Deputy R. Labey:

Yes, it was me. [Laughter]

The Bailiff:

Deputy Labey has been ...

Senator A.J.H. Maclean:

How ironic. Perhaps the Deputy would wish his earlier amendment had been successful. It would have saved him £25, is it, these days.

The Bailiff:

Inflation.

Senator A.J.H. Maclean:

I was moving on to the commercial case which sets out the processes and the contractual and procurement arrangements. Then the finance case sets out the financial position of the preferred scheme. The management case details how the delivery of the scheme will be managed, how the enabling works will be controlled, and how the transitional arrangements will allow a working hospital to remain safe while construction continues. I am pleased to see that Concerto, the Scrutiny Panel's expert advisers, have, and I quote: "Found good practice within the future hospital project and within the wider health transformation programme." They go on to conclude, and I quote again: "The Outline Business Case provides the States of Jersey with a sound enough basis for decision making."

[11:00]

They also comment that the 5 elements of the Outline Business Case matched good practice, albeit containing some issues, but none of these are show-stoppers. We will of course, and I would like to give this reassurance to Members, be addressing the concerns that have been raised. As Members are being asked to agree a budget of this size, of £466 million for this project, it is important to understand what that sum of money delivers. When the previous funding strategy was lodged in November last year, the cost of extending Patriotic Street Car Park was not included. That cost is now included and it is still within the £466 million. However, the split between the cost of work and contingencies has changed. The contingency has been reduced by £4 million. That £4 million is now being used to enhance car parking. The £466 million provides not only the budget needed to deliver what is required but also ample contingency. There is an allocation of contingency to cover the planning process demands, including any adjustments to design that could also result from the planning inspector's report when it is published in January. Of course, there are risks with any project; increased construction cost, volatile investment returns and the impact on our Strategic Reserve but our estimates are prudent and professionally verified. They are based on many years of historical data. We cannot eliminate volatility and in some years we may even suffer losses but this is a long term strategy and in some exceptional circumstance, where the Strategic Reserve may be

needed for its primary purpose, we may need to consider adapting the model. We have considered all scenarios. But the debt we are taking on will be matched by the significant asset of a new hospital, something we badly need for our community. When we saw the need to invest in our social and affordable housing stock we issued a bond of £250 million. This investment is now producing more and better quality homes for Islanders. We must not forget that this proposed bond and use of our reserves will provide high quality health facilities for Islanders long into the future. This project will have a well-structured governance framework. All departments involved, Health and Social Services, Infrastructure and Treasury will work together and are working together to ensure the solution is fit for purpose, affordable and delivers value for money. This proposition sets out how we should fund our new hospital. As I have already pointed out, through a blend of borrowing and reserves at a time when borrowing is very low it allows us to ensure that we can retain our assets for the future. Our reserves can grow for the benefit of generations to come. We have to bear in mind there will, of course, on the investment returns that we have assessed, be good years and not such good years. For instance the value of the Strategic Reserve increased by more than 13 per cent in 2016. Definitely described as a good year but our prudent projections for our funding model for this project over the next 30 years or so are at a growth rate of just 2 per cent above R.P.I.Y. and, as I have said, the borrowing rate would be fixed. In conclusion, this proposal makes the best use of the savings we have accumulated over many years and maintains the value of those savings so that we can benefit from those in the future. We have taken appropriate and detailed professional advice and that advice has been also further considered by the Treasury Advisory Panel including its external advisers. They and I believe that this proposal is both well-balanced and appropriate and makes the best use of our strong financial position. Importantly, it avoids the need to raise any charges or taxes to fund the hospital construction. I will close with a reminder from our senior clinicians from the hospital who have told us that they are concerned that any delay or rejection of this proposition could add at least a further year or more to the timetable. We must take this decision and I would urge Members to support this proposition which has gone through a lengthy process of not only scrutiny, internally and externally, but it has given an opportunity for consultation and for Member engagement that I do not think I have ever seen before in a project being proposed in this way and that is absolutely as it should be considering the size and importance of this project. I urge Members to support this proposition and I maintain the proposal.

The Bailiff:

Is the proposition seconded? [**Seconded**]

1.3 Future Hospital: approval of preferred scheme and funding (P.107/2017) - amendment (P.107/2017 Amd.)

The Bailiff:

Very well, we now come to the amendment of the Connétable of St. John and I ask the Greffier to read the amendment.

The Deputy Greffier of the States:

1 Page 2, paragraph (a) – After the words “up to” insert the words “£392 million with a contingency of £74 million (as agreed with the Corporate Services Scrutiny Panel), giving a total of”, and after the words “£466 million” insert the words “, subject to paragraph (g)”. 2 Page 2 2, paragraph (d) – For “£466 million” substitute “£392 million”. 3 Page 2, paragraph (e) – After paragraph (d), insert the following new paragraph (e) – “(e) to agree that the contingency of up to £74 million will only be released on a case-by-case basis, subject to the presentation by the Minister for Treasury and Resources of a document to the States setting out the proposed expenditure, at least 21 working days before any payment is made;”. 4 Page 2, paragraph (e) –

Rename the existing paragraph (e) as “(f)”, and for the full-stop at the end of the paragraph substitute “; and”.

1.3.1 Connétable C.H. Taylor of St. John:

I congratulate the Assistant Greffe for reading it so clearly and I hope everybody understood what she said. If I may start by saying I would like to pay very great congratulations to all the officers involved in the production of the hospital to date. I would also like to make it very clear that I am in favour of a new hospital. That said, I am disappointed in certain areas. A year ago I had to resign from the Hospital Working Party Sub-Committee Scrutiny Panel in order to bring an amendment. An amendment that brought in a little bit of safety, a little bit of prudence and a safety net to the scheme. This was subsequently delayed and ultimately withdrawn by the Minister but not before the Minister had agreed to my amendments. It was accepted that what I had put forward was good, sound governance. Very sadly when P.107 came forward it was without those governance, those prudence and those issues that I had put in the first P.130/2016. So what I am basically doing is reintroducing what I had already brought as an amendment and what had already been agreed by the Treasury and that is to separate the global sum of £466 million into the 2 sums of what it costs to build the hospital and a contingency and to try and create some degree of control over the contingency to ensure that it remains precisely that, a contingency. A “what if something goes wrong”. A “what if there is an extra necessary cost”. Not a bag of money for constructors to raid to fill their own pockets. The second part of my amendment is to try and create a safety net, what if the borrowing or the cost goes over the global sum of £466 million? We have seen it so many times in this Assembly. Something has gone over budget: “Oh, we have got the hospital three-quarters finished. We need another £150 million to finish. Can we please have the money?” Well, you cannot say “no”, can you? It is there three-quarters built which is why I have worded what I have worded, is that the budgeted cost at the start of the build if it goes above the £466 million this closes down. We have got to start again because sooner or later we have got to accept that the sum of £466 million is cast in good old St. John granite and that that figure will never be exceeded. But I do not know how to do it because successive Assemblies can just put their hand up: “Oh, yes, we will spend more money” and that frightens me. I also have very great concern about borrowing money. I am pleased to see that the amount proposed has come down from £300 million ... well, originally £350 million, then £300 million and now to £275 million but I feel it perhaps appropriate that one just thinks for a moment: “Why do you borrow money?” There is one of 2 reasons. One is that you are a young family, you are starting out and it is a way of investing into the future. The other way in which you borrow money is because you are living beyond your means. You are spending more than you are earning. There is a case always for the first example, if you are just starting out in life, but this Assembly has been around for a very long time and we are not just starting out as an Assembly. We have been here a long time and so we should have been prudent. We should have been maintaining properties and we should have been looking after our affairs to ensure that we do not need to borrow. I think that is about all I wish to say at this moment other than to just quickly recap that the 2 reasons for me bringing this amendment is to provide prudence and to separate the sum of money between what the hospital is costing and what is contingency to create a safety net to ensure that the project, if it is going to go over £466 million, cannot do so. I will speak later when the Chief Minister makes his amendment as to why I have supported his amendment and what my queries might be.

The Bailiff:

Is the amendment seconded? [**Seconded**]

1.4 Future Hospital: approval of preferred scheme and funding (P.107/2017) – amendment (P.107/2017 Amd.) – amendment (P.107/2017 Amd.Amd.)

The Bailiff:

Very well, we now come to the amendment to the amendment which is proposed by Deputy Maçon and I ask the Greffier to read the amendment.

The Deputy Greffier of the States:

Page 2, amendment 1 – Delete the following words – “the words “up to” insert the words “£392 million with a contingency of £74 million (as agreed with the Corporate Services Scrutiny Panel), giving a total of”, and after”. Page 2, amendment 3 – For the inserted new paragraph (e) substitute the following – “(e) to agree that the budget should be up to £392 million with a contingency of £74 million (as agreed with the Corporate Services Scrutiny Panel), and that the contingency of up to £74 million will only be released on a case-by-case basis, subject to the presentation by the Minister for Treasury and Resources of a document to the States setting out the proposed expenditure, at least 21 working days before any payment is made;”. Page 2, amendment 5 – In the inserted new paragraph (g), for the words “paragraphs (a) to (f)” substitute the words “paragraph (a)”; and for the words “Proposed Hospital site” substitute the words “Planning Application for the new Hospital”.

[11:15]

1.4.1 Deputy J.M. Maçon of St. Saviour:

For Members who want to be following my amendment if you have got my amendment and you go down to the last page you would see what it would look like, the whole proposition, if my amendment were successful and sometimes that is an easier way of following what I am going to try and explain to Members. So reading my report Members will know that I did try to lodge an amendment to the original Minister for Treasury and Resources’ proposals. Unfortunately it was Budget week and I did not receive approval from the Bailiff and there was not really time to haggle during Budget week with the Bailiff in order to get something acceptable. So therefore another way in was to amend the amendment of the Constable of St. John. So just to explain what I am trying to do with part (e) is still allow the Constable of St. John to achieve what he wants to in the splitting of the funding and how that is presented but through the procedural reasons I had to redistribute how (a) looked and then the substance of my amendment comes to the new paragraph (g) and how that looks. So just to explain procedurally how we arrived at where we are today. So if my amendment were to be accepted part (a) would read: “To approve the preferred scheme contained within the Future Hospital Outline Business Case with a capital expenditure budget of up to £466 million subject to paragraph (g).” New paragraph (g) would say: “Paragraph (a) shall be void and no effect if the planning inspector recommends against the current planning application for the new hospital.” So what are you trying to achieve, Deputy Maçon? What is going on here? So, again, it is with the debate we had earlier proposed by Deputy Labey. It is around the aspects of the planning inspector and how the planning process should be kept independent and unfettered. If we approve this planning application my concerns are by supporting part (a) to approve the preferred scheme contained within the Future Hospital Outline Business Case what we are doing is introducing a material planning consideration for the Minister for the Environment to consider and, therefore, my concerns are, if the ... let us start with easiest case scenario. If the planning inspector comes back and says: “I am able to support the site, where it is and what the team are proposing for the future hospital” my amendment has no effect. It all goes through and that is absolutely fine. My concerns are if the planning inspector turns around and says: “I am unable to support the current application”, what then? If this is supported it introduces a new material planning consideration whereby it gives possibly the Minister for the Environment the ability to say: “I am going to override the decision of the independent planning inspector because this material consideration of the States approving the funding mechanism and endorsing the business case and

therefore I am going to override that.” For me that is a huge concern. For me I am really concerned about that. So, therefore, I thought, how can we take this situation out of the Minister for the Environment’s realm and you do that by a new paragraph (g) which is to say it is subject to the planning application so instead of saying: “Because the funding is there I feel compelled to support the application” of saying it the other way round and saying: “No, the Minister for the Environment should make a decision based on planning grounds, based on the independent planning inspector’s report and remove this as being a potential material consideration.” So what does my amendment also do? I accept with all the arguments that have been going around the funding of the hospital is a different aspect to that of the planning considerations and therefore by deleting parts of what the Constable of St. John is asking for we keep parts (b), (c), (d) and (e), which means that the funding mechanism that the Minister for Treasury and Resources is proposing we keep that. That does not go. That stays as it is. So all I am looking to do is to tie what we are being asked to do, which is approve the preferred scheme contained within the Future Hospital Business Case to that of the current planning application which is going on at the moment. As Members have said, this amendment is now about reopening the debate on the site. It is about the current planning application and I would just like to remind Members that I supported the site which is where the current application is. I went round my district to ask the residents what they thought at the time. Strongly against People’s Park and divided about whether it should be on the General Hospital site or on the Waterfront but I just want to remind Members that I supported this site that it is so I am not ... just before any red herrings come out, I am not looking to reopen the debate on the site. That is not what this is about. This, for me, is about trying to keep the independence of the planning decision for the Minister for the Environment so that this does not become a material consideration in the planning process and therefore the Minister for the Environment will be able to make those decisions based on the evidence provided to him on planning grounds which is what I think we should be doing. We know, for example, that the outline proposals will have an impact on St. Helier - I wonder how that might change the town site - but again these are issues which are to be considered outside of this. Again, I would like to pay a tribute to the hospital staff and how they are working. I appreciate that, yes, we do need a new hospital site and I am not arguing that that should be any different but what I am arguing is the importance of the independent planning inspector’s report should be unfettered. So I have put the case down now to the Council of Ministers to argue why that should not be the case. Why should this not - a material planning consideration - why should it be allowed to influence the Minister for the Environment’s decision and I do not think that should be the case. I hope Members will agree with me that that should not be the case and be able to support my amendment going forward because what it does it provides that safeguard into the system about the current application that is being proposed. It keeps the funding. It does not delay it and, as I said, if the independent planning inspector comes back and says: “I am able to support this site”, is able to support the plans this amendment has no impact. If the independent planning inspector says no then it is about how the Minister for the Environment then deals with that and that the funding really should not become a material consideration when the Minister for the Environment is deciding upon the application coming forward. So I propose my amendment.

The Bailiff:

Is the amendment seconded? **[Seconded]** Does any Member wish to speak on the amendment?

1.4.1 Senator A.J.H. Maclean:

Reading the report to the Deputy’s amendment I understand exactly the points that he has been making. In fact we had a short discussion last night which was also helpful for my understanding of what he was concerned about, which he has very well explained to Members just a few moments ago. But reading the report to his amendment he states the reasoning is to allow, as he has just

explained, the Minister for the Environment to make his decision on the planning application for the hospital after he receives the planning inspector's report and he has concerns about influence that may be exerted in that regard. I think Members will remember that there have been many cases in the past where this Assembly has, for one reason or another, sought to make decisions that have an implication to planning and the planning process and on each occasion the Minister for the Environment, as has been the case here, has withdrawn from the debate, not made a decision and retained his or her independence and that is exactly as it should be. This amendment puts the power to remove all approvals, the preferred scheme and the funding solution, hopefully agreed by this Assembly, in the planning inspector's hands and that is not a good position for us to find ourselves in. Whether this planning inspection application should be agreed or not is in the gift of the Minister for the Environment, as I have said, who has withdrawn himself from today's debate. It is not the inspector and it should not be the inspector to decide. The inspector makes recommendations and is going through that process at the moment and the Minister for the Environment may have good reason to disagree with the inspector's recommendations in due course but this amendment would leave us with no approved scheme and no funding for the new hospital even if the Minister for the Environment were to approve the planning application. There are a few other matters that perhaps I should also clarify with regard to the amendment and that is that it talks of a contingency which is no longer, as I have mentioned in my opening remarks, £74 million. That was the number agreed originally with the Corporate Services Scrutiny Panel when the funding strategy was lodged in November 2016. The number of the contingency is now £70 million as per the report and proposition and as discussed a moment or 2 ago. Since 2016 the number for the preferred scheme has been changed as the scheme has developed and funds have been reallocated within the project. Changes, as I mentioned in my opening remarks, include the £3.3 million cost of 2 additional decks of Patriotic Street Carpark, answering challenges from scrutiny and others around costs not included in the £466 million previously. **[Interruption]**

The Bailiff:

Oh, Senator Ferguson.

Senator A.J.H. Maclean:

Well, we are in the money today.

The Bailiff:

That is doing very well. Every time the Minister for Treasury and Resources speaks somebody seeks to interrupt him. **[Laughter]**.

Senator S.C. Ferguson:

It is the cash registers he generates.

Senator A.J.H. Maclean:

I wish that were the case that every time I spoke **[Interruption]** ... oh. **[Laughter]**.

The Bailiff:

That is what is called a double whammy, Senator, double time.

Senator A.J.H. Maclean:

I was wondering how long I would have to stand here to raise the money to fund the hospital.

The Bailiff:

Quite a long time I think, Minister.

Senator A.J.H. Maclean:

Indeed. I cannot agree to this amendment by the Deputy, despite the fact I understand what he is seeking to achieve and I do understand and have sympathy with the fact that he was seeking to do this another way and was not able to do so. So it is not a perfect fit from his point of view or, indeed I might say, from my point of view. I think the statutory planning process needs to make planning decisions and not this Assembly and I cannot accept this project being delayed because an independent inspector recommends, for example, any number of things, including different shapes and sizes, which of course he is at perfect liberty to do, and to which I have made clear there is ample contingency within the project to manage recommendations from the planning inspector, but that process must be able to go on in its own right. My amendment to Constable Taylor's amendment, if agreed, gives Members certainty that the cost envelope is robust and, as I have said, if the planning process creates any material difference, and I mean material difference, because there is contingency that can manage just about any likely recommendation that will come from the planning inspector's deliberations, but if there were a material difference then the amendment to the Constable of St. John's amendment under (g) makes it clear that the project would pause because it would breach the budget set, and that budget has been capped at £466 million, and that should give Members some comfort that this Assembly would therefore have to make any decisions about any requests for increased funding. The budget of £466 million, which I know the Constable of St. John has strong feelings, should not be breached, and is seeking to do so in his amendment and that is why we have worked with him to try and amend that amendment and provide that additional security and safety net, but Deputy Maçon's proposal here does not, I am afraid, do that. As he pointed out in some detail, (g) is the substance of the amendment that he has put before Members but it will have a material effect if accepted. In particular it will ensure that we do not get to debate the amendment to the amendment of the Constable of St. John and that would leave that particular amendment at considerable risk with the numbers that are incorrect in it and the impact that it would have on the overall project.

[11:30]

I would therefore urge Members to reject Deputy Maçon's amendment that is before us to allow the debate to go on with the Constable of St. John and to therefore put in place and provide a solution to the concerns that the Constable of St. John has and I believe it also has the net effect of providing comfort to Deputy Maçon as well with the concerns that he has. So I would, in that respect, ask Members to respectfully reject Deputy Maçon's so we can consider in more detail the Constable of John's amendment and the amendment to it.

1.4.2 Deputy J.A.N. Le Fondré:

I thought I would try and speak mainly on this amendment and restrain any comments on the rest of the amendments to a very limited amount, hopefully. Starting off, I just want to state these are my views. They do not represent and should not be attributed to any of the panels I either chair or have sat on and I also want to make clear that I was not present at the last time this matter was debated in the Assembly in November last year, mainly because I was at a family bereavement, so I just want to establish what has always been my position on this. Essentially I have always been site neutral. Then when it became clear that the costs that we were looking at ... I was very much for the options that were technically as good, if not better, and £20 million to £40 million cheaper but this is where we are. But then after that my concerns became around about the noise to patients; so cost and then noise and then obviously the funding and the debt; that is not relevant for now. Just to remind people, and this is part of what Deputy Maçon is amending, is that what we are being asked to ... eventually will be asked to approve today is part (a). I will not do Deputy Maçon's wording but the original wording is to approve the preferred scheme, which is why you will find a pack which I shall be talking about, as to the relevance of that preferred scheme and why I think planning risk is very high and that is why I think that Deputy Maçon's amendment, or if not the Constable of St.

John's amendment, is important. It is contained within the Future Hospital Outline Business Case with the capital expenditure of up to £466 million. The Outline Business Case is included in the documentation accompanying the proposition, whether you want to call it a report or not. Equally I might reiterate the points about I recognise completely the hard work that has been done by the officers of the relevant departments involved. To an extent what I wanted to talk about is how we got to where we are and this is why I am concerned and why I think, (a) planning risk is high, and (b) why at the least Deputy Maçon's amendment should be amended. I would like to talk people through this pack because essentially I did become very seriously alarmed at what we had seen, as Members, and what is now part of the preferred scheme. So if we start on page 2 these are the images we all started off with a year or so ago, which came from the videos, and basically they showed, and we can flick through from page 2 to page 3, which shows clearly it is ... I am not sure what you call it. It is a building with lots of gaps in it. You cannot quite see the height but we are also being told at that point it was going to be on the street side of Gloucester Street about 12 metres high. That then evolved into something that was a fairly sharper presentation and depending on your viewpoint might have some architectural merit in the model scheme or not. I am not going there. What I was going to say if one then goes to page 5 we have a sort of thing with lots of green pretty roofs and this is where, just to reinforce the particular issue about height, the granite building as is referred to, which is the building heading up diagonally about 2 o'clock in the site, is very clearly roughly the same height as the thing with the green roof immediately opposite it. There is not a major difference in height on these schemes. We then go over the page to page 6 and this was from June of this year; what was presented to Members is one of the slides and at the bottom it says... and the wording it says: "Consultation undertaken with planning officers and the Jersey Architectural Commission to test planning policy in support of the outline planning application." Now, the way I read that; that sounded like the J.A.C. were relatively supportive of what had been going on. If one turns the page, I have already read these out, you will see in red the comments that the J.A.C. made. These are directly from the planning officer's submission to the Planning Inquiry and they are in the public domain. You can find them on the relevant website. I will just read out again for the record the items in red, which is ... again, as I said, this is from the planning officer's submission to the Planning Inquiry: "It is clear that the J.A.C. were very concerned with some of the fundamental elements of the project. The sheer scale, mass and height of this building remain a major challenge to the design team and a major concern for the Commission. The Commission are still to be convinced that a building of this scale can be successfully integrated into this tight urban site and these views are shared by the Department of the Environment." Now, the reason I say that, if you then flick back to page 6 and absorb the text at the bottom: "Consultation undertaken with planning officers and J.A.C. to test planning policy in support of the Outline Planning Application." I find that statement in conjunction with the comments in the ... so that statement made to us versus the statements made to the planning inquiry slightly at odds. We then go to this slightly ... I do not know about infamous or famous picture that we have all been shown and I think from memory on the slides we have been shown about 4 images of the hospital, maybe 5. This was one of them. I will flick between this one, the page 9 and page 10 in the pack really just to show where these images have come from and why I am going to say this has been photo-shopped and it has been photo-shopped to a fairly high degree. So if you flick between the ... I will just call it the purple image or bluish image and page 9. Page 9 is a screenshot of what is called Google street maps or street view and if you look carefully you will start seeing some similarities between the street view shot and the photo-shopped version. For example, if one looks at the down ramp, going down to the Grand Hotel where you will see a little yellow traffic refuge you will see a white van behind it. If you look carefully at the night-time shot I think you will see that same white van. If you look at obviously the lamp on the roundabout it is the same style, it is the same lamp but if you look in page 10 you will see the reality of what is presently there at the moment. If one looks again at the down ramp and flick between page 9 and page 8, if one looks on the down ramp you will see the ...

I think there are granite toilets at the face of the little park area opposite the Grand and if you look on the photo-shopped version you will see that has been replaced by a glowing purplish violet wall. If one looks carefully one can see that various street lights in front of the Grand and going left have disappeared. If one looks at the roundabout you will see there is a car, which is fine, one will also see, just next to streetlamp in the middle of the roundabout, what looks like 2 headlights of another car. If you zoom in on that you will see there is nothing behind that other than 2 glowing illuminations. There is no car there. One looks off to the left, you cannot show it on here, very carefully but to the left of the picture to behind the lamp there is kind of this amorphous blue thing which has been ... I do not know what it is but it has been inserted into the picture. What I will also say is that from a visual point of reference to the far right one will see a set of steps which gives you kind of a link. Now, those steps are there. They do not align with the roundabout. So it would seem, because I have been trying to work out how you get the roundabout to the left of the hospital in that picture and you do not seem to be able to, having nearly been run over, as I was, coming back from a funeral yesterday when I stopped for 2 minutes to have a look. The point about all this is then the Grand Hotel and all the sides of the buildings, oddly enough, as you will see, are a dingy beige colour, not that that is particularly relevant, but obviously this has all been done and put into a dusk element, which generally speaking personally, if I want to look my better side of things these days I will probably try and sit in candle light rather than the harsh daylight. So, therefore, what is one trying to do? The reason I have picked up on this is an architect did point out to me once; that is how architects make their buildings look more attractive and they do it by cleaning up the images. They do it by putting reference points in about height which is why the positioning, I suspect, of the left-hand lamp is quite important because that is your visual reference. One does it at dusk because it is making the whole area look more attractive. You see the lovely blue or purpley sky and you are not drawn in particularly to this cube, which is all glowing and the hospital itself, and that is why one has lots of light everywhere else, which offsets how your brain interprets things. All I will say is it was a revelation to me when I was shown the before and the after pictures. I will stop there and move on but that is what I would suggest is why I am going to be justified in calling this a heavily photo-shopped image. Yes, it is an architectural vision. Oh, by the way Fort Regent Swimming Pool, possibly in anticipation, has also disappeared on the horizon. So that is all about giving one points about height reference. Now, if you skip forward to page 10, now this image is an image from the planning application. If we go to page 11 that is now what we are facing. This is the mass that is being talked about and what we are being asked as part of the approved scheme. We then go to page 12, again this is the before shot, and then we come on to page 13, which I admit I have also used the phrase is ... looks like to me like we have put a nuclear power station into the middle of St. Helier. That is what we are being asked to approve by approving the preferred scheme in the Outline Business Case today in part (a). This is why I would submit, therefore, that the planning inquiry, as a planning risk, is incredibly important. There are 2 reasons for that. One is, as States Members, are we happy ... bear in mind this is mass, but this is what is being applied for. Are we happy with that being given our approval? Secondly, if, as might happen, from a money point of view - and this is always what has driven me - it is about value for money. Like many people I accept the need for a new hospital. What I do not accept is if we have already gone ... we have said this site is £20 million more expensive than the previously best technically performing option. If the planning inquiry comes back and says: "One has got to take off 2 storeys there", as the Chief Minister alluded to earlier, there will be a cost implication to that. That cost implication could be significant. I use Les Quennevais School as the example. It was a 12.5 per cent increase in budget from the original budget to what is being approved in the budget statement, which we approved a month or so ago. That 12.5 per cent would equate to £50 million on this scheme. If you say that is an additional cost of this site we have suddenly gone to something that is £20 million plus £50 million, i.e. £70 million more expensive than the previous option and that is using Health's own figures of the £20 million, which, I must admit, I found light

anyway. So for me it is not acceptable to say that is within the envelope of £466 million and hey, guys, that is fine. For me it is turning around and saying: “We should know what the impact of that planning inquiry is before we give the go ahead on the O.B.C. (Outline Business Case) and that is the purpose of Deputy Maçon’s amendment and later the Connétable of St. John because if it is £5 million I do not care. If it is £50 million I do care because that is another Les Quennevais School. Since when do those sort of sums of money become irrelevant and unimportant? That is it. That is almost ... for me you do not go ahead and give a go ahead for £466 million, near enough half a billion pounds, without knowing whether we are going to be able to build it. What I found even more entertaining ... again, if one goes to page 14 one then goes to the comments from the planning officer, these are publicly available, is that even during the inquiry there were suggestions that some of the drawings that had been presented were not accurate. So to quote: “Most importantly the inquiry must be aware that some of the illustrative material does not show the scale of the building for which planning permission is being sought.” I would hope that perhaps that might be one of the prime examples but there are others which we shall come to. It continues, it talks about the photo montages. It said: “When cross-referenced to the images in the design and access statement it becomes obvious they are not representative of the scheme under consideration. In the absence of any statement to explain why such an approach has been taken the inquiry may want to consider if the images within the design statement can be relied upon for the purposes of a planning assessment.”

[11:45]

So why, having spent so many millions of pounds, are our highly paid experts putting in ... well, firstly releasing images to us and the public which do not represent the scale and mass of the building and secondly, why were they not sufficiently accurate to go to the planning inquiry which I think was in October of this year, if I remember correctly. In other words, what, 8 weeks ago? Then let us go to page 15. Now, this is one of the other images we have been provided with. This is the one that *J.E.P. (Jersey Evening Post)* frequently reports on. I will just take that as read but let us just go over ... just look at the angles on ... we have this building that sticks out, which I will call the plinth, which is again level with the granite building. That is reinforced if one goes over the page to page 16. Again, these are all from the planning ... sorry, these 2 slides are slides that were presented to us, as States Members, in June of this year. Page 16 very clearly shows that plinth, that building sticking out by Gloucester Street, as being lower than the granite building. This is what we were given. Page 17, next image, hopefully we have seen this. I am not going to the drawings, but Members may have seen an email from, what I would consider, a very respected member of this Island, who has previously had diplomatic experience that came round yesterday. He has made reference to that image and he has put a line drawing above it. I am not going there, because I am going to stick with what we have been provided with and what I can accurately demonstrate. So, roughly, on page 17, the archway is about the same size as the image on page 18. If one looks and flicks between pages 17 and 18, one will start getting a gist of how much higher this building now is. This is the preferred scheme. Now, for me I would say that there is not particularly a correlation between what States Members were presented with in June of this year, and in fact some of the States gov.je website shows the image on page 15 as of August this year and what went to the planning inquiry in October. I am not prepared to make a decision on a huge capital spend on the basis of images that have either been photo-shopped or do not represent the reality of what we are being asked to spend our money on. The Minister for Treasury and Resources made reference to community engagement. Well, of course, the community have seen half of these images that I have just referred to and have not seen that image or the one looking east from Overdale. I think the community would have a fairly different reaction to seeing those images. Now, there has been talk about the delay on the project. As far as I can see, the project had already been delayed. I will expand on that in a minute. This is meant to be 60-year project. If

we get it wrong, my children will be in their 70s before it can be corrected. The Ministers have already caused delay through prevarication. We could have had the funding debate in May of this year. It was the Council of Ministers that withdrew that proposition. I go back to the planning risk. The planning officer's submission was very detailed. I have given a highlight; that gives a flavour of what they have said. I have not covered the heritage officer, who is equally scathing about the areas and there were concerns around Kensington Place and the impact on the Opera House and all that sort of stuff. But, the sheer mass of it is, in my view, horrific and not what we were represented with. I would like to touch briefly, because again this is about the proposed scheme, on Westaway Court. This is on the critical path of the whole scheme. Now, I am not sure where we are at present, but we are definitely behind schedule. The design was meant to have been finished on 9th June of this year and construction was meant to have started on 4th September this year. Well, I have not seen any bulldozers going in yet. In fact, I am not even aware if planning permission has been sought. Now, if they have only just recently moved the Path Lab, because in just June of this year that was in the main building, because that was on the slides we were presented with and it is now across at Westaway Court. Because funnily enough the vibration issues, which everybody was saying: "Yes, is that not going to be a problem?" Yes, it is a problem, so that is why they are moving it across. It all seems very pressurised at the moment and that is where mistakes get made. I touch briefly on the scheme, which was mostly raised at the inquiry, in terms of outpatients at Westaway Court. If you are elderly and you cannot park there, and there will be limited parking, you will have to park at Patriotic Street. Certainly speaking from elderly relatives' point of view, there is a concern. If you have to drop your elderly husband at Westaway Court, park at Patriotic Street and then get back, because there are literally 14 spaces at Westaway, it is quite a struggle when you are getting to 80. None of us here are at that level; we may feel it sometimes. So, it does seem to be a moveable feast. What I am going to just touch on, having mentioned parking, because again the Minister for Treasury and Resources referred to this and it is part of the scheme. The Minister for Treasury and Resources very kindly pointed out that now they have introduced the costs for Patriotic Street. Yes, for the extra couple of levels on there. If you look at the Design Access Statement, I think it is, at present the public car parking in Patriotic Street is roughly 10 floors. In terms of availability, even though we have added floors, that will be reduced to 5½. Okay? We will lose 4½ storeys of public parking. That is per the Design Access Statement on the planning website. It is not all going to patients. Patients roughly do not have 1½, they have one and an eighth or something, if you try and work out the green rectangles or however they have shaded it. They maybe get 1½ or one and three-quarters. The rest of it will be staff parking. That is what it is showing on the application. That is fine. The point is, there are a lot more people working down that end of town, therefore, what are we doing on the parking front? Because that has been an issue all the way down the line. We are removing about 4½ storeys of public parking. I have an issue, I will just put it on record; compulsory purchase is an issue for me. I am not sure if I could support compulsory purchase of properties, if it ever came to that, for a scheme which in my view is more expensive and is going to cause a lot of disturbance to fragile patients and have a huge impact on St. Helier by being so overbearing. What I will say is it is our duty, in my view, to ensure that States money is being well spent. It needs to be a scheme that we are proud of and it has to be affordable. If we end up with something that is an eyesore and costs more than it should, and I am not talking about whether it is within a generous budget of just under half a billion pounds or not, then we will have failed on all counts. Now, I have talked quite a lot about the mass of the building, the scheme that is being proposed, and as I have said, in my view, it cannot be acceptable that part of our decision-making is based on an image that has clearly been photo-shopped. It is based on other images that do not show the mass of the building that has been presented to us as being fit for approval. I have talked about the cost element, because that is where it ties back into the planning position and why, in my view, Deputy Maçon's amendment needs to be supported and if not then the Connétable of St. John's. Until we know what the outcome of that

planning inquiry is we then cannot be in a position to judge the cost implications of what that planning inspector may or may not say. I do point out there is a very clear risk, if the images that everybody has bought into are not the reality of the height that is being sought. I do not care, again, if it is within budget. Well, if it was £50 million extra, that would near enough wipe out our contingency, well before they start. Secondly, and most importantly for me, that is money that need not be spent. That is where the previous Scrutiny Panel had a real concern about mindset: what was the actual overall spend here. It keeps coming back, in the mindset of the officers, it seemed to be £466 million. Probably less relevant, but I am talking mainly about the impact of this building and the visual montages that really I only picked up relatively recently. I have made reference to a - I would hope particularly well respected - former diplomat who has written to States Members. I would just like to quote a couple of points from his letter. What he said is: "At a stroke it was confirmed at the recent inspectors' meeting that 47 metres, the height of the tower at the new hospital [not incidentally 36 metres, which is what the States voted on] would become the new planning ceiling for future buildings in St. Helier." In other words, once one has set that height of 47 metres, how is anybody else going to be prevented from going that high? This sets the height for St. Helier. You are looking at someone who supports tall buildings. But, this is horrific. He continues: "The height, scale and massing of the proposed hospital is dramatically and uniquely out of scale of anything in the town. It will sit at the so-called western gateway to St. Helier, which the Island Plan seeks to improve. It will be the first building visitors to the town will see as they come in from the airport and will give St. Helier an industrial impression. Certainly, if one goes back to that view, which is per the planning application, overlooking ... from the Grand Hotel. That is what you are going to be seeing. The effect on the rest of the town is impossible to judge at the moment, but it would be safe to assume that the States and other property owners will not be slow to take advantage of this planning windfall and built up to 47 metres." Towards the end of his letter and then I will be concluding: "We are therefore in danger of overlooking or downplaying future damage to our heritage and well-being, which will last long after the hospital has reached its replacement date." As I said, my children will be in their 70s if this goes ahead and if we have got it wrong before it can be corrected. The building will receive, I think, something like 200,000 trips each year. It should inspire. This scheme does not, as I have said, it will severely dominate St. Helier. It will overpower almost everything and it does presently look like a nuclear power station has been dropped into town. That cannot be right, for all of the planning reasons I have emphasised, which is the scheme, and perhaps more importantly that the planning officers and the Architectural Commission have identified. Therefore, in my view, planning risk which is, I would suggest, the key risk that the concerto advisers identified, because that is the one we have no control over. That is why, I would suggest, one of the key elements, the amber-red rating in the short term. We have not agreed to delay matters to 16th or 30th January, which in my view would have been more prudent, because we could have had a much shorter debate. But, we need to be certain, before giving the go ahead to a spend of just under half a billion pounds, we can build it. For my view, and I know that there are some relatively minor issues with the wording of what Deputy Maçon has got. I think, however, we should be supporting Deputy Maçon's amendment. If not, we should be supporting the Connétable of St. John's amendments. On that point, I do urge people to please vote for Deputy Maçon and then Connétable of St. John. I conclude there.

1.4.3 Deputy S.M. Brée:

This is a very, very important amendment brought by Deputy Maçon. I commend him for doing so. It gives us a second opportunity. The States Assembly voted this morning that they did not wish to wait or defer the debate, so that we could debate something with knowing the full facts. So, effectively what Deputy Maçon is doing here is putting in that final clause (g), which basically is saying: "Paragraph (a) shall be void and of no effect if the planning inspector recommends against the current planning application for the new hospital." That is vitally important that we have the

ability to put a brake on things, to slow things down, to revisit things. Now, it has been suggested that by voting for this we are handing over responsibility for the decision-making on whether or not we are going to have a future hospital to the planning inspector.

[12:00]

It could not be further from the truth. The reason that I agree with this amendment and the reason why I think it is very carefully thought through is that the planning inspector recommends against the current planning application. We know that the planning inspector will only make a recommendation to the Minister for Environment. However, we also know that there is huge political will among the Council of Ministers that this be rushed through, that this be pushed through. So, to use their words: "We can get on with it." One would then wonder whether the Minister for Environment would follow the lead of the Council of Ministers and believe that there are extenuating circumstances why the planning inspector's recommendation should be gone against. I do not want this decision, which is the biggest capital project we have ever entered into, is going to affect generations up on generations to come, to be decided because of the political will of a Council of Ministers. That is why I think it is important that we support this amendment, because it gives a point in time where, if the planning inspector recommends against approving outline planning permission, we, the States Assembly, get the ability to revisit the issue again, without it being steamrollered through by a Council of Ministers, who seem to be rushing headlong into this without even really understanding the concerns of some of the Members of this Assembly and certainly the concerns of the members of the public who spoke very eloquently, very well researched and very knowledgeably at the inquiry. Now, surely our role here is to listen to the public. We hear very often that the Minister for Health and Social Services tells us: "The public are just telling me to get on with it." Well, either he speaks to a completely different section to the public that I do or we do not really seem to be understanding what he is trying to tell us. Because the public I speak to say: "Yes, we need a new hospital." I think we all agree we need a new hospital. But, the question is not: do we need a new hospital? Nor is the question: why cannot this States Assembly make a decision? The real question is: is this the right decision to be making? If we do not support this amendment we will not get the opportunity to discuss this again. We will be handing over the whole project without even a thought, without even questioning. What happens if? That is the question. What happens if? Nobody has an answer to that. I think it is important that we do support this amendment, because it gives us that opportunity to re-examine the whole project. If the planning inspector comes back and recommends that the Minister for Environment does approve the planning application then we have lost nothing. We have not lost time. We have not lost money. Hopefully, we have not lost the support of the public in this very, very important project. That is why I recommend all Members to seriously consider supporting this amendment for all the reasons I have stated. Thank you.

1.4.4 Deputy D. Johnson of St. Mary:

I have certain concerns regarding paragraph (g) of the amendment, which perhaps the Attorney General might be able to assist me on. As now drawn it says: "The earlier paragraphs should be of no effect if the planning inspector recommends against the current planning application for the new hospital." I envisage that the planning inspector might come to a decision which says: "I cannot recommend the application as currently is, but I would be prepared to make such a recommendation if there were certain variations. Would the Attorney General care to comment as to how the amendment would be construed if the decision was on those lines?"

Mr. R.J. MacRae, H.M. Attorney General:

This is perhaps more a question of fact than a question of law. But to assist the Deputy: as he has drawn to our attention, the amendment proposed by Deputy Maçon provides that paragraph (a)

should be void and of no effect if the planning inspector recommends against the current planning application for the new hospital and in order to determine whether or not that amendment, if accepted, takes effect, there would need to be an examination of the decision of the inspector to see whether in its terms it was a conditional approval or a refusal. So the terms of the decision itself would need to be examined to see if the inspector was saying effectively a yes, so long as A, B and C are complied with, or a no, for the following reasons. So there would need to be an assessment of the decision of the inspector to see whether or not it amounts to a recommendation against in the terms of this amendment. I hope that clarifies the position for the Deputy.

Senator I.J. Gorst:

Could I ask, in light of that advice, the Attorney General to consider the determination of the planning inspector in the Les Quennevais School case in the first instance and what effect this amendment would have had, had we had a similar amendment in that regard?

The Attorney General:

I would need to have the decision in front of me, which I do not at the moment, but I can certainly respond to that later on today.

Deputy R.G. Bryans of St. Helier:

If I could help perhaps with regard to Les Quennevais?

The Bailiff:

It seems to be it is a matter of law that was being put to the Attorney and so if you wish to speak then you can speak after the Deputy of St. Mary has finished his speech.

The Deputy of St. Mary:

I am grateful to the Attorney General for his advice. With respect, I am not sure it does help me too much, it does leave matters slightly in the air. My concerns remain that the planning inspector might say: "Not as is, but maybe if A, B and C were amended" and, if the Minister then sought to approve subject to A, B and C, whether that would come in the terms of Deputy Maçon's amendment or not. I am still, I am afraid, uncertain as to the effect.

The Bailiff:

Deputy, is your question whether the Minister for Treasury and Resources has the ability to commit to a borrowing between now and the planning inspector's recommendation, is that what your question is, under the Public Finances Law?

The Deputy of St. Mary:

My question is that, if the ...

The Bailiff:

If this is adopted. Because, if so, that is a legal question that one could put to the Attorney and he can give us some advice on it.

The Deputy of St. Mary:

Sorry, forgive me, I am unsure ...

The Bailiff:

It clearly is not your question. That is fine. Deputy Bryans.

1.4.5 Deputy R.G. Bryans:

If I can help the Assembly at all, I will just reflect on the situation that we found ourselves with Les Quennevais. In fact, with reference to Deputy Le Fondré with his concerns about photo-shopping and the design of a building, I too had come across this. I have previously been on the Planning Panel and had recognised that when you get an outline what happens is architects then provide various degrees of illustration in that regard with different perspectives and different outlines, and some of what Deputy Le Fondré is referring to is absolutely correct. Different people have different points of view of how a certain things look. But these are just outlines, in fact they do not say that this is what the final building is going to look like, and in fact in terms of Les Quennevais that is exactly what happened, the original drawings, I was not particularly fond of, and it had some elements of it I was not too keen on. But through the process of what we did, going in front of the planning inspector and everything else, all of these issues became ironed-out and I will go through those in a second. Just referring to Deputy Le Fondré's notion that things are photo-shopped, he refers to the building looking like a nuclear site. Well photo-shopping works in 2 ways, you can make all things look like all sorts of things and when you look at the very final page of his illustration you have this monolithic block that does indeed look like a nuclear station. I have no doubt that by the time the process is gone through here in terms of looking at the inspector and going back to the architects and redesigning the building in the way that we want it, massing aside, it will not look anything like that final illustration on Deputy Le Fondré's document. So, to go back to Les Quennevais, I think if this was the consideration of Les Quennevais before us instead of the hospital, and with reference to Deputy Maçon, and I stand to be corrected by the A.G. (Attorney General) here, but Les Quennevais would be somewhat thwarted at this point in time because the way it happened with the inspector in Les Quennevais was that he looked at 2 aspects he was very concerned about and said: "On the basis of those 2 aspects I would have to give a refusal." Subsequently, a great deal of work was done by lots of people, including an independent architectural commission and revisiting the architect's original designs, to get to the point when it was presented to the Planning Panel they, with their great sagacity and wisdom, saw that we had identified and reduced the effect of the concerns raised by the inspector and permission was given for the build to go ahead. So I think in answering some of the questions, just to be clear about it, so in the Les Quennevais case the planning inspector came back and said; "I refuse this particular application because of 2 concerns that I have." Those 2 concerns were then addressed, new drawings were submitted, new views were given, and the Planning Panel allowed it to proceed. I do not say that would be the particular same case in this site, but I think that addresses the Deputy's concerns.

Deputy J.M. Maçon:

If I could ask the speaker to clarify, just with the Les Quennevais thing, will he confirm that after rejection a fresh and new application was submitted to the panel, which addressed the concerns with the previous planning application?

Deputy R.G. Bryans:

Yes, that is right, so what you have is the opportunity, post the planning inspector's decision, to rectify the very problems that arose.

Deputy J.A.N. Le Fondré:

Can I ask for a point of clarification, just for the Minister to note that he made reference to an illustration on the back of the pack and that particular image is directly from the planning application, it is not an illustration, and, yes, it is about massing, but I have been informed from Planning that is one of the few images we can rely on in terms of the application that they are considering at the moment.

1.4.6 Deputy A.D. Lewis:

I am delighted the Minister for Education has stood and clearly outlined the process that happened with Les Quennevais School, which ended up being a very good one, and that is why I do not think we should be fearful of what the inspector is likely to do. I am not wishing to pre-empt that at all but the process is right and it is a good one. But what I rise to speak about is I am a St. Helier Deputy and of course some of my residents live in that very great district and would be concerned about the look and feel of the building, and not least how it might impact on nearby buildings and streets. But overriding that, my bigger concern, or rather my main issue, is when you are in bed and you are sick and you are really not well and your family are distressed, do they really care what the outside of the building looks like? I am not sure it is a top priority. I am not suggesting that we should ignore everything regarding outlying planning permissions and bulk and everything else, and I am sure we will get on to that in a later debate, but to get hung up at this stage as to what it is going to look like when the most important decision today is about funding and doing the project. That is the most important thing. You are not going to lie there sick wondering and worrying about the colour or the look of the building on the outside when you are in this what I hope will be a wonderful fantastic facility. The outline given on page 18 that Deputy Le Fondré referred to is what it is, it is a big block, and that is what outline planning permission looks like when you make the application, it is the massing and that is why it looks not that great. All the other work is going to be done later on.

[12:15]

If you impose restrictions at this stage in the manner that has been suggested in Deputy Maçon's proposition in terms of the contingency, then if something does go terribly wrong with the design process, which we all hope it will not, we have some experience in some recent times where that has not happened - Les Quennevais School is an example, and I do not believe it is a major issue - but, if it is an issue, you have one hand tied behind your back if you put these types of restrictions on what you do with your contingency. We have a recent good track record in coming in on time and on budget with 2 quite large recent projects, St. Martin's School and the new Police Station, well managed from Property Holdings, well-delivered, on time, on budget. I know they are much smaller schemes and the Deputy is quite right that if the same percentage overspend that Les Quennevais experienced the numbers will be much greater when you have a building that is costing you 10 times as much, I accept that. But also my understanding here is that, if we accept Deputy Maçon's perhaps well-intended proposition, it then makes it impossible for the Minister for Treasury and Resources, who we understand is prepared to accept the Constable of St. John's proposition. So therefore I would urge Members to vote against this proposition, as well-intentioned as it is, because what indeed the Constable of St. John is trying to achieve, which I understand the Minister for Treasury and Resources is largely in favour of, that opportunity will be lost. So I would strongly urge Members to vote against this well-intentioned amendment so we can get on to the main debate and many of the things that have been articulated already by Deputy Le Fondré and I am sure will come up again with other Members, that is the time to have that discussion, but at the moment we are talking about this one amendment. I am concerned it ties hands unnecessarily but I want to hear more about what the Constable of St. John has to say and what the Minister for Treasury and Resources has to say about that amendment, not this one. So I would urge Members to vote against it.

1.4.7 Deputy R. Labey:

Let us not forget that the Les Quennevais School application was not an application for outline planning permission, the design was in front of the inspector and the public and anyone else who wanted to contribute and make a representation. The inspector went with the most controversial area of the application, which was building on a green field, but he was scathing of the original design. So the Minister went with him, refused it, and another application arrives at the Planning

Committee with a new design for Les Quennevais School. The difference between the design that was approved and the original one is immeasurable. So the process worked because we have a much, much better building for Les Quennevais School than we would have. My issue with this is the nature of the Rochdale Envelope here that this is an outline planning permission, so just the scale and mass, without any reference to design. Those are reserved matters and we should be afraid, we should be very afraid, Deputy Andrew Lewis, about what the building might look like. I mean it is hugely important what it looks like for St. Helier, breaking, as it does, so many rules. I think that is a big worry. I think Deputy Maçon's argument is quite persuasive in that respect and I would just like to mention that this process now, and the Attorney will correct me if I am wrong, this public inquiry process is the end of it as far as the respondents are concerned. It is the end of the line. They cannot, as with the Planning Applications Panel, then challenge that with a third-party appeal, which goes before the independent planning inspector. It is all happening at once, this is the system, and unless they want to take an action in the Royal Court I believe that they cannot then have another third-party planning appeal. This is why I feel it is so important that people are listened to and that is what I was trying to get at with my original proposition, because this is the end of the line for them. It is unlikely that people living in Newgate Street, Gloucester Street, might start to take a Royal Court action. I think that is unlikely. So this is the be-all and end-all for them and that is why it is so important. I just wanted to make that point and make sure everybody knew that this is the end of the line.

1.4.8 The Connétable of St. Peter:

I am just motivated to stand on a couple of items, which have concerned me in the last couple of speeches. I think I was rather troubled with Deputy Le Fondré's speech, I was not sure what he was debating because I thought we were debating the funding rather than what the hospital may or may not look like going into Lewis Street, floors of parking on Patriotic Street Car Park, for example. But I think one of the most important things I would like to just quickly pick up is from the last speaker, Deputy Labey, when he spoke about the second planning application that was made for Les Quennevais School, and if I can just quickly read a note from the planning officer dealing with the hospital project, his comments to me are: "Today's debate is akin to a private developer having a board meeting to conclude their approach to financing and in normal circumstances this would have been absolutely of no relevance to the consideration of a planning application by a regulator." We are here today to decide on the Outline Business Case, not a planning application, an Outline Business Case and the funding methodology for that, as if we were a board of directors acting on behalf of the people of Jersey.

1.4.9 Deputy M.R. Higgins:

I am going to quite brief, really just adding to something Deputy Labey said. He mentioned that this is the last chance and I agree with him. He also mentioned that the residents in the area might try a legal route and try to challenge it that way. The truth of the matter is, we know darn well that members of the public cannot afford to go to court. The cost of going to trial on anything is prohibitive and ordinary individuals on this Island are left without any justice. We saw in the paper, I think it was the other week, a lawyer charging over £1,000 an hour; the others are probably between £300 and £500 and you have to earn a fortune basically to be able to afford spending money on that type of thing. The public are looking to us to make decisions and to protect them if they are being abused, so I would urge Members to support Deputy Maçon's proposition, which I think is a sensible one, we should get the information from the inspector and, as he has already said, if he comes out in favour then nothing has been lost. I say please support the proposition of Deputy Maçon.

1.4.10 Senator I.J. Gorst:

I am just trying to double-check the situation with regard to Deputy Labey and whether an appeal against the planning application, because this is an outline planning application, which is different to a designed planning application, whether there does not remain at that point the ability for individuals under the normal Planning Appeals Law or not, I think that would be a useful confirmation. I am grateful to the Deputy who indicated when I asked the earlier question of the Attorney General that he accepted the result of this amendment would be that, if the planning inspector recommends that the Minister for the Environment does not approve the outline application, that he would expect a further outline application to be delivered. The concern I have with that is that his amendment also makes the Outline Business Case, as I understand it, the entire proposal null and void. That does give me concern because then it is not simply a matter of revisiting the outline planning application, but it makes the entire process potentially null and void. On top of that, of course it puts the decision into the hands of the independent planning inspector, whereas the law puts the decision in the hands of the Minister for the Environment and I think there is a conflict there, which causes difficulty. I also understand that this decision today to approve the Outline Business Case and the funding, while the Deputy is right to say it is a material decision, it is not a determinative decision that the Minister would use as a determinant factor. The Deputy is questioning that. That is the advice that I have received, so I think we just need to be mindful of that as well. So I think we just need to be mindful of what we are trying to deliver in accepting this proposal and I think that perhaps what we would be doing, if we are not careful, is, not just throwing out the outline planning application, but everything that is before us today, and then of course therefore bringing an indeterminate length of delay into the process. But if the Attorney General feels it is a matter of law; he may not, he may feel it is a matter of fact, for any clarity that he might bring.

The Bailiff:

The clarity that you are requesting is on whether accepting this amendment would have the effect that the whole of the proposed scheme is lost?

Senator I.J. Gorst:

Initially, I was asking whether at the planning application stage, picking up on the point that Deputy Labey made, those who would normally be able under a third-party planning objection, be able to continue in the normal process under the law or whether that is lost in the way that Deputy Labey has suggested.

The Bailiff:

That is a legal question. Attorney, are you able to help the Assembly?

The Attorney General:

I need to look into that and respond in a moment by reference to the law. The earlier question that the Chief Minister asked me in relation to Les Quennevais is right, of course in that case the inspector did recommend refusal on 2 conditions and in those circumstances, if there was a similar provision in that case, then the matter could not have proceeded.

Deputy J.A.N. Le Fondré:

Can I seek a clarification from yourself, in terms of what part (a) of the proposition means, because my reading of it is that it says: "To approve the preferred scheme contained within the Outline Business Case." My reading is therefore to me the preferred scheme is what is, for example, outlined on page 74, 75 and onwards of the Gleeds report. So the argument, I would suggest, some people are saying it is just a funding decision, my understanding, if we are approving the preferred scheme, we are approving basically what is being proposed that is going to go there. It is not just a funding matter.

The Bailiff:

It is a matter, Deputy, that I have been considering myself. Could I ask the Minister for Treasury and Resources whether there is anything in your proposition that defines the preferred scheme, because I could not see anything. All I saw was on page 3 of the report, a reference to: “The preferred scheme is a new-build hospital on a part of the current site with additional properties in Kensington Place, new-build support facility at Westaway Court, contained within the Future Hospital Outline Business Case with a capital expenditure budget of up to £466 million.” That is what I understood the preferred scheme to be and therefore, if the planning inspector or indeed the Minister for the Environment rejects what is currently put forward, the preferred scheme can still go ahead because all it is is a new-build hospital on the current site with additional properties up to that capital expenditure budget and one would need to get planning approval for whatever revised proposition comes forward in the usual way. That is what I understood it to be. But there is no definition of “preferred scheme” other than that penultimate paragraph on page 3 in the report.

[12:30]

Senator A.J.H. Maclean:

Yes, I would agree with that.

The Bailiff:

On that basis, Deputy, I took the view that what is in the Gleeds Outline Business Case is an explanation of what Ministers would like to do but it is not part of the proposition because the preferred scheme is what is defined to the extent it is in the report. So, if the planning inspector does not approve the current application or the current proposal, or makes a recommendation that it should not be approved, then that would be a matter that the Ministers, as the body taking forward the proposition for the new hospital, would have to consider if the Minister for the Environment has not approved it. It may lead to a change in the way in which the hospital is designed or constructed, but the preferred scheme is still approved for the purposes of this funding proposition; that is to say £466 million for a new-build hospital on the current site and the adjacent properties.

Deputy J.A.N. Le Fondré:

Thank you. The reference to the Outline Business Case therefore is not that relevant.

The Bailiff:

I must admit I did not take that as being a key component of what the States were asked to approve. It is a description, if you like. It may be the basis upon which Members are being asked to vote, but I did not see that it prevented Ministers from moving away from the Outline Business Case description if they were so advised.

Deputy J.A.N. Le Fondré:

Thank you.

Deputy M.R. Higgins:

I may be thick, but I am not 100 per cent sure on what you are saying. I am looking around the room here. There is a lot of people thinking about what you have just said. We need to think about it and to be suddenly thrown into this now to make a decision is rather difficult.

The Bailiff:

The preferred scheme is set out as the penultimate paragraph on page 3 of the report: a new-build hospital on part of the current site with additional properties in Kensington Place and a new-build support facility at Westaway Court. The description of what is in the scheme is contained within

the Future Hospital Outline Business Case and it has a capital expenditure budget of up to £466 million. The proposition seeks the approval of the preferred scheme contained within the Future Hospital Outline Business Case with that capital expenditure budget, but it did not seem to me, on reading the Outline Business Case, the totality of that was being written into the proposition. The preferred scheme, I thought, was only the new-build hospital on part of the current site with the Future Hospital Outline Business Case setting the parameters as to what the Minister's intent is. That is the way I read that proposition. I cannot put it any more simply than that. So, in other words there might be some changes. As a matter of common sense, one cannot imagine that, at this stage of the process, there would be no changes to the way in which the building will be developed over the next 5 years.

Senator S.C. Ferguson:

It is just perhaps a query for the Attorney General. According to ...

The Bailiff:

Is this a speech or a question for the Attorney?

Senator S.C. Ferguson:

I suppose it is a bit of both.

The Bailiff:

Very well, then I am writing you down as making a speech.

1.4.11 Senator S.C. Ferguson:

I thought I would do it without having to ping my telephone at the same time. The Planning Law says in Article 12(6) - it is talking about public inquiries - and it says: "A person aggrieved by a determination by the Minister under this Article may appeal against the determination to the Royal Court only on a point of law and for the avoidance of doubt no appeal arises under Part 7", which is: "An appeal must be made within a period of 28 days beginning with the date of the determination." So am I correct in understanding that, when a Minister calls a public inquiry, then the general public have no power to bring any inquiries except on a point of law after the determination of the inquiry? In other words, as Deputy Labey said, we have no public right of appeal or question or comment or anything else once the determination has been made on the Minister's review?

The Attorney General:

Yes, the Senator is correct in what she says under Article 12. This is an application for outline planning permission. That leaves the planners with reserved matters, but those are matters that are reserved by condition attached to the permit or permission, and in those circumstances the only appeal would be the appeal to the Royal Court by any person aggrieved by a determination. I do not think that extends to third parties - I will confirm that in a moment - and it is only an appeal on a point of law to the Royal Court after the Minister has made his decision, having regard to the view of the inspector. Of course there would be judicial review available in the usual way against a decision of the Minister, which any interested person could seek leave to pursue.

The Bailiff:

Do you wish to continue your speech, Senator?

Senator S.C. Ferguson:

That was the point.

The Bailiff:

So it was a speech or it was a question, I am not sure?

Senator S.C. Ferguson:

I will carry on with it. Yes, I am sorry, I agree with both the amendments that are being proposed and I will be supporting them.

Deputy J.A.N. Le Fondré:

Sorry to indulge your patience on this, could I refer you to page 95 of these reports, which does define: "The preferred option 4 is now referred to as the preferred scheme."

The Bailiff:

Yes.

Deputy J.A.N. Le Fondré:

So, on that basis, I think the preferred scheme would be defined as option 4, which is what starts on page 74 onwards, and therefore has certain details in that scheme and there will be changes.

The Bailiff:

There will inevitably be changes.

Deputy J.M. Maçon:

So then the point being then this debate is more than just funding.

The Bailiff:

Members will take into account whatever they think ought to be taken into account in this debate, but certainly the paragraph (a) asks Members to approve the preferred scheme, which is the new-build hospital on the part of the current site with a capital expenditure budget of up to £466 million. So by approving the preferred scheme clearly it is more than simply a question of funding. I am sure everyone would like to adjourn at this stage while we think about what has just been said.

LUNCHEON ADJOURNMENT PROPOSED

The Bailiff:

The States will now stand adjourned until 2.15 p.m. this afternoon.

[12:39]

LUNCHEON ADJOURNMENT

[14:19]

The Bailiff:

Now we return to the vote on Deputy Maçon's amendment. Does any other Member wish to speak?

1.4.12 Senator A.K.F. Green:

There seems to be some confusion, at least I felt there was some confusion before lunch, on what we are debating today. Anybody listening in would be forgiven for thinking this was a planning debate, which it clearly is not, and nor is it meant to be. Members are being asked to agree the Outline Business Case and the funding strategy for the future hospital on the site agreed by this Assembly. The amendment to the amendment before us at present, if accepted, will, in the event of a recommendation from the independent inspector for refusal, remove the legally elected Minister

for the Environment from the process. That is bad enough; that is dangerous, but furthermore paragraph (a) falls away, along with it the Outline Business Case and the funding. The safer option is that of the Constable of St. John's amendment, as amended, because it allows for the approval of the Outline Business Case and funding with the proviso, for those who want that little bit of insurance, that if the planning process throws up significant changes, which results in a cost above the budget of £466 million, then the matter must come back to the Assembly. On that basis, I urge Members not to abdicate their responsibility, to reject this amendment and accept the Constable of St. John's amendment as amended.

1.4.13 Senator P.F.C. Ozouf:

I did not understand when I saw this amendment how an amendment, which is clearly in order, effectively can change what has been a policy decision of this Assembly to set up a process for important planning applications, which is that there is an inspector and a report is given to the Minister and the Minister then makes a decision. What effectively we are being asked to do, there is effectively an overriding of my understanding of the Planning Law, not an overriding or something that is simply this Assembly is basically making a decision to move away from what we have agreed as a policy of this Assembly that is the normal course of action. I have just wondered over the lunch adjournment whether or not that is appropriate. I spoke to Deputy Maçon and we had a very good conversation and I said to him: "When I first saw it, I felt great merit in it, and then I considered the Planning Law and what we had agreed and then I found that it was in fact contrary to effectively the established principle of what the Planning Law said." So, with great regret, while I absolutely understand the motivations and the well-intentioned motivations of Deputy Maçon, and the concerns that Members have about the application, and I have been lobbied like many Members over the weekend with different places and pictures of different things and all the rest of it, and I went on the Planning website and looked at it myself. I would say that I have confidence in the process and the law, which we set up. We have set up an arrangement that there is a public inquiry, an inspector's report, and this Assembly has no doubt placed the confidence, because there is confidence in Ministers unless they have votes of no-confidence, and I have confidence in the Minister in balancing whatever the criticisms are made. There is one further observation I would make. I questioned the officials who are dealing with this matter as to whether or not there really was a problem with this planning application. They did not reply, but what they did say, and I looked then on a number of inspectors' reports from other planning applications, is what I would expect from an inspector and I think that we can expect from this inspector is, if there was a problem, this is a matter of national importance to Jersey, there is an urgency in it, and there is a budget that this Assembly is going to express and say what that is. What an inspector does normally, from what I can see, under normal circumstances, is work within those parameters. So what I am expecting is, notwithstanding the concerns, the valid concerns that some Members have, is I am expecting an inspector to come forward, if there are problems they are going to be documented, but then solutions are also going to be presented in that report, and that report is also going to be respectful of this Assembly's decision that there is a certain budget and an inspector will make those decisions with those constraining factors. For that reason I urge Members to respect the policy decisions that we have taken previously in approving a Planning Law that takes out Ministers from making certain decisions and putting experts in where experts are needed, but ultimately that are overseen by democratic consent. The democracy of it is that this Assembly has delegated to the Minister for the Environment that final decision and this Minister for the Environment, if I may say so, has a difficult job. But in all the Ministers for Planning and Environment that I have seen in this Assembly in the last 18 years, this one has been probably the least unpopular of any of them, and that speaks volumes for the work and the diligence in the way he goes about his work. **[Approbation]** So for that reason I have confidence in the Minister for the Environment and I have confidence in the process and I have confidence in the law that we

have passed. I mean no disrespect, because I know Deputy Maçon is an excellent and highly-respected member on the Planning Committee, and he will go against sometimes recommendations - I know that, I have read Planning minutes - but effectively he is asking me to, not contravene Standing Orders, but he is effectively asking me to go with an overturning, if you like, a setting aside of what is effectively the arrangements set out in the Planning Law. It is for that reason that I cannot support, with great reluctance, his amendment. Because I also understand that, if that situation were to happen, that also causes the concomitant and further effects that we then have effectively the thing that we went back to the start of this debate, which is we send a message to the public, if that circumstance was to happen, effectively they are not going to get their hospital. I remind Members in this amendment, and in all the debates we have, the public are sick and tired of us putting decisions off and we have processes in place, they are proper processes, and we should agree with them, and for that reason I have confidence in the Minister for the Environment, I have confidence in the process, and I hope that Deputy Maçon would too, because he is a member of the Planning Committee that respects processes and I have never heard the Planning Panel not do anything that is conformance with the Planning Law. This is something that is different than was envisaged in the Planning Law. I hope Members, with great reluctance, reject this amendment for those reasons.

1.4.14 Deputy J.A. Martin:

Just quickly, I rise because we are hearing so many conflicting arguments to not support Deputy Maçon. We could not support Deputy Russell Labey this morning because the Chief Minister told us maybe this report will be back in early/mid-January or maybe it will not and then the Minister for the Environment will consult and he will do a lot of work on it. I have just heard from Senator Ozouf that he has complete faith in this Minister for the Environment. Who knows if it will be this Minister for the Environment? Are we sure? No, no, you can shake your head. He has until 10th April next year then we are all in purdah, sorry, we finish. Then whatever happens after that is literally we do not know who it will be. So we do not know and really Deputy Maçon is just like giving us, taking away that from the Minister for the Environment, just a bit back going, we are not pressurising you, we cannot pressurise you, the public cannot pressurise you, and I really think we do need to step back on this. There has also been a lot of pressure on us about literally what we are approving today and I look forward to hear from the Attorney General, but do not, see, it is always saying, oh, that system is safe or that is great because is he not a lovely guy, does he not do his research, or does she not? But they do not always. Senator Ozouf did say that, he can shake his head and deny it all he likes, he said: "I have total faith in this Minister for the Environment." He may not be the one making the decision. It just needs to be pushed back a few months and it is not this Minister for the Environment. So please get real, please realise what you are voting on today. Do not vote for the person. Yes, and Senator Ozouf was gobsmacked that we have taken a policy decision, but that is every person's right in this Assembly to bring an amendment to move goalposts and that is what Deputy Maçon is doing.

[14:30]

On the edge of all of this, and I am looking out, I mean I just think Deputy Maçon, to me, has to be supported because I do not want anybody in that seat, whether it is this one, the next one, whoever that may be, to have us sitting on their shoulders with the public behind them saying: "Huh, you have the money, just approve it." Sorry. I am sorry, but I rise to say that you must remember these things, nothing is carved in stone.

Senator A.J.H. Maclean:

I have already spoken today, if that is what you are looking for on your pad, but I just wanted to ask if I could seek clarification from the Attorney General. It was brought to my mind, listening to

Deputy Martin a second ago, I think she said she is looking forward to hearing from the Attorney General, and it reminded me that a number of Members were somewhat confused before lunch about this matter and I wondered if the Attorney might be very kind and just clarify exactly what the meaning is of accepting this proposition, in particular (g). My understanding is that, if it were accepted, then (a) of the main proposition would effectively fall away and that is the ability for the Outline Business Case and the funding to be approved. On that basis it has a very serious ramification and I just wondered if the Attorney General could clarify the exact position on the assumption that the planning inspector determines: “No, but subject to the following recommendations being undertaken.” I do not think you can undo a void, which is effectively what (g) does, so I would have thought it would require a decision of this States again at some point in the future, but could the Attorney perhaps clarify the effect of that?

The Attorney General:

Yes.

The Bailiff:

Just a moment. I am wondering whether it is a matter for you or for me. Your question, Minister, is really not what is the legal advice in relation to the proposition, but what the proposition means. That I think is a matter for the Chair, not for the Attorney.

Senator A.J.H. Maclean:

I think it could be indeed both. There was a legal element to it and indeed there was an element that perhaps you might interpret as being your domain.

The Bailiff:

Attorney, let us hear from you about the legal aspects.

The Attorney General:

I am grateful. Deputy Maçon’s paragraph (g) provides that paragraph (a) of the proposition shall be void and of no effect if the planning inspector recommends against the current planning application for the new hospital. That would mean that (a) is void and of no effect. (a) firstly invites the Assembly to approve the preferred scheme. The approved scheme is defined at page 3 of the report, which is the new-build hospital on part of the current site, additional properties on Kensington Place and a new-build support facility at Westaway Court, contained within the Future Hospital Outline Business Case. So if the planning inspector recommends against the planning application then any approval of the preferred scheme today would be void and of no effect. (a) goes on to deal with the capital expenditure budget of up to £466 million and if that were to be approved today then any recommendation against the planning application by the planning inspector would mean that the capital expenditure budget, any approval would be void and of no effect. So any recommendation by the planning inspector against the hospital would effectively mean that the financing was not approved. There is a knock-on effect in relation to sub-paragraph (c) of the proposition too, although it is not mentioned, in paragraph (g), which only mentioned paragraph (a), of course paragraph (c) also refers to the preferred scheme: “To authorise in accordance with Article 21(1) of the Law, the Minister for Treasury and Resources to borrow up to £275 million towards the construction of the preferred scheme. Of course the approval of the preferred scheme would have been rendered void and of no effect at (a), so there would then be no authority to borrow under (c). I hope that is clear. I want to address one or 2 other things that have come up as well. It is suggested that Deputy Maçon’s amendment is in some way overriding the Planning Law. That is not right in that the Minister is still entitled to make a decision under Article 12, having had the report of the inspector, and indeed he is obliged to do so, he must determine the application having had the report of the inspector. There is no question of the

Planning Law being overruled or departed from, but what is happening is that Deputy Maçon wants to tie financing to the decision, the opinion of the inspector, who is not of course the ultimate decision maker. That is the Minister. Thirdly, if I may, I wanted to address one issue in relation to the nature of this planning application. I have the application form here in relation to the new hospital. Although this is called an outline application for development of a new hospital and floor space for retail, café, restaurant uses and associated public realm, it is in effect the full application save for certain reserved matters that will be dealt with subsequently. The matters dealt with in this application, even though it is called “outline” are the scale and mass, siting and means of access with details of external appearance and materials and landscapes submitted for new public realm as they relate to the north, west and south, of the granite block only. The matters reserved for further submission, which is a subsequent application, which will be dealt with by the Planning Committee in the usual way one would expect, are external appearance and materials and landscape. So that is the application that has been made and the one that is to be made. In relation to third party appeals, the subsequent application in relation to external appearance and materials and landscape will be subject to the usual rules in relation to third party appeals. In relation to this application, as it is being dealt with by the Minister, and he is the appellate body, there is of course no question of third party appeals to him because he is the decision maker. But in relation to third party appeals to the Royal Court a person aggrieved by the decision of the Minister is not merely the applicant but also as defined in Article 12(9): “Any third party.” But of course both the applicant and the third party is limited in its appeal in the sense that the Royal Court will only allow an appeal on a point of law, as I think I mentioned earlier on. Those are the points, which I wanted to make.

Deputy J.A.N. Le Fondré:

May I ask a question of the Attorney General?

The Bailiff:

Just before you do, insofar as the Attorney dealt with the meaning of the proposition, I think he was not giving advice on a point of law, but that was an area for the Presiding Officer and I am sure he will be pleased to know, and Members will be pleased to know, that I agree with him entirely.

Deputy J.A.N. Le Fondré:

You may have just answered my question, but just having picked up on a lot of what the Attorney General has said, if he said the present planning application includes the mass and scale, I am not too sure if that was quite then how that tied into the definition of the preferred scheme. If the planning inquiry comes back with a recommendation, which the Minister endorses and says: “The preferred scheme gets changed”, it is made smaller or something, I presume there is no further recourse back to this Assembly, the preferred scheme would just be the amended preferred scheme as per the Minister for the Environment. It would not be the fact that it had potentially been changed from what has been held out in the Assembly would be irrelevant, would it, for our purposes?

The Bailiff:

If Deputy Maçon’s amendment is rejected and if the Minister for Treasury and Resources’ amendment is accepted and the Connétable of St. John’s amendment is therefore adopted, then it would be the case that if the result of the planning inspector’s report is that less money is spent than the £466 million, even though there are changes to the scheme, then there would be no need to bring the proposed scheme back to the States.

Senator A.J.H. Maclean:

You will be pleased to know that I agree with that summary as well.

The Bailiff:

I am delighted to hear it.

Deputy J.A. Martin:

Sorry, you were speaking very low and maybe I did not hear you, did you not just say that, even if they say the preferred scheme or the scheme is going to be smaller, and we agree today £466 million, that they could spend less but they do not necessarily have to. We are agreeing £466 million, are we not? I did not really hear.

The Bailiff:

Yes.

Deputy J.A. Martin:

Yes, we are, okay, thank you.

Deputy T.A. Vallois of St. John:

Can I seek a point of order from the Chair in regards to the proposition, because the Attorney General refers to paragraphs (a) and (c) should Deputy Maçon's amendment be adopted, but in particular paragraph (e) states that the States Assembly, if they are of the opinion to agree that a budget should be agreed up to £392 million with a contingency of £74 million, would that still stay in place?

The Bailiff:

I only picked up some of that. Can you start again?

The Deputy of St. John:

The Attorney General referred to, when giving the advice, with regards to paragraphs (a) and (c) in terms of possible complications with agreeing Deputy Maçon's amendment. What I am seeking clarification of is, if that were the case, paragraph (e) states that we are being asked of the opinion to agree that the budget should be up to £392 million with a contingency of £74 million. So how does that sit in terms of the advice that we have received from the Attorney General in terms of how the scheme would move forward, we would be agreeing a budget but not necessarily the preferred scheme or the capital expenditure. I am just trying to seek clarification around paragraph (e) if there were problems with paragraphs (a) and (c).

Deputy J.M. Maçon:

So that is a new paragraph (e)? Oh, paragraph (d).

The Bailiff:

Are you talking about paragraph (e) of Deputy Maçon's amendment of the Connétable's amendment or the Minister for Treasury and Resources' amendment?

The Deputy of St. John:

Of Deputy Maçon's amendment, the report, page 4.

The Bailiff:

The premise on which Members were being addressed a moment ago was that Deputy Maçon's amendment had succeeded but that the recommendation of the planning inspector was for some conditions, which would reduce the overall cost, so your question is then if amendment 3 on page 2 of Deputy Maçon's amendment is whether that has the impact that one would have to come back to the States in respect of that contingency. The answer to that is it depends on the figures. It seems

to me that if the contingency will not be required as a result of the inspector's report, then there would be no need to come back to the States because the budget is still settled and it is only the contingency which is to be released on a case by case basis. That is what the amendment says.

[14:45]

I wonder if I have got that right. Just one moment. The question that came from Deputy Martin, which I answered a moment ago, was would it have to come back to the States. One has to go through the different possibilities. Let me just start that again because I am not sure that what I have just said was accurate. If Deputy Maçon's proposition in relation to (g) is approved then, as the Attorney said ...

Senator P.F.C. Ozouf:

Could you just say which (g) is because ...

The Bailiff:

I was just saying that. So the paragraphs (a) to (f) would be void and of no effect if the planning inspector recommends against the current proposed hospital site. If that is approved and the planning inspector recommends against it, then (a) to (f) all fall.

Deputy J.M. Maçon:

Sorry, I hate to intervene, but that is the Constable of St. John's amendment. Mine only deals with part (a).

The Bailiff:

Yours is very similar, if the present application is rejected, if he recommends against the current proposed hospital planning application then it will follow that (a) to (f) fall.

The Attorney General:

Sir, can I assist? I think perhaps you have in front of you the Constable of St. John's amendment and not the amendment proposed by Deputy Maçon, which only affects paragraph (a) in its terms of the proposition of the Minister.

The Bailiff:

You are right. Thank you, Attorney. If Deputy Maçon's amendment is adopted in relation to amendment number 5, paragraph (g), then the effect of that is that paragraph (a) of the Minister's proposal to approve the preferred scheme contained within the Future Hospital Outline Business Case with a capital expenditure budget up to £466 million, that falls if Deputy Maçon's amendment is accepted. So the preferred scheme is not approved and that has a consequential impact under paragraph (c) for the borrowing authority, which the Attorney was referring to. If we are not dealing with that amendment because Deputy Maçon's amendment has been rejected, and we are then dealing with the Minister's amendment to the Connétable's amendment in relation to paragraph (g) - which I think is the question Deputy Martin had put to me - then if there is a recommendation from the planning inspector that comes back, which does not require the spending of more money, then even if amendment 3 of Deputy Maçon's amendment is adopted there would be no need to come back to the States, provided that the contingency is not being used.

Deputy R. Labey:

Sir, may I just seek some more clarification from the Attorney?

The Bailiff:

Yes, that is a relief. [Laughter]

Deputy R. Labey:

If the developer's application currently being considered by the public inquiry and the inspector is approved by the Minister, am I right in saying that application can proceed to finality without there being any statutory obligation to come to this House, or the Planning Committee?

The Attorney General:

Yes, that is right in terms of the permission, yes.

Senator I.J. Gorst:

I found the Attorney General's fulsome advice earlier very helpful. With regard to this application the Attorney General has just clarified that, but he did go on to say that there would be further applications for the reserve matters; they of course would not come to this Assembly but would go - as he suggested - to the Planning Committee in the normal way.

The Attorney General:

Yes, and thank you to the Chief Minister for reminding me. Yes, that is right, the project could not be built without the application in relation to the reserve matters going to the Planning Committee in the usual way in relation to external appearance, materials and landscape.

Deputy R. Labey:

Is there a statutory obligation for the appearance to come before the Planning Committee, or can it be resolved between the department and the developers under reserve matters?

The Attorney General:

In relation to reserve matters the provision is under Article 19 of the law which deals with reserve matters. In the case of planning permission granted under this Article matters may be reserved, hence the permission must specify a period of time within which an application for approval in relation to such matters must be made, and the provisions of the general part in relation to planning applications shall apply in relation to that application. So my understanding is that the usual process applies in relation to those reserve matters.

The Bailiff:

Is your question, Deputy, whether or not as a matter of internal delegation between the Planning Committee and the officers, whether the officers could deal with it; is that what the question is?

Deputy R. Labey:

No, not between the Planning Committee. Under delegated responsibilities the department can take care of reserve matters with the developers, provided that there is not a certain number of objections from qualified objectors that are living close to the development. So it is possible in law for reserve matters regarding the landscaping, the appearance, the design, to be resolved under delegated powers by the department and the developers, without recourse to the Planning Committee or this House.

The Bailiff:

I think that is a question for the Attorney. Just while he is thinking about that, Connétable of St. Mary, do you have a question for him as well?

Connétable J. Gallichan of St. Mary:

Can I add something to that? We do have a protocol of how the Planning Committee operates and it is perfectly possible for the Committee to call in any application that it wishes to consider.
[Approbation]

Senator P.F.C. Ozouf:

I know that you have been very helpful in your explanation but I am confused, if I may say. I am sensing that a number of Members are also confused because you clarified what the effect of various different amendments are and I would just, if I may, beg your indulgence and please explain to us what the implications of the vote that we are just about to make when Deputy Maçon and any other Members wish to speak. Because I know that you explained the consequences of the other matters, but I can only take one decision at a time and I would just like to understand whether I have understood correctly that effectively the effect ... I do not want to know about the later amendments, I just want to understand this one because that is what I am voting on and I am going to be asked to listen to Deputy Maçon summing up. The effect of this, as I have understood it - and if I have got it wrong please correct me - but I have understood that it is effectively a decision which if the inspector says not recommended then the Minister is obliged to accept that. I accept the Attorney General's ruling that that is not *ultra vires* of the Planning Law, but I just want to understand because I do not think I am the only Member that is confused as to which amendment means what. I want to understand because it is confusing. We are lawmakers, we are policymakers, and I want to make sure that we understand because I do not understand. I have been told one thing and then I have been told another thing, and I do not understand which amendment I am now understanding the advice from. So may I ask please for a plain English explanation of the effect of Deputy Maçon's proposal that is the next matter for us to deal with? We will deal with the next matters later, because I am totally confused and I have sat here for a number of times and I am sensing that some people just do not understand which one we are voting on.

The Bailiff:

The amendment of the Connétable of St. John under paragraph (g) says that paragraphs (a) to (f), as it will be, will be void and of no effect if the planning inspector recommends against the current proposed possible site. That is sought to be amended by Deputy Maçon, and if his amendment is adopted then the amendment of the Connétable of St. John will say paragraph (a) of the Minister's proposition will be void and of no effect if the planning inspector recommends against the current planning application for the new hospital; (a) means that the Assembly - if it adopts the Minister's proposition as amended - would not have approved the preferred scheme contained within the Future Hospital Outline Business Case with a capital expenditure budget of up to £466 million. So there would not be a preferred scheme for the future hospital if the planning inspector makes the recommendation against, and if Deputy Maçon's amendment is adopted.

Senator P.F.C. Ozouf:

So what it is, is it effectively sets aside ... well, I do not know whether I am the only one but I am struggling.

The Bailiff:

It means the preferred scheme has not been approved because that has been rendered void and of no effect.

Senator P.F.C. Ozouf:

So the whole thing falls?

The Bailiff:

The preferred scheme with a capital expenditure budget of up to £466 million has not been approved and as it has not been approved then the authority given under paragraph (c), it seems to me - and that I think was the Attorney's advice as well - must fall as well.

Senator P.F.C. Ozouf:

So it is nuclear?

The Bailiff:

Well, you use whatever language you want to ...

Senator P.F.C. Ozouf:

But it basically sets the whole thing aside? I just want to understand.

The Bailiff:

I am sure you do now understand and repeating it becomes a second speech. Does anybody else wish to speak? Then I call upon ...

Deputy J.A.N. Le Fondré:

Sorry, sir, I thought we were still doing questions to the Attorney General?

The Bailiff:

I am so sorry, you are absolutely right.

Deputy J.A.N. Le Fondré:

If I can ask a further question, and I apologise because it is just a further query on something else I was asking, the Attorney General as he was speaking earlier was saying the preferred scheme, as we know, is the new hospital, it is the definition on page 3, contained within the Future Hospital Outline Business Case. As I have pointed out earlier, on page 95 for the Attorney General, it says quite clearly: "To avoid confusion of previous locations the term 'preferred scheme' rather than 'preferred option' will be used in the assessment of option 4." Therefore, the preferred scheme is option 4 in the Outline Business Case, and that is the Outline Business Case that is referred to in the proposition. What I was curious about, there is a diagram on page 74 underneath option 4, in fact it is labelled option 4, which gives location and context. I presume context is indicative of the mass and scale. It comes back to that point: what is the status of that diagram in relation to what we are giving approval to; and if that diagram were to change as a result of a material change or recommendation from a planning inspector, is that still option 4?

The Attorney General:

I am not sure that is a question of law. Members have the proposition which refers to the preferred scheme and the report which describes the preferred scheme, and the first paragraph of the proposition talks about the preferred scheme as being contained within the future hospital Outline Business Case, and I do not think I can really improve upon that.

[15:00]

The Bailiff:

The Connétable of St. Mary I think is not sure she heard that.

The Connétable of St. Mary:

It is very difficult on this side, I do not know if there is something wrong with the Attorney's microphone but we are not getting very much clarity.

The Attorney General:

I am very sorry about that. I do apologise. I was asked about the contents of page 95, the definition of the preferred option, now referred to the preferred scheme, and asked if the

photograph at page 74 was part of the definition of the preferred scheme. I did not really think I could answer that question; it did not seem to me it was a question of law. The approved scheme is referred to in the proposition and defined in the report, and also defined in more detail in the Outline Business Case, so I do not think I can really assist further than that in relation to that issue.

The Bailiff:

Attorney, I think you are also being asked about the protocol for delegation inside the department and whether the question of mass, the reserve questions, could be decided by the department with the developer.

The Attorney General:

There was a question I think both from Deputy Labey and from the Constable of St. Mary in relation to this. This will be an application for permission under Article 9 of the law and the Constable is correct in saying that there is an agreement in place - but I cannot find it immediately - between the chief officer and the Planning Committee in relation to matters to be determined by the committee. If the Constable says that there is an entitlement to call for matters to be determined by the committee, I have no material to indicate that is incorrect but I do not have a copy of the agreement in relation to such applications before me.

Deputy J.A. Martin:

Sorry, and it is not the Attorney General's fault, but I need to know this in black and white because it is a massive thing. Is it going to be determined, or can they call it, or is this like where do you put the yucca plant. I need to know this, it is not just can I find this out later because it is a massive, massive scheme and lots of money. If we need to recess for 10 minutes or something, I need to know this from the Attorney General or yourself, I am sorry but it is massive. I totally respect the Constable of St. Mary, she is the Planning Committee chairman, but how far does this go? This is the scheme that the likes of her panel has never seen before. So when you call it "associated matters" I need to know if it is more than the plants you put at the front door, sorry.

The Attorney General:

This is some small further assistance in view of the question that has just been asked. I understand the procedure is that these would in the first instance come to the chief officer, but if there were more than 3 objections then they would go to the Planning Committee in accordance with normal procedures. But I still do not have, of course, a copy of any agreement in black and white to that effect but I will endeavour to get one and I have asked for one.

The Bailiff:

I suppose, Deputy, what you have from Deputy Labey on the committee is the statement that the department can deal with it within the terms of its protocol, bearing in mind what the Attorney has just said about what the protocol contains, and the Connétable of St. Mary who has said that it is open to the Committee to call it in if they want to.

Deputy J.A. Martin:

Well they are both contradictory. It is 5 or 3: 5 from Deputy Labey, 3 from the Attorney, and the Constable of St. Mary says she can call anything in. I literally am confused, I am sorry, but we are all confused. I just want to know the facts. I know we have got a long week ahead but I need this answer because it is fundamental. Is it just little bits and is call in or is it just because 5 or 3 people... or it is bigger people ... I think I have made my point, you know where I am coming from.

The Bailiff:

I am wondering whether it would be helpful if the States adjourned for 10 minutes for the Attorney to get that advice.

Deputy R. Labey:

If I may assist, it is not the Attorney's fault because I think the protocols of the Planning Committee are not necessarily in law.

The Bailiff:

No, they will not be.

Deputy R. Labey:

So it is not the Attorney's fault. But, having sat on the Planning Committee, I have never experienced us call something in, so that was news to me as well from the Constable of St. Mary.

The Bailiff:

Well if a Member wants to propose that we adjourn for 10 minutes they may do so and then we can take an immediate vote on that, otherwise we will continue.

Deputy J.A. Martin:

I will propose it as I suggested it, Chief Minister, thank you. **[Laughter]**

Senator I.J. Gorst:

I will second it, in the interest of clarity. It is my experience that the Planning Panel do call in things that they require, it is also my experience that Members of this Assembly ask for particular applications to be considered by the panel and not by the officers, and that is an everyday process that the department use.

The Bailiff:

We will stand adjourned for 10 minutes while the Attorney gets further information.

[15:06]

ADJOURNMENT

[15:18]

The Attorney General:

Under Article 9(a)(1)(a) of the Planning Law, title Role of Planning Committee, it is provided that functions should be allocated to the Planning Committee by agreement between the chief officer and the committee. An agreement was made in 2015 and the agreement provides the circumstances in which the Planning Applications Committee, now the Planning Committee, will be allocated matters for consideration. Those circumstances include following a request from the chairman of the Planning Applications Committee that the committee should consider the matter. The note to that provides the chairman represents a single point of contact for administrative communication purposes, and the members of the committee can channel requests through the chairman. A second gateway to the committee is where the matter is considered by the chief officer to be of such a nature as to require the Planning Committee to consider the case. The note there says: "Officers who are experienced are sensitive to matters which would be better considered by States Members through the circumstances of the case." Another gateway is where an application for planning permission has attracted 4 or more representations from individuals where each individual appears to be from a different address and the representations are contrary to the recommendation of the Chief Officer. I hope that answers the question and sets out sufficient indication as to the circumstances in which the Committee will deal with applications for permission.

The Bailiff:

Does any other Member wish to speak? If not then I call on Deputy Maçon to reply.

1.4.15 Deputy J.M. Maçon:

This is not exactly how I thought today would have turned out. **[Laughter]** I have been told my proposition is looking to break the Planning Law; I have been told that this is a nuclear option and I have been told that I am dangerous. Me, dangerous? I think in some aspects this has been a good debate because I think from what we have been through it has been quite clear that this debate is not just a funding debate, as I understood the Assistant Minister for Treasury and Resources to say that this was a funding debate. It is not just a funding debate, it is quite clearly more than that, and after some time I am glad we have established that. Part (a) asks us to approve the preferred scheme contained within the Future Hospital Outline Business Case with a capital expenditure, *et cetera*. Because we have not had the report of the independent planning inspector it puts us in a very difficult situation in some cases not knowing how to proceed. My amendment seeks to provide a safeguard into how the Minister for the Environment deals with the application. Because States Members under (a) are being asked to approve the preferred scheme, which we have now understood is what is being outlined on page 74 of the Gleeds report, option 4, that is what we are being asked also to support and endorse. I started this debate by very clearly saying that in doing that we are giving a material consideration to the Minister for the Environment in guiding his hand as to how he should view the planning application. I started the debate very clearly saying that, so I understood exactly what we were being asked to approve today. I have got quite a few notes here so I will try to progress quickly. When the Chief Minister talked about outline planning applications, and it does reference what the Deputy of St. Mary was talking about, yes, the outline planning application does set the parameters. So should it come back to the Planning Committee it means that we then cannot do anything about the size, the scale, the massing; which is different to what Deputy Lewis said, which was talking about the paints and the windows. What we are being asked to do today is not about that. It is not about that. It is about the size, the scale, the massing, the access, *et cetera*. So when it comes back to the Planning Committee, because I have sat on that Committee - thank you for the invitation from the Deputy of Trinity - for 9 years now so I am quite well aware about how the process works. It means that sometimes when we have had outline applications your hands are tied in how you consider things, because we get these issues where sometimes the mass and the scale of the building is dependent on how it is treated with the landscaping, with the façade; which is why the Planning Committee have been very reluctant going forward to accept these types of applications because we feel it is something we need to see in the round. But that provision is there under the law. So Members need to be quite clear what they are being asked to endorse here today. Now, again, I have been criticised, a doomsday flag being raised around, if the planning inspector turns around and rejects the application because he says, for example: "It is too big and you need to knock 3 floors off it." "Oh, how awful because that will mean we will have to go back and visit the business case." Well, wait a moment. If the planning inspector goes and says: "You need to knock 3 floors off the hospital building" they are going to have to go back and look at the business case anyway. So how can the Ministers then turn around and criticise me for doing that because obviously that is how it is going to have to go if the planning inspector makes that recommendation. Of course we do not know what the planning inspector and the Minister is going to do, and nor should we at this time. So it seems to me that is not really a fair point to make. The Deputy of St. Mary has made the point what happens if the application is refused but the planning inspector identifies, say, 3 areas which could be addressed. Well, it is the same thing that would happen anyway; a new planning application would be needed, exactly what happened under the Les Quennevais School situation. I am not asking for anything outside of the normal planning process. I think Deputy Lewis of St. Helier also said that I am looking to tie the hands of the Minister for the Environment. Absolutely the opposite. I am trying

to free-up his hands so that he is not influenced by the decision that States Members make today in hopefully supporting my amendment. Senator Ozouf said that the current Minister for the Environment was the least unpopular. I do not disagree with that but of course a lot of the planning decisions have been taken away from the Minister for the Environment and, therefore, it is a lot easier ... I know, sitting on the Planning Committee, that when you do not have to make those types of decisions, my word, does your popularity not soar. So it seems to me that you are looking at that out of context; it is not a fair comparison considering how the position has changed. Again, if you look at my proposition you are told there is going to be absolutely no funding. My proposition does not touch old part (b), old part (d) or old part (e) in the original proposition of the Minister for Treasury and Resources. So there is funding for it if the planning inspector rejects the decision, so again that is not fair. There is an issue around the borrowing side of it, I accept that now that we have had advice from the Attorney General, but the rest of the funding mechanisms still can go ahead, unless I am wrong in that which I am happy to be corrected if that is the case.

The Bailiff:

It is your summing up speech, Deputy.

Deputy J.M. Maçon:

Thank you. But throughout all of this what has been said is no Minister and no Member speaking against my proposition today made the case. They did not say: "Why this should continue to be a material planning consideration for the Minister?" Not one Minister said why this case should continue and, therefore, I make the case. The argument is there. No one has been able to argue and say why this should continue to be a material consideration for the Minister for the Environment and, therefore, that endorses my position that it should not be a material consideration for the Minister for the Environment and he should have a free hand to decide the planning application based on planning grounds alone. Again, in Senator Ozouf's talk you could see the pressure already starting to be applied, that the finances had already been arranged, you could see it already and that is precisely the situation which we should be avoiding. That is why I am asking States Members for support today in order to achieve that. No doubt there are plenty of points I could make; there is a lot that could be said, but I think we have gone over a lot of it. At the end of the day Members either want to keep this process independent or they do not. That is what my proposition seeks to do and I ask Members for their support and the appel. Thank you.

[15:30]

The Bailiff:

Are you asking us to take the amendments together or ...

Senator A.J.H. Maclean:

I am loathe to rise but I am going to because I do feel that a comment that the Deputy made inadvertently in his summing up around the funding and the impact and effects of his proposition being accepted was not correct and did not fairly represent what the Attorney General had earlier explained to the Assembly, on the basis that if this amendment is accepted then (a) effectively falls away on the basis that the planning inspector recommends no and various recommendations, and so there would be an inability to borrow, or for (a) any parts of the Outline Business Case to be progressed.

Deputy J.M. Maçon:

I did comment on that. I said that old (b), (d) and (e) would continue and I actively asked to be challenged on that so, therefore, aspects of the funding mechanism would continue, which is what I said.

The Bailiff:

The Attorney's advice is quite clear that (c) would be affected and the Deputy has said (b), (d) and (e) would continue. Very well, you were going to let me know, Deputy, whether you wanted to take the amendments as one package or to take them separately.

Deputy J.M. Maçon:

I feel with the amount of confusion that has happened I think if we start splitting things that might be even worse so, therefore, I think I am going to take my amendment as a package. Thank you.

The Bailiff:

Very well. The vote is on the amendment of Deputy Maçon. I invite Members to return to their seat and ask the Greffier to open the voting.

POUR: 19	CONTRE: 25	ABSTAIN: 0
Senator S.C. Ferguson	Senator P.F. Routier	
Connétable of St. Saviour	Senator P.F.C. Ozouf	
Connétable of St. John	Senator A.J.H. Maclean	
Connétable of Trinity	Senator I.J. Gorst	
Deputy J.A. Martin (H)	Senator L.J. Farnham	
Deputy G.P. Southern (H)	Senator A.K.F. Green	
Deputy of Grouville	Connétable of St. Helier	
Deputy J.A.N. Le Fondré (L)	Connétable of St. Clement	
Deputy M. Tadier (B)	Connétable of St. Peter	
Deputy of St. John	Connétable of St. Mary	
Deputy M.R. Higgins (H)	Connétable of St. Ouen	
Deputy J.M. Maçon (S)	Connétable of St. Martin	
Deputy S.Y. Mézec (H)	Connétable of Grouville	
Deputy L.M.C. Doublet (S)	Deputy J.A. Hilton (H)	
Deputy R. Labey (H)	Deputy of Trinity	
Deputy S.M. Wickenden (H)	Deputy K.C. Lewis (S)	
Deputy S.M. Bree (C)	Deputy E.J. Noel (L)	
Deputy T.A. McDonald (S)	Deputy S.J. Pinel (C)	
Deputy of St. Mary	Deputy R.G. Bryans (H)	
	Deputy of St. Peter	
	Deputy A.D. Lewis (H)	
	Deputy of St. Ouen	
	Deputy M.J. Norton (B)	
	Deputy G.J. Truscott (B)	
	Deputy P.D. McLinton (S)	

1.5 Future Hospital: approval of preferred scheme and funding (P.107/2017) - amendment (P.107/2017 Amd.) - second amendment (P.107/2017 Amd.Amd.(2))

The Bailiff:

We now then come to the amendment to the Connétable of St. John, the amendment of the Minister for Treasury and Resources, and I ask the Greffier to read the amendment.

The Greffier of the States:

1 Page 2, amendment 1 - For the words "£392 million", substitute the words "£396 million"; for the words "£74 million", substitute the words "£70 million"; and delete the words "(as agreed with the Corporate Services Scrutiny Panel)". 2 Page 2, amendment 2 - Delete amendment 2. 3 Page 2,

amendment 3 - For the words “£74 million”, substitute the words “£70 million”; and for the words “presentation by the Minister for Treasury and Resources of a document to the States setting out the proposed expenditure, at least 21 working days before any payment is made”, substitute the words “requirements set out in the Financial Direction issued by the Treasurer of the States under Article 34 of the Public Finances (Jersey) Law 2005”. 4 Page 2, amendment 5 - For the inserted new paragraph (g), substitute the following - “(g) if the forecast spend arising from the effects of any recommendations made by the Planning Inspector considering the planning application for the new Hospital result in the project’s capital expenditure budget exceeding £466 million, the project will be placed on hold, and the Council of Ministers shall be required to bring a proposition and report to the States in order for the project to be resumed.”.

1.5.1 Senator A.J.H. Maclean (The Minister for Treasury and Resources):

I believe, following very helpful discussions with the Constable of St. John, that he is in agreement with this amendment and I am sure he will shortly stand to either confirm or otherwise that, but I will make a few comments about it. The Constable and I met and discussed the objectives that he had and the purpose of his amendment and there were, I have to say, very constructive discussions. I am delighted that he appears to have agreed the changes that we have put in place to his amendment. It not only provides the safety net he was after but it provides a more workable solution. The Constable has allowed us to change the contingency numbers contained under (a) which were incorrect in his amendment, though no fault of his own, he was working on some outdated numbers. They will be altered from £392 million and £74 million to £396 million and £70 million respectively, and that is a tidying up exercise. The Constable changed in his budget numbers £466 million - that is the total budget of this project - to £392 million in paragraph (d). Unfortunately the effect of that change is that only £392 million can be drawn from the Strategic Reserve for this project, so the effect of the Constable’s amendment is that it takes away the ability to access any other contingencies. In discussions with him this was not the intended consequence and he has, therefore, indicated to me that he accepts that this part should be removed and that is the effect of my amendment. The Constable’s amendment also placed a period of at least 21 working days between the need to release contingency funding and the ability to make any payments with regard to the project. Now, the proposed amendment is not capable of being aligned, therefore, in the way that contracts operate. This part of the amendment is, therefore, unworkable and simply does not allow us to deliver a cost effective project. We have shared with the Constable some draft financial directions which have been drawn up, he has seen the draft version, by the Treasurer of the States and it is my understanding that the Constable is satisfied that this particular financial direction gives sufficient oversight and governance to assure him that that element of his amendment would not be necessary. In his report the Constable explains why he feels that the preferred scheme would not progress should the planning inspector recommend against the current outline planning application. His concerns are around cost and the consequences of the inquiry process. My amendment to the Constable’s amendment gives Members certainty that the cost envelope is robust and if the planning process creates a material difference in cost - and by that I am referring specifically to the recommendations that come from the planning inspector - if those are accepted by the Minister for the Environment and there is a material difference in cost then the project will pause if that material difference requires the overall budget of £466 million to be breached. I believe that my amendment meets Constable Taylor’s objectives and should give added comfort to Members at the same time. I would like to thank him again for coming in to discuss the concerns he had, and I believe that the amendment that is proposed meets those. So it is a tidying-up exercise and it removes areas that are quite simply unworkable for the project, but does give the necessary comfort under (g) for him with regard to control and ensuring that the budget does not breach the levels that have been set for the project. I therefore maintain the amendment and I ask Members to support it. Thank you.

The Bailiff:

Is the amendment seconded? **[Seconded]**

1.5.2 The Deputy of St. John:

I just want to challenge the Minister for Treasury and Resources. Although the Constable of St. John may be happy with what the Minister for Treasury and Resources is proposing I note on the report to his amendment that the Constable of St. John has now had sight of the governance arrangements from the draft financial directions and is comforted by the process as described. I just raise this as a flag because of my previous role of chair of P.A.C. and the issues of financial management and the issue of financial directions as a whole and how it is managed. There is a huge issue with governance within the States of Jersey anyway. It does not give me any comfort because I have not seen this draft financial direction that so-called governance arrangements are going to be carried around by, so I would like some comfort from the Minister for Treasury and Resources in order to inform me to make the decision as he is asking me to do.

1.5.3 The Connétable of St. John:

Just briefly to explain how we arrived at this position. My proposition is obviously my preferred option, but I am prepared to accept the amendment on the basis that putting a handcuff on one hand of the Minister for Treasury and Resources is better than no handcuffs at all. My attempt to handcuff both his hands unfortunately in this case is probably unlikely. The minor changes of the figures from £392 million for the cost of the hospital to £396 million, is basically because the Outline Business Plan now includes the car parking costs to Patriotic Street Car Park, whereas previously this was to be funded from the Car Park Trading Fund. So that is the difference in the figures, so that side of it we are very comfortable with. I would, therefore, ask Members to support this. Thank you.

The Bailiff:

Does any other Member wish to speak? Then I call on the Minister to reply.

1.5.4 Senator A.J.H. Maclean:

I am not sure what comfort I can give to the Deputy of St. John, and looking in her direction I suspect very little based on what she has said. That is quite simply that she has not had the benefit of seeing the draft financial direction, though she was commenting more broadly about financial directions more specifically and there is very little that I think I can add. She is very familiar with the Public Finances Law and she is very familiar with the issues around financial directions, nevertheless, all I can say to Members is that the financial direction in draft form has been shared - as I mentioned - with the Constable of St. John and he was satisfied and has indicated his support to this amendment. As he has pointed out, and I have said in my opening, there are a number of tidying-up measures in terms of numbers which have changed. There are a couple of areas that were simply unworkable, particularly under (d) which this amendment removes because it set under the Constable's amendment a budget limit of £392 million and did not and would not allow any contingency to be used. That was not his intention but, nevertheless, that is the effect of his amendment should it have gone ahead. I thank the Constable for his comments, I thank him for engaging. We had a constructive discussion arriving at this amendment to the amendment. I ask Members to support it as indeed the Constable of St. John has indicated that he will, and I maintain the amendment.

The Bailiff:

All Members in favour of adopting ... the appel is called for. I invite Members to return to their seats. The vote is on whether or not approve the amendment of the Minister for Treasury and

Resources to the amendment of the Connétable of St. John, and I ask the Greffier to open the voting.

POUR: 36		CONTRE: 6		ABSTAIN: 0
Senator P.F. Routier		Connétable of St. Saviour		
Senator A.J.H. Maclean		Deputy J.A. Martin (H)		
Senator I.J. Gorst		Deputy of Grouville		
Senator L.J. Farnham		Deputy of St. John		
Senator A.K.F. Green		Deputy S.M. Bree (C)		
Senator S.C. Ferguson		Deputy T.A. McDonald (S)		
Connétable of St. Helier				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy G.P. Southern (H)				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

1.6 Future Hospital: approval of preferred scheme and funding (P.107/2017) - amendment (P.107/2017 Amd.) - as amended

The Bailiff:

So we now return to the amendment of the Connétable of St. John as amended by the Minister for Treasury and Resource’s amendments. Does any Member wish to speak? All those in favour of adopting the amendment ... the appel is called for. Connétable, I should have asked you, do you wish to take the vote as a package?

The Connétable of St. John:

Would you like a summing up?

Senator A.J.H. Maclean:

He has not had an opportunity to sum up.

[15:45]

The Bailiff:

Well nobody has spoken. Nobody has spoken so he does not get another speech. Do you wish to take the propositions together or separately?

1.6.1 The Connétable of St. John:

I take it *en bloc* please.

The Bailiff:

En bloc, very well. The vote is on all 5 of the amendments contained in the amendment of the Connétable of St. John, as amended by the Minister for Treasury and Resources. I ask the Greffier to open the voting.

POUR: 39		CONTRE: 4		ABSTAIN: 0
Senator P.F. Routier		Deputy J.A. Martin (H)		
Senator P.F.C. Ozouf		Deputy of St. John		
Senator A.J.H. Maclean		Deputy L.M.C. Doublet (S)		
Senator I.J. Gorst		Deputy S.M. Bree (C)		
Senator L.J. Farnham				
Senator A.K.F. Green				
Senator S.C. Ferguson				
Connétable of St. Helier				
Connétable of St. Clement				
Connétable of St. Peter				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of Grouville				
Connétable of St. John				
Connétable of Trinity				
Deputy G.P. Southern (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy E.J. Noel (L)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy S.Y. Mézec (H)				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				

Deputy T.A. McDonald (S)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

1.7 Future Hospital: approval of preferred scheme and funding (P.107/2017) - third amendment (P.107/2017 Amd.(3))

The Bailiff:

We now return to the main proposition of the Minister for Treasury and Resources, as amended by the amendment of the Connétable of St. John. Does any Member wish to speak?

Senator A.J.H. Maclean:

Sir, I think there is another amendment.

The Bailiff:

I am so sorry, there are 2 more amendments maybe. I am so sorry. Senator Ozouf, I do apologise to you. I was getting carried away with how quickly we were going. Do you wish first of all to ask the States for leave under the Standing Order to debate the amendment that was lodged either last night or today?

Senator P.F.C. Ozouf:

Yes, I originally lodged an amendment. Following discussions with the Treasury, because I could not withdraw part of the amendment which had not been agreed following the discussions we had, I only could basically bring forward an amendment which withdrew that. So my written amendment is in time and Members can either choose to accept the reduced lodging period, which is what I have been asked to do, so that the Council of Ministers will then support the residual proposition, as I understand it, which I was grateful for. It is up to Members to decide. I have got into lots of trouble because of reduced lodging periods and this one was because I ... well, it is what it is, I hope Members understand. Effectively my original amendment is in time, the new one is not, Members either give me leave or they do not give me leave.

The Bailiff:

This is the third amendment, you are asking Members to agree that we should debate. Is that proposition seconded?

Deputy J.A. Martin:

Can I speak on that?

The Bailiff:

Yes.

Deputy J.A. Martin:

I would just like to urge the Senator, even his explanation did not sway me and I have supported him in late lodging over the last few weeks, but he seems to think it is in our gift. It is his amendment, it is in his gift. If he thinks the original amendment is the best one and it is going to be accepted, fine. But I really need some clarification on this because I normally would say it is what it is, it is late lodging; but I am not convinced he wants this one debated. I know you cannot let him speak again until the end but I really am confused because I heard what he said and it is not in our hands, it is his amendment. He does not have to ask for late lodging, it can just fall. So I will leave it with him.

Deputy S.M. Brée:

Like Deputy Martin I am slightly concerned as to why Senator Ozouf has seen fit to lodge so late an amendment, and in the past I have supported his - among other Members of this Assembly - late lodging if the amendment they were lodging seemed to be important to have an overall view of things. I am concerned by the opening lines of the third amendment as lodged by Senator Ozouf on 12th December, which we are discussing, which says: "This revised amendment as I am writing it has the support in principle of the Council of Ministers." What are we seeing here? Are we seeing Senator Ozouf's amendment or are we seeing the Council of Ministers' amendment through Senator Ozouf? I feel just in this instance this has been too late and it does not really, I do not feel, add to the debate. Looking at the second amendment that Senator Ozouf did lodge in time; that is an important debate that we need to have. I would urge Members to reject the appeal to this Assembly by Senator Ozouf to allow debate on the third amendment. But I would be very keen to hear his explanation of why he chose to lodge so late on this particular third amendment.

The Bailiff:

Does any other Member wish to speak? I remind Members - all Members who might speak, not just you, Senator - of the need to address your comments as to whether or not the lodging period should be reduced.

Senator A.K.F. Green:

There is nothing sinister going on here, as suggested. In good faith the Senator brought his original amendment, which included looking at the possibility of reallocating the funding of a bond that had been borrowed for the use of housing. What the Senator did not know at the time was that Andium had plans for all of that money, and so he wanted to leave in the bit about reviewing the option of paying back in instalments rather than paying back at the end of the period, but was not able to remove the things that were now not relevant and leave the things that he wanted to debate. Nothing sinister; the Senator is trying to be really helpful here and maybe find ways of reducing cost.

Senator A.J.H. Maclean:

I think the Minister for Health and Social Services has just stolen my thunder and I can simply just confirm that I have had very constructive discussions with Senator Ozouf over his amendment, and we also had discussions with Andium, and that related to parts (a) and (b), as the Minister for Health and Social Services has mentioned. Andium are not supportive of this concept; the Senator understood that point and was prepared, therefore, to amend his amendment. I am not entirely sure why it was late in terms of lodging, other than the fact the Senator was out of the Island and was delayed on his return, which clearly made it more difficult for him; but nevertheless, there is nothing untoward here whatsoever. Quite simply that (a) and (b) would be removed by his amendment, but the rest of the amendment would have the support both of myself and the Council of Ministers. It seems a sensible and pragmatic way forward. I do understand the sensitivities about late lodging. I cannot really add much more than that but it does seem to me to make sense as other amendments have been accepted late that we also accept Senator Ozouf's in this instance. I would, therefore, ask Members to consider doing that.

Deputy J.A.N. Le Fondré:

I am trying to find a way through this. Can I seek clarification from yourself: in relation to the amendment that is in time, is it within the gift of the Senator to propose (d)(i) separate to (d)(ii) and (d)(iii), because if it is then we can move ahead with his amendment that is in time and curtail this debate.

The Bailiff:

Thank you, Deputy. The Greffier and I had a full discussion about it. While it is not appropriate practice we thought that might have been a convenient way forward and so I was prepared to allow separate votes to be taken.

Deputy J.A.N. Le Fondré:

Then can I suggest that we just do not accept the late amendment but we do accept the original debate and that the Senator, if he is happy with that, proposes (d)(i) separately to (ii) and (iii) and then everybody can vote accordingly.

Deputy G.P. Southern:

A very curious position at the moment. I have heard 2 people say there is nothing underhand about this. What does that make me think? There is something underhand about this; there are some shenanigans going on, especially when I hear that Senator Ozouf has asked people not to let him bring this because he has made a mess of it, or something. So I do not know which way I am going to vote on this but, trust me, there are some shenanigans going on.

Senator I.J. Gorst:

I will not use that phrase otherwise the Deputy will be reinforced in his belief that there are shenanigans going on. Let us be clear, Senator Ozouf is - and he is on public record - trying to mitigate and reduce the need for a lending and he had spoken about the inflation rates, he has spoken about returns on equities, and he came up with the idea of using the Andium money to do that mitigation. He spoke rightly, as I encouraged him to do, as the Minister for Treasury and Resources has done with all movers of amendments, about what was acceptable in movers of amendments' amendments, and it was clear that from a Treasury perspective that is not possible and from an Andium perspective it is not possible. Therefore, in a spirit of working together, Senator Ozouf rightly ... I think you said that he was not able to withdraw those 2 parts dealing with Andium bond issue, but the only way forward was to bring a late amendment which is what we have before us and what we are discussing about whether that is possible to accept that or not.

The Bailiff:

No, if I might just correct you, I did indicate that I was prepared to take a separate vote on (d)(i).

Senator I.J. Gorst:

That is quite right, but it is not quite the same as being able to withdraw it and not start the debate on it. The Minister for Treasury and Resources gave undertakings, Members will be aware of, yesterday in questions without notice about current market conditions, when they go to the market for the borrowing, and to consider that. The Minister for Treasury and Resources last night lodged a late amendment and we have taken it this morning. The Senator, as I understand it, was ready to lodge but because of procedural matters and delay due to weather it did not get on to Members desks before the States rose yesterday, but he did notify us of it, we did receive copies by email. It is simply the second of the 2 parts of his amendment so there is nothing new here at all, it just allows for what I think is a better amendment and process and, therefore, the fact that we allowed the Minister for Treasury and Resource's amendment last night to be taken earlier today, it seems to me reasonable that we allow this second amendment of Senator Ozouf's to be taken.

Senator P.F.C. Ozouf:

The 2 differences are between the amendment that can be taken ... it does not matter whether it was lodged today or yesterday, I still would have had to seek leave of the Assembly. This amendment, amendment 3, removes basically (d)(i) which was to request the Minister for Treasury and Resources to undertake the feasibility of effectively Andium's borrowing. It basically removes that, so we do not vote on it. You kindly said that I was able to have a vote in the second

amendment on the 3; what effectively 3 does is it removes that vote because there was not agreement on it. That is the reason for it, so there are no shenanigans. If Members do not allow me to debate 3 then I have to go back to 2, I have got no choice, so therefore there will be a separate vote which the Council of Ministers will oppose on (d)(i) and hopefully the Council of Ministers would still agree with (d)(ii), (d)(iii) and (g). That is the situation. No shenanigans, it is just whether or not the States wanted to debate whether or not the Andium bond could be used for the hospital. That is the explanation, no shenanigans. That is clear and simple, that is the reason why. I could not get the Council of Ministers to agree so they said: “Lodge that amendment and we will agree with it, if you do not revise the amendment with the Andium costs then we will take a different view.” That is where it is, that is why I am doing it. It would have been late anyway so it is up to Members to decide.

[16:00]

They have got either amendment 3 which does not have housing costs, or 2 which does have a vote on housing costs because you allowed me to do it. It is up to Members to decide. Members know effectively I lodged an original proposition that was not agreed; I have got a proposition that is agreed. I cannot say anymore. I move the appel.

The Bailiff:

The appel is called for. The vote is on whether to reduce the lodging period to allow the third amendment of Senator Ozouf to be debated. The appel is called for. I invite Members to return to their seats and ask the Greffier to open the voting.

POUR: 24	CONTRE: 15	ABSTAIN: 1
Senator P.F. Routier	Senator S.C. Ferguson	Senator P.F.C. Ozouf
Senator A.J.H. Maclean	Connétable of Grouville	
Senator I.J. Gorst	Connétable of St. John	
Senator L.J. Farnham	Deputy J.A. Martin (H)	
Senator A.K.F. Green	Deputy G.P. Southern (H)	
Connétable of St. Helier	Deputy of Grouville	
Connétable of St. Clement	Deputy J.A.N. Le Fondré (L)	
Connétable of St. Peter	Deputy K.C. Lewis (S)	
Connétable of St. Lawrence	Deputy J.M. Maçon (S)	
Connétable of St. Mary	Deputy S.Y. Mézec (H)	
Connétable of St. Ouen	Deputy L.M.C. Doublet (S)	
Connétable of St. Martin	Deputy S.M. Wickenden (H)	
Connétable of St. Saviour	Deputy S.M. Bree (C)	
Connétable of Trinity	Deputy M.J. Norton (B)	
Deputy of Trinity	Deputy G.J. Truscott (B)	
Deputy M. Tadier (B)		
Deputy E.J. Noel (L)		
Deputy S.J. Pinel (C)		
Deputy of St. Peter		
Deputy A.D. Lewis (H)		
Deputy of St. Ouen		
Deputy T.A. McDonald (S)		
Deputy of St. Mary		
Deputy P.D. McLinton (S)		

The Bailiff:

Senator Ozouf, do I understand that in the light of what you have said you wish to withdraw your second amendment and proceed only with your third amendment?

Senator P.F.C. Ozouf:

Yes, that is what I have got to do.

The Bailiff:

You have not got to do anything; I am giving you the choice.

Senator P.F.C. Ozouf:

I am not withdrawing everything, I will do what I stood by and said, which I will debate ... if I have got permission to do amendment 3.

The Bailiff:

You have the Assembly's leave to debate amendment 3.

Senator P.F.C. Ozouf:

Well then I will do what I said and I will debate amendment 3. I regret it, but that is what I will do.

The Bailiff:

So you will not be proposing amendment 2, you will withdraw amendment 2?

Senator P.F.C. Ozouf:

I have been given a clear direction from the Assembly.

The Bailiff:

So the answer is yes?

Senator P.F.C. Ozouf:

The answer is yes, I withdraw amendment 2.

The Bailiff:

Thank you.

Deputy M. Tadier:

A point of order, the Senator is at liberty to withdraw either 3 or 2, is he not?

The Bailiff:

Yes, he is, that is why I was asking him.

Deputy M. Tadier:

So he could still withdraw 3, which he has just asked for leave to take early, but he can still withdraw it at this point.

The Bailiff:

You withdraw 2 or 3?

Senator P.F.C. Ozouf:

I thought the vote was clear, Members had ... either they were going to allow me to vote [Members: Oh!] I thought it was clear. I thought Members were clear, they were either going to allow me to propose 3 or 2. They made their decision so, therefore, the vote was I can debate 3 but not 2.

The Bailiff:

No, Senator, the ... excuse me, thank you, we are not chatting across the Chamber. Senator, the position is clear. You have been given leave by the Assembly to have your third amendment debated. So we currently stand in the position where you have both your second amendment and your third amendment, which are substantially similar in most respects except for (d)(i) under the second amendment, both there for debate. I want to know whether you are still prepared, which was the indication given, to withdraw the second amendment. If you are not then I will ask the Greffier to read the second amendment; if you are then we will go and read the third amendment.

Senator P.F.C. Ozouf:

I believe the States did not allow me to go for 2 and, therefore [Members: Oh!] ...

The Bailiff:

It is your choice, Senator, as long as you are clear that it is your choice.

Senator P.F.C. Ozouf:

I am being given conflicting comments. I will withdraw 2 because that is what I said I would do. [Approbation] That is fine, I will withdraw 2 and we will go with 3.

The Bailiff:

Excellent. Greffier, could you please read the third amendment?

The Greffier of the States:

Page 2, new paragraph (d) - after paragraph (c), insert the following new paragraph - “(d) to request the Minister for Treasury Resources - (i) to undertake a review of the feasibility and costs of undertaking any borrowing on the basis that the capital amount borrowed is repaid in tranches over the intended life of the new General Hospital rather than in a single lump sum on final maturity; and (ii) in each case to report the outcome of such review to the Assembly no later than 28th February 2018;”. Page 2, original paragraphs (d) and (e) - Rename the original paragraphs (d) and (e) as “(e)” and “(f)” respectively; and at the end of the renamed paragraph (f)(iii) for the full-stop substitute a semi-colon. Page 2, new paragraph (g) - After the renamed paragraph (f), insert the following new paragraph - “(g) to request the Minister for Treasury and Resources to bring legislation to the Assembly to place the Treasury Advisory Panel (T.A.P.) on a statutory basis on a similar basis to the Fiscal Policy Panel.”.

1.7.1 Senator P.F.C. Ozouf:

I believe in prudence. I believe that governments should not indebt themselves and should not basically have intergenerational problems that leave issues for next generations. So, therefore, the amendment 3 requires and avoids a situation whereby I sought a ruling from you yesterday or today - I cannot remember - that effectively we were not approving the report of the Council of Ministers but rather just the recital. So basically part (c) of the proposition basically asks Members to approve financing of up to £275 million for the hospital scheme. Now, my problem was that the indication in the report was that the Treasury would implement that by the issuing of a 40-year public bond. I have been in exactly the same position as the Minister in a previous bond, which was the Andium bond, and while we are not debating that it is relevant to say this. At the time all the investment advice was that interest rates would be going up and that there was nothing to worry about, in fact it should be got on with straight away. What happened was that the advice - because nobody has got evidence of the future - was that effectively interest rates went down. So the advice, as one member of the F.P.P. (Fiscal Policy Panel) told a Member, I have got no evidence of the future but I can only look at the past. I was worried that the current Minister for Treasury and

Resources was going to go and accept the advice that he has received, which I do not agree with, and I respectfully say that I do not advise the Minister for Treasury and Resources but I am entitled to have a different view. My view was that it would be a retrograde step for this Island to issue a public bond, because I am assuming that if he implements the decision of (c) as the report says, which we are not approving, he will issue a bond of £275 million with a single bullet repayment of £275 million in 2059. I think Deputy Mézec is the youngest member of the States, I have been the youngest Member of the States, but in 40 years' time I do not know whether it will be a letter or an email, or something that has not been invented yet, but there will be a request for the Treasury to repay £275 million. Now, the advice that the Treasury have got is that is going to be all fine because they are making 2 assumptions; first of all that inflation is going to erode the value of that money and so they are being told: "Do not worry, £275 million in 40 years will not be £275 million in real terms today, it will be less." Secondly, that investment returns are going to be sufficient from the residual value of the Strategic Reserve after we have paid for the bit that is the difference between £468 million and £275 million, but the investment returns from the Strategic Reserve are going to be sufficient to pay that cash of £275 million, whether or not its worth in real terms today £275 million or not. I was worried by that. So that is why I said a more prudent approach would be to say: "Please do not give ..." it might be Deputy Mézec might have children, whatever happens. There may be Members of this Assembly that have grandchildren, but all I know is that that bill will come unless it is laddered. So Members of this Assembly are probably ... I do not know how many of them are homeowners but they have often gone to buy their homes and I would ask Members to consider the years in which those flavoursome mortgages that were offered by financial advisers, called interest only endowment mortgages, were all the rage. They were the real elixir of hope. What happened with the endowment mortgage market? Some people did quite well. A Member told me over the lunchtime adjournment they were fine. Others have told me that they were not so fine. I should declare an interest, I had one, I liquidated it. I realised the fees were so high, that were taken right at the start of it, because all the investment advisers want you to go and take that bond and take that endowment mortgage and effectively they did not work. So what I have asked is the most lightest version I possibly can do. I have not spiked the Minister's proposal, I have not conditioned it, I have just asked nicely. I have asked nicely that the Minister for Treasury and Resources go back and ask his adviser again: "Please consider a staged repayment" so that the Members of this Assembly who will sit and who will have to deal with the Budget in ... I do not know whether or not that will be the tenth M.T.F.P. (Medium Term Financial Plan), it probably is. It will be the tenth M.T.F.P. They are going to have to put in finding £275 million instead of what I would believe is a more prudent approach, which is to pay it off in tranches over 40 years. So therefore my request to the Minister for Treasury and Resources is to consider laddering whatever finance he wants to take. I hoped that we would not issue - and I want to be on record - I hoped that we would not want to do a public bond. In my view, countries around the world are indebted. We hear the U.K. (United Kingdom) with a debt ratio of 80 per cent of G.D.P. and rising. If we would have that position the Minister for Treasury and Resources today would not have 100 per cent of G.D.P. in assets, he would have a debt mountain of about £3.5 billion. This Assembly has never borrowed for capital that does not have a repayment source. What this repayment source is is the returns from the Strategic Reserve. I know there was some conditionality to review but let us call a spade a spade, let us say it is absolutely clear, because this Assembly likes taking easy, short-term decisions. Responsible Assemblies of the past, which have got us to where we are, have said: "No, what we are going to do is we are to pay for capital projects as we go along." I realise with the hospital delays that the build has gone up. So the Minister for Treasury and Resources is placed in this invidious position of not having enough cash to pay his hospital proposal, so he has to finance it. Now, how he finances it has to be on the basis of professional advice. I do not agree with the professional advice he has got. I want him to go back and ask again. I am asking him very nicely whether or not he will review options basically for a more prudent approach which does not

have that bill in the post in a single bullet repayment of £275 million. That is more prudent. That is more the Jersey way, if I may say, in the positive way in which you have described it. A more prudent approach to repaying debt is not an endowment, it is an interest and repayment approach. It is harder but it is better. It is more Jersey because that is the way we do things. The bit that we are not debating is my more flavoursome proposal, which was to use the existing bond for the hospital. But Andium did not like it, Treasury did not like it, so I had to withdraw it. Sorry about that. I wish they would have accepted it. I thought it was a win/win but I upset Andium and I want to publicly apologise to Andium for inadvertently causing them angst because they thought that they were being drawn into the hospital funding debate. I apologise for that.

[16:15]

I did not want to do that, which is ultimately why I have been in the position of withdrawing the amendment. The reason why I withdrew the amendment - and Members are entitled to know - is because I was not able to have enough time, with the period of time that I had, in order to basically go and talk to Andium and give them the confidence that I believed that they should have had to basically borrowing at lower cost. Over the luncheon adjournment a number of Members attended a presentation. I will not name the individual but there was one individual that Members met that has huge experience in social housing, and it is today possible for social housing projects because that investment advice that I was given, that I gave the Assembly when we did that original bond, was wrong. Interest rates did not go up, they went down. Now, Members are asked if they accept... well, they are not accepting the report but they are certainly going to read it, that is what a lot of this debate has been about. They are asked to make 2 heroic assumptions. They are asked to consider and to believe that inflation is going to be eroding the value of money in the next 40 years. I am afraid to say that I just do not believe the future is going to be the same as the past. I do not believe that oil is going to push inflation up, I believe mechanisation and robotics are going to mean that the problem that inflation has had with overheated economies because of the lack of people, and that employment issue that Senator Ferguson speaks about of basically a point of unemployment means that inflation goes up, the wage spiral goes up, I think that is going to be a problem in the future. The migration policy that the Council of Ministers has put forward is only going to work because we are going to need less people to do the jobs that we have. I can see the Chief Minister agreeing with me. We are going to need less people to do the jobs. Whether or not we need less States Members is a matter for the people. So apparently you need the same number of priests - because you cannot mechanise and robotic them - you need personal trainers - they are okay - but accountants, lawyers and all the people in the service sector are all basically going to be the jobs that are going to disappear. So is the world going to be a world where we are going to see inflation rising? Secondly, our equity markets are going to deliver the Minister for Treasury and Resources of the future ... who is the Minister for Treasury and Resources going to be in 2059? In 2059 I am going to be 87. I am going to be drawing a pension, I hope. The Minister for Social Security has done some pretty good work recently on ensuring at least my social security pension is okay, but we have had 17 per cent returns from our investments in the last couple of years. Nineteen, they have gone up since the Minister for Treasury and Resources last speech, goodness me, he has got even more money now. No, I did remember, I heard it exactly it was £890 million. Now, why have equity markets gone up. They have gone up because of quantitative easing. When you pump money of the scale of the Federal Reserve, the Bank of England and the European Central Bank are they get effectively put in asset prices. So the heroic assumption that the advisers are making, who are, interestingly, advisers that get paid. I do not criticise them but they like selling things and they like selling bonds. I say let us just be a little bit careful about this. I am asking the Minister for Treasury and Resources nicely, go and ask those advisers again: "Do you really think that we should be issuing a public bond of 40-year maturity?" because the last time we did it I told the Assembly the advice and the advice was wrong. Is the advice going to be wrong

again? I have my doubts of the report. I would prefer we did not issue a bond of 40-year maturity. The Council of Ministers has accepted ... and I hope that the Minister for Treasury and Resources is going to give me some warm words of comfort, that he is going to say: "Actually, no, I am not going to go with a 40-year with a bullet repayment that is going to leave that intergenerational transfer, where we are going to get the benefit for the hospital and we are going to take this big punt, we are going to gamble ..." if investment is a gamble. Is investment a gamble? Maybe it is, may it is not, but it is certainly a big bet. It is a big assumption and I am not sure that that is right. So that is why I have put forward a constructive request. Please, Minister for Treasury and Resources, before you implement what it appears to say in your report, think again. Do a laddered repayment of that debt so that those children, those unborn people, that are going to be 40 years old... I am 47, the people that are the workers and the people that are going to sit in this place in 2059 are not going to have a bill of £275 million. I do not want them to do that. Now, the second part of my amendment, which I hope that the Treasury is still going to accept, which I hope they are, is to put the Treasury Advisory Panel on to a statutory basis. I am just going to spend a couple of moments explaining why. The Treasury Advisory Panel is this board under what I can only describe as an informal arrangement. It might be under a document but it has not been approved by this Assembly and it is not in the Finance Law. It is effectively looking after those investments. Those wonderful investments that those forefathers and foremothers of this Assembly have actually bequeathed us. No other state that has not got oil has got 100 per cent of G.D.P. in assets. Not one. We have and we have got so because we have made good investment advice. Now, it used to be the likes of former Deputy Crespel, former Deputy Maltwood and the former Deputy Grimes, the Deputy of St. Mary that basically used to personally, when I was on the Finance and Economics Committee, do the investment advice. On my first day as Minister for Treasury and Resources, I was given a Ministerial Decision - that was when I found out of the little problem with the incinerator, but that is another matter - that said: "Minister, here is a proposition, here is a Ministerial Decision for you to sign off on an investment decision of investing in something." I cannot remember whether it was the purchase of some shares or some equity. I said: "Is the Minister really the person that makes these decisions? What if I want to put on for the 2.30 at Newmarket instead of basically buying some equity?" So basically I suggested: "No, no, no, I want to have an advisory panel." I have to say to Members it has worked quite well, putting all the investments in one big C.I.F. (Common Investment Fund) has been a real good winner. We have saved on administrative costs. I can see the Assistant Minister for Social Security nodding because I know he is happy and I know the Minister is happy and we have some cracking returns. But if we are now entering into a period of time when we are going to be borrowing, I want that Treasury Advisory Panel put in a law with a remit, with people who have to go through a proper process and have a reporting process. I want that T.A.P. to be built on a statute basis in the Finance Law, and that is why I am requesting the Minister for Treasury and Resources ... I know he has got lots of other things to do, but basically that T.A.P., which is looking after not a few hundred million pounds, not even £1 million, they are making decisions of billions of pounds of investment. Now, there was one piece of work that was left in the Treasury that was not done, and that was that I wanted to extend C.I.F. to include the Public Sector Pension Scheme. I know there are some legalities used about the different ownership structures of it, but I thought that was a good idea. It is not being done. I am sorry about that. I wish it would be, but basically what I want to do is I want to make sure that this Assembly, now and in perpetuity, has a Treasury Advisory Panel in a statute in the Finance Law, with people that are properly qualified, properly appointed, with a remit to not only look after the investments but also these debt instruments that we are getting, and I want them to wag their fingers. I want them to say whether or not they think it is wise because at the moment we have asked this T.A.P. body to advise on debt. I did not set up T.A.P. to advise on debt. I asked them to advise on investments, and I think the 2 things are different and I am confused why T.A.P. is advising on debt, because if you want to go and get your feet done, you go

to a chiropodist. If you want your eyes looked at, you go to an optometrist. If you want to go to get your investments advice, you go to an investment adviser. If you want to go and get some finance, you go to people who are specialist in advising on what to do with a liability. I am just a little bit worried that this T.A.P. is confusing their roles, and I just want to make sure that, for the avoidance of any doubt ... I am not against them having expertise in investment, but I want them to understand what the concept of debt means, because what I have to say to Members is that that Andium bond is now worth ... if we would have to buy it back, it would cost £80 million more than when we issued it. Now, that is fine if, in the 36 years left we have got to repay it, the value of money has been eroded, but if I am right to be slightly a bit negative in my outlook for inflation and suggest that oil prices are not going to have the same inflationary impact and that robotics and artificial intelligence is going to deal with the impact of people on inflation, I am really worried about the value of that money. I know now that the Andium bond, if it was the market buying it, is apparently a debt instrument, is an investment if you are on the other side of it. So it is an investment that is a debt to us. What I do not understand is that we owe debt on our balance sheet and we own bonds. We own bonds and yet we are receiving another one, and I just do not understand why, but all I want to do is I want to make sure that T.A.P. has a proper remit and a proper overall understanding of what its, effectively, job is, which is Treasury functions, looking after whatever liabilities and looking after the assets. If all that is properly put together and under a proper statutory remit, I think this Assembly would be better served. That is why my residual amendment with the 2 bits left, I would have loved to have got the Andium borrowing down. I would have loved to do it and I would have loved to avoid the issuing of a public debt. I still hope that we do not have to issue a public debt because that is going to send the message out: "What is Jersey doing? Is it going to end up like the U.K.?" because the first one, it is like an addiction. When you issue debt, it is easy. The first Andium bond was easy. We were told it was going to be fine. Well, it has worked, although we have only spent not enough of it, and so the actual building costs of the housing that we were going to buy for it have gone up and that has been a shame for the Minister for Housing and my esteemed friend, the former Minister for Housing. We went and did the bond road show, the Minister for Housing and I, at the time, and we said we were going to spend that money straightaway. What happens? £100 million of it is still sitting there. I know they promised they are going to spend it in the next few months, but it is 3 years too late and the building costs have gone up by 30 per cent. What a shame. So it did not work out and it has ended up by costing more. In conclusion, investment advisers do not always get it right. So what you have to do is you have to question and question them again, and question them again and again and again, with the latest relevant information. We are being told that there has been this imminent, urgent reason to issue a bond now: "Get on with it because interest rates are going to go up." Looking at the yield curve of interest rates, they have done the opposite. They went down from 2012, down from 2013, and what is going to happen in the next 40 years? I have got my view, but I just ask the Minister for Treasury and Resources, please go and ask those investment advisers to think again and then put the T.A.P. on a statutory basis.

[16:30]

I move the amendment in the third in all parts and I hope the Council of Ministers is going to come out without a written comment but say: "Yes, we are going to do it and we are going to take this request", which is a polite request, seriously, and they are not just going to be words; they are going to come back and explain why they are doing what they are doing. Thank you.

The Bailiff:

Is the amendment seconded? **[Seconded]**

1.7.2 The Connétable of St. Peter:

I am afraid I am going to disappoint Senator Ozouf this afternoon. I am going to be talking against his proposition. Certainly, yes, I was not quite sure which one we were going to. I am going to cover, in part, both of the options and that was the amendment 2 and also his amendment 3.

The Bailiff:

Just amendment 3. Thank you, Connétable.

The Connétable of St. Peter:

Yes. I will do my best to contain myself to that, Sir, yes.

The Bailiff:

I hope so.

The Connétable of St. Peter:

I think, as my role is Assistant Minister for Treasury and Resources, it is my responsibility for the shareholdings and there are impacts potentially on the shareholdings, of which Andium is one, and the Andium bond is one of those as well, but I can assure Members that the original amendment has not been lodged with Andium's support.

The Bailiff:

Connétable, that amendment has been withdrawn.

The Connétable of St. Peter:

Yes. I am aware, Sir.

The Bailiff:

Well, then, what you have to say about Andium does not obviously seem to be relevant.

The Connétable of St. Peter:

It has relevance to the creation of the Andium bond or the bond we are trying to achieve similar things, but the way that the Senator is proposing to repay them is the issue.

The Bailiff:

I see. It is by analogy you mean?

The Connétable of St. Peter:

Yes, Sir.

The Bailiff:

Right. Thank you.

The Connétable of St. Peter:

Okay. I will try and jump forward now. Basically, the issue for us is that we have a funding mechanism in place and we do not have with the current bond, other than that it will be repaid for by the monies that will be generated by putting it in a Common Investment Fund. The Senator has asked us to do some work at looking again at the option of going for the bond. I am pleased to advise the Senator that we did do this work as part of the process of forming a view as to the best solution of providing funding for the new hospital. Of course we did. We engaged our own advisers, EY. We have run financial models to understand the impact of utilising unspent proceeds. We have established the knock-on effects of issuing a bond of lower amounts. Furthermore, seems to ignore effects on the current bond holder that we have in Andium and the impact it would have on their ability to go forward. The benefit of certainty should not be underestimated. Andium may

well be able to access cheaper money but not in the short term. The Senator did say that ... he questioned about the interest rates rising. That is what the Bank of England said is going to happen. Returning to the report of the Ministers, it is suggested a funding strategy was agreed as part of Budget 2015, with a change in Health and Social Services change in the 2-site plan. The proposition now in front of us is not the same. The Minister for Treasury and Resources acted upon advice and asked permission to borrow up to £400 million but listened to Members and has produced a borrowing request accordingly. As a single organisation, we now need to act as to further capital, and our advisers have told us that a further bond is the right solution. Even Scrutiny's advisers, Opus and C.I.P.F.A. (Chartered Institute of Public Finance and Accountancy), have also agreed, and I quote from their reports, first C.I.P.F.A., of April 2017, this year: "Where external financing is required, the sterling public-rated bond is a preferred option." Given historically low yields and spreads, there are clear advantages with the approach proposed by the Minister for Treasury and Resources. Turning now to the Scrutiny adviser Opus, again November this year: "The new funding proposal is pragmatic, middle path to the challenges of the 2 bookends which were funding the whole project with bond instruments or funding the whole project from our reserves." They say we need to get on with it. Our advisers have directed us on the tenor. There are options on maturity, but that level of flexibility for us adds costs to the deal as investors have less certainty. It has also been tested by Scrutiny's advisers and they agree we had to make the decision and not be sidetracked by further reviews from Scrutiny. There are always reasons to delay but we have presented the right solution, a solution for today and the future, and I am happy to support the amendment on that basis.

1.7.3 Senator A.J.H. Maclean:

I listened with great interest to Senator Ozouf's comments in his introduction. I think the first words he used were "prudent", and of course Members will be aware that that is a word I use quite frequently. I believe very much in a prudent approach to public finances, and that includes consideration of any debt. The Senator talked about governments not being indebted, and I agree with him there and in fact it is worth nothing and repeating what I said in my opening remarks earlier today that Jersey's debt to G.D.P. is very low compared to most other places. It is currently 6 per cent. Indeed, with the loan or the bond up to £275 million, our debt to G.D.P. would grow to just 13 per cent, substantially less than most other places. I was interested in the comments from Senator Ozouf, in particular with regard to the Andium bond. He effectively turned around and said to me: "Do not take the advice of your advisers." It is interesting because the Senator, when he was Minister for Treasury and Resources, had advisers whom he took advice from because that is what Ministers do. Ministers have to make decisions based on the best advice available, and that is exactly what happened. So to turn around now and say: "Do not take the advice of your advisers" is, I think, to say the least, a somewhat curious position to now be taking. The Senator took and made various what I would describe as macroeconomic views on what may or may not happen in the future. He talked about inflation in the future and influences that may impact upon whether we have inflation or, I think, what he was angling towards was more of a deflationary cycle than an inflationary one. He was saying, as a result of that, that the level of borrowing that we take on could indeed be a big problem in 30 years' time or 40 years' time or whatever it happens to be, because inflation will not have played its part in reducing that particular debt level. He was also taking a view about investment returns and suggesting that in the future investment returns would be lower than they have been more recently. I would agree entirely with that. In fact, we have had extraordinary returns over the last year or 2. Last year, 2016, we saw the Strategic Reserve grow by something like 13.5 per cent, over £100 million of growth in our reserves, and we saw the Social Security Reserve Fund grow by almost 20 per cent, 19.6 per cent, I think it was, but these are exceptional returns and not the basis for future planning, certainly for the managing of future debt. That is the reason why, upon professional advice, we have taken a prudent approach to the types of

returns that we are likely to see in the future, returns from our investments that will be used to pay the interest and ultimately used to pay the capital of that debt. Over the past 40 years, we can look back historically at data and we can see that our investments have increased in value, on average, by 4 per cent per annum above R.P.I. (Retail Price Index). That is a figure that we have taken when looking forwards and upon independent investment advice, professional independent investment advice, we have reduced those returns by half. So we are working on 2 per cent above R.P.I.Y. investment returns into the future. That is what I call prudence, and it is absolutely the right approach to take. What that means for our borrowings with regard to funding a bond on the hospital is that the interest payments can be made from the Strategic Reserve. The capital under the current plan, that is the bullet payment at the end of the period, whether that period is 30 years or a different period but of that order, long-term debt will be repaid from the investment returns, and the modelling shows quite clearly that based on those prudent investment returns over the period, that the Strategic Reserve would grow to an estimated £3.6 billion. Nothing is certain in the future, but taking professional advice and taking a prudent approach is the right thing to do. I have to say that the other part to this proposition that the Senator referred to was around the Treasury Advisory Panel. It is not the same Treasury Advisory Panel that the Senator set up a few years ago. We have changed it. We have added some external advisers. We have broadened the advice that we asked it to give, and it does not make the decisions but what it does do is provide valuable advice to the Minister for Treasury and Resources about a whole range of issues, and we did, quite appropriately, ask it to consider the professional advice we were receiving from our professional advisers, the external professional advisers. It is another layer of advice for the Minister and for the ministerial time, and that, I think, is right. I do not believe that pushing it into or on to a statutory basis is a necessary thing to do, but I am prepared, as I have had constructive discussions with the Senator, to agree to that basis, but what I would say to the Senator is he should be careful what he wishes for. What I mean by that is that if we had had the Treasury Advisory Panel on a statutory basis today, then the decision that this Assembly may be taking with regard to debt could indeed be very different because the advice is very clear from the panel, having considered all the external views, that in fact we should be taking higher levels of debt than is in the proposal and the proposition before Members today. As Members will know, I have taken a considered opinion, the views of others, and we are considering those views very carefully and have therefore made a proposal which limits the debt to a maximum up to £275 million. That aside, I accept the points made by the Senator about the statutory basis of the Treasury Advisory Panel and that, with regard to his proposition, is a point that I am prepared to accept and therefore will accept that point. Just for clarity, the other point in the amendment from Senator Ozouf asks us to review the possibility of paying the debt off in tranches, not as a bullet as is currently proposed. He asks that that review is undertaken and reported back to this Assembly no later than the end of February of next year. Well, I can tell the Senator a lot of that work has already been done. The concept of payment or repayment of the debt in tranches, or as he described it as a ladder, which are slightly different, is a matter that we have considered. In fact, it is an outcome and a method that is often used in other places, in particular in the United States, but the experience from places like the United States, where incidentally we would probably have to go if we wanted to have that type of product, is that it is expensive. It is more expensive probably than a number of other options, but we will look at it again. I am happy to do that for the Senator and for Members, to make sure that the advice we have had to date is appropriate in terms of repayment at the end of the period. As I have already said, our prudent approach to the management of the debt we are proposing is that it will be paid off from a low level of investment returns over the period. Incidentally, I should point out that although we cannot look far ahead with regard to inflation, we have also factored-in inflation rates which are not particularly high either. Although it is very difficult, as you go into the future, the important point is that your investment returns outstrip whatever the inflation happens to be at any particular point in time. In summary, I am, as I have said, prepared to agree to the amendment of

Senator Ozouf on the basis that I have laid out. We will look again at ways in which the debt can be repaid and we will report back to the Assembly accordingly and we will progress matters with regard to the Treasury Advisory Panel and putting it into a or on to a statutory basis. I therefore hope that there is no need for a lengthy debate for other Members to make a contribution on the basis that I am prepared, as are the Council of Ministers, to accept what is being proposed in relation to the structure. Thank you.

[16:45]

1.7.4 Deputy J.A.N. Le Fondré:

I will try and be as quick as I can, following the Minister's words. I would just like to say I agree with Senator Ozouf that debt is addictive and also that in my view it is not in the Jersey psyche as I, at least, view it, or at least it did not used to be. So, from the point of view of £275 million is better than £400 million, which is where we were at the beginning of this year, or up to, but equally I have got absolutely no problems with a feasibility study. I suspect, from the words of the Minister for Treasury and Resources, it probably is not going to generate very much because I believe, from memory, that the Minister is absolutely correct, that it is a more expensive way of doing things. However, it has always been attractive from my point of view. I do not like the level of debt that we are starting to head towards. I think that may be a matter for the main debate. I would hope that at some point, similar to the amendment that Corporate Services brought back in May, was that some future Minister for Treasury and Resources will do some form of top-up mechanism for the Strategic Reserve, in other words, to move us back into the psyche of savings rather than borrowings. I am disappointed in one aspect from what Senator Ozouf has been doing, in that I would have liked to have debated the Andium bond issue because I think that was of interest and potentially attractive as a decision for this Assembly, even though the relevant party has obviously caused some difficulties, but again that is about how one views debt. Obviously, again, the value of any debt, I would suggest, is relatively irrelevant because providing you are holding it until maturity - and I am sure Deputy Brée may or may not correct me - it is the nominal value that matters, not the market value at any one point in time. But anyway, my point is I am very happy to support certainly the feasibility study. I note the Minister for Treasury and Resources' reservations about the Treasury Advisory Panel. I am similarly minded. I am thinking if you have got members on an honorary basis, which I presume is the capacity operated in, whether one puts into it a statutory body, whether that starts changing the ethos behind it, but if he is accepting it, fine. What I do want to put on record, really - I do not have the figures to hand but we did put them in Scrutiny comments back in May, I think - was that I am concerned about our overall debt levels. We have the Andium bond of £250 million. We will have this one, which is up to £275 million, so above half a billion straightaway. We have the other borrowings that will be taking place in the States-owned entities, whether it is ports with the recent £42 million that has been talked about. Obviously S.o.J.D.C. (States of Jersey Development Company) with its borrowings and whoever else is borrowing what and where. Then that is excluding the pension liabilities that we have, which I would consider is also a fact which should be taken into account. We have moved, in the time I have been in this Assembly, since 2005, into a borrowing culture. That is my concern, but a feasibility study on reducing the period in which we hold the debt on this level, I think is a good idea. Thank you.

1.7.5 Senator S.C. Ferguson:

I am just curious why the Treasury Advisory Panel has been brought into this particular proposition. We look to be having a sort of smorgasbord of everything. The one or 2 comments that I would make with regard to investments and so on, I agree that we cannot rely on high returns. The general forecasts that are going around at the moment are somewhat more sanguine. We have the Social Security Fund with growth of, I think it was quoted 20 per cent. Well, now, is that

genuine growth or does that include the additional funds that have been added to it by, you know, the payments that we all make when we are working? Then talking about the Strategic Reserve, at 13.5 per cent growth last year, it is, I understand, one per cent less than the F.T.S.E. (Financial Times Stock Exchange) which has grown at something in the order of 14.5 per cent in 2016. Opus looked at the alternative, borrowing in tranches and then repaying in tranches, spreading the repayments in effect, but, in effect, it meant that we were paying more in fees and it was hopelessly uneconomic. So, for every forecast, for every “have we not done well”, you must look at what the general market trend is and take these figures with a pinch of salt. As I say, I look forward to the Senator explaining why he has brought the Treasury Advisory Panel into a discussion on the Outline Business Case for the hospital.

1.7.6 The Connétable of St. John:

This is essentially 2 bits in this amendment. The first is to take out a feasibility study of costs, and I am flabbergasted that the Minister for Treasury and Resources did not just stand up and say: “We have already done that.” So I cannot support that because I would expect all of that to have already been done. The second part, which is 3 in the proposition, I am again aghast at such a move. This is an important proposition. To request the Minister for Treasury and Resources to bring legislation to the Assembly to place the Treasury Advisory Panel on a statutory basis, that has nothing to do with today’s debate and should be a stand-alone proposition. It is an important issue that should be debated properly and not pushed in under the guise of the hospital debate that we are debating today. I urge Members to reject this. Thank you.

1.7.7 Deputy S.M. Brée:

I am glad that the Minister for Treasury and Resources has returned to the Assembly because I do find it somewhat frightening that the Minister for Treasury and Resources uses terms to describe things which are incorrect. For the record, a bullet repayment, which was used a number of times by the Minister, is in fact the repayment of capital and all accrued interest at one point in the future. What the Minister was referring to was the repayment of the capital sum borrowed upon maturity, and I do find it somewhat frightening that we are placing into the hands of the Minister for Treasury and Resources the mechanism of borrowing when, for one reason or another, he does not seem to quite understand how the debt markets work. However, moving on, I would also like to just talk about Senator Ozouf’s concept of repayment in tranches or a ladder idea. Now, many people will have heard terms thrown around, “repo”, for example, which stands for “repurchase offer” or “repurchase agreement”. I would urge Members to put that out of their minds should anybody say that to them, because it is very much a short-term swap. It is not designed as a long-term investment vehicle. However, very often, when, whether it be governments, whether it be incorporations go to the bond market for borrowing. Rather than borrowing in tranches there is a way in which you can buy back your bonds provided, obviously, the investors are prepared to sell them to you. Now, at the moment it would seem logical to investigate and I do hope that the Minister for Treasury and Resources has done this, what is called setting up a sinking fund. Now, a sinking fund works very simply; each month I am going to put a little bit of money aside so that in 5 years or 10 years I can go back to the investors, working on the theory interest rates go up, prices of bonds will go down; there is a direct correlation. If you issue a bond at 2.75 per cent coupon rate and interest rates go up to 4 per cent nobody is really going to want to hold the 2.75 per cent yielding instrument when they could put their money into the bank at 4 per cent, so you can buy your bond back at a cheaper price than you sold it for. So you are decreasing your liability. Now, that would be a very interesting strategy to discuss. As to staggered maturity rates, staggered issue dates; that gets very complicated. It gets very expensive and not many investors like really investing in that kind of issue unless it is a £100 million or £200 million each tranche, but there are 10 of those so it does not quite work. Now, the Minister for Treasury and Resources has spoken at

length of how low our debt to G.D.P. ratio is and when we compare ourselves to the U.K. who are, I believe, if I correctly heard the Minister, currently at 88 per cent or has that gone up since the Minister last made a statement; I am not sure. But really? Do we really want to be compared to the U.K. with that kind of debt ratio? I certainly do not and nor do I think most members of the public. Now, fundamentally I disagree with borrowing any more money. That is a fundamental principle of mine when looking at this. However, it is interesting when you look at the proposition lodged by the Minister and you look at (c) which is: "To authorise in accordance with Article 21(1) of the law, the Minister for Treasury and Resources to borrow up to £275 million towards the construction of the preferred scheme and ..." yes, nowhere in there does it say borrow through the issuance of a public rated sterling bond. All we are doing is authorising the Minister to borrow. Now, while in the report it talks about the benefits of borrowing through a public rated sterling bond it does not say it in the proposition. So if, like me, you do not agree with borrowing then why do we not borrow from ourselves? It is a very simple concept. We lend out of our reserves to the Hospital Construction Fund on a very simple basis that we lend to them as and when they require the money. Yes? Then out of our investment returns above and beyond what is required to maintain the Strategic Reserve we effectively repay ourselves. We are not borrowing. We are not tying up generations to come with debt that they may not be able to repay on the basis that we do not know in 30 years' time where the world's equity and bond markets are going to be. So we may not be getting the returns we are currently enjoying. So why do we not borrow from ourselves? It is a very simple concept. So you can vote for the proposition as long as we get an undertaking from the Minister that he will look at other options other than a public rated bond. Now, if you believe that borrowing is the way to go, to increase our debt ratio is the way to go, to saddle ourselves with even more debt, with even more interest payments required, then a public rated sterling bond is the best way to go.

The Bailiff:

Deputy, I am sorry to interrupt you but I fear you are straying into the main proposition because this amendment is about a structured repayment of the borrowing and not hence ...

Deputy S.M. Brée:

Yes, my apologies, Sir.

The Bailiff:

Excuse me, may I finish ... and not on whether there should be a borrowing.

Deputy S.M. Brée:

My apologies, Sir. You are quite right, I did stray. I think it is important though that we look at the way in which borrowing will occur. This amendment, brought by Senator Ozouf, was trying to put forward a concept that we could repay in tranches and the point I was trying to make is we do not need to borrow from the sterling debt market, we can still do this, we can still repay, without having to go to the debt markets. That was the point I was trying to make and my apologies if you feel I strayed away from it. So I think we need to look at the whole issue of borrowing. I, unfortunately, am unable to support this amendment because I do not think it goes far enough in explaining how the concept of repayment in tranches is going to work.

[17:00]

With regards to the amendment to do with the Treasury Advisory Panel I quite agree with the comments made by the Connétable of St. John; it is an important point this. I just wonder whether it is a slight distraction at this moment in time for us to be debating such an important point when really what we are looking to is to debate how we fund the preferred scheme.

1.7.8 Deputy A.D. Lewis:

There has been much talk, particularly in Senator Ozouf's preamble, about the risk of the economy of the future as if any of us would have a crystal ball but what we can do, and what advisers do, is you look backwards and when I chair P.A.C. we are always looking backwards, not necessarily forwards, but with an eye on what might happen in the future based on what we had experienced in the past. If I could just give Members some numbers to ponder. The G20 Nations in 2017 are predicted to have a combined inflation rate of about 1.8 per cent. In 2018 predicting about 1.8 per cent and in the U.S. (United States) about 2.3 per cent. Now, over the last 100 years inflation rates have been on average about 3 per cent. Three per cent every year, year on, on average for the last 100 years and when advisers look to give you financial advice, whatever it may be, they look at historical performance, and precisely what the Fiscal Policy Panel is doing because they cannot predict the rate for the future entirely accurately, what they can do is make their assumptions based on what has happened in the past and we do that in all sorts of walks of life. We look backwards because we cannot accurately predict the future. But I think if you had 100 years of average inflation of 3 per cent I think one could be fairly certain that you will have some increase, even if it was one per cent over the next 100 years, and we are talking about 40 years here. So if we take a calculation of £1,000 today what would that be worth in 2057, 40 years' time? Well, I can tell you it would be worth £2,208. In other words £1,000 would be worth ... it would be the same as buying £445 today. So in answer to the question we are talking about here, which is staggered payments, if you stretch it out to 40 years you are better off. If you do it in small tranches, as another Member said, I cannot remember who it was ... no, it was the Minister for Treasury and Resources, there is an expense for short-term borrowing because it is calculated on historical data. That is how actuaries do their calculations. So as laudable and sensible as Senator Ozouf's suggestion sounds it will cost you quite a lot more money. You have only got to look very briefly at history and it tells you that. So if you just take it right down to what the basic possible inflation could be over that 40 years you are still better off taking out a bond and that is why we have, generally, mortgages, personal mortgages, of around about 25 years. It is rare, unless you are a lot older, that you would take out a mortgage for 10 or 15 years, usually because you cannot afford it because of the repayments, but it makes economic sense for your family to have that lengthy process rather than doing it in tranches, which the Senator is suggesting. So I would say to Members I can see where the Senator is coming from here because it sounds seductive but in reality it costs you more. That is why you do not do it with your own personal mortgage. I personally believe that as a nation state we are hugely under-borrowed and we should be sweating our assets more and we should be borrowing more because it is a sensible thing to do when you are investing in a business. Businesses; okay, we are a public business. We are not the same as any other business. We should not be risking public money, which is what many Members will say and they are right but it makes prudent economic sense to borrow on occasions and not always when there is an income stream like Andium Homes, as it was mentioned before, because if you borrow over long term and you invest other things that you have, whether it be property or cash, it will pay for that bond in the future and if you look at the historic figures it will pay for it really quite easily and you have still got your money in the bank. That is what you would do if you were a business. You would borrow against your assets and you would borrow against your cash because it makes sense. It is very prudent. Scaremongering to say we are mortgaging our futures. You would not say that to a young entrepreneur that wanted to start a business and did not have much cash but had a small amount of investment, you would be saying to him: "Leverage against that and build your business, make it bigger, make it succeed." You would do that not with your money but with somebody else's; that is called leveraging. That is why you borrow in business to have success. Businesses that do not do not develop very quickly and fail in the end. So this whole concept of fear of borrowing, if many of the Members in this room that have homes were to be feared of borrowing then you would not own homes. We would not own a hospital either. So as laudable as the Senator's suggestion is,

as seductive as it is, I personally, looking at historic data, do not think it is a good idea. The data is there. The sensible, prudent thing to do is, as the Minister has suggested, a long-term bond but a smaller amount of it, which is the prudence that he is suggesting. I would personally go for the full £400 million for the reasons I have stated but this is public money we are talking about here. We are not and we should not take too much of a risk so the prudence of the Minister for Treasury and Resources is laudable. What the Senator is suggesting, Senator Ozouf that is, I am sorry, it is going to cost you more. The historic data is proven. It is not the right thing to do. So I would urge Members to vote against it. On any economic data you want to look at, any advice you would take would say that and to say with hindsight the advisers were wrong, I am sorry, if we all did not take advice because we thought it might be wrong, we would not do anything. Yes, of course, advisers sometimes get it wrong. Nobody has got a crystal ball but giving that advice based on information, knowledge, data and we have to, on many occasions, accept that advice and accept that sometimes it might not be perfect. So I would suggest to Members that they vote against this amendment.

1.7.9 Senator I.J. Gorst:

It is interesting and I think that what Senator Ozouf has caused, although it will be part of the main debate as well, is for us to have a debate on what I think for many Members is probably the most difficult element of the proposal before us. We do not have a history of borrowing in the debt market. We have done it for the housing regeneration funding and for building new social houses. Of course, we know about Morier House and one or 2 other smaller areas but we have only done it for issued debt as a government, which required us to get an agency rating once before. Rightly, Members and Ministers were concerned throughout this process of seeking advice about taking a second borrowing, was that going to change the prudent nature of decisions in this Assembly. What was it going to cost? What was the right length of any borrowing? Any borrowing and costings, *et cetera*, would be based on assumptions about the future. Is inflation going to act in the same way as it has done in the past? Are equity returns going to be as high? Senator Ozouf in his opening remarks gave some reasons why that may not be the case, about quantitative easing when it comes to equity of returns, about the importance of oil when it comes to driving inflation. For my part, this is an area that I have probably been lobbied on the most about this entire project. Some Members have said that the Treasury ought to have done this work earlier and why have they not. As the Minister for Treasury and Resources indicated, they have. But, the thing about markets is that they do not act slowly as governments do. They can change very, very quickly. Advice about turns, advice about pricing can change dependent on what markets are doing, depending on what interest rates are doing, depending on what inflation is doing, as we heard quite eloquently from Deputy Brée. Therefore, I think the Minister for Treasury and Resources is right to, in the words of Senator Ozouf, say he will look again at this element of what is being proposed. Because we know the cost of different maturities is changing in current market conditions. It is right that the Minister for Treasury and Resources undertakes to accept this amendment and look at those market conditions and to consider what is right in light of those market conditions and report back to the Assembly. I know that Senator Ozouf would have liked the first part of his amendment and to use existing monies and would have had a preference for a lending by an arm's length organisation than by a sovereign. I understand that, but for the reasons we said earlier, we did not think that was possible. But, this is possible to do this piece of work, which will be on the back of the original piece of work, obviously, that the Treasury have done. But, those advisers will go and consider this request rightly in light of current market conditions. So, I do not think it is fair for this Assembly to try and criticise Senator Ozouf. He is delivering what I think is a helpful amendment. I hope that in light of that helpfulness and the spirit in which the amendment is brought forward that Members will support it. I also understand the rationale. One could make an argument for saying that the Treasury Advisory Panel should be put on a statutory footing, but we should not agree to that today, we should agree to it on a stand-alone proposition. It is here. The Senator has brought it forward

again for all the right reasons, because it is billions of pounds that are being advised upon and considered upon by the Treasury Advisory Panel. Again, there are other funds which are separately advised that rightly should sit within the remit of the Treasury Advisory Panel. If putting them on to a statutory footing brings that benefit as well as other potential benefits as well, then again the Minister for Treasury and Resources is right to accept this element of the amendment. We do not know what will happen in the future, that is why this particular bit of the decision is so difficult. We all, I believe, want to get it right on behalf of future generations, as again Senator Ozouf said, because our children and our grandchildren will be affected by this decision, just as they will be affected, when we get to the main debate, if we do not agree to build a new hospital. Not only our children and our grandchildren will be affected by that decision if we do not decide to build a new hospital, but more immediately our parents and our grandparents will be affected much more immediately.

The Bailiff:

Come back to the amendment, Chief Minister, please.

Senator I.J. Gorst:

In that spirit, I support the Senator's amendment. I understand the spirit in which it has been lodged and I really do ask Members to support it as well.

The Bailiff:

Does any other Member wish to speak? Could I just remind Members that all that is being considered here is a request for the Minister for Treasury and Resources to undertake a review? We are not considering the pluses and minuses of borrowing or anything like that.

[17:15]

1.7.10 Connétable M.P.S. Le Troquer of St. Martin:

I am only going to speak briefly. It is really a question I will have to ask the Senator in his summing up. If this is adopted today and we go on to the main proposition and that is adopted, do we have to wait - I do not know if he is able to tell us, maybe we should have asked earlier - until February until the report has been completed and the review has been undertaken, before the Minister for Treasury and Resources can go out and seek the funding? Are we just creating a delay if we are doing that or can they go out tomorrow still and borrow the money? I know there is a slight error or a typo in part (d)(ii), it is just the words there "in each case". It is only the one case that we are discussing. Just on the knowledge, we have experts in so many fields in this Assembly today who know what they are talking about and I do not. But I have listened to the debate. All I know is I had an endowment policy at the time I got my home and I was told that that was the best thing I could have ever done. I am so pleased that during that endowment policy I changed it to a repayment, because the funding would not have been available at the end of it and I would not have been able to pay when I retired from my employment. I had an interest free loan given to me for the rectory in our Parish and we are paying that back as soon as we can, because I am a person who likes to pay off. I am sure Members today like to pay. It is the same with the Income Tax and I.T.I.S. (Income Tax Instalment System) that we are paying the year behind. I like to pay in advance. I am one who is on a current payment. Really the question I ask for the Senator in his summing up, if he is able to answer: will his proposition mean we are going to get a delay until at least the end of February before the Minister for Treasury and Resources can go out and get a loan?

The Bailiff:

Connétable, I can help you with that. It is not a matter for the Senator. The answer is no. If the main proposition is adopted then the Minister for Treasury and Resources has authority to borrow

up to £275 million towards the construction of the preferred scheme. If this amendment is adopted then the Minister for Treasury and Resources is to conduct a review as to the terms of that borrowing and repayment of it, which obviously is linked. But he only needs to report back on the outcome of that by 28th February. So, the amendment absolutely does not tie the hands of the Minister for Treasury and Resources and stop him from concluding the borrowing at an early stage. Does any other Member wish to speak? If not, I will call on the Senator to reply.

1.7.11 Senator P.F.C. Ozouf:

I could have put forward a more substantial proposition and put the cat among the pigeons, but I did not. So, I will only refer back and answer the issues that Members have raised. There is a really important principle decision. That is the reason why I am asking the Minister for Treasury and Resources to respectfully go and do some more questioning. A number of Members have suggested that it is wrong to do that. Sir, you have correctly said it does not stop the Minister for Treasury and Resources ... if we go on to the main debate which we will have ... and I will have some things to say in that main debate. Basically, I do not want the Minister for Treasury and Resources, if I had my way, to go and issue bonds tomorrow and issue debt. I know I am asking him for a review, but I hope he will take on board and I hope he will before he does anything, report back to this Assembly straightaway. I wondered why some of these decisions had not already been taken. Taking a step back from all of the remarks that have been made in this debate, it is important to basically put this in perspective and to answer the points that Deputy Andrew Lewis made and to agree, unusually ... I am delighted that Deputy Le Fondré and I and Deputy Brée and I agree on something. That is a real winner. That is a real Christmas present for me. I am glad about that. Stepping back, Jersey is a small economy. We have a history of no debt or certainly low debt. Jersey men and Jersey women have got a preference, I think, for that approach: a low debt economy and a capital programme that is paid for when it is needed. Everybody recognises, however, that the world is jolly risky at the moment. That is why I am asking the Minister for Treasury and Resources to update his advice. What worries me is that I know ... and the linkage to the Constable of St. John ... and I say to the Constable of St. John, I am sorry if he thinks that I should have brought a stand-alone proposition. I will do that as well if he wants. But, it does not stop him from voting in favour of my request. Because it is a request and the Minister said so. I am going to say to the Constable of St. John: why do I want T.A.P. put on a statutory basis. Why is it linked to this debate? Well, it is T.A.P. that has advised the Minister for Treasury and Resources to the things that many Members are worried about, that there is going to be this rush long decision straight after this debate, that the push button is going to be pushed, to go and issue £275 million with a ... I accept the words of Deputy Brée, bullet does mean capital and ... it depends who you talk to. Some people think that bullet means repayment and interest or capital. I will accept Deputy Brée, because he has agreed with me. I am really pleased about that. What I mean is the single repayment. Jersey has a different situation. We are not the United Kingdom. We are Jersey. We do not have a Bank of Jersey. We do not set our own interest rate policies. We do not do things like other countries do that deflates their debt, by basically creating inflation, by pumping money in. We cannot do that. We are outside of the control of that. That is why, in a world of economic and political change, the advice that the Minister for Treasury and Resources might have got 3 or 4 months ago might be different today and it might be different in January. I do not want the Minister for Treasury and Resources to make any decision to finance if we go on to the main proposition of (c) until he has got up-to-date advice. The decision we are being asked to make today is a heroic one. It is a massive one. What my amendment does is it just asks the Minister for Treasury and Resources to go and do a bit more work before he presses the button, which I worry about, that is in the report to say he is going to issue a public bond. I understand the hospital is needed. I understand that the prices have gone up since the last time we costed it at £300 million. I understand that what we are now going to be proposing with our underlying

proposition is a completely different approach to capital that we have done in the past. We have been ultra-prudent. I said yesterday something that was said that we were almost like the most virtuous of virtue. I cannot think of a Bible quotation that the Dean is going to be happy with. We are the most prudent, virtuous people. We have never passed a debt to our successors, to future generations. The policy of this Assembly has always been to basically ... we might have made ... I hear Deputy Mézec saying something. I know I should not be distracted by that. But, the only problems that we have had have been inherited non-decisions, not investing in infrastructure. But, when we have invested in infrastructure we have paid upfront. People have got used to high levels of inflation. They have to get, I am afraid, real. Nobody has any evidence of the future, but we can guess at the future. That is why I want the review done. To the Constable of St. John, T.A.P. are advising the Minister about how to borrow money. Why does T.A.P. matter and should it be on a statutory basis? Members need to know, I have sent an email ... there has been confusion as whether T.A.P. was paid for; whether those people who are those non-execs are paid for. They are paid. They are non-execs who receive remuneration for advising the Minister for Treasury and Resources that basically brings a report to go and borrow £275 million on a public bond. That is why they should be put on a statutory basis. That is why it is part of this proposition. It should be done and it should be done properly. So, for many reasons the Constable of St. John and I would probably want it on a statutory basis. But, this little bit of it, which is about the borrowing and about the request is: "Please, T.A.P. whoever you are, in your informal role, go and think again; go and get your most upmarket knowledge." If I may say to the Deputy Andrew Lewis ... I am going to send him a gilt curve later. **[Laughter]** I am going to say to him that he is wrong, because it matters. He said to the Assembly that what I was saying was wrong. Let me tell him, a bond issued with a 5-year maturity is 0.72 per cent. A bond issued in the U.K., a 10-year gilt, is 1.22 per cent. A 30-year is 1.79 per cent and a 40-year is 2.3 per cent. I am not going to answer him, because effectively he has not understood. The fact is that if you borrowed in tranches, you would get a lower interest rate for each one of those tranches. That is why I was asking the Minister for Treasury and Resources to basically go and borrow. If he has to go and borrow; go and borrow and repay it. What Members do not seem to understand is that the interest rate that you get on 40-year money is the most expensive you can get, because you do not know the future. It is the most risky, because you have no evidence of the future. What, of course, you get is more knowledge about what might happen in the next 2 or 3 or 5 or 10 years. So, I say to Deputy Andrew Lewis: "Think again, Deputy Lewis. Go and look at the yield curve." If you were to issue the bond £50 million at 5 years, £100 million at 10 years and another £100 million at 20 years and it would be cheaper. It would be less risky, as the good Constable ... many criticised the Constables for being in this Assembly, but some of them are really sensible. They are prudent. They have been here for years and they have lots of experience. I look at them and I say some of them have lots of experience and there are some wise people there. The Constable of St. Martin stood up and he spoke about an endowment mortgage. I hope the Constable of St. Saviour does not mind, we had a little chat at lunchtime, and basically the Constable of St. Saviour was worried that we were going to pass a problem to our children. I do not have any children. I think I am allowed to now, but I am not allowed any. I have 5 godsons and one goddaughter and one niece.

The Bailiff:

It is 5.28 p.m., Minister.

Senator P.F.C. Ozouf:

Fine. I am going to make it. All I was trying to do was to put a note of caution, a most polite one, to say: "Please, T.A.P., please Minister for Treasury and Resources, go and check the latest advice." Because I do not like the advice that I see in that report and I will say that in the main debate. I was worried about the Assistant Minister for Treasury and Resources. I think he was

speaking about the wrong amendment. I will not be nasty to him, because I quite like him. My final remarks to the Chief Minister: I am grateful for the Chief Minister in basically saying ... and I think the Chief Minister, who has had some problems with me over the last year and I have caused him some problems. I am sorry about that. He said some things which were really wise. I think he understands what I am trying to do. I do not explain it and I know I take too long. But I know that it matters. If it matters to the Chief Minister, because he is sitting there with the Council of Ministers basically make this decision, but basically he understands that my proposal was a constructive one, that was a prudent approach. We have had a “mantra of borrowing” - not; and we are just about to do it. Before we do it please advise us, check your facts. Do not tell me that the future is going to be the same as the past, because it is not. So therefore I hope Members are going to vote enthusiastically, with a nice polite request to say: “Before you go and do your endowment mortgage with your 40-year repayment, think again.” Also if we are going to rely upon the advice of T.A.P. in future then they should be clear, they are paid and they should be accountable and they should be under a law. Whether or not it is for this proposition for the Constable of St. John or whether or not it is to another one. There is no reason, I hope, for any Member to say anything else apart from that this is a constructive suggestion, it is a prudent suggestion, it is a request just to make sure that the facts are right. At 5.30 p.m. I call for the appel and express the hope that those Members, whether they like me or not, look at the facts and say: “Yes, let us ask the Minister for Treasury and Resources.”

[17:30]

He has accepted it, we may even get a more prudent approach and a better approach and we might not get a public bond of £275 million with a 40-year payment, which the Constable of St. Saviour is so worried about, and so right she is. I move for the appel.

The Bailiff:

Senator, do you wish to ask Members to vote enthusiastically on all your amendments together or separate?

Senator P.F.C. Ozouf:

What I think is sensible, just for the avoidance of doubt, because there may be some Members who want to vote for one bit versus the other, can I suggest that basically we vote for ... if I just look to the amendment itself.

The Bailiff:

You would like (1) and (2) together and then (3)?

Senator P.F.C. Ozouf:

(1) and (2) together, and then the other one. So (1) and (2) together, the last request and then the T.A.P. separately. I move for the appel.

The Bailiff:

I ask Members to return to their seats. The vote is on amendments (1) and (2) of Senator Ozouf’s third amendment, and I ask the Greffier to open the voting.

POUR: 37		CONTRE: 7		ABSTAIN: 0
Senator P.F. Routier		Connétable of St. John		
Senator P.F.C. Ozouf		Deputy G.P. Southern (H)		
Senator A.J.H. Maclean		Deputy of St. John		
Senator I.J. Gorst		Deputy S.Y. Mézec (H)		
Senator L.J. Farnham		Deputy R. Labey (H)		
Senator A.K.F. Green		Deputy S.M. Bree (C)		

Senator S.C. Ferguson		Deputy T.A. McDonald (S)		
Connétable of St. Helier				
Connétable of St. Clement				
Connétable of St. Lawrence				
Connétable of St. Mary				
Connétable of St. Ouen				
Connétable of St. Brelade				
Connétable of St. Martin				
Connétable of St. Saviour				
Connétable of Grouville				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				
Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M. Tadier (B)				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy M.J. Norton (B)				
Deputy of St. Mary				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

The Bailiff:

We are ready to go to reset the voting. I invite Members to vote on amendment number (3).

POUR: 32		CONTRE: 11		ABSTAIN: 1
Senator P.F. Routier		Senator S.C. Ferguson		Deputy of St. Mary
Senator P.F.C. Ozouf		Connétable of St. Mary		
Senator A.J.H. Maclean		Connétable of St. Ouen		
Senator I.J. Gorst		Connétable of Grouville		
Senator L.J. Farnham		Connétable of St. John		
Senator A.K.F. Green		Deputy G.P. Southern (H)		
Connétable of St. Helier		Deputy M. Tadier (B)		
Connétable of St. Clement		Deputy of St. John		
Connétable of St. Lawrence		Deputy S.Y. Mézec (H)		
Connétable of St. Brelade		Deputy R. Labey (H)		
Connétable of St. Martin		Deputy T.A. McDonald (S)		
Connétable of St. Saviour				
Connétable of Trinity				
Deputy J.A. Martin (H)				
Deputy of Grouville				
Deputy J.A. Hilton (H)				

Deputy J.A.N. Le Fondré (L)				
Deputy of Trinity				
Deputy K.C. Lewis (S)				
Deputy M.R. Higgins (H)				
Deputy J.M. Maçon (S)				
Deputy S.J. Pinel (C)				
Deputy R.G. Bryans (H)				
Deputy of St. Peter				
Deputy A.D. Lewis (H)				
Deputy of St. Ouen				
Deputy L.M.C. Doublet (S)				
Deputy S.M. Wickenden (H)				
Deputy S.M. Bree (C)				
Deputy M.J. Norton (B)				
Deputy G.J. Truscott (B)				
Deputy P.D. McLinton (S)				

Senator P.F. Routier:

May I propose the adjournment, Sir?

The Bailiff:

Can I mention to Members, we are going to go back first thing tomorrow morning to the main proposition of the Minister for Treasury and Resources. We have an awful lot to do in the next 2 days and so I really would ask Members exercise some self-restraint. I can say so without too much criticism... **[Approbation]** For my part I thought that the last amendment was a debate that could have been dealt with in probably about quarter of an hour, but there you are. 9.30 a.m. tomorrow.

ADJOURNMENT

[17:32]