



## Long Manifesto – Jonathan Crossan

12-15 minutes

### Facing the Future – the Challenge of Change

We face unprecedented challenges from multiple crises: fiscal, economic, environmental, social, political. The effect of the COVID-19 pandemic is worldwide, but we have felt its impacts locally. We have defeated many of them, but there will be more challenges to come.

The measures to deal with COVID have run down our finances. The “rainy day fund” has been exhausted and we will need to borrow to keep going. This goes against the grain – but it is unavoidable in order to survive. Along with the financial effects will come wider economic pressures: unemployment and reduced working leading to lower incomes, reduced tax revenues, and the chilling choice of austerity or increased spending on benefits and support schemes.

On top of all this come external pressures which will affect our economy whatever we do internally. Foremost are – Brexit; OECD and EU initiatives on tax; and, of course, climate change.

We *cannot* meet these challenges without significant change. Our old system of governance has patently broken down, and it has ceased to serve our interests. The future is at our back, tapping heavily on our shoulder, so we must turn to face it.

## Meeting the challenges

We start with some great advantages – Guernsey is small and autonomous, so we can be agile and flexible. We can pursue our own economic and business policies without waiting on someone else. This allows us to innovate while remaining friendly to business.

## Changing relationships

### EU, UK, OECD

Guernsey's constitutional position is a great advantage and a powerful defence. It has been the foundation of our prosperity, but it is not immune from challenge. We must remain aware of international pressures

- from ever-tightening standards of international regulation
- from our rivals who continue to struggle in the aftermath of COVID
- from our competitors, some of them large players who can turn in an instant from partners to adversaries.

Unfortunately, we have no diplomatic service of our own, so it falls to our elected representatives to act as our ambassadors. Guernsey has already pledged to adopt disclosure of ownership information to EU standards, and act as a good neighbour by supporting the EU in the initiative to clean up finance across the single market. But we cannot stop here. Islanders and their representatives must continue to use every opportunity to dispel misconceptions and reinforce Guernsey's growing reputation as a centre of excellence with a cardinal role in combating international financial crime – a “safe haven” not a “tax haven”.

### Brexit

The change of UK government at the turn of the year brought some limited certainty on this issue, but no clarity on the ultimate shape of our relations with international business partners. The threat of no-deal in the trade negotiations

lingers. The current States have thankfully made excellent preparations to cope with a variety of possible outcomes. It is therefore essential that they continue to enjoy the full support of both the public and the business community.

## Efficient Government

Luckily, the current States have realised the nature and scale of the challenge and devised the Future Guernsey Plan “Revive and Thrive”. They have recognised that *“Recovery will require co-operation, collaboration and genuine engagement ... Collaboration is essential to connect government, and engage the public service, business, Islanders and the third sector in the recovery effort.”* This Plan deserves our support – but the support of a “critical friend”, scrutinising policies for flaws or unfairness and keeping those responsible on track.

So far so good. But good governance needs good government, and this too means change.

Before the lockdown, complaints from the general public abounded about “the worst States ever”. However, the public might also have quailed at the thought of yet another governance review, yet another reform of the States. COVID, however, has taught us a lesson.

Under the Civil Contingencies Authority, important decisions were being taken with speed, direction and effectiveness. That was an emergency and right for the time. But it has shown the public that decisions can be taken swiftly and effectively if the correct structures are in place – and, importantly, it has whetted the appetite for more such efficiency.

## Within the States

Most islanders would agree that more discipline is required in the debating chamber. There should be tighter agendas, time-limits on members’ speeches, and stricter rules for bringing requêtes and amendments and raising sursis. That, however, is only part of the picture ...

## At the top

Ultimately, we must allocate more executive power at the senior level and set timeframes for execution and implementation. Power must be coupled with responsibility and not diffused throughout the States. The attempt to impose discipline by combining control over policy with control of resources has foundered because it fails to channel responsibility to lower-level committees.

Professor Staite, in her recent review of Education, Sport and Culture, has identified this very point as a major weakness in the operation of the States.

So, we need reform. But there is no time now for a detailed overhaul of the system. That can come later – and come it must. For now, we must give the senior committee a more binding mandate, making it something akin to a Cabinet. If we do not take this step, the lack of co-ordination will simply impede progress and undermine the Future Guernsey Plan before it even gets off the ground.

Governance, however, is one thing; policies are another. The remainder of this manifesto will summarise my principal policy interests.

## Business

We should of course encourage diversification where possible, but we must realise that the finance sector will remain Guernsey's economic mainstay for the foreseeable future. On it depends a vast swathe of ancillary enterprises from IT, legal and accountancy to construction, hospitality, retail and transport. Moreover, the finance sector itself often acts as the foundation for diversification – for example, by stimulating “fintech” software development, by fostering innovations in the creative industries, and by promoting new ventures in leisure, hospitality and catering.

For all these reasons, Guernsey's financial services sector needs our wholehearted protection and support.

But happily, the foundations are sound, and we have much already to be proud of.

## Regulatory Rigour

Guernsey is already adopting and even taking the lead on the proper standards for

- beneficial ownership information: making *verified* information available to those who **need** to know and a pledge to align with EU standards
- tax compliance: exchange of information, *demonstrating economic substance*. This is proof if ever it were needed that we are not a letterbox company jurisdiction and do not tolerate brass-plate operations.

## Green Finance

We are well on the way to becoming a centre of expertise for environmental sustainability and green finance, endorsing the EU green taxonomy, pioneering the GFSC-regulated Green Fund and leading on green finance at the British-Irish Council.

Guernsey Finance already recognise the need to mobilise more investment into green funds and green insurance. We need to build on existing achievements and send the message far and wide: we are the domicile of choice for the green finance wave.

The Future Guernsey Plan aims to embed the UN Sustainable Development Goals into economic activity, and it recognises the need to practise what we preach locally as well as pursue green finance internationally. This is essential if we are to avoid accusations of “greenwashing”.

There is no better opportunity to stimulate growth, aid recovery, and manage the environmental transition than by funding sustainable infrastructural improvements at home while building our green finance capacity abroad.

## Education

It is time to put the pro- and anti-selection debate behind us. We have made our choice and need to move on. I am open-minded as to the model for our new schools, but, whichever is chosen, we must now focus all our efforts on building a stable and lasting system. It must moreover be a system fit for the 21st century. We must ensure that the entire workforce is educated to their full potential, since this will prove vital to Guernsey’s future competitiveness as a knowledge-based economy.

The same consideration applies to vocational and professional education, which are just as central to the knowledge-based economy as primary and secondary schooling. We should explore the possibility of instituting employer/employee tax breaks for those willing to study in order to upgrade their professional skill-set.

## Transport

Aurigny was acquired as a lifeline service, and so it has proved during COVID. Now it could also become an “economic enabler”, affording an opportunity to generate income and promote a national brand. The States’ subsidy requires

protection but should cover the core lifeline service only, with Aurigny free to develop other areas at its own risk and discretion. Meanwhile, plans for extending the runway should be put on ice until the post-COVID aviation picture becomes clearer.

Inter-island links, particularly with Jersey, need to be improved – sea links as well as air links. Thought should be given to rationalised arrangements for sea travel: a service-level agreement could perhaps be negotiated in conjunction with Jersey's government.

Internal to the island, environmentally friendly modes of transport should be encouraged wherever possible. Walking and cycling, with their attendant health benefits, need to be promoted, as also the wider use of public transport. Electrification of road transport should also be a long-term goal, perhaps assisted through soft loans and tax breaks for the purchase of electric vehicles, and the installation of more recharging points.

## Communications

Digital communication facilities must improve to meet modern expectations. The Future Guernsey Plan encourages the roll-out of 5G to build a digital economy, but we could go further and look at fibreoptic cables for a seamless interchange of data.

## Energy

We must all welcome the restoration of the fixed link to France. The interruption in 2018 showed us our vulnerabilities – not only in terms of the costs, which were passed on to the consumer, but also in terms of our carbon footprint. Now GE plan to install a direct link to the European Grid while encouraging local renewable generation. We can and should go further than this. Energy demands and household costs need to be reduced at source. The joined-up approach urged in the Future Guernsey Plan should include a realistic revision of planning and building laws and explore financial support (means-tested grants, soft loans and tax relief) for home improvements such as roof-mounted solar panels, internal and external insulation, and the electrification of domestic heating systems.

## Housing

For many islanders even the first rung of the housing ladder is now out of reach. Greater efforts are needed to increase access to affordable, environmentally-sound housing. I offer three suggestions:

- unused land and redundant office space could be granted planning permission for conversion into residential space
- the States and commercial lenders could consider joint guarantees for lending, instituting a revamped “Homes for Workers” scheme
- planning permission for home extensions incorporating environmental upgrades could come with tax breaks, or similar incentives.

## Health and Social Care

We face serious budget pressures from the rising costs of health and social care. Initiatives like the Partnership of Purpose and the Supported Living and Ageing Well Strategy – helping people to remain independent for longer in their own homes – will spread some of the load, but with an ageing population and more expensive medical care, costs will inevitably rise.

So I am acutely aware that our capacity to meet these demands ultimately depends on the ability of the economy to create good jobs, generate real income and sustain sufficient tax revenues. Our population deserves no less – a healthy population can only be built on a sound economy.

That’s why as a States Deputy I will work hard to strengthen the underpinnings of Guernsey’s economy. Not just for its own sake, but as the best and indeed the **only** tool for achieving my overriding goal – to promote a fair and secure society for all.