



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 13th October 2021

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Present:

R. J. McMahon, Esq., Bailiff and Presiding Officer

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

S. E. Aldwell	A. Kazantseva-Miller
C. P. A. Blin	J. P. Le Tocq
A. H. Brouard	M. P. Leadbeater
Y. Burford	D. J. Mahoney
T. L. Bury	A. D. S. Matthews
A. Cameron	L. J. McKenna
D. de G. de Lisle	C. P. Meerveld
H. L. de Sausmarez	N. G. Moakes
A. C. Dudley-Owen	R. C. Murray
J. F. Dyke	V. S. Oliver
S. P. Fairclough	R. G. Prow
S. J. Falla	L. C. Queripel
P. T. R. Ferbrache	P. J. Roffey
A. Gabriel	H. J. R. Soulsby
J. A. B. Gollop	G. A. St Pier
S. P. Haskins	A. W. Taylor
M. A. J. Helyar	L. S. Trott
N. R. Inder	S. P. J. Vermeulen

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and E. A. J. Snowdon

The Clerk to the States of Deliberation

S. M. D. Ross (States' Greffier)

Absent at the Evocation

Deputy C. N. K. Parkinson (*relevé à 11h 08*)

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States of Deliberation

*The States met at 10.40 a.m. in the presence of
His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

CONVOCATION

The States Greffier: Billet d'État XX and Billet d'État XXII of 2021. To the Members of the States of the Island of Guernsey, I hereby give notice that a Meeting of the States of Deliberation will be held at the Royal Courthouse on Wednesday, 13th October 2021, immediately after the Meeting of the States of Election, convened for 9.30 a.m. to consider the items listed in this Billet d'État, which have been submitted for debate. And Billet d'État XXII is convened pursuant to the provisions of Rule 2(4) of the Rules of Procedure.

Statements

COMMITTEE FOR EDUCATION, SPORT & CULTURE

Committee for Education, Sport & Culture – General update

The Bailiff: Thank you very much. Good morning, Members of the States of Deliberation. We will turn, without further ado to a general update Statement on behalf of the Committee for Education, Sport & Culture, from its President, Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you.

Sir, when I last gave an update to this Assembly in May, we were uncertain of what the spring and summer season would bring, not least for events and visitors to our arts and heritage sites. I am pleased that with the support of Islanders exploring what we have on our doorstep, and visitor numbers slowly increasing, our events and sites have been enjoyed by many this season, helping us to stay on budget despite obvious challenges.

Sir, many will recall that, in the Summer of 2020, the previous Assembly gave a unanimous 'Pour' in support of Guernésiais. I am pleased to confirm that we are about to register the Guernsey Language Commission as a charity and I hope to be able to announce its inaugural Chair in the next

couple of weeks. We have had tremendous support from many Islanders who are passionate about ensuring that our language continues to thrive and we are grateful to all of them for their enthusiasm and commitment to maintaining this unique part of our Island identity.

I would like to pay tribute to the Commissioners and staff of the Guernsey Sports Commission, who have worked tirelessly with our Island's sporting organisations during the COVID-19 pandemic. Apologies, my computer has just gone off, sir.

The Bailiff: I can do many things, Deputy Dudley-Owen, but I cannot stop time! *(Laughter)*
(Deputy Gollop: You can!) Would you like a printed copy?

Deputy Dudley-Owen: Yes, lesson learned: print out the Statement! *(Interjection)*

Deputy Gollop: I have done that with my questions.

Deputy Dudley-Owen: Digital...

If I may, I will start from the beginning of the last paragraph.

Deputy Gollop: That is always happening to me.

The Bailiff: Start where you left off, yes.

Deputy Dudley-Owen: Thank you.

I would like to pay tribute to the Commissioners and staff of the Guernsey Sports Commission, who have worked tirelessly with our Island's sporting organisations during the COVID-19 pandemic.

It is not over yet, but with the CCA's proportionate approach to risk management, our sporting community is moving closer to being able to travel, host and participate in sports and physical activity without restrictions. We look forward to welcoming some of those sports back to their Beau Séjour homes in the New Year and in the meantime thank them, and the many others who have supported the sporting community with alternative venues, for their ongoing patience and flexibility.

Sir, shortly we will debate a proposal to create a four-day weekend over which to celebrate Her Majesty The Queen's Platinum Jubilee – and I think we can all agree that such a truly remarkable milestone ought to be appropriately celebrated here in the Bailiwick; after all, the Channel Islands are the Crown's oldest possessions.

Many will remember that we adjusted our public holidays to enable the celebration of Her Majesty's Diamond Jubilee in 2012. Should the Assembly agree to do so, we will continue to develop the details of how we might engage in plans for national Platinum Jubilee events across the weekend. We will do all we can to ensure Islanders are able to enjoy fitting celebrations.

Only a short number of weeks ago, sir, this Assembly approved plans for the reorganisation of secondary and post-16 education that will see further development of the Secondary School Partnership – a unified leadership team working as a key enabler in the effective delivery of the new model – alongside The Guernsey Institute's leadership team.

Detailed delivery work has picked up pace and workshops are providing opportunities for staff to input into design plans with the scope of identified requirements of the post-16 campus at Les Ozouets as we progress through RIBA Stage 3. Traffic surveys are being conducted and, following the later than anticipated conclusion of the debate last month, the team is reviewing and reconfirming the delivery plan, in line with the wider approach that follows on from the approval of the Government Work Plan.

The digital roadmap is progressing, moving us beyond the vision and into detailed design and implementation, including a future professional development model created to meet the needs of our curriculum, as well as the changes to processes and systems that technology brings. We have taken steps to ensure that our education settings are benefiting from the investment already made

75 through the Smart Guernsey programme, whether that be in new devices for staff or improvements to infrastructure and connectivity.

The Guernsey Institute is now a visible brand within our community, due to the current focus on the three integrating organisations being seen as one – one new organisation for all technical, vocational and professional education and training. Staff engagement has been supported by
80 several ‘together as one’ events where staff hear key updates about the development of our single post-16 campus.

This is part of an overarching change management plan, preparing staff, students, parents and other stakeholders for the changes that are underway across these two phases of education. They ensure stakeholders have information, support and of course the opportunity to contribute to the
85 operational delivery of the new model.

The team has established regular meetings with union colleagues to ensure continued feedback on engagement activities and the overall change management approach is one of openness and inclusivity – no one is to be left in the dark or left behind as we work together, focussing on solutions to inevitable challenges, and on the exciting opportunities for new and different ways of working that will present themselves.

Sir, we recognise that States’ Members are key stakeholders too. Earlier this year we hosted a novel series of webinars and we intend to start a second series in November to honour our commitment to keep States’ Members informed of the changes taking place across our education system which plays such a key part in our future prosperity. Before the end of the year, we will
90 dedicate a webinar to the reorganisation of secondary and post-16 education, providing much more detail than time allows today. Through you, sir, I encourage all States’ Members to engage in these sessions.

Sir, work also continues on our vital Education Strategy. Working with colleagues right across the sector we will implement the strategic priorities and commitments that support improvement
100 across the education system. The Strategy is our cornerstone in developing the vision and culture for the education community, ensuring that we achieve equity, safety and inclusivity and that our education system meets the needs of the community by delivering high quality learning and excellent outcomes, underpinned by outstanding leadership and governance.

Each school has a development plan and work is underway to ensure that all school development
105 plans are aligned with our strategic commitments and priorities. We will also dedicate a webinar to a more fulsome update on the Strategy.

We are continuing the work of our predecessors to re-establish a rigorous and ambitious quality assurance framework for all our education settings. We have continued to work with Ofsted, despite COVID-related travel delays, and a new cycle of inspections across States-maintained settings will
110 begin in November. Our inspection handbooks have been carefully adapted recognising the specific context of our Guernsey education system, whilst remaining true to the methodology and principles of Ofsted’s Education Inspection Framework. Our leaders have had time to familiarise themselves and their staff with the new framework as we work together to ensure that we secure the high standards of education that our community and Ofsted rightly expect.

Our schools continue to develop their local interpretation of the Bailiwick Curriculum to ensure that in all settings the curriculum is broad, diverse, ambitious and reflects the needs of all learners. Detailed plans for all subject areas are being written or adopted, leading to teaching that responds to individual learners’ needs.

A revised assessment policy will remove perverse incentives to concentrate resources inequitably and ensure that the qualifications offered are in the best interests of the learners. The revised policy
120 will have a particular spotlight on reducing the percentage of learners who struggle with reading and writing and maths, with those who do, being identified early and receiving effective intervention so that they make good progress in catching up with their peers.

As the guardians of the States-maintained education system, the Committee carries a great
125 responsibility. It is vitally important that we govern effectively. We must both support and challenge

our school leaders and our officers. We are fully committed to ensuring that governance is intelligent, impactful and appropriate for our unique context.

Throughout this academic year we will be exploring governance at a settings-level alongside our system-wide focus so that as we embark on the review of the Education Law we are well-placed to develop a Guernsey specific and robust governance framework that empowers our leaders to lead and holds them to account for improvement where it is needed.

Sir, as Public Health continues to guide us towards living responsibly with COVID, our settings are adjusting operational activity to account for updated advice. A significant milestone was reached early in the autumn term with the move from self-isolation to daily lateral flow tests for contacts of COVID cases identified in education settings.

The positive impact of this change on the mental health and wellbeing of our learners cannot be underestimated – children and young people are now able to continue to attend school or TGI rather than being required to self-isolate at home. We are grateful to Public Health colleagues for relaxing the restrictions on these children and young people attending extra-curricular activities when the evidence suggested it was safe to do so.

Our staff have worked with Public Health to make sure that a proportionate approach to winter colds can be adopted to allow as many children and young people as possible to stay in school, if they are well enough and have followed the appropriate guidance. This will help keep learning on track and enable parents and carers to stay at work to help support our economic recovery.

Finally, sir, none of what I have spoken about would be possible without the many teams working across all areas of our mandate whose dedication and determination to deliver the best service they can, often in very trying circumstances, for the whole community never ceases to impress and inspire me. Through you, sir, we offer them our heartfelt thanks.

The Bailiff: Thank you very much, Deputy Dudley-Owen. Now, Members, it is an opportunity for questions to the President on any matter within the mandate of the Committee. Deputy Matthews.

Deputy Matthews: Thank you, sir. The President mentioned that traffic surveys at Les Ozouets were ongoing. I wondered if the President could let us know what the approach of the Committee might be in the case where the potential for congestion at the site was found to be very high?

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: I thank Deputy Matthews for the question and it is not one, I am afraid, that I am going to be able to answer in any informed detail because, of course, we want to mitigate any congestion in any area, which is the whole purpose of having the traffic survey, so that we can identify those and take expert advice, working in conjunction with Committee Members from Environment & Infrastructure, two of whom we are privileged to have on our Committee and to be able to ensure that traffic congestion is not an overriding challenge that we cannot find a solution to.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, the President put a lot of focus on education in her statement, although having said that she did relay an impressive list of ongoing initiatives as well, which of course are largely progressed by civil servants. With that in mind, can she give me an assurance that her Committee are able to apply sufficient political oversight to everything else in their mandate?

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you to Deputy Queripel for his ongoing interest in the ability of the Committee to be able to handle all areas of the mandate and it is a proper question because I

180 know that he is interested in the mandate because it is so large and it is so broad and it so broad
and it is diverse and it has continuously caused some concern for States' Members across successive
terms, since we changed the machinery of Government, about whether this particular Committee
can adequately handle all their areas of their mandate.

185 It is extremely busy. We have divvied up the work between all Committee Members and we are
managing the workload well, I think, and we are of course responsive to any criticism that we may
have missed anything, we have Committee Members on all the subcommittees ranging through
education, through arts, sports, culture and heritage and obviously any interest and assistance from
other States' Members is always welcome but we feel that we are working well as a Committee with
the workload that we have, though of course it is not easy.

The Bailiff: Deputy Burford.

190 **Deputy Burford:** Thank you, sir. I refer to timelines in the recent secondary and post-16
education policy letter timeline and key milestones and high-level programme tying up the timeline
in the policy letter and my question to the President is, is the Committee still on track to meet all
the dates specified in those published timelines? Thank you.

195 **The Bailiff:** Deputy Dudley-Owen.

200 **Deputy Dudley-Owen:** I will answer that question to Deputy Burford, for which I thank her, in
saying that actually the timeline was completely busted insofar as initially for the debate being
carried over the summer recess. We are still working to that timeline as far as we can and we will
update States' Members if there are any changes to that, of course, and stakeholders, but absolutely,
the timeline in terms of kicking straight into it from the May publishing date, which we had intended
for the debate to be ended in July, it was not ended until September.

205 So, that initially causes stress on that timeline. But, absolutely, we are still working to that and
ensuring that those plans can be deliverable in the timeline that we have set. But it is going to take
really some work for that because of course there are also external influences that we have no
control over. But we absolutely commit to keeping people updated and working to that timeline if
any changes are afoot.

210 **The Bailiff:** Deputy Kazantseva-Miller.

215 **Deputy Kazantseva-Miller:** Thank you, sir. I am just looking at the latest facts and figures
booklet, 2021, table 3.13, which shows the progress of students at the end of key stages two and
four, and there seems to be quite significant drops in progress between 2018 and 2019. For
example, key stage two, making at least expected progress in English dropped from 89 to 83, in
maths from 88 to 83. At key stage four, making at least expected levels of progress in maths
dropped from 69 to 55.

220 Nearly half of our children at Year 11 are not achieving expected levels of attainment. Could the
President of the Committee explain the reasons for such drops and what is being done to address
such worrying trends?

The Bailiff: Deputy Dudley-Owen.

225 **Deputy Dudley-Owen:** Thank you, Deputy Kazantseva-Miller, for her question. I will start by
saying that the Education Committee and the wider States should not accept anything other than
continual improvement and driving up standards, especially in education. It is absolutely imperative
that we look to the horizon to ensure that we are punching above our weight and the Ofsted
inspections that we have coming online, very shortly, we have had two pilot inspections so far and
others coming down the line very quickly, will really assist us with those continual improvements,

230 as will the Education Strategy, in terms of how we support staff, as will governance and empowering our leaders to lead.

It is very dangerous to pick up certain statistics and start to try and draw concrete and definitive results from those statistics and start to say why exactly this has happened, and I would not even dream of going there in this particular forum. I am not qualified to give that information. I suggest that Deputy Kazantseva-Miller comes to Committee to speak with our educationalists about that.

All results are carefully analysed, as you would expect. The data from all of our schools is collated and poured over by relevant education experts –

The Bailiff: Deputy Dudley-Owen, I am afraid that the time for the answer has expired. Deputy Gabriel.

Deputy Gabriel: Thank you, sir. I thank Deputy Dudley-Owen for her update and also, referring back to Deputy Matthews' question, he sort of stole my thunder a little, but in the same vein, if the traffic assessment at Les Ozouets, Les Baissieres, Skins Lane, and the surrounding area for the post-16 campus proves that an increase in traffic is insurmountable and any mitigating measures are impractical to put in, will that put a break on the development of the project and will the Committee be returning to the States with any alternatives? Thank you.

The Bailiff: I thank Deputy Gabriel for his question. I cannot see that there would be a situation where the traffic flows measured in that area would be seen as insurmountable compared to any other plans that have been put forward for the education settings. I trust that colleagues such as Deputy Gabriel, Deputy Cameron, Deputy de Sausmarez, Deputy Helyar, sorry Haskins, apologies, and Deputy Fairclough, sitting on Environment & Infrastructure will seek to work with us very closely in order to ensure that we have got proper travel plans in place, active travel plans in place, to look at mitigating increased vehicular traffic to any of our school setting sites. This is not specific just to Les Ozouets. It covers Beaucamps, St Sampson's and Baubigny and that should be high on our agenda.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you for the update, Deputy Dudley-Owen. Just briefly, the Guernsey Institute has had a shadow board, I think, for the last two or three years. When is that board going to be formalised and are you likely to go through a further recruitment process to ensure you have got the right people on that shadow board?

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you to Deputy Inder for his question. Yes, the shadow board has been in existence for quite some time. In actual fact, it has been in existence for many terms, actually, in one shape or form. Governance, as I mentioned in my Statement, is front and centre of our concentration in terms of a policy, which is what I pledged it would be in accordance with our pledge to deliver the Education Law reforms and, in looking at governance, obviously the shadow board and its constitution will form part of that work. As with any governing board, we will have to have a review of skills required and ensure that the governance is strong around the skill set and what we actually want that governing body to deliver.

The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir. I think during the resumed debate on education, we were assured by Deputy Murray that the delay would not cause a delay in the project but I understand from the Statement and the responses to previous questions that Deputy Dudley-Owen has advised that –

Deputy Murray: Point of correction, sir.

285 **The Bailiff:** Deputy Murray, you cannot have a point of correction during question time. The President will answer the question. Deputy St Pier, please continue.

Deputy St Pier: I understand from what Deputy Dudley-Owen has said there is some stress on the timeline because of the delay in the debate. Could she advise whether that stress on the timeline will inevitably have an impact if it does come to fruition on budgets and also the impact, of course, 290 on the Guernsey Institute as well, the building of the Guernsey Institute.

The Bailiff: Deputy Dudley-Owen.

295 **Deputy Dudley-Owen:** Thank you to Deputy St Pier for his question. Of course, this is something that any project delivery has to deal with in terms of risk mitigation. This is why we allow for optimism biases within our financial forecasting and ultimately the money that we ask for the States to approve. So the optimism bias has accounted for the stress on any call costs and in terms of the timelines.

300 The timelines that we are looking at, at the moment, we are still working to the timeline, as set out in the policy letter, and will continue to review that, because that is what you have to do because they are, unfortunately, elastic, in large part due to external circumstances such as the heat of the construction market, the supply lines globally that we know are hugely stressed at the moment, of which we have absolutely no control over here, not least of all, internal States' processes, which are entirely in our gift and we should be looking at for all projects that we have ongoing at the moment 305 in terms of our capital expenditure.

So, in the round, this is something that the Committee are absolutely keenly aware of and are working very hard with Policy & Resources to ensure that we can push through and meet the deadlines that we set ourselves.

310 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Thank you, sir. I note across the water Deputy Tadier in Jersey has succeeded in getting a 1% levy of the States' budget for the arts. Whilst I fully commend the ESC's approach to supporting arts and languages, would the Committee not agree that we actually need a significantly 315 larger resource and budget to really make arts the staple it could be for our community?

The Bailiff: Deputy Dudley-Owen.

320 **Deputy Dudley-Owen:** Thank you, Deputy Gollop, for his question. Do you know, in an ideal world, we would increase all the budgets in all areas of our mandate, hands down, without any question. The States opted not to prioritise actions in these areas in the arts as part of the GWP and the Committee has to respect that decision.

325 **The Bailiff:** Deputy Parkinson, is it your wish to be relevéd?

Deputy Parkinson: Yes, it is, sir.

The Bailiff: Thank you very much. Deputy de Lisle.

330 **Deputy de Lisle:** Sir, there appears to be some unease amongst secondary teachers, with respect to their placement, given the rationalisation of secondary education. Can the President provide any assurance to teachers so affected by a system change?

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: I thank Deputy de Lisle for his question. I think he said that there appears to be unease amongst staff in the sector, regarding their placement in the system. We have acknowledged that and it is to be expected where any change is afoot, to any organisation, there will of course be unease. In actual fact, we would be surprised if there was not. Look at what has happened in this Chamber about seating arrangements. So, in that respect, change management and careful support, detailed planning, constant engagement and consultation with those staff, is essential and those plans have started and I give reassurance to all staff members that looking and change management and supporting them through that is a top priority in delivering the model for secondary education, post-16.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, sir. As a parent of a La Mare student, I was surprised in the week following the debate not to receive any communication as a parent until Wednesday, 15th September, the debate having taken place on 10th September and to be informed by my daughter that there had been no whole-school communication to the students about the decision that had been made. Could the President please advise who is managing communications within the school; and if it is indeed the school, are the Committee supporting and managing that with them?

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you to Deputy Bury for her question. Of course, we sought to communicate as soon as we possibly could and the Friday of the debate was indeed the 10th and the communication to schools was sent out on Wednesday, 15th, which was three working days later. We did work at pace to try and make sure that our communication was thoughtfully delivered and in a really quick timeframe as possible.

Being a parent, I would want to know straight away, and maybe the three days between the weekend was a little bit too long, but it was as quick as officers could get that work out and obviously within the schools the schools work with communications within the States of Guernsey and we endeavour to ensure that that communication is as tight and well-presented, because it is not just about getting a communication out, it is about what you actually say in that communication. The communication has been really an area that we have focussed on and concentrated on a lot within Committee and we will continue to do so throughout this term.

The Bailiff: Deputy Falla.

Deputy Falla: Sir, I thank Deputy Dudley-Owen for her update. Could the President please tell us how work is progressing on the promotion of Guernésiais? Thank you.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: I thought I had covered that in terms of letting people know – thank you to Deputy Falla for his question, sorry. Yes, we are incorporating an LBG for charitable status and we know that, as a result of the summer 2020 debate, £100,000 is allocated each year for three years and funding to support the Guernsey Language Commission is to raise awareness of Guernésiais and encourage participation, facilitate effective teaching of the language, research, record and archive Guernésiais and raising funding to enable the Commission to deliver its mandate.

We are speaking to our Chair in waiting. I hope to announce who that will be in the forthcoming weeks and then build the Commissioners around that so that we have a robust, arm's length body that is able to look at the work and the aims of the Commission and to take it forward to what I

hope is a real success story in this very long and arduous and sometimes quite – we never knew whether it was hanging in the balance whether we would get our language back – but I know that Deputy Falla has been personally invested in this, as Deputy Inder was for some time in previous terms and we really could do with their support in trying to make this a success going forward.

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The Bailiff: Deputy de Sausmarez.

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Deputy de Sausmarez: Thank you, sir. Deputy Dudley-Owen mentioned in her update the policy around COVID and schools and I am grateful for that. As she knows, as a parent and as a Deputy, I have some concerns about the impact that results, because there is understandably a very low threshold about sending children into school. Can the President please advise what the Committee is doing to monitor the ability of schools and children to keep up with their learning when they are at home but well-enough to do so because I am worried that children that have to stay behind, at home, and are missing out on school, are not necessarily getting access to their work as expediently and as efficiently as they otherwise might? Thank you.

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The Bailiff: Deputy Dudley-Owen.

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Deputy Dudley-Owen: Thank you to Deputy de Sausmarez for her question and, of course, she has asked these questions directly to me via email and to staff and has had a lot of staff time in talking about this. I understand why Deputy de Sausmarez would want to bring this out into a wider forum to allow other Members to hear about this and also the wider public. We do have an updated distance learning policy in place and it provides for more materials to be made available to parents and carers to support home learning for any child not able to attend school but is well enough to continue learning.

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Very recently, new guidance has been provided to schools to ensure weekly updates to parents and carers and children isolating at home and to become routine and signposting them as approved to curriculum related online content such as the Oak Trust, to support distance learning from day one of absence.

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This also assists with applications for other absences, for example snow days, but rest assured this is again another area of the Committee's focus, because we do not want children to fall behind. Children have fallen behind enough. We noticed that through the lockdowns and it affects their mental health and their wellbeing when they re-enter school and they are way behind their peers.

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So it is something that we are really keenly aware of and I urge any parents listening out there, as well as Deputy de Sausmarez, contact your school as your first point of call if you are not satisfied with the distance learning that your child is receiving or the signposting that you are getting because the school is the guardian of the policy now and obviously, if there are policy issues that need to be amended we will do that.

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The Bailiff: Deputy Dudley-Owen, I am afraid once again, time is up and the 20 minutes permitted under the Rules for questions has also elapsed and, bearing in mind the amount of business this week, I am not minded to extend it.

**Procedural –
Welcome to Mr Abel from Alderney**

430 **The Bailiff:** Members of the States, it is customary when we spot a visiting parliamentarian in the Public Gallery to give them a welcome and we have Mr Abel from the States of Alderney here, so we would like to thank him for coming and watching the business today and I invite you to welcome him in the usual fashion.

[Applause]

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

**Committee for the Environment & Infrastructure –
General update**

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The Bailiff: The next Item of Business is a second general update Statement but this time on behalf of the Committee *for the* Environment & Infrastructure, and I invite the President, Deputy de Sausmarez, to deliver that Statement.

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Deputy de Sausmarez: Thank you, sir, and I have actually sent a digital backup to neighbouring Deputies, just in case. Since my last opportunity to update the Assembly, the Committee for the Environment & Infrastructure has been focused on many different issues within our broad mandate.

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The most recent quarterly figures on house prices show a marginal drop of 0.8% compared with the previous quarter, suggesting perhaps some plateauing off in the local market, but prices are still nearly 10% higher than the same point last year. Open Market transactions, meanwhile, look set to break activity level records not seen since 2006. A look at the wider picture, including waiting lists for social rental, partial ownership and keyworker housing, confirms that demand is still significantly outstripping supply. Members can be assured of the cross-committee focus on these issues through the Housing Action Group.

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News in recent weeks has also brought us the price shock in the global gas market which will affect Guernsey customers reliant on gas for heating their homes particularly as the months get colder. Again, there has been an effective cross-committee response, and E&I's particular focus has been on the continuity and security of supply. The situation underscores the importance of a well-managed transition to decarbonisation as set out in our Energy Policy.

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Turning now to our road infrastructure, a highway condition survey has taken place to assess the Island's 260 miles of public highway. This will help identify and prioritise the roads that will require resurfacing works in future and the funding required to maintain them in an acceptable condition. While Traffic & Highway Services' contractors carry out improvements across the network every week, a complete survey, which takes place roughly every four years, provides a detailed assessment of the whole Island and is a vital part of ensuring a robust and business-like approach to road maintenance. The funding requested is then matched to a proven need, which means we make better use of our resources and ensure public money is spent in the most efficient manner.

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Speaking of roads, the Committee is delighted that following a successful trial throughout the summer months, changes will be made to enable al-fresco dining along The Quay on a permanent basis. This both improves the public realm and supports local businesses. While there are no immediate plans to introduce new al fresco areas, we are open to suggestions and are happy to look into similar opportunities to improve the public realm and support the economy.

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Moving now to what uses the roads, the Committee has been working with Procurement to ensure that the management of the States' fleet, which comprises hundreds of vehicles, aligns with and supports as far as possible our policies on energy efficiency and emissions. There are some really exciting possibilities to maximise efficiencies in a number of different ways, including perhaps the potential, longer term, for shared use in the community.

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Finally, on this roads-related theme, I am pleased to report that Environment & Infrastructure had a productive meeting with the Committee for Home Affairs, the outcome of which is that we are working together to explore more efficient and effective ways of enforcing minor traffic offences. Between the two Committees, we will keep the Assembly updated on that work.

Actually, I said finally on the roads-related theme, there is one other thing and that is finally – *finally* – it does appear that electric buses may now be available on the market that meet our very Guernsey-specific requirements in terms of width, range and capacity and there was indeed a successful trial of one such vehicle on-Island earlier in the summer. That tendering process is now live and so we are very hopeful that that could well result in Guernsey's first electric buses.

Now onto our coastal structures. For Fermain, an options appraisal has now been completed which outlines all the viable solutions for dealing with the unstable cliff – which is the main issue – and the damaged military wall. All the options will require work on the landside of the wall. We will be looking to tender for the required works once the Committee has considered the options and identified a preferred way forward, subject of course to the funding being agreed by P&R.

A little further up the east coast, geotechnical engineers have completed a thorough assessment of the Cow's Horn. This work includes mapping where the rock is, and more importantly is not, which will inform the design for a lasting solution for the area. I cannot overstate that it is not a question of simply rebuilding the steps. The ground has moved, literally not metaphorically, making it much more complex and challenging. It is important that the whole area is secured to avoid a repeat of the recent collapse. Allowing for the design and then tender process, and the release of funding, these works should begin next year.

Nearby, maintenance work is expected to commence on the Ladies' and Children's pools at the end of the month. The intention is to keep one pool open whilst the other is worked on and to ensure all polar bears can swim at Christmas. The works will be completed by early next year.

Continuing northwards, the Committee considered earlier in the year a range of options in relation to the anti-tank wall at L'Ancrese. We then met with P&R back in July, where it was agreed we would consult with the remaining requérants in the Assembly. That meeting took place shortly afterwards, the result of which was that officers were tasked with exploring further options. Officers then engaged with lead requérant Deputy Brouard in August, resulting in more options being suggested and investigated. I am pleased, if slightly exhausted, to report that the Committee will review all these options at our next meeting in order to identify a preferred way forward, and from there the matter will, in all likelihood, return to the States.

For fear of being thought of as the Committee for Infrastructure & Infrastructure, I will use the last third of my statement to provide an update on some of our environmental policy responsibilities as well.

COP26 will take place in Glasgow within the next few weeks. We have been engaging with the UK and other Crown Dependency governments and are now finalising the arrangements for our attendance as part of the UK Delegation. We have also been working on the possible extension of the Paris Agreement to Guernsey in our own right, one of the priorities agreed through the Government Work Plan. In addition, we have been invited to contribute to a small islands virtual conference ahead of COP26, which will be a good opportunity to highlight and define our support for the broader objectives of the main conference.

Similarly, we're looking at membership of GLIPSA, the Global Island Partnership, which is a support network of jurisdictions and organisations that focus on island-specific sustainability issues and solutions.

On-Island transport is one of our most significant contributors to Guernsey's carbon footprint so I am pleased to report that preparations are underway to look at how we can better reduce transport-related carbon emissions, as per our climate change policy, and I am also glad to say that work has started on the Green and Blue Economy Supporting Plans, as prioritised through the GWP.

The Committee has also been progressing the Strategy for Nature, converting it into cost-effective plans and action on the ground. The news headlines from earlier this week citing the UK as one of the world's most nature-depleted countries with only about half its biodiversity left,

525 placing it in the bottom 10% globally and last among the G7 group of nations, shows there is no time for complacency.

We are on target to complete by the end of the year the pre-work and ecological data audits required for a much-needed priority species and habitats list for Guernsey, which will inform how we can protect, enhance, and manage risk to, our natural environment. Domestic legislation will be key to this, and there is considerable work required to put in place a wildlife protection law locally.

530 We have continued to step up our response to Invasive Non-Native Species (INNS) which pose a risk not only to biodiversity but also to human health and the economy. Building on the success of our Asian Hornet team, a focus for 2021 has been the development of an INNS Action Plan which places an emphasis on prevention, early detection and rapid response, and implementing this plan is a priority for 2022.

535 Another workstream arising from the GWP is the setting up of a Nature Commission to increase the resources available to support nature investment, bringing together public, private and voluntary organisations with a common purpose. Once up and running, the Nature Commission would facilitate the collection of much-needed data, provide communication and education, and be a hub of ecological expertise.

540 Finally, I promised last time to keep members updated on the reduction of pesticides. I am pleased to report that our work with the Pollinator Project, alongside key stakeholders such as Guernsey Water, is progressing well. Related to this, academics at the University of Bristol are hoping to expand their research in Guernsey in a way that could result in a globally significant study. Thank you, sir, for this opportunity to update the Assembly on the Committee's work. I look forward to questions on these or any other aspects of our mandate.

The Bailiff: Deputy Taylor.

550 **Deputy Taylor:** Thank you, sir. I am very grateful to the President for her update there. In response to a set of Rule 11 questions I submitted earlier in the year, relating to e-bikes, Deputy de Sausmarez raised a slight discrepancy in the existing legislation, mainly surrounding the weight limits on e-cargo bikes and I am wondering if the Committee have taken any steps to address this issue?

555 **The Bailiff:** Deputy de Sausmarez?

Deputy de Sausmarez: Yes. Deputy Taylor raises a good point. I would say it is very much still on the to-do list but I cannot report on any particular progress. As Deputy Taylor will be aware, we are not a Committee blessed with an over-abundance of resources. We do have a lot of work to prioritise but it is still very much on the radar.

The Bailiff: Deputy Queripel.

565 **Deputy Queripel:** Sir, every time potholes appear in our coastal car parks, such as Vazon, Pembroke and Bordeaux, for example, they are filled with siftings and gravel, which means that after just a few months, all potholes reappear. There are alternatives to just filling the holes with siftings and gravel. I think I am right in saying one of those alternatives is known as Gridforce. Can the President please tell me why E&I do not use alternatives such as Gridforce, please?

570 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Yes, the simple answer is cost. It is a very significantly more expensive option than the method currently used. But I can reassure Deputy Queripel that, actually, as part of the prioritisation process that the Committee has been very actively progressing, we are going to

potentially transfer responsibility of the management of those coastal car parks so it could become, we hope, part of a more efficient programme in future.

The Bailiff: Deputy Aldwell.

Deputy Aldwell: Through you, sir, could the President give Islanders the continued reassurance, whose recreation is taken walking and running daily on the cliff paths between Clarence Battery and Portelet and Torteval, that the Places of Recreation Ordinance, 1975 and amended in 1996, will not be altered to allow cyclists on our tranquil cliffs, damaging not only our environment but taking away the safety and peace of Islanders on foot? Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Sir, I can report that there are no plans to change an ordinance at this time.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir, and thank you to Deputy de Sausmarez for a full statement. I would like to just reiterate that I have got various constituents still making contact regarding two aspects, the excessively noisy bikes and vehicles and the speed, and recently, and thanks to the work that the Environment & Infrastructure Committee did along St Peter Port, creating that really good area that people can enjoy more, that also led to some questions on some of the excess of speeds in that area. I am very aware that both Deputy de Sausmarez and Deputy Prow have been talking about various ideas of either assessing, monitoring or engagement and supporting the Police to help in this and I would like to ask if there are any points that she could share with us to explain how this is being looked at? Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir. Yes, Deputy Blin is quite right that this is an issue and Deputy Prow will confirm this is an issue that many members of our community feel affect the quality of their life and it is something that the Committees take seriously. Within the limited time available I can probably best encapsulate the current problem as the fact that our system of enforcement is not very compatible with dealing with the more minor offences in the grand scheme of traffic offences and a lot of that comes down to the fact that we channel everything through the criminal justice system, which is a very resource-intensive process.

So the two Committees, E&I and Home Affairs, had a very productive meeting, during which we agreed to scope a piece of work that will look at doing things a bit differently. So, the potential for a different system that would provide an alternative, not a substitute but an alternative track, which would enable us to deal with those kind of 'minor' traffic offences more efficiently and effectively. Between us, we will keep everyone updated, but I am hopeful that might well be the way through this issue, which I know does concern many people in the community.

The Bailiff: Alderney Representative Snowdon.

Alderney Rep. Snowdon: Thank you, sir. Could I ask the President if she would agree that Alderney and Guernsey should be working together on renewable energies and also the whole of the Channel Islands to look at energy security moving forward and we should get around the table fairly soon? Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Yes, Alderney Representative Snowdon knows very well that I am always keen to talk with Alderney on this particular issue and, of course, as I think our energy policy also makes clear, we very much have to look at energy in the Bailiwick but also the regional context. Those kinds of relationships are absolutely crucial and Alderney Representative Snowdon knows very well that I am always keen to talk with Alderney and others.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you for the update, Deputy de Sausmarez, and again I will commend the Committee for the work being done on the maintenance of our sea walls. It should have happened years ago and it has been started in the last Committee and carried on through that, so congratulations.

Distance charging – there are a number of things we are unclear of. We are not sure where the Committee is on what software they are using, what hardware they are likely to be using, the cost to date, cost to implement, who the collection agent is and the date of the policy letter. Rather than asking that question, now, exactly, would the President commit to writing to States' Members and a press release to explain exactly where the Committee is on distance charging and particularly when the policy letter is coming to the States?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir. It is a bit of a tricky one, this because really it is in the mandate of P&R but in the spirit of co-operative and collegiate working we have been working with them. I think, as I have explained to Members before, my Committee was very keen that we make sure that any fiscal principles are aligned with the environmental principles or the transport-related principles. So, there are still conversations that need to take place between P&R and E&I before I can provide any of that information but as soon as any of it is available I can assure Deputy Inder that we will of course be very keen to communicate it.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: I note a further undermining of the wall at Rocque Poisson at Rocquaine and subsidence of the coastal road at that location and this is causing concern to residents in that area. What measures are being taken to hasten repair before winter storms further aggravate the possible failure of the coastal defence of that location?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I can reassure Deputy de Lisle and the residents of that area that we have done a pretty thorough assessment and engineers are very much on top of it, so there is a comprehensive plan in place. I cannot give him any more granular detail than that without prior warning but I can say it is something that our engineers and other officers are very aware of and are all over.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir. I was quite happy to see works going on to the cycle areas and then, actually, I am a bit disappointed that there were no extra cycle hoops and the shelters got put up. Can Deputy de Sausmarez confirm if there are any more plans to put up cycle hoops rather than more shelters?

The Bailiff: Deputy de Sausmarez.

680 **Deputy de Sausmarez:** Yes. It was not just shelters, there were actually additional cycle hoops
and there is an ongoing plan for more still. Actually, it is rather fitting that it is Deputy Oliver asking
this question because we are greatly looking forward to, hopefully, a planning exemption coming
through for cycle hoops, which will greatly reduce the bureaucracy and time required to install them.
685 Speaking to the broader point, absolutely, both of us witness on a daily basis that demand is very
much outstripping supply, certainly in some areas, but I think across the Island as a whole.

The Bailiff: Deputy Moakes.

690 **Deputy Moakes:** Thank you to Deputy de Sausmarez for her updates. I apologise if I missed this
in her speech, please could Deputy de Sausmarez provide an update on the MOT tender process
please?

The Bailiff: Deputy de Sausmarez.

695 **Deputy de Sausmarez:** Yes, of course it is not an MOT, it is a PVI. A periodic vehicle inspection.
The plan was never for it to be annual. As we originally stated, we are very keen to work with local
suppliers for that particular solution and it has proved quite a complex challenge. I can assure
Deputy Moakes that those conversations are still very much ongoing.

700 I think what is likely to happen, if he checks the original timeline, actually it may well be a case
that we combine some of the phases rather than implement them in the way that was originally
intended. But certainly, we are looking to implement that in the most time-effective and
pragmatically effective way possible.

The Bailiff: Deputy Dyke.

705 **Deputy Dyke:** Thank you, sir. Could I ask the President what plans she may have regarding
public parking in Cobo? At a recent Castel Douzaine meeting, a lot of concern was expressed at a
chronic lack of parking, partly caused by the withdrawal of some private parking and a lot of
business activity that goes on in Cobo, especially during the summer. Are there any plans for public
710 car parks and if not could she look at the issue? Thank you.

The Bailiff: Deputy de Sausmarez.

715 **Deputy de Sausmarez:** Sir, this is not something that my Committee has had a chance to
consider but we are perfectly happy to. I do not understand the finer detail around the situation but
I do understand that some of it was involving private land. Of course it is something we would be
happy to look at, in conjunction, of course, with the DPA.

The Bailiff: Deputy Taylor.

720 **Deputy Taylor:** Thank you, sir. The President referenced in her speech the continuation of the
al fresco area along the Town harbour front. Could she give an indication of the split of the costs
between the private businesses and Government?

725 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Yes. The fundamental principle is that the businesses are benefiting and
therefore the businesses will bear any costs. So, I cannot give Deputy Taylor a really detailed
breakdown of the exact split but certainly that is the principle that we have always worked to. I
730 certainly think over the short to medium-term it will completely wash its face from the States'
perspective, if that gives him some assurance.

735 Actually, he did not ask this question but I will take the opportunity of answering the question that he did not ask, which is that this whole thing has encouraged the Committee. We have been working with P&R, asking P&R to look at the whole question of the use of the public realm because we think there are some sort of idiosyncrasies in terms of the existing systems and we are keen that actually this is something that gets a bit of fresh air and sunlight and we can hopefully make that a more standardised approach to make sure that any sort of private entities or business entities that are benefiting from use of the public realm are doing so on an equal and fair footing, in comparison to the benefit they are getting.

740 **The Bailiff:** Deputy Gollop.

745 **Deputy Gollop:** Yes, I wanted to ask about how far the Environment Committee – bearing in mind you have two Members in common with Education, Sport & Culture – have worked towards alleviating certain traffic pressures identified as part of the recent debate, such as the new College of Further Education Sixth Form Centre being situated on a comparatively narrow road with poor bus facilities? In other words, are you looking at Les Ozouets, Collings Road and Skins Lane in order to effect traffic-calming or traffic improvements and one-way systems or other ideas?

750 **The Bailiff:** Deputy de Sausmarez.

755 **Deputy de Sausmarez:** Deputy Gollop may know that this is something that I am particularly interested in, having asked questions myself on exactly this issue. E&I is not bringing forward a planning application, so really the people in the driving seat, if you will pardon the pun, are the Committee for Education, Sport & Culture. But as Deputy Dudley-Owen mentioned in her answers to some questions, of course we would be very open and in fact we would encourage that Committee to work closely with ours.

760 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Sir, the previous E&I Committee spent a considerable amount of time looking at putting signs in public car parks, especially coastal car parks, forbidding cars to be placed there for sale. Can the President tell me where the current Committee are with that, please?

765 **The Bailiff:** Deputy de Sausmarez.

770 **Deputy de Sausmarez:** Sir, I do not have any updated information. If Deputy Queripel could have given me a bit of advance warning I could have found that information for him. Certainly at that particular point in time that was a response to a problem that was quite prevalent. I do not know how prevalent that problem is at the moment but it is not something that has come across the current Committee's agenda in recent times. But I am happy to look into it for him.

The Bailiff: Deputy Kazantseva-Miller.

775 **Deputy Kazantseva-Miller:** Thank you, sir. The recent open planning meeting with Pointues Rocques highlighted the inherent problems of putting more development, which the Island desperately needs with housing, on top of our current infrastructure and road network system. Would the President agree that it is time, perhaps, for more radical action and rethink about a transport strategy and putting some mitigating new ideas in place?

780 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Sir, I have to be careful to make clear that I am speaking personally here, not necessarily on behalf of the Committee. Certainly this is something that the Committee has
785 discussed in general terms and I think there is recognition beyond our Committee as well that we cannot add significant concentrations of vehicles to areas where they are already struggling to cope in some respects.

So, certainly as a Committee, we are keen to find the most effective means of addressing those problems. Speaking more personally, my colleagues on the Housing Action Group will confirm that
790 I am like a broken record on this particular issue and I am very keen to stress that there is no point in focussing our efforts and resources on housing if we are not also going to focus the commensurate effort and resources on alleviating and actually improving and enhancing the transport options for people in those areas.

The Bailiff: Deputy Queripel.

Deputy Queripel: Sir, I believe I am right in saying that E&I have considered the idea of introducing legislation that only permits the sale and use of silent fireworks in the Island, as opposed to the sale and use of excessively noisy fireworks that cause so much stress and trauma to animals
800 and people of a frail and nervous disposition. Can the President tell me where E&I are with that, please?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Sir, I think the answer is about to be inundated with emails as we are coming up to 5th November, it is a very seasonal issue that does get a lot of attention at this particular time of year. It is something. It is really not a simple issue. Not least because I am told by people who have a much greater understanding of these things that actually the silent fireworks are not even silent. But yes, it is a complex issue. It is not one the Committee has looked at this
810 particular term but I will keep Deputy Queripel updated as and when.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you. At the moment, the Development & Planning Authority publish
815 development frameworks, if they do, for the larger sites, and then developers and landowners, if they choose, put in a planning application for development. How is Environment & Infrastructure able to influence that process in terms of ensuring that medium to large-scale developments have adequate lighting, footpaths, biodiversity and ecological habitat and we do not end up with concrete, urbanised applicants with no environmental, political impetus?

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Sir, I might need to ask Deputy Gollop for some clarification. Was his question on how can the Committee ensure that, within planning applications, developments are
825 not allowed – for want of a better word – to just become an urban jungle and they do maintain a balance? That was the question, okay.

Actually, as Deputy Gollop will know, that is threaded very much through the IDP and it really is a question for the DPA but I am really happy to say that the DPA have been very proactive in engaging with E&I this political term and of course they have adopted the Strategy for Nature and
830 I believe that there is a lot of work also at officer level about some biodiversity criteria, which will all help inform the planning decisions and indeed any planning conditions that will ensure the outcome that Deputy Gollop is hoping for.

The Bailiff: Last question, Deputy Taylor.

835 **Deputy Taylor:** Thank you, sir. I think Deputy de Sausmarez mentioned in her update a trip to Glasgow for an environmental conference of some description. I wonder if she could outline any mitigating action they will be taking to offset the carbon from that trip. Thank you.

The Bailiff: Deputy de Sausmarez.

840 **Deputy de Sausmarez:** Yes, I would say that those arrangements have not in any way been finalised. Speaking personally, I have always been very keen to ensure that all States' travel, irrespective of whether it is E&I related, environmental policy related or not, is properly offset and properly offset according to the principles set out in our Climate Change Policy, which ensures the
845 absolute highest quality of accountability and verification.

But, if Deputy Taylor wants to refer to our emissions hierarchy, he will note that the number one focus is avoid. So it is avoid, reduce, replace and offset. Offset is the absolute final option. This should be States' policy overall. Certainly, my personal policy. I never go anywhere. My passport expired in about 2016, I am very good at avoiding transport! But I can certainly give an assurance
850 that where any off-Island trip is required, especially in terms of environmental policy, I am instantly on that particular question and he can rest assured that it will be more than offset, if indeed it comes to that. Certainly if it has got anything to do with me.

Yes, I think it raises a valid point. I have been again –

855 **The Bailiff:** Deputy de Sausmarez, that is your time, I am afraid, and that concludes questions on that Statement on behalf of the Committee.

Questions for Oral Answer

COMMITTEE FOR HOME AFFAIRS

Police complaints procedures – Review and reform

The Bailiff: We turn now to a handful of questions being posed to Presidents of Committees. The first questioner is Deputy Gollop, who has two questions. So, your first question to the President
860 of the Committee for Home Affairs, please.

Deputy Gollop: Thank you very much and apologies for being technologically challenged and reviewing the answers. I think we States' Members need more support there. I thank Home Affairs for their answers to my questions. My first question is will Home Affairs review aspects of police
865 complaints procedures so they can embrace any concerns or issues about Customs, Immigration and Border staff members?

The Bailiff: The President, Deputy Prow, to reply please.

870 **Deputy Prow:** Thank you, sir, and I thank Deputy Gollop for his question. The Guernsey Border Agency staff are employed as civil servants and are covered by the Civil Service Code, which shares the same core values of integrity, honesty, objectivity and impartiality that are contained within the police standards of professional behaviour.

Both groups have in place established processes to appropriately deal with complaints, concerns
875 or issues, which are raised in relation to officers' conduct. It is recognised that there are similarities

in some of the responsibilities undertaken by the Guernsey Border Agency and the policy; therefore there may be merit in considering the benefits and practicalities of GBA officers coming under the scope of the Police Complaints Law when it is reviewed in the future.

880 However, this would be likely to require a change to the GBA staff terms and conditions and amendments to the Police Complaints Law. The complaints processes for both Guernsey Police and the Guernsey Border Agency are readily accessible on both the Police and gov.gg websites. Thank you, sir.

The Bailiff: Supplementary question, Deputy Gollop.

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Deputy Gollop: Yes, thank you, sir. I thank Deputy Prow for his answer and the consideration the Home Affairs Committee are clearly giving to this and do not in any way question the integrity, professionalism or objectivity of any of the Home Affairs staff or officers. However, my question comes from a constituent being concerned that they could not complain about a Border Agency arrest, shall we say, rather than a Police arrest. Would the President admit that that is an anomaly, given the close working together, which is now essential to the team?

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The Bailiff: Deputy Prow to reply.

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Deputy Prow: Thank you, sir. I thank Deputy Gollop for his confidence in all the staff of Home Affairs. The fact of the matter is that the complaints procedure for the GBA and the Police is different and I accept that is the situation and, as I have explained, that is something, when Home Affairs get around to reviewing this, this will be looked at.

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I think the answer to the question he poses as to whether this is a difficulty or not, I would just reinforce the fact that there is a complaints procedure in place in both areas, which includes the whole ambit of their work and not just in regard to arrests. I would also add that there are codes of practice for both police officers and for customs officers around situations around arrest, so there are very specific directions and guidelines of how people are handled in custody and they are very much identical. Thank you, sir.

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The Bailiff: Supplementary question, Deputy Oliver.

Deputy Oliver: Thank you, sir. Deputy Prow mentioned that there would need to be a review. Do you have any timescales when that review might happen?

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The Bailiff: Deputy Prow.

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Deputy Prow: Thank you, sir. In the very useful Update Statements that we have already heard this morning, the Government Work Plan, which I and the Committee endorse, has set out a timetable and our aspirations of what we can achieve. In the first round of consideration of what our priorities were, whilst we were anxious that the work continued from last term on the review of Police complaints it was important, there are other priorities.

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But what I would give reassurance to Deputy Oliver and other Deputies is this is very much a subject that we will, under the auspices of the Justice Review, take it forward. There is an Independent Police Complaints Commission and we are certainly looking forward to working with them, the Police and other stakeholders in taking this piece of work forward. Thank you, sir.

The Bailiff: Deputy Dyke.

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Deputy Dyke: Thank you, sir. Could I ask Deputy Prow where the G4 Securities staff fall in these complaints procedure arrangements? Do they fall within the Border Agency or do they have their

own arrangements? I have received some complaints from people about their behaviours being sub-optimal, occasionally.

930 **The Bailiff:** Deputy Prow.

Deputy Prow: Yes, I thank Deputy Dyke for his question. I can inform him that the G4 Securities staff are not employed by the Committee for Home Affairs, neither do they come under the ambit of the Guernsey Border Agency, or the Police. They are, as I understand it, sir, contracted staff from the Airport, so they discharge the statutory responsibilities of the Airport. Any complaints or any matters concerning G4S staff at the Airport should be addressed to the Director of Aviation. Thank you, sir.

940 **The Bailiff:** Deputy McKenna.

Deputy McKenna: Thank you, sir. To my friend, Deputy Prow, regarding Police complaints, I am sure everyone in the Assembly will agree with me that all our men and women of HM Royal National Lifeboat Institution are local heroes who are prepared to give up their lives to save others. On 2nd September, the coxswain of the lifeboat was called out and within eight minutes he came along Glategney Esplanade with his green light flashing to go to the aid of people in distress, along with his crew, and the same police officer who called him out caught him for speeding – prosecuted him for speeding. So, crestfallen, the coxswain returned home with his crew, only to be called back by the same police officer, to say, 'The vessel is in distress, come back.' And they did. They came back and rescued the vessel.

950 Unfortunately, the coxswain is still going to the Royal Court on 27th October to face a speeding prosecution charge. I think the Chief Minister can confirm if this is true. Would you agree with me, for a police complaint, this is a disgusting attitude to hold towards our local heroes who give up their lives continually for the safety of others and we as a community and as Deputies and we cannot –

955 **The Bailiff:** Deputy McKenna –

Deputy McKenna: – allow this to happen.

960 **The Bailiff:** Deputy McKenna, you have had your time, you have asked your question. Deputy Prow to reply.

Deputy Prow: Thank you, sir, and I thank Deputy McKenna for his question. I think it would be inappropriate for me to make any comment about anything, any matter that is due to appear before the Courts or indeed on any individual complaint. There is a convention of separation of powers. All I would urge Deputy McKenna is, if he has a complaint, there is a Police complaints process and that is the avenue that should be properly used to investigate whether there was any wrongdoing in any particular instance. Thank you, sir.

970 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, following on Deputy McKenna's question, I think it is the Magistrates' Court rather than the Royal Court and I note Deputy Prow's answer to his question but wouldn't Deputy Prow agree with me, whatever the separation of powers, there is a degree of common sense that needs to be applied, both by the police officer in question, whoever recommended the prosecution and the Law Officers?

980 **The Bailiff:** I am going to direct that that question does not need to be answered. It can be taken up, Deputy Ferbrache, if you want to, with the President of the Committee *for* Home Affairs but it does not arise out of the answer given to the original question. Deputy Prow, there is no answer. Deputy Queripel.

985 **Deputy Queripel:** Would the President agree with me that we need an independent, non-biased body established to receive and investigate complaints against the Police?

The Bailiff: Deputy Prow, there is, is there not? Deputy Prow.

990 **Deputy Prow:** Thank you, sir. Could I ask Deputy Queripel to repeat the question? I did not quite catch the first part of it. Thank you, sir.

Deputy Queripel: Would the President agree with me that we need an independent, non-biased body established to receive and investigate complaints against the Police?

995 **The Bailiff:** Deputy Prow to reply.

Deputy Prow: I thank Deputy Queripel for his question. We do have an independent process, there is a Police Complaints Commission. But that process is going to become under review and certainly the question of its transparency and its independence will be paramount in that review. Thank you, sir.

1000 **The Bailiff:** Your second question to the President, then, please, Deputy Gollop.

1005 **Deputy Gollop:** Thank you very much, sir. My second question is do Home Affairs wish to reform, modify or restructure any aspects of Police complaints issues, including ease of access, transparency and other aspects of operation?

The Bailiff: The President, Deputy Prow, to reply please.

1010 **Deputy Prow:** Thank you, sir, and I thank Deputy Gollop for his second question. The need to review the Police Complaints Law was identified by the former Committee *for* Home Affairs and is something that the Committee continues to endorse. This work is not currently contained in the action in the Government Work Plan and will need to be appropriately prioritised and resourced through the developing justice framework.

1015 As a Bailiwick, we have a professional and dedicated Police and GBA officers. However, no organisation is immune to complaints and the established processes are in place to deal with them. A key element of the complaints process is to identify learning and development opportunities. That will improve the service delivery. It is incredibly important that the public have confidence and trust in Law Enforcement officers and in the complaints system as a whole. The Committee is supportive of any improvements that can increase accessibility, openness and independence in the complaints process. Thank you, sir.

1020 **The Bailiff:** Supplementary question, Deputy Gollop.

1025 **Deputy Gollop:** I appreciate that this topic might benefit from meetings with the Committee and more detailed written questions but I understood a few months ago that the lay body in charge of Police complaints were concerned that they had not had enough material to go on. Has the new Home Affairs Committee been aware of this?

The Bailiff: Deputy Prow.

1030 **Deputy Prow:** I thank Deputy Gollop for his supplementary question. I think the best way to answer this is, I think the Assembly will recall, that the Police Complaints Commission issue an annual report. They last reported, I think, on 21st August of this year. I think the best way to answer this question is to actually read from the report, where the Chairman of the Police Complaints Commission said this:

1035 The Commission looks forward to working with the new Committee *for* Home Affairs and the Guernsey Police in 2021, to ensure that we have a robust system in place locally to provide public confidence in the police complaints process. We all agree that changes are necessary to make the complaints process fit for purpose and to reassure members of the community that complaints about the conduct of police officers are dealt with fairly, confidentially and efficiently.

Now, sir, what I think I should say on behalf of the Committee *for* Home Affairs is we completely endorse that workstream and I can give this Assembly assurance that we will work very closely with the Law Enforcement agencies and the Commission to further this work. Thank you, sir.

1040 **The Bailiff:** Second supplementary, Deputy Gollop.

1045 **Deputy Gollop:** Deputy Dyke, actually, has raised an interesting point that, whereas I envisaged in my questions that complaints might arise out of police officers or Customs/Border officers, there may well be Government security officers employed in other areas – airports, Courts and so on – that could also give rise to potential complaints. Will that be a consideration as well, the wider issue of uniformed officials who act in a security context?

The Bailiff: Deputy Prow.

1050 **Deputy Prow:** Thank you, sir. Under the Committee *for* Home Affairs' mandate, which encompasses Law Enforcement, generally, I think that is where our responsibilities lie. It is very important that the Police operate with the consent of the public and I think that is where our focus, necessarily, should be.

1055 Obviously, over the decades, Law Enforcement has evolved. There are specialist organisations, the GBA, Financial Crime, that have developed and I think this is all part of what the Committee must consider in a review. But I do not think that there is any intention at this stage for Home Affairs to go outside of its mandate. I think where we need to concentrate is on Law Enforcement and those agencies. I should endorse comments already made that we are very lucky to have an excellent Police Force and an excellent Border Agency and a very good capability around anti-money laundering. Thank you, sir.

The Bailiff: Deputy Dyke, supplementary.

1065 **Deputy Dyke:** Thank you, sir. In terms of accessibility to the Police, could Deputy Prow confirm what happened to the community policing service? I recall a few years ago we bought a fleet of small, red police cars for the Police to patrol locally. I have not seen one of those around in many years. Is that scheme still working?

The Bailiff: Deputy Prow.

1070 **Deputy Prow:** Yes, I am not sure that question arises around the complaints system but I can assure Deputy Duke –

1075 **The Bailiff:** Deputy Prow, it does arise out of the rather long answer you gave to the question to Deputy Gollop, which was touching on the professional and dedicated Police and GBA officers, so it is quite a legitimate question.

1080 **Deputy Prow:** I thank you for your guidance on that. Certainly, I can assure Deputy Dyke that there is a neighbourhood policing capability. It has evolved and perhaps I can answer the question more fully with him outside this Meeting, sir? Thank you, sir.

CIVIL CONTINGENCIES AUTHORITY

Alleged disclosures by Members of the Civil Contingencies Authority – Investigation by the Authority

The Bailiff: As no one else is rising, we will turn to the next question, which is from Deputy St Pier to the Civil Contingencies Authority. Your question please, Deputy St Pier.

1085 **Deputy St Pier:** Thank you, sir. Pursuant to the discharge of the Civil Contingencies Authority's mandate both in accordance with the Civil Contingencies (Bailiwick of Guernsey) Law, 2012, generally and the responsibilities set out in Annex 1(b)i of the Rules of Procedure, to ensure that only authorised disclosures are made, can the Authority advise what actions, if any, it has taken to investigate and ensure that any alleged disclosures by any Members of the Authority have been properly authorised?

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The Bailiff: And the Chairman of the Authority, Deputy Ferbrache to reply.

1095 **Deputy Ferbrache:** At every Meeting of the Civil Contingencies Authority the Members are reminded that all matters discussed should be treated as being subject to Section 22 of the Law. This provision prohibits Members and States' employees and contractors from disclosing information obtained by virtue of their positions as Members of, or States' employees or contractors to, the Authority. From time to time, in order to provide clarity and specific lawful authority for disclosures of information, including information disclosed by press release, Members of the Authority agree on what particular information can be released or was already in the public domain.

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In the event of the Authority being notified of an allegation of unauthorised disclosure by a Member, the Authority would most likely refer the matter to the Head of Law Enforcement and Law Officers of the Crown for the allegation to be investigated and legal advice. Recent press reports and messages on social media suggested or inferred that unauthorised disclosures of information had been made by the Chair of the Authority. These reports and messages were subject to inquiries made by the Head of Law Enforcement, acting on advice from the Law Officers of the Crown.

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A media statement was issued by Bailiwick Law Enforcement on 5th October 2021 confirming there was no evidence to indicate there had been a breach of the Law. The Authority was made aware of the inquiries at an early stage and provided as requested of it.

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The Bailiff: Supplementary question, Deputy St Pier.

Deputy St Pier: Yes, sir. How concerned is the Authority that friends and family of Members of the Authority claim to have had conversations with Members of the Authority, which had they taken place, may not have been lawful and certainly would not have been appropriate?

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The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: This is covered by the previous answer. These matters were investigated. These investigations were instigated by Deputy St Pier and of course the person of the Chair of the Authority is me and in relation to that my daughter, who had many other trials and tribulations at

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the time in her life, was investigated, was interviewed by Law Enforcement, as a witness, and the conclusion was that no action of any impropriety took place. That matter was instigated by Deputy St Pier.

1125 **The Bailiff:** Second supplementary, Deputy St Pier.

1130 **Deputy St Pier:** Yes, sir. How concerned is the Authority that friends of Members of the Authority claim to have lied about having had conversations with Members of the Authority, which had they taken place may not have been lawful and certainly would not have been appropriate?

The Bailiff: Deputy Ferbrache.

1135 **Deputy Ferbrache:** Sir, Deputy St Pier could have spoken to me directly because the real Messiah used to speak to people other than his disciples. In relation to that, the matter was properly investigated by Head of Law Enforcement with the conclusion I have already read.

1140 **The Bailiff:** If no one else is rising then we move to the ... Deputy Trott, sorry. Supplementary, Deputy Trott

1145 **Deputy Trott:** Yes, sir. I just wanted to be sure that the President of the Policy & Resources will agree with me, and I am sure he will, that all members of our community have an obligation of duty to make sure that their public utterances are accurate, because otherwise we will see a repeat of, in my view, the quite legitimate questions regarding the high profile comments of someone who I regard as a mutual friend of Deputy Ferbrache and I?

The Bailiff: The Chairman of the Authority, Deputy Ferbrache, to reply if he wishes.

Deputy Ferbrache: I agree.

SCRUTINY MANAGEMENT COMMITTEE

Alleged disclosures by Members of the Civil Contingencies Authority – Investigation by the Scrutiny Management Committee

1150 **The Bailiff:** Now I see no one rising and therefore we will turn to the final question in this session, which is also from Deputy St Pier, but this time to the President of the Scrutiny Management Committee. Deputy St Pier.

1155 **Deputy St Pier:** Thank you, sir. What actions, if any, is the Scrutiny Management Committee taking to investigate and ensure that any alleged disclosures by any Members of the Civil Contingencies Authority have been properly authorised?

1160 **The Bailiff:** And the President of the Scrutiny Management Committee, Deputy Burford, to reply, please.

Deputy Burford: Thank you, sir. The mandate of the Scrutiny Management Committee does not include the scrutiny of behaviour that may constitute a criminal offence unless the alleged conduct could or has impacted on the use of public monies or resources. The mandate does permit investigation of matters, which are deemed by the Committee to be of substantial importance or of

1165 significant public interest and therefore the Committee has discussed the question posed by Deputy St Pier in this context and has decided that this threshold has not been reached.

The Committee considers that if any elected Member or another person has reason to believe that any disclosures by any Member of the CCA were not properly authorised then the investigation should be a matter for either Bailiwick Law Enforcement or alternatively the Conduct Panel.

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The Bailiff: Supplementary question, Deputy St Pier.

Deputy St Pier: Yes, thank you, sir. The President said that the mandate does permit investigation of matters which are deemed by the Committee to be of substantial importance or of significant public interest. The obvious question I think is could she clarify the threshold that would be required to be met for it to be a matter of substantial importance or of significant public interest?

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The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir. Ultimately it is a matter for the judgement of the Committee but central to our thinking on this particular issue was, as I said in my original answer, any unauthorised disclosures would probably be a matter for Bailiwick Law Enforcement or for the Conduct Panel and I would further add that we have to take into account our overall workload and priorities when considering which matters we pursue. Thank you.

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The Bailiff: Supplementary question, Deputy Gollop.

Deputy Gollop: If I can broaden this out slightly, would it be Scrutiny Management Committee's intention to consider holding, hopefully, a public review into the COVID-era generally and in particular the performance of the Civil Contingencies Authority and its role in our society and future development?

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The Bailiff: I am not sure, Deputy Gollop, that arises out of the answer to the question that Deputy St Pier posed and Deputy Burford gave. If you want to pursue that then I suggest you pursue that in a separate line of inquiry. Deputy Inder, supplementary.

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Deputy Inder: In response to Deputy St Pier, Deputy Burford said that her Committee gave the matter some consideration. Could she confirm whether that was a consideration and an agenda item that came directly from her presidency and Committee Members or was it inspired by Deputy St Pier? Because, if I understand the response correctly, I think it sounds like Deputy St Pier has reported Deputy Ferbrache to the Police, so I would like to pull this apart and see where we are going with that. So, clear question. Did that come from the Committee presidency or did it come directly from a request by Deputy St Pier?

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The Bailiff: Deputy Burford.

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Deputy Burford: Thank you, sir. The consideration the Committee gave was directly as a result of receiving the Rule 11 question and having a committee debate on how we would go about answering that question. Thank you.

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The Bailiff: Well, Members of the States, that concludes Question Time for this Meeting and we will move to the first Item of Business, please, Greffier.

Billet d'État XX

ELECTIONS AND APPOINTMENTS

PRESIDING OFFICER

1. Election of one non-States' member of the States' Trading Supervisory Board – Dr Simon Thornton elected

Article 1.

The States are asked:-

To elect one voting member of the States' Trading Supervisory Board who shall not be a member of the States in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation and their Committees, whose term of office shall expire in accordance with the terms of Rule 37(2).

The States' Greffier: Article 1 – the Election of one non-States' member of the States' Trading Supervisory Board.

The Bailiff: I turn to the President of the Board, Deputy Roffey.

Deputy Roffey: Thank you, Mr Bailiff. I hope you will allow me a little bit of latitude before moving onto the election of a new member, just to pay tribute to the outgoing member, Mr John Hollis, who has been a significant servant of this Assembly. He was a non-States member of T&R previously, one of the founding members of the STSB, helped to establish its *modus operandi*, chaired numerous boards covering the non-incorporated businesses like Guernsey Water and the States' Works and really has been a stellar member of the STSB.

To replace him on the 16th of this month, we are proposing Dr Simon Thornton. I am not going to go into his CV because it has been distributed to all Members but what I can say is we had an open recruitment. We were very impressed not just with his CV but with his insights and passion that he brought forward at the interview process and we are sure he is going to be a really good fit and bring skills that will be incredibly helpful to the STSB.

I can confirm in line with the Rules that we have looked at his declarations of interest to ensure that there is no conflict, and there is no conflict. So I warmly advocate his candidature. I know nobody else can be put up against him but I do hope that Members will give him their full endorsement because I think he will be a real attribute to the work of this Assembly.

The Bailiff: Deputy Roffey, the only person who could put up a candidate against him is you.

Deputy Roffey: I can confirm I do not intend to put up another candidate.

The Bailiff: Is Dr Thornton's candidacy seconded, please? Thank you, Deputy Parkinson. Well, Members of the States, there is a single candidate – that is Dr Simon Thornton – for this vacancy on the States' Trading Supervisory Board, as a non-States' member. It is proposed by the President Deputy Roffey and seconded by Deputy Parkinson. I have got to put it to you without further ado. All those in favour; those against?

Members voted Pour.

The Bailiff: I declare Dr Thornton duly elected.

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**2. The Appointment of Employment & Discrimination Tribunal Panel Chairs and
Members and Designation of Convenor and Deputy Convenor –
Propositions carried**

Article 2.

1. To appoint the following people to the Employment and Discrimination Panel with effect from 1st January 2022 until 31st December 2024, subject to satisfactory checks with the Disclosure and Barring Service (DBS).

Alex Crosland, Karen Ferneyhough, Jason Hill*, Alison Girollet, Susan Gordon-Hardy*, Rebecca Hunter, Patrick Hardy*, George Jennings, Michael Whitbread*, Christine Le Lievre, Dr Sarah Brewer, Helen Martin, Paula Brierley, Alys Rixon, Roger Brookfield, Steve Roussel, Alan Brown, Georgette Scott, Roy Burke, Jason Shambrook, Racheal Coleman, Andrew Vernon, Joanne de Garis, Peter Woodward, Darren Etasse*

*Those marked * are legally qualified and will Chair Panel hearings when the new Discrimination Ordinance and the Employment and Discrimination Tribunal (Guernsey) Order, 2022 (currently in draft form) come into force.*

2. To designate Jason Hill as the Convenor of the Panel and Paula Brierley as Deputy Convenor of the Panel from 1st January 2022 until 31st December 2024.

The States' Greffier: Article 2, Committee for Employment & Social Security – the appointment of Employment & Discrimination Tribunal Panel chairs and members and designation of Convenor and Deputy Convenor.

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The Bailiff: And I turn to the President of that Committee, Deputy Roffey, to open debate on this. Thank you.

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Deputy Roffey: Thank you, sir. With a heavy agenda I think I am going to add very little to this other than to say that I know all of those that were involved in the recruitment process, including ACAS, who gave us assistance, were very impressed with the quality and the range of candidates that came forward from our community to carry out this important role, so I hope that Members will elect all of the people that are proposed to be elected and of course elect Mr Hill and Ms Brierley as the Convenor and Deputy Convenor.

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The Bailiff: Any comment from anyone at all? If not, then I will put first of all Proposition 1 to you Members, which is to elect the list of people contained therein from 1st January next year until the end of 2024 to the Employment & Discrimination Panel. Those in favour; those against?

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Members voted Pour.

The Bailiff: I declare Proposition 1 duly carried. The second Proposition is to designate the Convenor and the Deputy Convenor of the Panel for those three years. Those in favour; those against.

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Members voted Pour.

The Bailiff: I declare Proposition 2 duly carried as well.

ITEMS DEFERRED FROM SEPTEMBER 29TH MEETING THE STATES

POLICY & RESOURCES COMMITTEE

**3. The Tax Review –
Deferred debate resumed**

Article 3.

The States are asked to decide:

Whether, after consideration of the policy letter "The Tax Review" dated 20th August 2021, they are of the opinion:-

1. To reaffirm principle 5 of the Fiscal Policy Framework: "The aggregate amount of States' revenue should not exceed 24% of GDP".

2. To agree that the Committees of the States are collectively responsible and accountable for ensuring that States expenditure is limited to the amount necessary to fund public services proportionate to the Island's size and population, and to endorse the intention of the Policy & Resources Committee to establish a sub-committee, comprising a Member from each Principal Committee, and charged with the identification and development of options to reduce expenditure or mitigate the anticipated increase in the cost of public services as set out in Paragraph 4.6.

3. To agree that the existing Social Security contributions system should be restructured such that all contributors are assessed on the same definition of income with the same access to allowances and that the Policy & Resources Committee, in close consultation with the Committee for Employment & Social Security, should develop detailed proposals for the restructure to establish the rates, allowances and limits which should be applied under such a scheme.

4. To agree that any restructure to meaningfully diversify the tax system requires the introduction of a broad-based Goods and Services Tax and that the Policy & Resources Committee should develop detailed proposals including the measures necessary to mitigate its impact on lower income households in the context of a restructured Social Security contributions system.

5. To agree that, in order to secure Guernsey's long-term financial stability, it will be necessary to raise additional revenues but that no significant changes to the tax system should be implemented until the States' Assembly considers, as part of the Government Work Plan debate in June 2022, a framework to co-ordinate the work streams that will achieve and fund an affordable government and public services proportionate to the Island's size and population, including the options for reductions in public expenditure and those that support growth in economic output.

1280 **The States' Greffier:** Article 3, Policy & Resources Committee – Tax Review.

The Bailiff: Well, Members of the States, we are back to where we were, almost. Deputy Helyar is it your wish that the Motion to Suspend the Rules and amendment attached thereto be put at the next stage in these proceedings or do you want to defer doing that?

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Deputy Helyar: I am happy to do it now.

The Bailiff: Can we circulate the paper copies please of the motion and the amendment? It has been circulated electronically, two minutes to midday.

1290

Motion to Suspend Rules of Procedure:

To suspend the Rules of Procedure to the extent necessary to permit the Proposition set out below to be considered.

The Bailiff: Has every Member got a copy of the document? The first thing, Deputy Helyar, is that you have a motion pursuant to Article 7(1) of the Reform (Guernsey) Law, 1948. It is only that motion that I invite you to speak to first.

1295 **Deputy Helyar:** Yes, sir, thank you. It is a very simple, procedural move. The Tax Review is a
green paper and it is not capable of amendment. I think it is fair to say that there has been a lot of
discussion since the last section of debate and we have listened very carefully to that. Many
1300 Members felt they were being backed up against the wall in terms of GST and they either had to
say yes or no now. That is not the case. This is a discussion and this is P&R listening carefully to
what has already been said, as it will continue to do in the rest of the debate. So, the Proposition is
that we would like to change the Propositions in the original green paper and in order to do that
we must suspend the Rules for that purpose.

The Bailiff: Deputy Ferbrache, do you formally second the motion?

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Deputy Ferbrache: I do.

The Bailiff: Thank you very much. Any debate on the Motion to Suspend the Rules? Deputy
Gabriel.

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Deputy Gabriel: Thank you, sir. As the amendment was only sent electronically at 11.58, I am
very much speaking as I feel and on my feet. It seems to me we have already had a vote to suspend
the Rules of Procedure and that was lost and we listened to the green paper, as was, as the tax
paper –

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The Bailiff: Deputy Gabriel, I think the mutterings you are hearing is that there was a Motion to
Sit in Committee, which was lost. Not a Motion to Suspend the Rules as such. But it might have
produced a similar effect at that time.

1320 **Deputy Gabriel:** Okay, perhaps my recollection is incorrect. In that case my argument is perhaps
lost but I will continue anyway. It was perhaps naïve of Deputy Helyar to think that there would be
no debate around the Tax Review and that the green paper would again throw up lots of comments
and the Rules permitting only one speech per Member.

I find it a little bit strange that we are here again. While I welcome that his Committee has listened
1325 to the green paper debate I find it a little frustrating that we may well be going around the mulberry
bush again, with the option for 39 speeches if we have a general debate around the Tax Review.
Thank you.

The Bailiff: Deputy Gollop.

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Deputy Gollop: Thank you, sir. Yes, Deputy Gabriel has got to the nub of the point that
concerned me. I was, surprisingly perhaps, one of the 10 or so speakers who did not speak in the
first round but the speeches that were made on all sides were strong and focussed on the
Propositions and whether or not to support them. It seems to me that if we vote for this – and I
1335 might vote for this – we really should start the whole debate again and perhaps postpone until
November because the 30 earlier speeches were on a different set of Propositions and therefore we
are on a materially different debate.

The Bailiff: Deputy Roffey.

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Deputy Roffey: Thank you, sir. I share Deputy Gabriel's frustrations to some extent but the
question is something has gone wrong, what went wrong? Is it this motion that is wrong or was it

the fact that actually there was a disconnect between the fact that it was brought under the 'green paper rule' and the relative restrictiveness of the proposals and perhaps in particular proposal four, which Members felt they were unable to support, which would have then consigned consideration of an option completely to history?

I think P&R have got it wrong in the framing of their proposals in relation to the original green paper motion. I think they have realised that, they have listened to that and they are trying to put it right. So, it is not ideal and, you are right, we could all start debating it again and I might be tempted to if other people do, I do not know, but I think we can be sticklers to the Rules or we can be pragmatists and I think this is such a big issue the Island demands pragmatism and the pragmatic course of action here is to agree to this.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Sir, I agree with Deputy Roffey and I think the point that is worth making about it is that the Propositions in the amendment are broader and more forgiving, if you like, than the more restrictive versions in the original policy letter or Rule 17(9), or whatever it is. Therefore, I cannot see any great need to repeat what has already been said.

If it were going the other way, if it were starting with broader Propositions and an amendment was being moved to make them more restrictive, I think that would require a re-debate, if you like, but I think actually, if you look at the wording of this amendment, to me it seems like a really sensible and, as Deputy Roffey says, pragmatic proposal, which just gets around some of the problems that have been identified in debate so far, relating to the restrictive nature of the original Propositions and that tension between what the policy letter is trying to achieve and what the Propositions would have asked us to do. So, I think personally this is an improvement on the original Propositions and certainly I am happy to support them.

Deputy Taylor: Rule 26(1) sir?

The Bailiff: Before we get to that, Deputy Taylor, what I am simply going to suggest is that unless there are lots of Members who want to have their say on the Motion to Suspend the Rules of Procedure –

Deputy Trott: Point of order. It is a point of order, sir.

The Bailiff: Point of order, Deputy Trott.

Deputy Trott: The point of order is that if we are to debate this amendment, I would like the correct words to be in place because in 1(i) the word 'competitiveness' is used, the word should be 'competitive'.

The Bailiff: That will be a matter, Deputy Trott, for if the amendment needed to be debated. Deputy St Pier, just a minute please. Mr Comptroller, if the Motion to Suspend the Rules to allow the amendment to be debated were to carry, any Member who has already spoken in general debate can speak on the amendment before the amendment is put to the vote. But if any Member who has already spoken in general debate were then to seek to speak again in general debate, other than Deputy Helyar, who has got the right of reply on behalf of the Committee, they would need my permission to speak again in general debate, even if the Propositions have changed. Do you agree?

The Comptroller: Yes, sir. I think that is correct.

The Bailiff: I just wanted to make that clear that the opportunity for those Members who have already spoken would be to speak on the amendment. They would not get the second chance to speak subject to leave from me in general debate, just to clarify that. Now, is there any Member who wishes to speak against the Motion to Suspend the Rules?

1395 **Deputy St Pier:** Sir, I wish to speak specially to the motion. I have a question for P&R, quite specifically...

The Bailiff: I am afraid you are going to be trumped, Deputy St Pier, by Deputy Taylor, who has invoked Rule 26(1) on the motion. Would those Members who wish to speak on the Motion to Suspend the Rules please stand in their places? Is it still your wish to put the guillotine motion?

1400 **Deputy Taylor:** Absolutely, sir.

The Bailiff: I am going to put to you a motion that debate on the Motion of Deputy Helyar and Deputy Ferbrache to Suspend the Rules of Procedure be curtailed subject to the normal winding up process. Those in favour; those against?

Members voted Contre.

1410 **The Bailiff:** I will declare that lost.

Deputy Inder: A recorded vote, please, sir.

The Bailiff: There will be a recorded vote on the Rule 26(1), then.

There was a recorded vote.

Carried – Pour 20, Contre 19, Ne vote pas 0, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Cameron	Deputy de Lisle	None	None
Deputy Dudley-Owen	Deputy de Sausmarez		
Deputy Haskins	Deputy Dyke		
Deputy Helyar	Deputy Fairclough		
Deputy Inder	Deputy Falla		
Deputy Le Tocq	Deputy Ferbrache		
Deputy Leadbeater	Deputy Gabriel		
Deputy Mahoney	Deputy Gollop		
Deputy Meerveld	Deputy Kazantseva-Miller		
Deputy Moakes	Deputy Matthews		
Deputy Murray	Deputy McKenna		
Deputy Oliver	Deputy Roffey		
Deputy Parkinson	Alderney Rep. Snowdon		
Deputy Prow	Deputy St Pier		
Deputy Queripel	Deputy Trott		
Alderney Rep. Roberts	Deputy Vermeulen		
Deputy Soulsby	Deputy Brouard		
Deputy Taylor	Deputy Burford		
Deputy Aldwell	Deputy Bury		
Deputy Blin			

1415 **The Bailiff:** Members of the States, in respect of the motion pursuant to Rule 26(1), proposed by Deputy Taylor – it was close, there voted Pour 20, Contre 19 and therefore I will declare it carried. I am minded just to hear from Deputy Helyar, if he wishes, to reply to debate and then put the motion to you before we rise for lunch. So Deputy Helyar.

1420 **Deputy Helyar:** Sir, I do not really have anything to add to what was already said. Members will be free to accept or refuse the amendment as they see fit if we choose to suspend the Rules and I will leave it at that. Thank you.

1425 **The Bailiff:** Thank you very much. Members of the States, this is the motion under Article 7(1) or the 1948 Law, proposed by Deputy Helyar, seconded by Deputy Ferbrache. Those in favour; those against?

Members voted Pour.

1430 **The Bailiff:** I will declare that motion carried. We will adjourn for lunch, now, to 2.30 p.m. When we return the amendment will be laid.

*The Assembly adjourned at 12.34 p.m.
and resumed at 2.31 p.m.*

3. Tax Review – Debate continued

[Amendment 1](#)

To delete all Propositions and replace with:

1. To note the Tax Review policy letter and direct the Policy & Resources Committee, taking into account the views expressed by Members in debate, to:

- i. Investigate the options for raising additional revenue from corporates, having due regard for the need to retain an internationally acceptable and competitiveness tax environment;*
- ii. Undertake a period of extensive consultation and engagement with States' Members, the business community and wider public stakeholders; and*
- iii. Report back to the States with detailed proposals for a restructure of the tax base and its phased implementation, by no later than July 2022.*

The Bailiff: Deputy Helyar, it is your opportunity to lay this amendment now.

1435 **Deputy Helyar:** Yes, sir.

The Bailiff: Do you want to speak to it?

1440 **Deputy Helyar:** Yes, please, sir. Before we start, perhaps I could ask for your guidance on the point which Deputy Trott raised before we broke for lunch on section 1(i). The third to last word says 'competitiveness'. It is grammatically incorrect; it should read 'competitive tax environment'. My understanding of the Rules is if we wanted to amend that we would have to suspend the Rules again and perhaps go back through the process. I am wondering if States' Members would agree with the intention of the meaning.

1445 **The Bailiff:** Mr Comptroller, shall we be pragmatic here and simply delete those four letters in the Proposition 1(i) in the amendment, if Members are happy to just proceed in that fashion?

The Comptroller: Always pragmatic, sir. Totally agree sir.

1450 **The Bailiff:** At least it will save Deputy Trott from having to move an amendment himself in due course.

The Comptroller: Indeed.

1455 **The Bailiff:** So, Members, I am going to propose that we simply take out those four letters 'ness' in Proposition 1(i) in the amendment. Those in favour; those against?

Members voted Pour.

1460 **The Bailiff:** I am very grateful. Thank you for your pragmatism. So Deputy Helyar, on that amendment.

1465 **Deputy Helyar:** Thank you, and in the spirit of pragmatism, sir, thank you. At least one Member has approached me and said that they feel that some of the practices of late amendment – I am aware Members will have prepared speeches and considered the debate during the last session – so this comes and, perhaps to some extent, may change people's views on what we have done already. For that, I apologise.

1470 But I would say that this is brought in the spirit of listening to what the Assembly has been telling the Committee that it wants to achieve and very much the feeling, and this started with Deputy Burford's speech, which was incredibly helpful and very insightful because I think many of the comments that followed it during the original debate reflected that view, which was that Members felt in particular Proposition 4 of the originals was boxing everyone into a corner.

1475 That is not just about manifesto promises and other things but Members felt that they had to make an either/or decision about GST in particular and if I am completely honest – and Deputy Roffey, unfortunately has had to step out and has advised me he has not run off from the debate but he has been stung by a wasp so he has gone home for an anti-histamine pill – it will be very unusual, I am sure to find Deputy Roffey and I arguing on the same side of any particular matter but actually in this case it is even more interesting because not only are we arguing on the same side of the debate but we are also both admitting we are wrong and that is going to be likely to be very rare.

1480 We both said we did not want GST but I think it is only fair to the public and to Members that when we do come to make a real decision, and by real decision I mean one which is binding on all of us, and all the public, and which will result in potentially significant changes to our economic performance, that we have all of the facts in front of us. There are many, many facts yet to be established, yet to be modelled, yet to have the public engagement – and there have been perfectly legitimate criticisms of inability to engage and lack of it during the period that was available in the lead-up to this debate – we need to have much more of that.

1490 Because the decisions that we are going to be making and they will be, whether we agree to amend this or not, and in a few years' time, whether it is me making the same arguments again for the same issue, we do have to address them and we do need to separate the challenge of the Budget that we have in a few weeks' time from the challenges that we have 20 and 30 years hence for the Island.

1495 That is the real difference. In order to get those facts right and to work it through and to do all of the public consultation that is necessary, and indeed to reflect the concerns, which Deputy Parkinson has raised about the ability of corporate tax, for example, to provide more of a solution, then we need to provide a report which deals with all of those issues. I think it is only fair that Members be given all of the options when they do make a decision.

1500 The original Propositions were not right from that perspective and I am quite happy to put my hand up and say so. I know that I have expressed reservations about it quite early on, because I could see in a way that the debate was going to be polarised by those particular issues and they need not be. Also, there is a lot more engagement required before we are going to, all of us, feel that we really have the public's view properly represented.

We have all received many emails about GST saying please do not do it, please look at other ways of achieving it and let us hope there is a white charger coming over the hill, let us hope

1505 somebody else is going to pay for it. All of these things we are going to have to face up to, many of them simply will not work. If we want to square the circle that we have then taxes will have to go up to square part of it.

It is also a discussion about population and saving costs, as we have said, in the debate and it will be very interesting to see how the summary comes out and to engage again with Members, to discuss how much force they would like or how much impact and emphasis they would like in different areas of the debate they have seen.

We are going to need to engage, all of us, with our constituents and the public, much more widely, to explain not just the reason for tax rises, but the real fiscal challenges that we face. I will probably say it again in summing up but, for example, we have been talking about numbers of staff rising – 90% of the established staff rises are in Health. They are nurses and doctors and healthcare workers that are looking after a growing, elderly population and as I said at the outset, we cannot turn the dial on people getting older and living longer. That is something we cannot change, so we have to provide for it and that requires difficult decisions about our fiscal position.

Various Members spoke, when we debated, briefly, the suspension of the Rules, and said we are going to have to have the debate all over again. There really is not any need for that. The Propositions now probably look more like they should have looked at the outset for a green paper. In other words, we are not making any firm commitments today, it is for Members to guide the Committee as to how they want to see things go forward and where the emphasis should lie.

So there should not be any need for the Members to stand up and make a second speech, although I would say, if Deputy St Pier has any wish to do so, perhaps the first half of the speech would be great, the second half not so much, because I think that was more supportive. Members have made the points they have made. I think if we agree to this amendment being laid, it should be possible for debate to continue, without necessarily extending it over the amendment and we should be able to complete the debate quite quickly.

I would thank Members also for their spirit which they have conducted themselves. It is a very difficult issue for all of us and a very complex debate and I hope Members appreciated the presentation which officers gave on Monday afternoon because the whole moving picture of the corporate tax regime at the moment is very complex.

We need to ensure that we do not do anything, which could harm our competitive position in the international market. So I would ask Members just to support these Propositions. They are much more gentle in terms of making a commitment to one thing or another and you will have ample opportunity to engage with the Committee and with the public and, if necessary, to amend, vote down, or otherwise the final Propositions when they come back to the States. Thank you, sir.

1540 **The Bailiff:** Deputy Ferbrache, do you formally second the amendment?

Deputy Ferbrache: I do, sir.

1545 **The Bailiff:** Thank you. Does anyone want to speak on the amendment? Deputy Murray.

Deputy Murray: Thank you, sir. From what I can understand from the amendment that has been laid at the very last minute and obviously I understand the spirit of why this has been done, my concern really is in the original Propositions 2 and 3 because, at the moment, what this is actually proposing is to focus completely on tax. Now, in the original Propositions, there were two separate items.

One was an extensive exploration of saving costs, but that is not actually inherent in what we are being presented with. The second was, in terms of Social Security. Now, whether that is being viewed as part of the entire tax situation or not, I do not know, but I think we all understood, from what we had explained to us, the current Social Security system is very inequitable and we would want that to be addressed at the same time.

Whether or not that is actually inherent in what is actually being proposed would depend on whether I supported this amendment or not. But I am most particularly concerned that there does not seem to be the same commitment to actually looking at that cost base and whether or not savings can be seriously made and I would appreciate some clarity on that before voting. Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes, sir. Picking up where Deputy Murray left off. Of course, hopefully I will give a main speech, but the original Propositions also featured not just on the crucial Social Security issues but had a wide ranging ability, not just on the Government Work Plan, but there was need for a committee to be formed to establish a subcommittee comprising a Member from each Principal Committee. Again, that has been jettisoned.

Most significantly, remembering back to the era of when the news editor of the *Bailiwick Express*, then Deputy Matt Fallaize, used to often debate about topics like the aggregate amount of States' revenue, which should not exceed 24%. That again has disappeared from this amendment and is of material significance because currently we under-perform, although it is not a race in that sense.

Really, the amendment, such as it is, is quite bland, because it takes us to July 2022 and it just is undertaking:

... a period of extensive consultation and engagement with States' Members, the business community and wider public stakeholders ...

– and investigating the option of raising additional revenue from corporates. Now, both in this term and in the last term that Deputy St Pier was President of Policy & Resources, there was the undertone that looking at corporate tax was not wise because it opened the stable doors, possibly set horses running, that should not be and in reality what we do need, and I agree entirely with Deputy Helyar here, is the best possible competitive environment for our industries.

So, much as I support an investigation and I appreciated the speech Deputy Parkinson made a few weeks ago, I think that materially changes the Propositions quite radically because the only substantive issue raised now is corporate tax, which is of course popular with sections of the general public but does not necessarily answer the revenue gap, our demographic challenges, our spending commitments, our tax profiles, all sorts of things. So I will support the amendment, a bit reluctantly, because it gets us out of a political hole of judgement day for GST but I certainly have a lot more issues to say in general debate.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Sir, I just feel that the amendment, still notes the Tax Review policy letter that we were discussing earlier and of course that would include new taxes such as Goods and Services Tax and the income-based Health Tax, which I do not support in any way, any tax increases of that nature. The other point is that really we should be looking at boosting growth as a priority and cutting spending as a priority, rather than raising taxes that could derail recovery that we seem to be experiencing.

The other point is that many businesses, of course, are on the edge, and many families are finding difficulty paying their mortgage and TRP payments and they do not seem to understand what TRP is all about, in terms of why pay it, what is it for? When you look at the UK, in terms of its tax on property there is a lot to it in terms of the areas that it covers. Whereas here, with TRP, there is very little that you can say. You are getting increases all the time but what benefits are you getting and what benefits do you get from it at all? All you get is a mortgage around your neck for your lifetime.

Going on, sir, we can also use reserves in place to assist with the recovery and the deficit financing and the States hold significant funds and reserves and P&R in the Government Work Plan

noted the amount there, £450 million in reserves, that can be used to hold us over. Not only that but there is the revolving credit facility of £200 million and the new bond of £200 million and then we were told that the overall deficit for 2021 has been restated and is forecast to be only £5 million.

1610 Then we look to 2022 where the Government Work Plan was suggesting that we would show a return to a surplus of £19.9 million and then a surplus in 2023 of £21.7 million before reducing slightly to £16.6 million by 2025. Where is the problem? I do not see it here. I do not see that we have to tax the people of Guernsey any more when we have got the reserves in place and when we are not looking down the road at any major real problem, but surpluses.

1615 Then I see that there is also the likelihood of adjustment to the Zero-10 corporate tax policy, which could bring in more money for the States. Then I notice that everyone seems to be cutting back in other jurisdictions, governments and also companies are cutting back. Yet the Government here is wanting to borrow more and spend more and even asking for more money from taxpayers. Hikes in taxes and the introduction of new taxes, we know, are very bad for the economy. They slow down the economy, they undermine economic growth and they reduce competitiveness. Local
1620 households and companies have less disposable income to spend.

So, what we need to have written in this type of amendment is the facility to boost growth, reduce spending, rather than raise taxes that might derail the economy. When you look at the amendment, which includes to note the Tax Review policy letter, that means that GST is still in there, which is wasteful as it requires 15 civil servants or more to administer plus the burden of the tax
1625 itself on most goods and services.

It will work against Government policy to reduce the public service and it undermines our advantage to provide a competitive edge. Everybody comes into Guernsey, even from Jersey, and says yes, we are shopping here because we do not have the GST tax. So, we gain from that. But it also adds to inflation, of course, in Guernsey, which we need to be very concerned about and it will
1630 hit retailers with increased costs, less footfall and the real possibility of further closures at a time when our Government is seeking measures to address retail and support traders.

Rising prices for goods and services through a GST will result in less disposable income and many companies will be burdened with a lot extra expense in putting in various systems and changing systems to adjust to the GST.
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Deputy Dudley-Owen: Sir, may I raise a point of order?

The Bailiff: Point of order, Deputy Dudley-Owen. What Rule do you state is being broken?

1640 **Deputy Dudley-Owen:** I am going to have to guess here, maybe make it up. Tedious repetition? I am just wondering that Deputy de Lisle seems to be repeating his speech that he has just made.

The Bailiff: It is a bad choice, Deputy Dudley-Owen, I am afraid. *(Laughter)* Just a minute Deputy de Lisle. It is not tedious repetition of anyone's arguments because this is a fresh debate on the amendment. But I am starting to wonder, Deputy de Lisle, as to whether or not what you are saying
1645 is relevant to the debate on the amendment, which is simply should it be the original Propositions or should it be the new Proposition in the amendment that is then debated and voted upon. So, if you can bring it back to that issue, that would be very helpful, please.

1650 **Deputy de Lisle:** As I am saying, sir, the actual amendment seems to bring back a lot of what we were discussing formerly, because it says:

To note the Tax Review policy letter and direct the Policy & Resources Committee, taking into account the views expressed by Members ...

This is my view, sir, reflecting the view of parishioners that have contacted me.

1655 **The Bailiff:** Yes, but Deputy de Lisle you have already spoken in general debate, when you gave your views, so that is what is to be taken into account. This is just a straight choice. Is it the original Propositions or the amendment, the single Proposition?

1660 **Deputy de Lisle:** Right. I just have one further point to make, that people and businesses have had enough of talk of tax rises and new taxes and many here in the Assembly, in their mandates, stated that they would not burden taxpayers with additional tax this time and they would look deep to curtail expenditure. Promises have been made, sir, and promises have to be kept and Guernsey must learn to live within its means and adjust to reality.

1665 So I have difficulty with this amendment because I just feel that it could be a back door way of getting back into GST and back into that Health Tax, which I am not in any way wanting to support. Extensive consultation, yes, and engagement with the community, the business community and the wider public, yes. But in terms of going back and introducing these new taxes, above and beyond existing taxes, I think, is not something that I can support and I do not think that, given the state of the Guernsey economy currently and the reserves that we have and the potential that we have, that
1670 we need to be going in any direction to increase taxes on the public. Thank you, sir.

The Bailiff: Deputy Kazantseva-Miller.

1675 **Deputy Kazantseva-Miller:** Thank you, sir. It is kind of a bit of a bemusing situation. We originally presented the green paper, which we cannot amend, but P&R can amend by suspending the Rules and presenting this amendment at 11.58 today and the problem is I understand this amendment had been pretty much ready on the Friday of the original debate.

The amendment says that we should delete all Propositions and to note the Tax Review ...

... taking into account the views expressed by Members in debate ...

1680 Well, actually, 11 Members have not expressed their views. So this amendment is either premature or it is almost too late. I mean, really my question is, in terms of democratic process and enabling quality debate and preparation by Members of this Assembly to address the issues in front of us is why has not this amendment been either laid significantly earlier – that would allow
1685 Members who have not expressed their views to actually amend their speeches or for other Members to prepare better – or why hasn't this amendment been delayed until everyone has spoken so that actually everyone's views could be considered to be taken into account?

Right now it does look like, really from the feedback generated, it is the corporate taxation that has been squarely taken into account but everything else is ambiguous. I am, frankly, disappointed about the process of laying this amendment on the floor of the Assembly and so much has been
1690 spoken that we should avoid those kinds of processes and I know that this amendment was ready much earlier and I think, as an Assembly, we can do better than that.

In terms of the quality of this amendment, I think it is an improvement on certain things. It does not take into account some of the things obviously colleagues have yet to express but I do agree with some of the views expressed by Deputies Murray and Gollop that actually it is missing out
1695 some of the potential direction in terms of the original Propositions 2 and 3, especially, regarding Social Security. This amendment probably could have been better in terms of capturing some of the positives of the original Propositions as well. I will be voting for it but I do not think it is taking into account, actually, the positives of the original Propositions. Thank you.

1700 **The Bailiff:** Deputy Trott.

Deputy Trott: Sir, I rise briefly to make a few observations about the narrative that is used. The first is in 1(i). The wording is 'investigate the options for raising additional revenue' from corporates. But of course revenue can come in a number of different ways. It does not necessarily have to be

1705 tax revenue, it can of course be fees or charges and other things that are not explicitly chargeable on the profits of a business.

Within that same paragraph the words 'internationally acceptable and competitive' are used. I want to make the point that the two are often uncomfortable bedfellows. International competitiveness and international acceptability can often be poles apart. So whilst they both have to be taken into account they are very rarely co-aligned.

The other point is in (iii):

Report back to the States with detailed proposals for a restructure ...

That presupposes that that will be the outcome. Restructure is a fairly fundamental word that suggests a somewhat root and branch approach. It is possible that we only need an expansion of some of the existing measures that we have, like for instance, an increase in the amount that we take from revenue via Income Tax, for instance. We should not presuppose that there will be a material restructure.

Why do I say that? There is a number of factors that could play into our hands over the course of the next few years, not least of course would be a period of stellar investment performance, because there is no question that if the investment performance of our assets is as good as it has been and may be again in the future then the problem will look significantly less as time goes on.

Of course, there is also the issue around growth and it was pleasing to hear some Members express their approval of such a measure. I wrote an article recently where I shall probably mention that in general debate, where I drew the comparison between an extra 1% growth in GDP and the positive impact on our revenues that brings. Growth is not a dirty word.

But in our system, of course, much of our growth in tax revenues comes through our employment taxes and it is quite obvious to us all that we do not have enough workers. In fact, when Deputy Helyar said in his opening remarks and the States' Treasurer has given us similar information, there are 1,900 fewer people economically active in Guernsey than there were 10 years ago and that figure is deteriorating.

But, with a combination of growth, with a combination of sensible budgeting – and this is an area where I fundamentally disagree with someone who is becoming a friend of mine, Deputy Murray. He says we need to cut our cloth accordingly. As I should explain in general debate, we have done and that is one of the problems that we have, that the amount of tax we take from our economy is pitifully inadequate to fund the public services that an ageing demographic requires and those comparisons with other jurisdictions will be expanded upon at the time.

But for now, sir, with those caveats and provisos in place, and on the record, I will support this amendment, because it fundamentally does what should have been done from the word go and that is it expressly commits this Assembly, through its various committees, to proper public engagement.

Now, in Deputy St Pier's opening general debate remarks, he referred to how difficult it was to explain Zero-10 to our community and he mentioned the number of meetings that I personally attended – 119 over an eight-month period. It was absolutely exhausting. You cannot write a couple of articles in the *Press* and do a radio interview and one or two blog posts and expect to persuade the community of the importance of a proper and grown-up approach. One of the ways you do that is by explaining to the community what the costs of public services really are and how we compare elsewhere.

More of that, as I say, in general debate, sir. But focussing explicitly on the amendment, I shall support it for the reasons I have given but, like I say, in the knowledge that there are certain subtleties to this amendment that maybe not everyone listening to this debate or participating in this debate would have appreciated.

The Bailiff: Deputy Dyke.

1755 **Deputy Dyke:** Thank you, sir. I have studied this new amendment carefully, as against the original proposals. What concerns me, and I think it concerned Deputy Murray, is that the aspect of looking for cuts and savings is not in the amendment but it is in paragraph 2 of the original green paper. Given that we have suspended the Rules, is it possible to amend the amendment so that paragraph 2 of the original proposals remains in place, next to the new paragraph 1 and we
1760 can vote on each of them independently? Is that possible?

The Bailiff: No, I am afraid it is not, Deputy Dyke. The Rules were suspended to the extent necessary to allow this amendment to be laid, debated and voted upon. If anyone else then wants to amend what is in play at that time, there would have to be a further process of a motion and an
1765 amendment attached to it.

Deputy Dyke: So this would not be the time to do that? Alright, thank you, sir. In that case I will just leave on record my view that the position is not quite satisfactory. We are not in a huge hurry. What I think we should be doing is concentrating on how much we are spending, what we are
1770 doing, do we need to do it, can we cut it back? Having done that, going to the next stage and, if we do need to raise more funds, think about it then, so I still think that Deputy Helyar's first thought from a while ago that this is the wrong solution to the wrong question remains correct and we should be talking about the cuts first, as stage one, and what we do and what we do not do, and then go onto stage two as to how we fund where we might have got to. Thank you.

1775 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir. I thought I would just respond on the back of Deputy Dyke's comments and Deputy Murray. There is no reason why we will not be doing the work, which is reflected within the policy letter, now. I think that is the intention and I think work is already going
1780 on in the background to put that Committee together so that work is done. It never really needed a Proposition in the first place, it was just that we put a load of stuff in there and it probably was too prescriptive, which is why we have ended up with this amendment, because we listened.

We listened to the debate, as far as it had gone, last whenever it was – it seems like a long time ago now. When we did it, it felt very much that we needed to listen and have an amendment, which reflected the debate. Deputy Trott is going to apparently speak about savings, I do not think he was in the room when I gave my speech on savings, which covered a lot of the history on what has been done. So, there is knowledge and experience in the States about how to make savings and to understand when the savings become cuts and how cuts can then cause you to have a headache
1785 further down the line.

But that work, in terms of getting Members together to consider potential savings is in train anyway. It does not need a Resolution of the States for that to happen. That is in our gift.

Just going back to Deputy Murray on Social Security contributions, I hear what he says but we are trying to create more general Propositions here. It is very well likely and I hope that we do
1795 support the reform of Social Security contributions because that does need to be done to make them fairer. Listening to Deputy Trott, who says there may not be a restructure, I would hope that there would be, just on the back of what needs to be done in terms of Social Security contributions, which will not raise any more money but it will make the system better for a lot more people.

We put in about the corporate taxes, or looking at corporates, on the back of the discussion we had and noting that we did not have anything there that made people feel that there was enough emphasis on it within the policy letter. So, that is why we felt it was necessary to show our commitment on the front.

Deputy Kazantseva-Miller, bit disappointed in the way it was seen like we were hiding stuff and we were playing some clever games or not. It is not true. We did consider and had a draft a few
1800 weeks ago but none of us had an agreement about what it would be and, since then, we changed it anyway, so it is a different amendment from the one that was originally drafted a while back. Just

to know we were not hiding anything on that front. Indeed, it was just yesterday that we agreed the final wording.

1810 I think there is a bit of a misunderstanding in terms of what the debate will be because we still have to hear from I think at least 12 Members who have not spoken in general debate and again we will listen to what they have to say, including Deputy Trott, which I am looking forward to very much. So I just thought I would add my comments on the back of that. I give way to Deputy Burford.

1815 **Deputy Burford:** Thank you, Deputy Soulsby. Sir, could I ask Deputy Soulsby why, if the amendment was finalised yesterday, albeit not immediately after the Meeting two weeks ago, that it was only circulated to Members when the Tax Review, we reached that point in the Order Paper, thank you?

1820 **Deputy Soulsby:** No, I cannot give any explanation on that. We just thought it made more sense to have it just before the debate rather than cause people to be distracted from all the other States' business.

The Bailiff: Deputy Bury.

1825 **Deputy Bury:** Thank you, sir. I will be brief and I am shooting from the hip, as most of us are on this, so I ask colleagues to bear with me as my prepared speech is largely irrelevant now, which, while a little annoying, ultimately the outcome is a good one because this amendment addresses most of the issues that I wanted to raise in general debate. So, that is the positive. My speech for general debate had largely reflected things that Deputy Burford had mentioned and I was pleased
1830 to hear Deputy Helyar refer to that, although mine obviously would have been rather less eloquent than Deputy Burford's.

I had also referenced in my speech that I was grateful to Deputy Parkinson for his speech and I am really pleased to see that that has been picked up in this amendment. I am also intrigued as to Proposition 3 and I am grateful to Deputy Soulsby for raising that now. I think it would be interesting
1835 to see if that could be, I think it is something that needs to be addressed. However, in the original Propositions, while it was not explicit, we had had it explained to us that it was largely tied into Proposition 4 and I think it would be interesting to see if the two can be independent in the next set of Propositions that we receive on this.

1840 I am actually quite glad to see Proposition 2 fall away and not because of the spirit of the Proposition but the format in which it was presented to us. Just referring to my original speech in that, it feels like it was adding in an extra subcommittee that really did not feel like it would add much value. I think that that work needs to be done in committees, with committee Members, finance, business partners, senior officers, the people that understand the mandates and the operational detail of those particular committees.

1845 A subcommittee made up of representatives from each committee I think leads to very well-meaning but probably ill-informed suggestions from people working outside of those mandates, just making suggestions that are not fully informed. So, it adds an additional step that is really not much value.

1850 We should still do the work but it should happen in committees and be fed through to the centre. As we have said that work can happen, it does not need a Proposition, so I would be glad to see that one fall away.

1855 Lastly, as I said, I would be brief, in my speech I had referenced the leadership that I felt possibly a lack of leadership that had been shown from P&R by them recognising that this had backed Members into a corner, not enough work had been done on engagement and communication and I was debating whether I would say a lack of leadership but since I was considering it I think now it is only right to see I am very pleased to see a stronger leadership from P&R recognising the situation and not just wishing to save face, and holding hands up and admitting perhaps it was not the right approach. So, I would like that on the record. Thank you, sir.

The Bailiff: Deputy St Pier.

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Deputy St Pier: Thank you, sir. Following your recent ruling about Members being able to move around the Assembly, I am enjoying this new-found freedom and I have clearly been spending rather too much time on the opposite side of the aisle, in the traditional seats of the Guernsey Party, because I find myself agreeing with Deputies Murray and Duke in relation to their comments on Propositions 2 and 3. (*Interjection and laughter*) I am most grateful to Deputy Dyke for inviting me back because I will be back! So, thank you for that invitation. I look forward to sitting with you again.

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The point that I was going to raise if there had been a debate on the motion is actually pertinent to this point. I think the fact that it has become necessary to suspend the Rules to allow this amendment to be debated is unfortunate and it is a reflection of the nature of the debate, which was originally being held under 17(9).

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Clearly, that Rule prohibits that amendment unless it is suspended, and the question that I was going to ask Deputy Helyar and Policy & Resources, and I would be grateful if perhaps they would consider this as I complete my speech and perhaps I will give way if they sit to respond whilst I am speaking, is having asked the Assembly to suspend the Rules to suspend this amendment, I think it would be consistent and courteous for P&R to provide an indication that they would not object to a similar suspension of the Rules for other amendments to be laid.

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Now, when the Propositions were originally presented to us, actually Deputies Parkinson, Trott and myself were very much considering an amendment in relation to corporate taxation but of course we recognise that we could not lay an amendment because of the Rule 17(9) and I do not think it is necessary now, in view of what P&R presented in this amendment.

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But I do think, actually, that the points which Deputies Murray and Dyke have made, particularly in relation to Proposition 3 – I feel less concerned about Proposition 2, I think it would be useful to lay an amendment that puts those Propositions back into play, notwithstanding Deputy Soulsby's comments that the work is going on, on Proposition 2, and inevitably it will go on Proposition 3 as well.

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My experience in nine years in this Assembly and I have used this line before, but it is pertinent here, is always to be cautious when Presidents and Committees tell you that work is already going on and therefore you do not need the Proposition or the amendment that you are trying to present. If the work is going on, then there can be no objection to the Proposition being presented.

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So, I would be very happy to work with Deputies Murray and/or Dyke to produce an amendment, subject of course to the Assembly suspending the Rules if P&R will come alongside, to allow Propositions 2 and 3 to be part of the final Propositions for debate. Because I do think that is relevant.

Notwithstanding Deputy Soulsby's comments that they were only agreed yesterday, I wish to put on record too that I think it would at the very least have been courteous for P&R to provide an indication to Members, after its meeting yesterday, that this amendment was on the way, because I think it would have allowed us to give some consideration to these kinds of issues.

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With regard to the amendment itself, I think it is an entirely pragmatic, political response to the debate so far. Clearly, Policy & Resources could see the writing on the wall. They were going to lose a number of the Propositions. This is a flagship policy for this term of Government. That would have been deeply politically embarrassing. So, I think they have responded in exactly the right way, as Deputy Bury has said, by laying this amendment to avoid that happening.

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Now, I think that is a product of the fact that the original Propositions were the wrong Propositions to attach to this kind of policy letter. They were clearly drafted with the intention that this would be a normal debate and I would suggest, I am inferring, that was the discussion, they were drafted on that basis and it was then agreed that it would be a 17(9) debate, but the Propositions were not suitably amended to reflect the nature of that debate. That was a tactical error by Policy & Resources. They are reaping what they sow in terms of the debate they have had so far and this is the right response, for which they should be commended.

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1910 Others have already made comments in relation to what is before in relation to what would become Proposition 1. I think the only additional comment I would make is in relation to sub-paragraph (iii), which is referring to bringing this back by July 2022, including a phased implementation.

1915 I think it would be very useful, perhaps when Deputy Helyar responds to the debate on the amendment, if he could confirm that the intention would be to provide a phased implementation that certainly did not straddle an election. I think that is an issue that was raised in general debate previously that actually that will present a major political blockage to the reform of the tax base, which is so critical, and there is little point in us spending huge amounts of time, energy and resources if there is not to be implementation before a general election.

1920 So, if he could perhaps address that point. I am still willing to give way if anyone from P&R is happy to confirm that they will be willing to support a further suspension of the Rules for a further amendment in relation to Propositions 2 and 3 and if Deputies Dyke and Murray wish to work with me on preparing such an amendment, I would be very happy to work with them on that, sir.

1925 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir. I will be extremely brief. I was not intending to speak on the amendment but it is something that Deputy Bury mentioned about she felt she might have to adjust her speech. I would, through you, sir, ask her not to do so because the original Propositions are very much based on the content of the Report. In fact, they quote some of the paragraphs of the Report. I would be really interested and I am sure P&R would be really interested to listen to the content of her original speech and I do not think the amendment precludes her, should it be passed, from doing that.

1930 Actually, I think that then rides over into what Deputy St Pier has just said and my enthusiasm for a second suspension of the Rules and a second set of amendments. I personally have no appetite for that and I wonder whether the Assembly would. I think, to be fair to P&R, they have made it abundantly clear in this process and they embarked upon the green paper exercise, which was designed to listen carefully to the speeches and I think the amendment does actually evidence they have done so.

1940 So, I think, in the spirit of the green paper approach and the spirit that P&R have demonstrated in listening to what Members have had to say in the Assembly, I would certainly not be supporting a second suspension of the Rules and an amendment. Thank you, sir.

The Bailiff: Deputy Burford.

1945 **Deputy Burford:** Thank you, sir. I have no objections to this amendment, indeed I strongly encourage P&R to do this and I wish to commend them for bringing this amendment. I think it is the right thing to have done. However, what I do object to is the dropping of it on the Assembly immediately before the resumption of the debate on the policy letter, when the Committee had 12 days, or possibly longer, in which to produce and circulate this.

1950 Now, I am not so naïve as to be unaware of why such timing was employed but I do consider it to be unfortunate. Whilst I will be supporting this amendment I think P&R should not have been so fearful about circulating it sooner because, although the Propositions contained in the amendment are a distinct improvement from the original ones and much more fitting of a policy letter laid under Rule 17(9), they are still a long way from perfect and perhaps other Members, with sufficient notice, could have improved them further.

1955 I think that leads onto the point that Deputy Kazantseva-Miller made insofar as had even this amendment been circulated to Members yesterday lunchtime, then there would have been an opportunity for Members to seriously reconsider their speeches – everyone gets a second bit of the cherry in the amendment speech and could have said things that they wanted to say rather than us all acting on the hoof and scribbling notes now. Then I think that would have been fair to those

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who had already spoken in general debate to have given them a better opportunity for a considered statement. So, I think it is unfortunate from that point of view.

1965 I do understand that the bland nature of the Propositions is designed to carry a majority of the Assembly, if not everyone, but the apparent tendency of P&R to want to constrain the Assembly, obviously, against laying any additional amendments in order to improve these Propositions further, I really think is unfortunate. Thank you.

The Bailiff: Deputy Gabriel.

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Deputy Gabriel: Thank you, sir. I rise again after taking out my frustrations earlier on my lunch and I am grateful for the recess. I am grateful for P&R for laying the amendment because, on reflection, it does show some practicality and pragmatism, and I am grateful for them for listening and assessing the temperature of the room.

1975 However, there are still two things that concern me. The first one is that it has been briefly mentioned before, the timing. Not the timing of the laying of the amendment, that is another matter entirely, but the actual timing of where Guernsey is. In Deputy Helyar's opening speech for the green paper he mentioned that we are at two minutes to midnight. By my reckoning, we are still at two minutes to midnight. I, like you sir, cannot stop time.

1980 The other thing that really concerns me is that the amendment just says 'to note' the policy letter and to delete all the Propositions. I am concerned that deleting Propositions 3 and 4 will make no provision if any restructure occurs for the low income or the non-earners if there is going to be a tax restructure and perhaps, if Deputy Helyar could address that in his summing up, on how the low-earners, the non-earners and people at the lower end of society, perhaps, will be taken into
1985 consideration in any potential restructure.

Also, if we are still at two minutes to midnight, has our foot been taken off the gas because of the increased revenue we have received because of the increase in housing duty and our Income Tax returns, the deficit now only predicted to be £5 million? Surely, that is going to turn around and we are not going to have the increases we have seen and they will not be carrying on. So, I will also
1990 ask him to address the timing. Are we still at two minutes to midnight? Thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir. I would like first of all to refer to P&R to say I think it is a very good
1995 idea to have this change here, for whatever reason or timing structure, but it works. However, when we work through the green paper and when we listen to the majority of the Assembly speak on it – in fact, everyone seemed to speak not just to the six Propositions but to everything about what they felt, cutting our cloth, growing the economy and it was a very interesting series of speeches.

To a certain extent, and I think as Deputy Kazantseva-Miller said, it is a shame we did not hear
2000 or we did not give everyone the opportunity to speak on these Propositions because it was very useful. However, the new amendment is very much a summary of what we are going to do and when I look at point 2(i):

Undertake a period of extensive consultation and engagement with States' Members, the business community and wider public stakeholders ...

2005 That part, I would really appreciate in the summing up, if Deputy Helyar could outline how this is going to take place and how it is going to happen because this is really key and listening to Deputy Trott, he mentioned there were up to 190 meetings over the Zero-10, we do have nine months. But this opportunity would be really important for us to all engage, not just through committees, but in maybe open forums and sections where we can all get involved, separately to obviously the stakeholders and business community, etc. It is a really good opportunity so I am very
2010 much in support of this and hope everyone supports it.

The Bailiff: Deputy Roffey.

2015 **Deputy Roffey:** Thank you, sir. So far, I think other than timing of when it has been produced and I echo the concerns of several people in that respect, the only opposition I think I have heard to this amendment is to the first four words of it:

To delete all Propositions ...

2020 So it is not actually the content of the Propositions that are going in that is causing any concern but some of the Assembly feel that taking Proposition 2 out is a mistake. Some people think taking Proposition 3 out is a mistake. So, I would like to address both of those because those words are part of this amendment that I am talking to, to delete all Propositions.

2025 Like Deputy Bury, I am really pleased that Proposition 2 is being removed. Not because I do not want to save money. I think we all want to save money. I think that ESS, hopefully, by tomorrow, will give one way in which that can be done in relation to the Long-term Care Insurance Scheme. But I do agree with her that this sort of Frankenstein's Monster committee ... yes, I could go on it for ESS and I could tell Deputy Prow where to save money in Law Enforcement and Deputy Dudley-Owen how to run the schools more efficiently and Deputy Inder what to do at Economic Development.

2030 I would be well-meaning. I would not be being disruptive for the sake of it. But I would not have the background knowledge in all cases to know exactly what the implications would be. I think we have a committee system and that Proposition 2 was predicated on the idea that it was only Policy & Resources that was focussed on making savings, the rest of us were all trying to slip past extra spending for the sake of it and that we were not a part of the collective zeitgeist of needing to drive down costs wherever we can.

2035 I think we are part of that zeitgeist and I think those that sit on committees, especially as officers that understand those committees, are best placed to know what savings will work and which will not. So, I say let us try and make savings with this, use our committee system to do just that.

2040 I understand Deputy St Pier's concern over the removal of Proposition 3, because I am desperate to see Social Security restructured. However, I did have some concern about Proposition 3 being in a series of Propositions in the original format because if everything else had been voted against, and it looked like it was going that way at one stage, most of the rest were, but Proposition 3 was going to go through, it was undeliverable. Because it would have been unaffordable, because the only way you could bring in the sort of restructure that we are talking about is with some of the other tax measures that allow the readjustment.

2045 So, do I want Proposition 3 put back in if another amendment comes along later? I am not sure that I do. I do want to put on record that there is a desperate need to restructure Social Security in order to help those that are at the bottom end, but I also note the words before you come on to 1(ii) and 1(iii):

... taking into account the views expressed by Members in debate ...

2050 And there was overwhelming support, the week before last when we discussed it, for restructuring Social Security. At least that is how I picked it up and I am sure that the civil servants monitoring it will have picked it up as well.

2055 So, I do not think, if it comes to it and of course, as for further amendments, they could be brought now, but they would be bringing them to the Propositions as they are in the Billet now. As I understand what was being suggested by Deputy Dyke and maybe Deputy St Pier, they would want to amend it if it had been amended, to put something back in that they wanted. We could play that game for days and days. So, I would say to both of them, yes, savings are a crucial part and I think that has been expressed in the debate and therefore will be picked up. And, yes, restructuring Social Security is a vital part. But I think that has been expressed in the debate and therefore will be picked up.

2060 So, on balance, green papers are strange and slippery things. It will either be totally anodyne and people will say: 'What is the point in just noting stuff, we are wasting our time.' But as soon as you start to be specific, they say: 'You are trying to get us on a hook that we will not be able to get off.' I think these proposals now are just about right, I think they do get that balance right between those two extremes and I will be supporting this amendment.

2065 **The Bailiff:** Deputy Meerveld.

Deputy Meerveld: Thank you, sir. I think to date this has been an excellent debate. The green paper, I think, was the right way to go. As Deputy Helyar stated at the opening, the idea was to draw out the comments and feelings of this Assembly and then help direct the future development of the policy.

I also think this amendment is a good initiative and I will be supporting it. It addresses the fact that the green paper had Propositions that were constrictive and did resemble those of a policy letter, rather than a green paper, and I think from the feedback from the Assembly in the previous session it was very clear that a lot of people have reservations about one or more of those Propositions. Having said which, I also share Deputy Prow's concerns about not wanting to have further suspensions of the Rules, or Deputy Roffey's comments just now about the fact the suspension of the Rules could lead to days and days of debate.

The issue is, while I share Deputy Dyke's concerns and others about the fact that this Proposition does not specifically state that we should be looking at cuts first, which very much was the direction of my speech at the last debate and that could be reinserted as an amendment, I think the danger is that we start slipping into an ill-formed policy letter-style debate and we could have amendment after amendment coming in, with tweaks to this, additions to that and I think we would miss the point of what we have done so far, which is having a very well-mannered, well-informed debate where opinions have been given to give a direction to Policy & Resources to work up proposals.

So, I believe that by approving these Propositions, and I certainly hope and believe that Policy & Resources and other Committees such as ESS will take forward the workstreams that have been discussed and debated here, they will take back the feedback they will be getting from *Hansard* and their own notes, on what had been indicated as the main issues and desires of this Assembly, and they will take it forward. I think it would be a grave error to start suspending the Rules again for further amendments. I think it could get very messy very quickly.

I think we have achieved a lot already. I would, as I think Deputy Prow mentioned, I think it is legitimate ... those who have written speeches against the previous Propositions, to possibly air those in general debate or at some stage to make sure that P&R gets their opinions on the proposals they had previously, to have continuity with previous figures. But I hope we will go down that route, we will conclude the debate on this amendment and accept it relatively quickly and then move on, so we can hear from the people who have not spoken in general debate, the covered general debate so far, they can have their further views. Thank you, sir.

2100 **The Bailiff:** Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir. I would have to concur with Deputy Meerveld there. I am not going to speak for very long on this. I will be supporting it. I have to disagree with Deputy Roffey in regard to the original Proposition 2. I will speak on that in general debate but I just want some reassurance from Deputy Helyar that those types of pieces of work are going to continue regardless of if they are in any Propositions or not and I hope we can crack on and finish the general debate. Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir. This amendment takes us back to where P&R should have been, really, at the outset of this work and it provides the opportunity for proper consultation to overturn every stone and to demonstrate that has been done and that all options have been considered before coming to a conclusion of sorts.

2115 We have been promised, now, in the amendment, extensive consultation and engagement and I do not think you can underestimate, or we should not underestimate the importance of that now. There is not going to be another chance to do this. We need to get it right next time. So, in the very likely event that this amendment succeeds, I would implore P&R to focus on a comprehensive coms programme that will ensure that all colleagues in the Assembly, the business community and
2120 business groups and bodies and individual Islanders are properly engaged with and taken on the journey with them.

Consultation is very much about listening and just as P&R listened to our speeches and I think read the room a fortnight ago, they need to be now at pains to be in listening mode going forward.

2125 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir. Just really quickly, I have to say that I initially actually thought I agreed with Deputy Dyke because I sort of thought we should be looking at savings. However, closely reading Proposition 2 again, I do kind of feel all Presidents and their Committee Members
2130 should actually be doing that, not like when a report comes out, they should be doing it now and if they are not then may I suggest you please start doing it because if we cannot take responsibility for our own Committees then you really should not be in that position.

The Bailiff: Deputy Parkinson.

2135 **Deputy Parkinson:** Thank you, sir. I can also be brief. The task in front of us is to decide whether these amended Propositions are better than the original Propositions. I think they clearly are, so I shall be supporting the amendment and urge others to do so.

2140 **The Bailiff:** I turn back to the proposer of the amendment, Deputy Helyar, to reply to the debate on it.

Deputy Helyar: Thank you, sir, and thank you Members for your general words of support and I once again reiterate the apology that I gave when I announced the amendment. There was
2145 discussion about a potential amendment. There are very frequent discussions amongst Members of the Policy & Resources Committee about amendments and how we can carry things through in order to maintain momentum because, as we all know, it can take an awful long time to get things done and keeping things moving is very important. This particular issue is one where we do need to maintain some forward momentum.

2150 So if I have unfortunately cut across speeches or caused any offence then of course I apologise for that. We were debating whether indeed to submit this right up until half-past eleven, I think, by email, so certainly nothing has been sat on top of the fridge waiting to be submitted to an appropriate time.

In terms of suspending the Rules further, obviously we have not had the opportunity as a
2155 Committee to discuss that. Several Members have commented whether they wish to see the Rules suspended and in particular I think that reflects the original Propositions 2 and 3. Now, I really do want to, and I am also very supportive of the amendments to the Social Security structure because it is untenable and unfair and it needs to be amended and we should get on with that. I think there has been general support and general debate for that.

2160 We will carry that work forward because Members have supported it in debate. We are getting a bit tied up here in terms of what the prescriptive nature of the Propositions, the green papers are. We can just ignore them. If Members say they are not going to vote for any of it but there is a very

strong drive that we want to do X, that is the guidance to the Committee as to how to take the policy forward.

2165 The summary of the debate that we have had, the listing of the issues and the force, which must be given to them going forwards, is part of what you say. It is not part of what you vote on. In a way, philosophically, I had been thinking about this quite a lot as you would do, over the past two weeks, in a way a green paper does not really need any Propositions at all. It could be merely to note and to take the guidance of the Assembly and to take the temperature of the way people are

2170 thinking about things.

Because that is what it is supposed to be about. It is supposed to be about the Assembly telling the Policy & Resources Committee how it wants to see a policy go. We have also heard about savings and I think there is a little bit of a hang-up that we must have a Proposition that says we are going to save.

2175 I do very much take on board the comments made by Deputy Bury and Deputy Kazantseva-Miller in terms of being too prescriptive about the way we go about trying to operate a saving policy because it is quite right that we are responsible for that, as Deputy Oliver only just said, we are all responsible for that. I do think we need to think very carefully, though, about what would happen in a worst case scenario if we were not to agree to the proposals, which we may come back

2180 with next year, which is that all of the cash limits for our budgets will be cut by 20%.

That is the reality of the amount of money, which would need to be saved, to close the gap and that is really a significant level of austerity. As I said in my opening speech, it is one in five nurses, it is one in five nurses, it is one in five doctors, firemen, policemen, teachers and so on. That is a really significant level of cuts and one which I do not think the public really understand how much cutting

2185 would be necessary in order to close the gap without raising taxes.

This probably goes to something, which Deputy Trott will talk about in debate, in terms of the cost of public services, which I think is absolutely right. There was a very useful table in the original tax policy letter in 2020, setting out the costs of various types of operations, for example, and I think when we have a discussion with members of the public about this and we point out that the median

2190 wage taxpayer for example does not even pay enough tax to educate one child in school, that really comes as a shock to a lot of people. (*Interjection*) Yes, that is absolutely right.

Deputy St Pier wanted to know whether there could be the possibility of other amendments and as I said we have not discussed it together. I should think it would be a free vote. Personally speaking, I think we have come as far as we need to in terms of amending these Propositions to

2195 allow us to move forward and come back with something a bit more concrete and where we can start to really pull it apart with a bit more granularity, much more public consultation in the meantime and I have been asked to state how that would happen.

This is about deciding whether we want to do it or not, it is not about me giving undertakings about implementation. But clearly and obviously the numbers of meetings which Deputy Trott had

2200 on the Zero-10 policy letter were very significant. It was a huge undertaking and I know it was exhausting for him personally to undertake that, because I was partly involved with it from a business perspective.

Deputy Blin in particular asked for that. Deputy Gabriel asked about low-earners and non-earners and the provisions, which might be made, going forwards. Well, the main Proposition here

2205 is to note the Tax Review policy letter and I think that if you want to take any particular picture from that long and detailed work that has been carried out, it is figure 1, because that compares the three different options and the GST one, which Deputy Roffey and I both started off I would say healthily sceptical about, the GST at 8% one, the lowest earners in that scenario, because of the way that the tax and the Social Security would be amended, would be potentially 6% better off and higher

2210 earners would be paying up to 5% more.

It is very progressive in the way that it is envisaged. It would totally amend the Social Security system so that allowances can be levied in the same way as Income Tax. So, at the moment, if you have an Income Tax allowance, that really is an allowance. You do not pay tax on that sum that you are given as allowance. With Social Security you go over the limit, over £7,000 and the minute you

2215 go a penny over the limit you pay ground up, so you start paying Social Security from the ground up.

It is completely the opposite of Income Tax and it is in the way that it is implemented quite unfair against, particularly against lower-earners, because it effectively discourages people from earning that money. It really does and that is not the right way to incentivise people to work.

2220 I am absolutely committed to saving and to growing the economy and the green paper very clearly sets that out. In fact, it says we will not hit the 24% target unless we do all three things and that is consider tax, consider growth and Deputy Trott was very prescient in his noting of (i), additional revenue. That means growing the economy as well as raising tax and fees and other things from people. If we do help to grow the economy then people will be paying more tax and that does not mean population growth, it just means businesses being more efficient.

2225 So, I thank you for your support. I am sorry if I have not addressed any specific points. I will do as much as I can in summing up. I am going to do a sort of thematic summing up, rather than a specific one, but I thank Members for what I think is general support for the amendment and we are still listening. If you have something that you want to say but you feel now that the Propositions have changed you might have said something different, just let us know. We will take it into account. Thank you.

The Bailiff: Members of the States, we come to the vote on the amendment proposed by Deputy Helyar and seconded by Deputy Ferbrache.

2235 **Deputy Burford:** Can I request a recorded vote, please?

The Bailiff: And there is a request for a recorded vote from Deputy Burford. So, Greffier, a recorded vote, please, on the amendment.

2240 *There was a recorded vote.*

Carried – Pour 37, Contre 1, Ne vote pas 1, Absent 0

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Cameron	Deputy McKenna	Deputy Murray	None
Deputy de Lisle			
Deputy de Sausmarez			
Deputy Dudley-Owen			
Deputy Dyke			
Deputy Fairclough			
Deputy Falla			
Deputy Ferbrache			
Deputy Gabriel			
Deputy Gollop			
Deputy Haskins			
Deputy Helyar			
Deputy Inder			
Deputy Kazantseva-Miller			
Deputy Le Tocq			
Deputy Leadbeater			
Deputy Mahoney			
Deputy Matthews			
Deputy Meerveld			
Deputy Moakes			
Deputy Oliver			
Deputy Parkinson			
Deputy Prow			
Deputy Queripel			
Alderney Rep. Roberts			
Deputy Roffey			
Alderney Rep. Snowdon			
Deputy Soulsby			

Deputy St Pier
Deputy Taylor
Deputy Trott
Deputy Vermeulen
Deputy Aldwell
Deputy Blin
Deputy Brouard
Deputy Burford
Deputy Bury

The Bailiff: Well, Members of the States, it is clear that the amendment has been carried. I will give you the outcome straight away. It was that easy to count. On amendment 1, proposed by Deputy Helyar and seconded by Deputy Ferbrache, there voted Pour 37, Contre 1, one abstention, and therefore that is why amendment 1 was carried. Now, we return to general debate. I have got a list of those Members who have not yet spoken so that I can keep a track on that. I will call Deputy Oliver.

Deputy Oliver: Thank you, sir. First of all, I just want to say I am not a tax expert and therefore I might not be speaking in depth, as some others. I have always lived my life that I need to save before actually buying and I go by the saying look after the pennies and the pounds will look after themselves.

When talking about tax increases, the public do not like to see waste and I will not repeat, you will be glad to hear, what everybody has already said, but I do welcome the population management changes and do hope that will actually help in the short term by getting more revenue through the hospitality industry because at the moment, wherever I go, I cannot get a table because there is not enough staff.

Now, being President of the Development & Planning Authority, many planning applications will come to us and nearly every development it is quite clear that traffic plays a major part. Guernsey's infrastructure, in my opinion, is woefully under-invested. In the UK they have a tax, and it is a tax, it is probably a stealth tax as Deputy Gollop would say, but it is called Section 106, and this is a legal agreement between the applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of your new home on the local community and infrastructure.

However, I think if this was a tax to go ahead, you would have to do something, potentially get rid of GP11. But I have always thought a tax should actually help benefit the community and this is one that potentially would.

I think that we should actually be looking at TRP because TRP in Guernsey is a hell of a lot less than in the UK. I am not saying we should be like the UK but that is where some could go and in particular with empty rates of TRP, if you included it on the empty properties then that would potentially actually make Guernsey prettier without the derelict buildings around because we could always be on a sliding scale to actually say, 'You have got this derelict property, let us actually try to increase the TRP until you do something about it or sell it.'

They are the only two things that I could actually come up with that are new. I know that P&R have always said that you want the views from everyone so they are my views, whether rightly or wrongly, I am sure you can do what you want with them. Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir. Earlier on in this term – it is a shame Deputy Dyke is going, I would have liked him to have listened to some of this, but there we are – I stood in this very place, I am back here again now, and I challenged anyone in this Assembly to explain if they had done more than me over my 20-odd years in protecting our international identity. Now, I regret saying it because Deputy Taylor jumped to his feet and –

Deputy Taylor: Point of correction, sir.

The Bailiff: Point of correction, Deputy Taylor.

2290 **Deputy Taylor:** I hate to do this but I do not believe that was Deputy Trott's challenge. It was a challenge that he had done more to promote the Island than anyone else, was the correct challenge. Whilst I am on my feet, I have been on Dutch TV promoting the Island and there is a whole list of other things I have done. I will forward him some links.

The Bailiff: Deputy Trott to continue.

2295 **Deputy Trott:** Splendid. I am delighted to hear it. What Deputy Taylor actually said was he had taken a few tourists around the Island and sold them a few cups of coffee. (*Laughter*) I do not belittle that in any way but I make the reference to that because I have learned from my mistake and you will not get any more of that from me now.

2300 Other than this, sir, because I can stand here today and I can say that I do not think anyone has led a committee that has overseen the slowing of public expenditure to a greater extent than I. I did not do it alone. I did lead it but I was assisted by two very able colleagues, Deputy Parkinson and Deputy Le Tocq.

2305 What we did, sir, when we came together in 2004 is slow a juggernaut of public spending that was rising at such a phenomenal rate that public spending would have doubled – *doubled* – in five years. It was doubling at that rate, it was rising at that rate on the back of huge fiscal services, primarily from corporate tax.

But even then, sir, it was the wrong thing to do to grow public expenditure at that rate, because if we had let it continue that within five years we would have been taking, one third of our economy would have been funding the public sector and that is clearly not a good thing.

2310 So I want to restart this speech by referring to, or by advising Members, how I have dealt with a couple of questions I have had over the last few years. One from a chap in the pub and one from a chap in the White Rock Café. These are good old Guernsey boys like me, sir, but they have not had the benefit of 21 years of service, so they do not understand the fiscal components of Guernsey's public sector to maybe quite the extent that I do.

2315 What they all say to me, these guys, what they did say to me was, 'It is ridiculous how much tax I pay. I get nothing back. You people that are privately educated, it is a disgrace and I bet you have got medical insurance ...' and on they go. So what I tell them is what I am about to repeat now to the Assembly but I got challenged to say these things publicly, so I did. I published them on my election website. All of these issues were known to all of us in the last Assembly and I had hoped to the wider community but that was not necessarily the case. Apparently 8,000 views were undertaken.

2320 The *Press* then asked me to repeat those comments in the newspaper recently and that I did. So, this is what I wrote back in September of last year:

As a former Treasury Minister and Chief Minister, my job is to talk about the realities, the truth and not what I think our community wants to hear. If you want a snake oil salesman you need to look elsewhere and we have a few to choose from.

Government services are not free. The States are facing a series of enduring fiscal pressures, both through challenges to the sustainability of existing services, particularly as a result of our ageing population, and the growing demand for additional services. It costs around £8,000 for each standard off-Island knee replacement.

2325 Now, this is what Deputy Helyar was referring to earlier and this is what the next iteration of engagement with our community needs to get across. It costs about £8,000 for an off-Island knee replacement and up to £20,000 for more complex joint replacement surgery.

A year's education for a single secondary school pupil costs on average more than £12,000 if you take into account the capital cost as well, as you must. It costs nearly £1,000 per week to keep a prisoner in custody. Over £50,000 a year per prisoner. The average cost of a fire and rescue callout is £3,600 and the cost per day of a neonatal intensive care bed is £3,500.

So, what does it mean? Well, it means that if you are on median earnings, with an annual income of around £34,000, £35,000 and an annual Income Tax liability of around £4,500, the Income Tax you pay covers the cost of a single pupil in the States' secondary system for a little over one term and is enough to keep a premature baby alive for 31 hours. Healthcare costs money but it is absolutely essential expenditure and who would think otherwise?

So, if you have someone like me, sir, who is fortunate enough to privately educate one of my children, it does not cost me £12,000, it costs me a little less than that ... By the same measure, of course, I do not draw on the public sector expenditure for that child to the tune of £12,000 by the time you have taken in capital. These are very important factors and that is why we should be grateful to the nearly one third of the parents of children who are educated privately.

Now Guernsey, this is the play to my friend Deputy Murray's point, he thinks we should cut our cloth accordingly and ironically I agree, we should cut our cloth accordingly. However, he starts from the position of abundance and thinks that everything is all incredibly bloated. Of course, it is not. Because Guernsey currently collects only 21% of its annual GDP in revenues, compared, as I wrote at the time – these percentages may be open to challenge but I believe that they are reasonably accurate, they were certainly accurate at the time – Guernsey currently collects only 21% of its annual GDP in revenues, compared to 26% in Jersey and 38% in the UK and, incredibly, the equivalent figure is over 46% just across the water in France.

We take the lowest percentage of our GDP of any of our comparable jurisdictions, any other comparable jurisdictions that have a tax system, a regime like ours.

So, what does that mean? We collect approximately £720 million a year in revenues, or 21% of our GDP, as I have said, each year. It costs nearly £2 million a day or more than £80,000 an hour to run public services such as health and social care, education, the police service, the fire service and so on.

And additional demands on public finances are estimated by some in aggregate at more than £100 million each and every year. I say by some because the figures presented to us by the Policy & Resources Committee are lower than that but certainly I can understand why some felt the figure may have been £100 million or more.

These are in relation to services that matter, often involving life and death choices rather than vanity spending. I go on to talk about various life-saving drugs like NICE and the like, but I am going to skip that because I am eager to get to this particular point. Many assume that we have a bloated public sector, yet as a percentage of our overall working population, the size of our public sector is not in the least bit remarkable when compared to other similar jurisdictions, which take much larger chunks of their GDP to fund public services.

Now, I remember attending a presentation at Beau Séjour fairly early on in this term and Deputy Helyar was quite irritated with me because I asked the States' Treasurer a question and the question was could she confirm how often, over the last 15 years or so of her tenure, figures that she has presented to this Assembly have been inaccurate beyond a reasonable margin of error. She told us the truth, sir, she said they had not been. Because the figures that she has provided, her and her team have provided us over the last few years have been of the highest degree of accuracy and this is what she wrote very recently.

She denied that public spending had grown and public sector pay had increased by more than four times the rate of labour income growth in the decade from the introduction of the Zero-10 corporate tax system in 2008. She said:

During the period in question the States has expanded some of its services but a significant element of the cost increase relates to increasing demand for services as a result of the ageing population.

The number of people retiring each year began to increase in 2011 and since 2009 ...

– and this is a point that has been made well by Deputy Helyar and his colleagues –

... the working age population has fallen by about 1,900 people and the number of people over pension age has increased by 2,200, creating downward pressure on taxes and increasing public spending on pensions, health and care.

This has created an unsustainable situation, which is precisely what the Tax Review is intended to address as part of the solution that also involves reducing spending and stimulating economic growth.

Now, what she says next emphasises the nonsense of a bloated public sector probably better than any other statistic I could use. She added that pay awards to civil servants were about 8% less than median earnings and 6% less than inflation between 2009 and 2020, which means that the cost of the public sector, in terms of its largest demand, that of salaries has fallen in real terms by more than 6%.

The biggest pressure on public sector pay was in relation to those in the Agenda for Change group of States' staff, an area that Deputy Soulsby is a genuine expert in, mainly nurses and care staff, and about a quarter of all public sector employees who had seen a 12% rise in pay in real terms over the decade fell into that category.

And, while Civil Service staff, those that wear white collars, predominantly, had increased by 33 over the period, so in 11 years the number had gone up by 33, so in more than a decade half a civil servant per 1,000 members of our community, the number of nursing and medical staff had increased by 343. The numbers had fallen in all other public sector groups.

So you can see from that evidence that a suggestion that we preside over a bloated Civil Service is a nonsense. Yes, the size of the public sector has grown, but that growth is almost exclusively within the nursing profession and other medical professionals and it is as a direct consequence of our ageing demographic. So, I hope that is clear, sir, and there will be no more nonsense about the Civil Service in real terms.

Now, the Alderney Reps, sir, I know have both spoken in general debate. They have an important message for the States. I see they are standing, so I shall give way to them, sir, this time.

Alderney Representative Roberts: Thank you, sir. Alderney has stressed its union with the rest of the Bailiwick. I have done it again, sir!. Okay:

Alderney has stressed its union with the rest of the Bailiwick despite its questioning of the proposed introduction of a Goods and Service Tax. A report in Guernsey's media erroneously proclaimed, 'Alderney rules out GST ... even if Guernsey introduces one.'

But the Island's leaders –

– Deputy Trott –

including its Guernsey representatives, have move swiftly to scotch any suggestion that Guernsey would rebel in any way if the States of Deliberation introduces GST. A Budget Report to next week's States of Alderney stresses support for its fiscal union and the wider relationship with Guernsey but also underscores the Island's opposition to the introduction of GST, as it would be a tax on the working population there.

'The States of Alderney cannot support the introduction of GST as the impact would be disproportionate in relation to Guernsey,' said Bill Abel, chair of the Policy & Finance Committee, 'and we have raised our concerns with Guernsey Policy & Resources and in the States of Deliberation.;

'We form part of the Bailiwick and cannot decide our own tax laws. The wording of the media/press article is unfortunate and does not reflect the position of the States of Alderney. Both Alderney's representatives, [Alderney Representative Roberts] and Alderney Representative Snowdon, were in the Guernsey Chamber today and have already spoken against the introduction of GST at an earlier States of Deliberation debate.

'However, given our reasons for opposing GST, amongst a friendly Assembly, we found the *Press* article claiming we would refuse any decision unilaterally most damaging both to the Assembly and to the wider public in Guernsey,' said Mr Roberts.

Mr Snowdon also said: 'We would welcome further engagement with the States of Guernsey over the tax debate going forward. Alderney is in fiscal union with Guernsey under the 1948 Agreement and therefore taxes such as Income Tax and Social Security apply the same in both Islands. Some smaller taxes have been brought back, such as the single property tax, and are now under the control of the States of Alderney.

So, anything you may have read in the media, coming from the States of Alderney, did not. Thank you.

2405 **Deputy Trott:** Thank you, sir. That is useful. I do not doubt for a moment that everything that the Alderney Representative has said is exactly right because the fiscal union is of course tremendously advantageous to our Alderney cousins and I think I have said on a number of occasions the current subsidy of over £6 million per year represents a *per capita* contribution from the Guernsey taxpayer of about £3,000 per head.

2410 People say why is it the Guernsey taxpayer, we are all in this together? Well it is the Guernsey taxpayer because of course it is a deficit and if it cannot come from the Alderney taxpayer, of course it comes from taxpayers who contribute in this Island.

But those are facts that are well-known. The extraordinary losses on the Alderney routes via Aurigny are questions that bewilder us all, I am sure, and we wait with interest to see how those questions are dealt with.

2415 I want to return now to public meetings and –
I give way to Deputy Inder, sir.

Deputy Inder: Thank you, Deputy Trott. It does strike me sometimes and I would like him to respond to this because we hear this all the time, there is no doubt of it Aurigny has had extraordinary losses and it may be the case some of it relates to the route, but surely as someone who has been Treasury Minister, someone who was in four years in the States, what did he do about it? I know what the answer is, nothing.

2425 **Deputy Trott:** He does not. Very often Deputy Inder sort of stands up and thinks he knows the answer, but as history and the records show, that is rarely the case. I think it would be fair to say, and I look to my former colleagues on the Policy & Resources Committee, that no one could have possibly asked more questions about this ludicrous position than me and the minutes of the Policy & Resources Committee dealing with this particular issue would look like a tome.

2430 But I shall move onto more constructive matters, particularly around public meetings. I referred to it earlier when we were discussing the amendment, it is a really long slog selling important fiscal changes to this community. You have to be very clear with your messaging and, with the greatest of respect, I think Deputy Helyar and others would agree, that clarity of messaging has not always been there with regards this issue from the start.

2435 And you have to be very simple with your messaging. In other words, word picks, like the ones he used about education, so people understand that they get tremendous value for their taxes. That is what it is like to be in a community where we have a progressive system of taxes. Now people like Deputy Ferbrache and Deputy Helyar and myself, we do not get particularly good value for our taxes – because we do mitigating behaviours but also because we probably pay more tax than we could ever expect to consume, even if we have large families. That is why it is so important to nurture those within our community that earn more.

2440 I wanted to touch on motor tax, because I think it was Deputy Inder who thought, let us bring motor tax back. But of course we did not abolish motor tax, we abolished the manner in which we collected tax on motoring. What we did is we transferred the same amount we collected through the old motor tax onto fuel and that resulted in a 17p or 19p per litre increase. So we maintained the revenue, we just collected it via a different means and I would say that taxing the user, which is what that effectively did, was a far more sensible way of taxing the old lady with a small car who used it only occasionally.

2445 The next item, sir, taxes on income over GST, which effectively goes to the nub of the original policy letter. I have never favoured a Goods and Services Tax for two primary reasons. The first is, if you want to see an expansion of the public sector, then have a GST. The amount of evidence in support of that comment, globally, is there for all to see.

2450 But there are some negatives associated with taxes on income but there is also one very significant positive and that is that one of the reasons why this community has maintained very low levels of unemployment is because we have spent generations fixating on employment because that is where we get the majority of our revenues from and that is a very important factor.

The reason we have managed to keep the amount of tax we take from our economy at 21% is partly, not exclusively, because we pay a very small percentage out in terms of Unemployment Benefit and benefits associated with people not having jobs. So keeping people in jobs is absolutely essential but it is also essential that the numbers of people in jobs rise and we are seeing the pressure on our economy in that regard.

Now, I would much rather see a health tax, a tax that was introduced on income in a progressive fashion, that was absolutely and unequivocally hypothecated specifically and exclusively for that purpose. That is the fairer way in my view and the way to sell it – and I am not teaching anyone to suck eggs here, I hope – is to say look, the choices are those of us that are more affluent within the community will almost certainly have to sell their houses to fund their long-term care or pay proportionately more at this stage to fund that inevitable cost. I would prefer that way and I have said that before.

Now, investment performance. I was absolutely delighted that this Assembly followed through on the last Assembly's view that it was important to have a proper, professional independent, oversight of our very material assets, because we have seen, over the years, that two sets of advisers, albeit independent professional advisers, two sets of overseers, can see very different investment outcomes and over the last five years the investments are overseen by the Policy & Resources Committee, and had performed materially better than those by the Social Security Committee.

It was not always that way around. It has undulated. But the point is if you can have consistently good performance, the numbers are enormous and they have a very material impact on our fiscal projections and our fiscal requirements. I believe that the introduction of taxes on assets is a slippery slope. Little doubt in my mind that one of the reasons why we have been so successful is the absence of any form of capital taxes and we managed to do that in part because we have been surprisingly good at controlling public expenditure, as referenced through the GDP numbers.

Now, one of the issues that has affected our community materially over the last 20 years are the dynamics around property occupancy and the policy letter is silent on this at this stage but it is a material issue. I have been told that 8,000 people more live alone today than did when I entered this Assembly at the turn of the last century. Now, if that figure is correct then just think how many redundant bedrooms there are in this Island and what some simple carrot and stick type approaches to disrupt that trend, what the consequences could be in terms of our housing crisis and indeed the amount of people we could have in the Island without any material increase.

I am almost at an end, sir, but I cannot sit down without talking about international corporate tax. It is a subject I have a smattering of knowledge over and others such as Mr Parrott, who is a regular commentator, have echoed sentiments from Deputy Helyar and others around the global minimum corporate tax rate of 15% and the impact it would have on Guernsey.

This initiative from the OECD affects companies with revenues of 750 million euros per annum or more. We do not have many companies that fall into that category. I can think of one or two, the advocacy partnership Ferbrache & Farrell probably creeps into that category. (Laughter) There are not many, in fact one commentator told me they thought there was probably only one. The point is that there could be some positive impact for us but there will be all sorts of exemptions of various other things, so as a revenue source, it is likely to be *de minimis*.

Then onto the issue of territorial tax and I see my friend Deputy Parkinson is not here. Former Chief Minister Mike Torode had a saying that he used regularly and it was a truism. You cannot make an omelette without cracking a few eggs. Do not be under any illusions that the introduction of the territorial tax will crack more than a few eggs.

There will be a significant number of losers and one area that will be affected oddly enough – and I am glad it is me that is saying it rather than my friend Deputy Helyar, because Deputy Helyar is an expert and I mean that, no hint of sarcasm in my voice, he is a genuine expert in the part of the financial services industry that I know the least about and that is the capital insurance industry – that sector in particular would be very materially impacted by a territorial tax.

'Why does it matter?' you might say, 'the net outcome would still be positive?' Yes, it would, probably not to the tune that would plug the demographic gap, maybe, possibly £15 million,

possibly £20 million, but there would be negatives around, redundancies, people leaving and so on.
2510 But also it is the captive insurance sector that maintains very large amounts of liquidity and that liquidity is very often placed onto the banks of local lenders and they use that liquidity, they use those assets on their balance sheet to lend into the mortgage market.

One of the consequences of disrupting that particular sector would not just be that we would lose our status potentially as Europe's leading captive insurance domicile, but also potentially affect
2515 the amount that was lent into the mortgage market and that is why the law of unintended consequences and the issues around how many eggs are broken up and so on are so material.

But probably the issue that is of the most significance is if a territorial tax is the solution and further analysis will enable us to make an objective analysis and decision around that, we absolutely must not do this unilaterally. I am just going to take a moment to remind people of the history of
2520 Zero-10.

We were playing the long game, we knew that the pressure from the EU for us to have a fair tax regime to both residents and non-residents would mean that eventually we would have to introduce something like the Zero-10 corporate tax issue. But it came earlier than we were expecting because the Isle of Man went first and set a cascade of events in place that saw us lose a very significant
2525 sum, amount of revenue. Almost exclusively, as it turned out, to the UK Exchequer.

The reason for that was we have a double tax agreement with the UK, which means that taxes that are paid here are creditable against the UK tax liability. So, businesses that are caught under the DTA do not pay tax twice. The problem is for the majority of our European counterparts, we do not have a double taxation agreement, which means that taxes that are paid here are then paid
2530 again in the jurisdiction in which the investor or indeed the corporate is ultimately taxed.

So that rather limits our options but the key message I want to give here is that it is possible that in the years to come a territorial tax is the way forward. It may be that internationally that is where we end up anyway. In other words the larger nations moved to that outcome, to that end. But we must not be a first mover.

We got lucky with Zero-10, we moved ahead of Jersey, in 2008, it was probably the flukiest thing we have ever done, because we moved in January 2008, a year before Jersey, the global financial crisis followed, but by then a huge amount of additional investment funds were being onboarded here and in 2008, despite a global financial crisis, Guernsey's economy grew by over 7%. It was often perceived by some as a stroke of genius. It was not. Even though it was my idea, sir, it was a stroke
2540 of good fortune on an absolutely Biblical scale.

So, it is essential that we get the timing of any change to our corporate taxation system right and being first mover is certainly not the way. I hope some Members found that a little bit interesting, if nothing else, sir, but what I will say is it was all factual and I stand by everything I said. Thank you.

2545 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir. I sat through the first part of the debate with my speech getting shorter and shorter because everyone kept hopping up and making points that I was going
2550 to make. But somehow it has got a bit longer again. Anyway, I agree with Deputy Meerveld, actually, it has been a really useful and largely constructive debate so far and I hope that helps P&R in the next steps.

I hope Members will forgive me if I speak about Propositions as they were. I have not had a chance to go through my notes and retrofit everything, but I will do my best to not confuse anyone
2555 as we go. I think it is still important, irrespective of the fact that the amendment has been successful, that we do give views on the original Propositions to allow for comparing apples with apples and making sure that we do get views on record.

I am going to start with what was Proposition 1, which was to reaffirm that the aggregate amount of States' revenue should not exceed 24% of GDP. Now, GDP is of course a necessary and sometimes

useful international comparator, but I am always wary of basing domestic policy on it, as it is a very blunt metric.

I think we need to recognise and account for its limitations and shortcomings, especially in the context of potentially redesigning our tax structure. GDP is a measure of overall economic output but it is not a good measure of overall economic wellbeing, partly because it takes no account of the other side of the balance sheet, so the costs and losses to natural capital, for example, or the value of unpaid work, such as raising children or charitable volunteering.

But mostly, in the context of the Tax Review, because GDP tells us nothing about how wealth is distributed among our population. So, to use a hypothetical example, GDP could double, but if all the gain is concentrated in the wealthiest 1% of the population, it would not be in any way accurate to say that the Island's economic wellbeing as a whole had doubled.

We know that Guernsey already scores well above average in terms of income inequality and that is not a good thing, that is a measure that should concern us. So my specific concern in using GDP as a baseline metric for taxation relates to how it is calculated. If we look at 2019's figures, which I think are the most recent available, 57% of our GDP is attributed to the remuneration of employees, the remuneration and profits of sole traders and rental income and owner-occupier imputed rental.

These categories all relate to economic value that is enjoyed by individuals. However, 41% of our 2019 GDP figure relates to gross operating surplus, so company trading profits and public sector trading body surpluses, which by definition is an economic value that has not been distributed to individuals.

This matters in the context of our tax structure; 41% of our GDP relates to company profits but only 14% of our tax revenue derives directly from companies. The majority of the tax burden falls on individuals both in terms of direct taxation and indirect taxation. Deputy Kazantseva-Miller, when she spoke, provided some good analysis showing that the growth in company profits since the introduction of Zero-10 has come at the expense of workers, whose wages have remained practically stagnant in real terms over the same period.

Briefly, on the topic of growing the economy, it is the usual refrain from me. I do not think we should be chasing just any old growth just for growth's sake. We do need to keep a sharp focus on encouraging the kind of growth in the economy that supports aspects of Island life, making sure that it complements rather than undermines our social and environmental policies, for example.

In her excellent speech, Deputy Kazantseva-Miller made the point that I was going to make about better engaging women in the economy to realise the potential 5% increase in GDP with a value of £176 million. So, I would ask P&R to please give that serious consideration. Still on the theme of growing the economy, I am really pleased to see the explicit commitment by P&R now to investigate options on raising additional revenue from corporates.

I am certainly no expert in corporate tax, but what I do know is that unless and until we have a tax structure that better reflects the distribution of economic output between businesses and individuals, tax rises will continue to fall disproportionately on individuals, including those whose pips are already very much squeaking. Arguably the same lens should be applied to businesses.

We do need to find a fairer way, I think, to ensure corporate contributions to States' revenue better reflect the contribution different sectors make to our GDP. I really like the wording of the new Proposition 1(i) as I note, as Deputy Trott has recently pointed out, it includes but does not restrict investigations to Corporation tax *per se* but looks more generally at raising additional revenue from that sector.

While it is great to hear pretty much universal support for the high-level principle of progressive taxation in this debate so far, the imbalance between Corporation tax and Income Tax highlights the potential pitfalls and unfairness of further increasing revenue based on individuals' income, whether that is through Income Tax itself, a health tax or personal Social Security contributions. That is why a review of Corporation tax, especially in light of the recent OECD agreement should be high up on the priorities list and I am really glad to see that it is.

It has also been great to hear pretty much universal support for the restructuring of our Social Security contribution system as set out in what was Proposition 3, although a necessary component of that is, as people have stated, an increase in revenues. Having been involved with and responsible for various service-focussed areas of the States, I agree with the heavy hearted conclusion of P&R and the Tax Review working party and many other speakers in this debate that we do need to increase revenue overall.

It goes without saying that further savings and efficiencies can and must be found but, as Deputy Soulsby pointed out in her speech, we have already harvested much of the low-hanging fruit in this respect over the last decade or so. There really are not any significant efficiencies that have not already been factored in that will negate the need to raise revenue overall or at least not without commensurate reductions in public service provision and, much as no one likes the idea of taxes going up, the idea of public services being slashed at a time of increasing need is even less palatable for many.

I would have, in all likelihood, like Deputy Bury, voted against Proposition 2. Not because I do not think the cost of public services can or should be reduced, but because I think creating a subcommittee would have been entirely the wrong way to identify such savings. I think that Deputy Bury explained this quite well, but it risked the kind of superficial, poorly informed decision-making that can result in really negative unintended consequences and I would far prefer, instead, that the Committees themselves continue to identify further efficiencies, as they are best placed with the support of the relevant officers and subject matter experts to understand the need, the nuance and the impact of any changes, which I fear would not be the case with the subcommittee, as proposed in the original Proposition 2.

Of course, Committees are already, and have been for some time, working on finding and realising savings. So I would suggest that the focus of anything arising from what was Proposition 2 might be better trained on a slightly different aspect, the balance of charges for public services, where they are appropriate and applicable.

I am certainly not suggesting arbitrary hikes and charges for public services, nor am I suggesting introducing charges for public services that have a universal benefit. But I do think that many of these areas have just evolved in their own little corners at different States' departments and, as a result, there are some anomalies across the piste, where some services that should be charged for are not and some are not charged at the right rate or in the right way when considered in that broader context.

It is quite possible as well that there are some services we currently charge for that we should not but, anyway, a more comprehensive and joined up approach to charges for public services could play a part in reducing the need for as much of an increase in general taxation and it could help us deliver public services more fairly and effectively.

This brings me to another point. There has been a strong theme, primarily from those most vehemently opposed to GST, of using fiscal policy to better support wider policy objectives. Probably the most commonly cited example of this policy alignment is in environmental taxes, which have been mentioned in one form or another by quite a few people who have contributed to the debate so far.

Certainly, there has been a significant vein of support for increasing existing taxes or introducing specific new taxes in an effort to avoid a broad-base consumption tax. As Deputy Burford rightly pointed out, no single tax hike in its own right would be acceptable at the level required to bridge the revenue gap that needs spanning. But a number of smaller increases across the broader spectrum may well be.

Deputy Roffey described this as a mosaic approach and it has attracted quite a fan base in this debate. Although I am realistic about the challenges involved, I would like to explore what a mosaic approach might look like. To use another phrase coined by Deputy Roffey, Guernsey does have a habit of sacrificing fairness at the altar of simplicity. I agree that when we are looking at big issues like this, simplicity can be the enemy of the good. In this case, a little more complexity might help deliver a fairer and more effective tax structure.

So, to GST. Like many others, my main objection to GST has always been and remains its potential to be regressive, affecting people with modest means hardest. So I welcome the fact the working party and P&R have gone to considerable lengths in their policy letter to mitigate the more regressive aspects of GST in their recommendations.

I hope it does not have to come to a GST, but if it does then I do want to ensure that we implement the least regressive package possible. I would also like to see specific, careful consideration, to the potential effect on families on lower incomes, especially those affected by the benefit limitation, which would obviously need to be significantly adjusted to ensure we do not disproportionately impact families with three or more children in particular.

It struck me, when I was listening to Deputy St Pier's speech, that the reason he likes a broad-based consumption tax, like GST, is exactly what I do not like about it. Because it is broad-based, it is pretty much inescapable and therefore it does not affect people's consumption. I am actually very supportive of the principle of consumption taxes, because, as someone who spends a lot of time trying to find and implement policy responses to environmental problems, I recognise that consumption, or at least an excess of consumption and/or inefficient and wasteful consumption, is very much at the heart of many of these problems.

So, a targeted consumption tax is not far short of the Holy Grail for environmental policy wants. Fiscal policy wants tend to take a different view, as I will explain shortly. But with my E&I hat on in particular I am keenly aware of the sheer scale of the challenge in addressing problems like climate change and biodiversity loss and I think we would be fools to ignore the potential for using fiscal levers to help us achieve our more ambitious environmental objectives over a shorter space of time.

Economically speaking, the quicker and better we can manage our transition to decarbonisation and a more sustainable economy, the more costs we will avoid in the longer term and the beneficial and equitable the outcomes for future generations. So, why aren't Treasury officials everywhere falling over themselves to implement a suite of environmental taxes?

Well, there are two main reasons. The first is that there is an inherent tension between the fiscal and environmental aspects of any environmental tax. In other words, the more effective it is as an environmental tax, the less revenue it brings in, and vice versa. The classic economist perspective is that it is either an environmental win and a fiscal lose or a fiscal win and an environmental lose, meaning in this context you cannot be simultaneously, economically sustainable and environmentally sustainable.

We have already experienced this to an extent in the form of fuel duty, of course, which was designed as a fiscal measure rather than an environmental measure, but where environmentally positive innovations make it increasingly, fiscally unsustainable. I will not go into the alternatives during this debate, except to say that, as I think Members know, my Committee is working with P&R to ensure the best possible alignment on both fiscal and environmental objectives, a principle I hope we can expand upon.

But generally speaking, the tension between the fiscal objectives and the environmental objectives of any environmentally focussed tax, is only a problem if your main objective in designing a tax system is that you do not want to have to change it in the future. Those that prioritise policy alignment and effectiveness above that desire argue that we should be giving environmental taxes serious consideration, accepting that once an effective environmental tax has done its job it may need to be adjusted and eventually it will need to be superseded by something else.

Given the rather pressing timelines and imperative outcomes associated with the big environmental problems, though, we should be looking to implement effective environmental taxes as soon as possible. If we are in a position where the tax has been so effective that we need to think up an alternative in a decade's time, well done us. We will be in a much better place, then, to do that thinking.

Indeed, we have already made a good start in terms of scoping environmental taxes. As part of the energy policy work, we modelled quite a few energy related taxes, including hydrocarbon tax, a carbon tax and a pollution tax, plus some more obscure ones, such as an appliance efficiency tax. The analysis looked not just at expected tax revenue and the key economic indicators relating to

2715 efficiency, affordability, sustainability, certainty and GDP impact, but also the change in consumer behaviour the tax was likely to cause.

One of the Resolutions of the Energy Policy was to direct the Committee *for the Environment & Infrastructure*, working with the Policy & Resources Committee, to review the position on the introduction of energy related taxes to deliver on the policy's aims and bring back any recommendation to the States of Deliberation by May 2023.

2720 Now, it would be absurd to work up Propositions on a major tax restructure, potentially, and then afterwards embark on this necessary next stage of the Energy Policy. It would make far more sense to look at energy related taxes now as part of this next step. So, I strongly encourage P&R to work with E&I to this end, as well as any other environmental taxes that may have currency.

2725 The second reason that fiscal policy wants tend to cite against environmental taxes, incidentally, is that they can be regressive and this is a concern I share. A tax on high carbon fuel to run a luxury yacht backwards and forward between here and Monaco would clearly not hit the poorest hardest, of course. But a tax on high carbon fuel to heat a home that its occupier cannot afford to insulate well or upgrade to a cleaner energy source really would be regressive.

2730 So, although I am resolute in my support for environmental taxes, I am similarly resolute that any regressive impacts should be mitigated as standard, which of course they can be. There are some really great examples of progressive environmental taxes and I think Guernsey should be exploring them with intent.

On the subject of property, I have long advocated exploring fiscal measures to encourage more efficient occupancy rates as well, so I was pleased to hear others, such as Deputy Oliver speak on similar lines. Following on from Deputy Matthews, a couple of weeks ago, I tend to agree with them that in some senses it is a little illogical that in tax terms we are relatively light on the ownership side of things but we do hammer transactions, which logically has the effect of discouraging movement in the market, and that high property prices are a key driver in terms of our high cost of living, especially for those not on the housing ladder thanks to high rents.

2740 I am sympathetic to Deputy Matthews' view that I think transitioning to a new system would be very hard on those asset-rich and cash poor and I am really not sure how we would go about mitigating it.

2745 But speaking generally I welcome P&R's fresh commitment to take the views expressed in debate into account, and to undertake a period of extensive consultation and engagement. I would ask that, as they develop detailed proposals, they do so through a broad lens, focussing not just on equity but more specifically, inter-generational equity as well, which I think is a really big issue. There are no easy answers, so I wish them the best of luck and much courage to take these investigations to the next very necessary steps.

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The Bailiff: Deputy Ferbrache.

2755 **Deputy Ferbrache:** Thank you, sir. I would say hear, hear to Deputy de Sausmarez and her closing sentence or two. What I would say, in relation to where we are, is that there is a line from a Simon and Garfunkel song that 'people are talking but not listening'. I think it has been shown over the last couple of weeks that we have listened.

I think also, some of the people that have spoken in the debate, both last time and this time, not many, have shown that they are not really listening. They are just talking. Because I think all our minds need to be open. What I would say is that I thought the contributions made both last time and this time have been excellent. They have been of the highest order, they have been constructive, people have had different views and, as Deputy Helyar said when he began this debate, we want to listen, we want to hear people's views.

2760 Frankly, I have been influenced by some of the things that have been said both last time and this time and in relation to the speeches, I noted, because I prepared this before today, some of it anyway, I thought the contributions from everybody was very good but I thought particularly from

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Deputies Gabriel, Burford and Alderney Representatives Snowden and Roberts were truly excellent. And I add the speech from Deputy Trott just before.

Now, of course, it would not be Deputy Trott if he did not give himself a pat on the back when he made a speech – I have never heard him say anything ... (*Interjection*) there we go. Even if he speaks for 30 seconds, 28 seconds of that are about him. Nevertheless, the other two seconds always bring great value and his speech today, and I will comment upon it further, I thought was excellent, it was informative and it was balanced and it was also knowledgeable, so I am grateful for that.

Now, there is no easy answer. There is no easy answer. When we come to July and we have been out to consultation, whether we exceeded 118 meetings or so that Deputy Trott had in relation to Zero-10, I can remember having a couple of those when he came to see, what was then a Guernsey firm, called Ozannes, in 2007, 2008, and persuaded us. I remember it as if it was yesterday, the conversation with him and the then senior partner Roger Perrot, over Zero-10. He made a good case. I have also supported him in relation to that then. The only difference I ever had with him was timing.

I thought we perhaps should have waited a bit longer but Deputy Trott has explained his position in connection with that and as he said in a different context there are swings and roundabouts, but it was the right decision at the right time in right circumstances. Things have moved on now. We are now 2021 and we have to look at it again. Because, as he has made the point and others have made the point, economic circumstances do not stay the same, the world does not stay the same.

There are two characters that popped up in my mind when I make a speech because people often speak, and a lot of the speakers have spoken in abstract, we are about people, we are about circumstances, we are about Guernsey, we are about the Bailiwick of Guernsey. There was Mr Micawber. Mr Micawber said to Mrs Micawber, 'Something will turn up.' We have got to remember Mr Micawber was a fictional character, in one of Charles Dickens' excellent novels, and things do not just turn up.

We are not likely to discover a rare form of uranium in Torteval, which is going to solve all of our problems. We are not likely to win the European Lottery, although that is only about £184 million, it would cover our debts anyway. We are not likely to do those kinds of things. The other speaker, the other character that popped into my brain when I was thinking about these things was that Scottish soldier in *Dad's Army*, who said, 'We are doomed, we are doomed.'

We are actually far from doomed. We have many reserves. Deputy Trott has talked about that, others have talked about that. We have many good structures. We have many good systems. We are well-positioned. We have an excellent legal service, we have an excellent Civil Service, we have an extra structure, our environment, I do not mean the environment in the sense of Deputy de Sausmarez because we have much more work to do in relation to that, we have an excellent business environment. We have many plusses.

So, our future will be good if we continue to be prudent, pragmatic, realistic and fleet of foot. If any of those are missing, we are in trouble. Because Deputy Trott has given lots of statistics in his speech and he has talked rightly and said, we have actually only increased – I have got these statistics wrong – 33 civil servants over 10 or 11 years, 330-odd doctors and nurses and the rest of it has gone down. Now that is true. But the number in the States' employment, which is wider than the Civil Service, has gone up by a goodly percentage.

Deputy Dyke talked about that before and I will perhaps just interject there, because I am going to come back to look at some of the speeches, not all of them, when I go through my little speech. Deputy Dyke said there are 209 more people employed over a period of time and we are going to talk about reducing 200 people, so that is 409 people that can go. That would save £16 million to £18 million *per annum* in wages. If only life were that simple.

Which police officers would he cut? Which nurses would he cut? Which fire operatives would he cut? Which services would he cut? Because to cut a workforce by 409 people, frankly, is, with great respect to Deputy Dyke, preposterous. It is just not achievable. That does not mean we cannot do something but we cannot go that far.

Anyway, back to my little script in relation to it. I find it difficult to read from a script, I have not done that very often. But Deputy Helyar talked about two minutes to midnight. Now, that was a reference to the Cuban Missile Crisis of some time ago. Deputy St Pier, when he spoke later, said that when he was advocating GST some years ago, he felt the States were three minutes to midnight.

Now it is not that comforting to know that the States have advanced another minute towards midnight in the several years that have passed between Deputy St Pier's evocation of GST and the current circumstances. The truth is, though, we are near crisis. We are not at crisis but we are near crisis.

In the policy letter, at paragraph 3.15, there is something termed figure 5 and it is headed, 'Estimated structural deficit beyond 2025.' Now this shows a shortfall in receipts – and the figures can go £5 million or £10 million there, but the general principle is the same, it shows a shortfall in receipts after capital provision of £53.7 million. In addition there is the shortfall of £33.7 million, relating to the revenue requirement for the Guernsey Insurance and Long-term Care Funds. I still call one of those the Old Age Pension Fund.

So the total funding gap, beyond 2025, which is only four years away, is over £87 million. For a tiny little place like Guernsey, with our economy, that is a heck of a lot of money. Now, of course we hope to attenuate some of it. We hope for growth. We hope for efficiencies. We have a lot of hope. But the reality is that, unless, as I say, we go back and some people in this Assembly live in Torteval and maybe we can go into their garden and drill for uranium tomorrow, I know not. In relation to that, we are not likely to find it.

I feel that our requirements could be actually in excess of the £80 million-odd because there is a demographic timebomb that Deputy Roffey and others have talked about. That goes only by feeling. It is not necessarily a view that we have discussed at great length at P&R.

It is now about a year since I have been President of Policy & Resources and I have had one concern after another drawn to my attention. By that, in plain English, I mean that things about infrastructure –

Sorry, I will give way to Deputy Trott.

Deputy Trott: Sir, I would only interrupt or seek to interrupt Deputy Ferbrache in the most interesting of circumstances but a point that he might want to address is that we now have a situation where inflation within our economy is advancing more rapidly than we are growing and that accentuates the problem so that an £87 million problem today, with 4% inflation, in aggregate in five years' time, is a £125 million problem.

Deputy Ferbrache: Absolutely. And those of us who are a bit older than the others can remember paying mortgages at 16% and 17% because inflation was 18%-20%. And inflation is reckoned to be by the Bank of England about 4% in this coming year; 4% could easily be 6%, could be 8% because they have got all the problems that need to be addressed that we have to address, shortage of labour, etc. and all the other fuel costs and the things that we have talked about. So, a very good, if I may say so, interposition by Deputy Trott.

Now I refer back to figure 5, which I have just mentioned. Now that shows, and against it is the best estimate that can be given now and economic circumstances change, this shows an overall revenue surplus at about £12.8 million. Deputy de Lisle said we have not got a problem then, we have got a surplus and we could have a surplus this year. Well we have not got much of a problem because we have had this £20-odd million excess of revenue that we did not anticipate, so what have we got to bother about?

Well the £5 million or whatever the eventual shortfall will be this year, that could go up or down, but let us say it is £5 million just for the purpose of this discussion at the moment, and the £12.8 million surplus in 2025 is without spending a penny on capital. It is without investing anything in our infrastructure and our infrastructure is crumbling.

We talked about, when Deputy de Sausmarez was giving an outline in her President's Statement earlier today, she was talking about the sea walls and the other points that need money. Those

monies are going to be into the millions of pounds and that is just the start, because we have got other sea wall repairs, other repairs that are going to cost millions over the years. That is just one aspect of our economy.

Now, the States is just like any other business or any other person or any other financial institution. If you do not invest in your infrastructure, it will decay and you will be faced with far greater expenditure in the future. We have already passed the Rubicon of not investing enough in our infrastructure and we are going to have to spend some of that money on a programme of catch-up – £30 million for the harbour, I think, with repairs, etc. That is not to make it beautiful and pretty that is just to make sure it is functional.

Now much of the discussion centred upon previous Proposition 4, which deals with the introduction of the consumption tax. Now, I think we have the feeling that our community, so well expressed by the ever-able and succinct Deputy Aldwell, who never speaks for long but always speaks with common sense, when she expressed, if I can use that phrase, the views of middle Guernsey. Now I believe at the moment middle Guernsey knows and the people that have spoken to me know and accept overwhelmingly – not everybody, overwhelmingly – that taxes will need to rise. Again, the majority view at the moment is that they are against a consumption tax, so we have got a learning exercise to go through over the next seven, eight, nine months.

If there is a realistic alternative to a consumption tax, let it come forward. At the moment, as I stand up here today, my own view is I doubt that. But all the comments that have been made in this debate should be carried forward and analysed, whether it is motor tax, and I appreciate the point Deputy Trott made about it cost an extra or 17p or 19p, whatever it was, on a litre of petrol, but it may be we have got to add the old fashioned motor tax, if I can call it that, on top of that. I am not saying we will, I am saying that is something we should look at.

Now, what might develop over the next several months, before the policy letter in May and the debate in July, may be some real steps before then – I emphasise the word may. But frankly, we have got to be realistic and speak truisms. I doubt the conclusion will be different. There is not too much magic in life, it is about reality. One thing that life has taught me is that economic realities do not go away.

We cannot keep putting off difficult decisions. We cannot do a two-step process that Deputy Dyke talked about earlier and Deputy Murray talked about previously, about let us see what costs we can save, let us see what efficiencies we can make and then we can look at tax increases. The whole thing has got to be looked at in the round. We have not got the luxury of time.

Now, I would like to quote one or two facts from this 2021 booklet, the Guernsey facts and figures of 2021. Page 21 refers to public expenditure, admittedly in 2019. But nothing has materially changed in relation to the principles over that period of time. The arithmetic is different, the figures are different.

Public expenditure in 2019 had £191 million spent on health and community services; £133 million on old age pensions – that is higher now; £92 million on welfare benefits and £79 million on education. That total, 73.1% of public expenditure went on all those essential public services. Now, whether we compare the old £1 million here or the odd £2 million or £3 million there, perhaps we could, but I very much doubt that we could do it into anything that is material.

As I say, none of that is going to change. We still want good health services, As Deputy Brouard has already advised, there is no fat on a health bone. We run a first class, indeed a world class education system. We want, or at least I do, decent social welfare benefits. These costs are only going to go in one direction and that is northwards.

Page 60 of the same booklet shows that the population of Guernsey at March 2020 was 63,155 people. I may be wrong but I believe that is the most it has ever been. When I was born, and that was a long time ago, 43,000 people or so lived in Guernsey. When I brought my family back to Guernsey after my sojourn in England as a lawyer for some years, came back in 1980, there were 53,000 people or thereabouts living in Guernsey. We have thus increased the population over my lifetime, arithmetically, by about 20,000 people. Twenty thousand extra people on 24 square miles and in percentage terms that is about 50% increase.

We have far more people living on this Island than ever. Those people, rightly, expect good services, a good standard of living or at least the best that can be provided, and good and sensible Government. A Government that is realistic.

2925 At page 61 of the same booklet, we can see that the number in 2020 of people aged 60 and above, if you add all of those up, that comes to 16,916 people. That is well over a quarter of our population. Whether we like it or not, it is a truism. As you get older and particularly, say, beyond the age of 65, you need more health and social care. That increases almost exponentially, according to Deputy Brouard and I accept what he says, when you are over 85.

2930 The biggest growth, percentage-wise, in our population in the forthcoming years will be those aged 85 and over. There will also of course be a big increase in those aged 65 and over. In the past few months, and rightly so, Health & Social Care came to P&R and said we need £400,000 extra *per annum* because we are going to have to employ 10 domiciliary staff to help those in the community who require assistance. We readily agreed. But that is just the start of it. It is not the end of it. Next year it will be £600,000. Reality, I emphasise, must be the key word. There are no easy answers.

2935 However many stones you turn over, however many assets you sweat, however many services you cut.

I was recently present at two meetings, just before the beginning of the first part of this debate. One related to housing and that was the Housing Action Group, which Deputy Roffey chairs and I amongst others as a member. The other one, I called again, when Deputy Roffey is in attendance as President of Employment & Social Security and also Deputy de Sausmarez was present, as were others, about the crisis – and it is a crisis – in care home facilities. There are not enough beds. There are people in the Hospital who should be in a care bed. Our Hospital is already stretched to the limits. But they cannot go to a care bed because there aren't any. Our care homes are full. That situation will not ease and in my view is beyond crisis point.

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2945 We do not have enough staff to services those who will need provision of care in elderly years. That problem will increase, will cost more and will be even more difficult to solve. Whether we like it or not, we cannot stop the advance of years. Some of you will recall the monologue from Shakespeare's *As You Like It*, talking about the seven ages of man. I am sorry it is the Seven Ages of Man but that is what it was in those centuries and it would detract from the artistic content of it if I were to try and change it.

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It went from the first stage, which was the puking infant, to the second stage, which was reluctant child having to go off to school with his satchel, to the sixth and seventh age. I probably straggle the sixth and seventh age. That is where we are going to need more and more services, more and more money, more and more assistance to people who merit it. Every single Member of this Assembly has to act promptly. You cannot kick these issues into the long grass. The issues we are addressing will not go away.

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My next reference to our little book is at page 33. If you look there, you see the number of people who are economically active or in fulltime education. I am really going to concentrate on those who are in full-time employment. Those are the ones that pay the bills and pay much of the taxes. As you can see, from about the age of 35-64, the percentages do not vary much. About 80% of people, in fact over 80% of people are in fulltime employment.

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That starts to drop off in the late 50s, and fall significantly so by the age of 65-69, it is down to 18.7%, from 70-75, it is down to 5.4% and above that just 2.2%. People thus become less economically active and understandably so as they age. None of that is surprising but it has been ignored and not properly addressed by previous States' Assemblies.

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My last reference to this little booklet is at page 28, where we can see that the median earnings – I do not really understand what that is because I talk about average earnings – in March 2021 was £35,497. I do not regard that as a lot. That is £682 a week, or thereabouts. From that £682 a week, people have to provide for their family, rent or buy a property, buy food and do all of the other things that are necessary to keep body and soul together. They do that on less than £700 a week. That is the median figure. There are a lot of people who earn less than that. There are some with

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more and that has been addressed in the policy letter and indeed in Deputy Helyar's opening comments.

2975 I at this stage commend Alderney Representative Snowdown for just setting out the basic facts, because we forget it sometimes, when we talk about figures. He talked about a tin of beans costs this in Guernsey and costs that in Alderney, etc. That emphasises my point and conclusion. We must be realistic and realism can only be achieved if conclusions are balanced.

2980 I very much believe and I believe without hesitation that every Member of this Assembly is doing his or her best to attenuate themselves the problems of this island. That is whether they are born here or not, that is whether they have lived in this community for a long time or not. I say that without reservation.

2985 But I am a people person, I always look at things in people terms because I cannot just see concepts. What I do say, though, and I make no apology for it, is having been born in Guernsey, I make no apology for being a local. Whenever I hear, as I have heard in this debate, and in a previous debate, people say that some of the States' Members are not really in touch and are not really representative because of their financial position and do not really understand the people of Guernsey. I take considerable exception to that.

2990 Deputy Trott joshed about his earnings, my earnings, I do not know what Deputy Helyar earns, but he made that in good fun. The point is that I am concerned about the pensions just like everybody else. The Guernsey pension at the moment is just over £220 a week. It will be increased to something over £230 a week from the beginning of next year.

2995 Compared with other places, that looks like a good pension. In the UK, it seems to be dependent on age and contributions, two types of state pensions. One gives a maximum of £139.60 a week, one £179.60 a week. Try, though, to live on £228 a week. Quite a number of our community have to live on that sum. Some do not even get it because they do not get a full pension.

One of those is a cousin of mine. He lives alone. He owns his own property and he has no rent or mortgage to pay. He has to live, though, solely on his Guernsey pension. He said to me, and he has been rude to me for all my life because we are the same age: 'Do you realise that if you bring in GST at say 8% that will be an effective reduction of my income of some £18-£20 a week.'

3000 Of course I realise that. I empathise with him and others and it is very clear indeed we cannot penalise the ever-growing band of people that have to live on that kind of money so that they are worse off. That will be addressed if Goods and Services Tax, whatever we call it, still remains in the shopping basket of taxes that we have to consider.

3005 We will do that. As Deputy Helyar said, over the past decade – and Deputy Trott also referred to the figure – we have got over 2,000 extra people that have entered old age pensions, receiving old age pensions. That will continue to increase for a significant period of time. Corresponding, we have less people working.

3010 Somebody did a family tree for me some years ago – I know Deputy Taylor is going to enjoy this greatly – and I look back to my many times great grandfather Nicolas 'Le Sieur' Ferbrache, who was born in 1640. He was born in the north of the Island at Vingtaine de L'Epine, in St Sampson's. He married my great many times grandmother Marie Le Pastoural. He married her on 22nd March 1665 at Vale Church. So, my branch of the Ferbraches have been in Guernsey for hundreds of years, even before my great, great many times great grandfather Nicolas was born.

3015 I have spoken on a number of occasions in this Assembly about my French grandmother, who I still hold with great admiration and love despite the fact she has been dead for many years. She was married to my grandfather Daniel Ferbrache. I have spoken about him before, He was born on 14th September 1872 at Les Dunes in Castel.

3020 Now he was a lazy man because he lived until 1964, when he was nearly 92, but he only worked from the age of 12 until to the age of 80. He never owned a property, he never owned a motor car. He worked, nevertheless, through 68 years. He fought in various foreign forays on behalf of the British Crown because that is what loyal Guernsey people did in those days.

The last one, if I can call it a foray, was when he was aged 42, he fought in the First World War. Now it is a matter of public record of this Island because my Uncle Fred was born in November

1914 and my next uncle from that marriage was my Uncle Basil, who was born in November 1919. So, that showed that my grandfather was thus away for a number of years, fighting for King and Country.

That was his duty. He went off as a 42-year-old man with nine children, he ended up with 14, because that was his duty. My grandfather did not have a pension because we only introduced the concept of state pensions in the early fifties. Contributions were initially voluntary. Now, it is too late for my grandfather and it was too late for people like my grandmother. But there are so many people in Guernsey who are now of pensionable age who have made a fantastic contribution. They may not have paid for the full cost of their secondary care, they may not have paid for this service or that service or any replacement. They had still made a vast and significant contribution to the welfare of this Bailiwick. That needs money, they need protection.

Deputy Le Tocq, in his excellent speech, talked about how things have changed. He talked about his father, the world was significantly different then. I have already referred to the fact that we did not have pensions in Guernsey at all until the early fifties. Guernsey pensions and benefits used to be much less than English pensions and benefits. I am sure I am not unique in my upbringing in Guernsey but I do know that my father had two serious accidents when he broke his back. One when I was aged about five and the other when I was aged about nine.

My mother had to clean – because I was not the only member of the family – other people's houses to pay off the bills, as well as bring up the family. The way that she survived was through her own efforts, were passed to me, and the fact that my father's brothers assisted considerably. One, again a working man, gave her money every week, despite that he had a family, the other provided food to her. So, when people say I and people like me do not understand Guernsey, they are talking arrant and arrogant nonsense. I say that because I take exception to people, some who educate their children privately and live in big houses, saying that people like me do not understand.

When I came back to Guernsey with my family in 1980, my wife was a little surprised, because she is English, to find that Family Allowance was almost non-existent. You got nothing for the first child and 37.5p, or seven and six in old money, for every other child. We have moved on from that and I think so rightly.

Many people talk about irresponsible and feckless women who have lots of children. That is an exaggeration, although no doubt there are some. Even if it is true, it is never ever the child's fault. The child has to be provided for and if the parents cannot do it, it must be the responsibility of the state.

Deputy Roffey talked about the abolition of the school dentist. The only time I ever went to a dentist when I was a child, all those who have lived with me and around me in Charroterie and Park Street and Pedvin Street, was when they went to the school dentist. Your parents could not afford to send you to the dentist. They could not afford to send you to the doctor unless it was an emergency. We have moved on from that and I want to protect that.

We thus have much better service than we ever had. I do not want those services retracted or retrenched. Clearly, I want them to be as efficient and I want them to be cost-effective, but I do not want Guernsey people or people of Alderney or anyone else in the Bailiwick to be regarded as second class citizens.

We have a mature economy, we are a decent, liberal and democratic society, we need to protect our own. Old people should never ever feel like second class citizens or that they are not wanted. I know that nobody is suggesting the real equivalent of *Logan's Run*, that is a 1976 film, whereby if you were a certain age, I think in your 30s, you were got rid of. It was a lovely film that starred the handsome Michael York and the very beautiful Jennifer Agutter. But it was a film. The reality is that we should be grateful for their contributions.

The fact is there is this thing about Guernsey pulling together, the Bailiwick pulling together. We need to pull together. I do get annoyed, though, and I voiced this concern before, that people who enjoy the benefit of this economy, enjoy the benefit of our services are not loyal to Guernsey. Now, a respected colleague recently drew a situation to my attention. Not native Guernsey-born people

but people who live here and realise what a special place they live in, wanted to set up a corporate structure so they went to their advocates.

Their advocates, who are a Jersey firm of advocates but with a substantial office here, and I am not talking about my old firm, advised them, although they were practising here, having all the benefits of living here, having all the rights of income and audience that they have got, that they should set up the structure in Jersey. So, I know about that matter, but how many others did I not know about? How many of the lawyers and accountants that have little connection with this jurisdiction but have the benefits of practising in it, are recommending business elsewhere?

I have heard so many of them say that they are jurisdictionally agnostic, whatever that means. They should be loyal to this jurisdiction. They should advocate this jurisdiction in every conceivable way. They should not just seek to increase their bank balances. They should contribute towards the economy by helping it grow.

I would like to see, therefore, more Bailiwick-centric businesses, i.e. businesses that are controlled here. I would favour them as much as we are able to in law over those that are not. If you set up a business here and it is your centre of activity, you should be assisted in every conceivable way and you should be valued.

Now I am not going to refer to all the speeches, as I said, but Deputy Helyar opened the debate, he referred to the fact that GST in its basic form is regressive and solutions would be found. He outlined that, they are outlined in the policy letter, they would be developed further. As Deputy Helyar also said, successive States have known about the problems with taxation. He referred to the fact that the old age pension has increased by 63% over 10 years. He said there are choices. He said we could look at services, we could do less, we could charge for some of them, we could restrict benefits, or we could outsource and privatise.

Those are all pertinent questions that we cannot avoid. We are going to have to look at them. There is no excuse, though, for delaying the decision we have to make. He referred again to the corporate tax situation. Now he put on, but it was put on by able civil servants earlier this week, a work programme by civil servants who were giving the States' Members who attended independent advice, straight advice, and it is a great shame, because I heard from Deputy St Pier this afternoon that he, Deputy Trott and Deputy Parkinson were thinking of bringing a corporate tax amendment last time. That was said. It is a shame that none of them, none of the three of them were present on Monday at that workstream in relation to corporate tax. It is a great shame.

Now what was said by Deputy Helyar in relation to that is that corporate is not a simple solution. Deputy Trott ably listed that and explained it today. We are not Lilliput. We cannot send our soldiers and invade New York as in the Peter Sellers movie. Deputy Helyar made the point that we must be competitive in what we do and that must be internationally acceptable in relation to corporate structures. Deputy Trott has rightly said you have got to balance the two and there is some which is conflicted and I understand what he means.

What he was not saying was we should not look at it, he was just saying we have got to be alert when we make those decisions. There is reference in the documentation to perhaps an extra £10 million of tax from that source. Again, it will be looked at. It is now addressed in the amendment, which has been accepted by the Assembly. We have heard people's comments and we have seen what has been developing internationally. That is still a developing situation. Some time will elapse between now and July when a final decision will be made on the review of tax. We need to look at what is happening in the world over that time.

I think it is probably an opportune time for me now to move to the speech of Deputy Parkinson. Let me just preface it by this: until 2008, much of our tax was paid for really by people who had little connection with the Island. That was the way our tax system worked. International bodies did not like that and so we had to reform our tax system and our corporate tax structure and that led to what was called Zero-10. I commend again Deputy Trott for the work he put in. He was the leader on that all those 13 years or so ago.

The upshot was that the money had to come from Guernsey now, then, the Bailiwick of Guernsey because it could not come from the out sources. When I was in the States previously, the money

gushed in. When Deputy Trott was Treasury Minister, anybody could have been Treasury Minister and minister of the economy because the wealth was overwhelming. It was nearly as much as Deputy Trott tells me his bank balance is.

3130 But we have had to restructure. Now we had the very alluding speech from Deputy Parkinson, which seemed to give the indication that all will be well if we just turn back on the corporate tax tap. Does he not think and do the Members of this Assembly not think that other jurisdictions are not going to allow us to act in isolation? Every territory has been affected by COVID. Do people not really think that other jurisdictions are going to look jealously at their own tax take because they

3135 have their own massive problems?

So all of this has to be properly considered. It is not an easy solution. Some Members are going to say, 'We have heard Deputy Parkinson, he knows what he is talking about and therefore that is the solution. We can just do that and all our problems will go away.' If you follow that path the truth is it will exacerbate our problems, it will not make a problem go away, it will make it bigger.

3140 All of that said, we should be looking at whatever we can do in relation to corporate taxation between now and July. It is not going to be the silver bullet, as Deputy Helyar and Deputy Trott both informed you. If we think that then we are misleading ourselves.

I believe in the light of my previous comments, it would be a help to address further at this stage the corporate tax issue. The OECD, as we know, are going through the exercise, which is not yet

3145 finished even now, work is still to be done. That may well impose a minimum tax of, say, 15% on global structures throughout the world. It would be unfortunate and unnecessary to presuppose and prejudge exactly where we are. I agree with Deputy Trott, we should not be the leaders in this, we should be the followers. The intelligent followers, as we often are.

I agree again that corporate structures should be looked at and, where appropriate and where

3150 in the best interests of the Bailiwick, we should seek to get as much income as we reasonably can. We must always bear in mind that we must be competitive. I emphasise again that those that think corporate tax is a *panacea*, and that other people can pay our tax and we do not have to worry about it, are not being realistic. I would emphasise that already Income Tax on companies – because that is what we call it, a broad equivalent of Corporation Tax – grew to £57 million in 2016 to

3155 £73 million in 2019. It fell back in 2020 because of the effects of COVID.

There were some of Deputy Parkinson's that made me raise my eyebrows. The comment that Deputy Helyar does not understand corporate tax, I think, is unfortunate. Deputy Trott has dealt with that today and said he recognises fulsomely that Deputy Helyar does actually know what he is talking about.

3160 Deputy Parkinson has told us how clever he is and he wrote an international text and that he has got many years' experience in such matters. I accept that completely. In my professional life as a lawyer, I have dealt with many experts. Often, they have been experts who have said how clever they are on both sides of the dispute. The Court of Tribunal then has to resolve which of them it prefers.

3165 I would also comment that whenever I found I have cross-examined accountants in such disputes, that my cross-examination has been most fertile in respect of them over any other experts I have cross-examined. That said, I accept that Deputy Parkinson does have knowledge on this topic. Unlike him, I have not written a book on taxation, but I have read very many. Some of those may post-date Deputy Parkinson's work by some years. One thing I know is that tax regimes change and

3170 tax principles change. We also have regard to our place in the world. It is also the case that our expert knowledge can often and soon become outdated.

Thus, I commend Deputy Helyar's email to the States' Members of last week and the presentation this week. Deputy Helyar in his email made a point about double tax treaties. Deputy Trott also emphasised that. We have very few, compared with other jurisdictions. The inference from Deputy

3175 Parkinson's speech, or it might be more than an inference, is that Policy & Resources do not really understand the topic. Yes, we do.

He compared his knowledge and experience with ours. It is not a who has got more intellect or who has got more experience, not a game. But let us have a look at the make-up of Policy &

Resources. Deputy Helyar is a qualified professional and spent many years advising on all kinds of corporate structures. He has been a company secretary, he has been a non-executive director and still holds that role in respect of many companies, with a broad spectrum across the financial sector.

Deputy Soulsby has got a degree from one of London University's leading colleges and is a qualified accountant herself. She has led businesses, she has commercial experience and she was our most successful health minister by a considerable margin. Deputy Mahoney has spent more than three decades in various jurisdictions dealing in and working the financial sector. I think he knows what he is talking about.

Deputy Le Tocq is well-rounded, and I mean that intellectually! He is a very experienced politician, a graduate, former Chief Minister, and a wise man. Well, four out of five is not bad, as you come to me then. I have only been a non-executive director of a merchant bank, I have been a non-executive chairman of a bank that operated in Guernsey for a number years purely for tax reasons, I have been a professional trustee, I have advised on many corporate structures. But I accept that I do not have the experience of Deputy Parkinson.

Genuflectively, I think we know what we are talking about. We also seek advice. That said, we respect the views from everybody, including from the obviously able Deputy Parkinson. Deputy Parkinson gave us a lesson on the finance sector and its tax position in the first part of his speech. The essence of what he said is that many of them are not going to be affected particularly but he turned to the 67% of the companies that he says are not paying tax directly, in a sense he said we are talking about the rest.

He mentioned butchers and others. He mentioned that some can avoid paying tax and instead buy corporate jets. I have not seen too many butchers flying around in corporate jets, although I appreciate the point that he has made. He said they should be paying a contribution and this has been the situation since 2008. Deputy Trott, at that point, interposed and pointed out that tax can be delayed but not avoided.

What I have seen in our Guernsey statute and it appears in most tax statutes in most places, is an anti-avoidance provision. If somebody is as nakedly as Deputy Parkinson suggests purchasing a corporate jet but not declaring a dividend, then that may well fall foul of the anti-avoidance provisions. If those anti-avoidance provisions are not tough enough, then toughen them up. Also, the butcher, the baker and the builder, they have to live, so they do have to declare dividends and they pay tax on them. See the figures I have referred to above.

I come back to consumption taxes, which is what GST is. I am never going to support it and neither would any Member of P&R, whereby somebody living on a Guernsey pension and receiving £228 a week should effectively have their income diminished by £18 to £20 a week. That would not happen and will not happen if proposals are formalised, finalised and appraised.

Many have spoken about GST but there are few more practical alternatives that I have heard to date. I emphasise again that all suggestions made, which I know are made in good faith, will be considered as part of the journey that we have to follow through to next year. Deputy Falla asked, amongst other things, are we sweating our assets enough and talked about the £1.6 billion – his figure – in respect of our property assets and made the point that he does not know and neither does anybody else if that is necessarily accurate.

Deputy Moakes made a similar point. He accepted there was a structural debt but wanted to turn over every stone and look at Civil Service reform. We have done that and will continue to do it and more about that anon. He talked about selling or redeveloping our property. He mentioned, I believe, social housing.

Now, some of my colleagues may remember that in a speech I gave personally at the OGH earlier this year, I said that social housing owned by the States should be sold and transferred to the Guernsey Housing Association. I said they would run it, without criticising anybody, more efficiently, and anyway that was their ethos and *raison d'être*. I do not know precisely what that will raise, it falls somewhere between £160 million and £200 million. That would have to be accurately assessed.

That would mean a net drop income of at least, perhaps more, of £12 million per annum. When I said that at the time, Deputy Roffey's ire was inflamed. How dare Peter Ferbrache express a

personal view. That is what it was and yet Deputy Roffey every week, or every couple of weeks, expresses a personal view in the *Guernsey Press*. I accept we do not have to be consistent or logical, we are allowed to say what we think.

3235 **Deputy Roffey:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Roffey.

3240 **Deputy Roffey:** I was entirely consistent and logical. I said at the time I originally objected was that it was under consideration calmly and objectively and that is still what I said in the *Press* this week.

The Bailiff: Deputy Ferbrache.

3245 **Deputy Ferbrache:** Thank you, sir, I am very grateful for that. In any event, no pun intended, Deputy Roffey and I came to an accommodation. Anyway that is an issue I think should be addressed and we have heard from Deputy Roffey it will be addressed. If you look at the rest of the realty the States owns how many of it can, in reality be sold? I do not think, realistically, we want to sell the Hospital or the schools. We may be able, in due course, to sell La Mare de Carteret, but that
3250 is some years hence. Look at the overall list of properties that we have got, we might be able to sell Lucas House for £2.3 million or £2.4 million, we could maybe sell the old Education Office at the Grange for £1.8 million or whatever and there are other bits and pieces we could sell.

I and my colleagues are quite happy to sit down with Deputy Falla, Deputy Moakes and anybody else, go through a list of States' properties and they can then indicate those properties they think
3255 can be sold to solve the problem. I doubt that they will be able to see many. I doubt that we will be able to get many millions.

Nevertheless that is an option and the stone ought to be turned to see if that can help. Again, a passing comment, any option other than a consumption tax will mean that more tax will be paid by people living in the Bailiwick, although, as one States' Member said, people may not purchase quite
3260 as many expensive watches if they have got to pay GST, business will spend money in the Bailiwick. That is predicted to raise £10 million *per annum*. That may be an understatement, it may be an overstatement but it is the best estimate that can be given at the moment.

So, over 10 years, that will be £100 million of tax that will be paid by others, that otherwise will have be found by Bailiwick tax residents. Deputy Kazantseva-Miller said, as well as saying that
3265 people like me are not representative of the public, a comment I have already addressed, felt that lots of Open Market people do not contribute. Again, with a consumption tax, more of them would but there are other ways of addressing that. I am not sure what she was saying could be done in relation to those but I and P&R would be interested to hear her views.

Deputy St Pier made an interesting speech. He said he was in favour of GST and he referred to the speech he made in 2015. He said it was regressive but it could be mitigated by tax reliefs. He
3270 also said, unlike Deputy Trott, that administration was not a problem because there were already 170 or so other jurisdictions dealing with that kind of tax. He pointed out that it brought in revenue from outside and, again, he referred to the figure of £10 million. But he will not vote for it.

He said that this Assembly is the most spendthrift. Really? But even if that were the case, what
3275 can be the logical reason for not examining further the position of GST. He says P&R has not done enough to win the public. We accept that. We have got to go out and do more work. We have got to speak to lots of people. And he said there should eventually be 28, 29 Members of the Assembly that he could vote for it.

Certainly, we should do more. This though is the most open Policy & Resources that I have seen.
3280 We discuss matters more openly with our Presidents, we go to the public, but we still need to speak more to the public. That is what he said, it is not the reason for the delay. He explained his reasons

for not voting for GST, without in any way questioning his integrity; I wonder if those really are the true reasons. Sometimes you have to put the past behind you.

3285 Deputy Trott gave excellent examples of the cost of knee replacements and all of those. He talked about corporate tax and the balance, he talked about difficulties. He talked about our friends in Alderney. I support our friends in Alderney. I would not go out to Torteval, which is a long way out from St Peter Port, and say that those residents might pay more tax than the people of St Peter Port per head, so therefore there should be a different tax regime. We are all brothers and sisters in the Bailiwick and some people need more help than others.

3290 That said, and I know that Alderney Representative Snowdon and Alderney Representative Roberts accept this, and their colleagues, Alderney has got to be realistic into what can be achieved. Now, I just want to finish by referring to three more speeches. That is not to say I do not commend all the others.

3295 The three I am just going to mention in closing are Deputies Dyke, Inder and Aldwell. As I have said, Deputy Dyke said there were huge opportunities selling States-owned properties. I have already referred to that and I am quite happy to sit with him any day next week, go through the list, and he can put me right as to what we can sell and what monies we could get and I would like him to say publicly afterwards what the result of that was.

3300 He also said, and I talked about the 200 and 409 people, I would like him to say which people, which heads he would cut off, which services he would restrict. I would like him to say that because I am genuinely interested in listening. Do not get me wrong, we do need to reform the Civil Service. There was something in the *Bailiwick Express* a few days ago saying three years ago the States said it was going to do things. Deputy St Pier said we needed to travel at pace in relation to Civil Service reform. What they must have missed out from that report was that what he must have said, we
3305 travel at a snail's pace, because that is what we have travelled at over the last three years and we have not got to pick up that pace because there is work that we can do.

The penultimate speech I refer to was Deputy Inder's. It was a good speech and he reckoned we need to look at Guernsey road tax and again that may be an issue. It is not going to solve the problem but it may be something to look at. I think his main point, though, is the population. He
3310 and I are on the population group, loose terminology, which has met recently and is chaired by Deputy Prow. That will seek to address many of the immigration, the population issues, that we have to wrestle with.

Deputy Inder referred to a meeting attended at Beau Séjour where he thought we were going to lose 11% of the workforce by 2040 but now I am reading the documentation, it could be wrong.
3315 He is not wrong. He referred to paragraph 1.4 of the executive summary of the Tax Review Steering Group. If the population was to stay at the same number as it is now, that would mean there would be far less people working and far more people above an economically active age. That is the actuality.

That is why when we address population we are going to have to look and decide whether we
3320 (1), want to keep the population numbers as they are – if so we are going to be managing decline; (2), allow a Hong Kong-style open doors policy – I think even the most open doors advocates would realise that would be impossible to control and would not be acceptable to the Bailiwick, it would not be acceptable to me; or the third option is some kind of population growth – how many, how do you manage it, what are the consequences for housing, schools, other services? Those are all the
3325 issues that need to be addressed. That is not a reason for not grasping the nettle that we will have to grasp in relation to our tax situation, our tax income.

The last speaker I have already referred to but again is Deputy Aldwell. As I say, she always speaks with common sense and I believe represents the views of middle Guernsey. Most of the Guernsey people, as I say, realise that taxes are going to have to go up. Most of them, like she says, are against
3330 GST. I think that will change over a period of time. I think that people will realise that if they want these services, if they want the old people to be looked after, if they want us to continue as a decent living society, we are going to have to grasp that issue.

Now, I am going to ask the Members – not now – to look at paragraphs 1.12 to 1.18 of the report, look at paragraph 1.16, and paragraph 1.23 I am going to read to you. It says:

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In committing to report back with proposals in mid-2022, the P&R Committee undertakes to co-ordinate this work with the progress in other workstreams, which will contribute towards the States' long-term financial stability. This includes public service reform and any other initiative intending to manage expenditure, population policy and other policies in tending to promote economic growth. The intention is to move and bring forward a more holistic framework of the financial landscape as part of the Government Work Plan debate June 2022.

So, all of the issues, growth, population control, *et al*, are going to be looked at holistically. We all want economic growth. That is addressed in paragraph 5 of the policy letter whereby reasonable assumptions are made in relation to economic growth. Does anybody have any better ideas? Does anybody believe that will be better? I hope it will be, I very much hope it will be. But you cannot make decisions based on hope.

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If you look at paragraph 5.3, a realistic assessment is made of both and what is said is this:

Were the economic growth rate to exceed the forecast by 0.5% a year over a five-year period, this could add a total of £10m a year to States' revenues by the end of the period.

Sustainable economic recovery, therefore, has an important role to play.

Now just pausing there. Listening to Radio 4's five o'clock news yesterday, they talked about downgrading economic returns and economic growth. So 0.5% might seem nothing. In real terms, because you have got to add inflation to that, so if inflation is 4% you have got to have 4.5% to have a real growth. That is going to be difficult to achieve. So I do not think we are being unreasonably pessimistic.

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Now, I believe we still have a way to go with Civil Service reform and transformation. This must continue at pace. We must be more efficient. We should address the services and see if we can cut some back or pass them over to the third sector or do whatever we can do. I also want us to be aspirational. I have been so all my life. I have never achieved all that I wanted, I never will. Society is like that, though. It must be aspirational and we must be realistic, we must be optimistic.

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I am going to close by quoting words from two songs. The first is from a Marianne Faithfull song where she sang, 'We are in the evening of the day.' We are in the evening of the day when it comes to the decisions we have got to make in relation to tax. We are not two or three minutes to midnight. And the last quote is the one that I quoted from when I began my little speech, from Simon and Garfunkel, we must not talk but not listen, we must listen and not talk.

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The Bailiff: Deputy Leadbeater, are you going to be longer than a minute? (*Laughter*)

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Deputy Leadbeater: Probably about four or five, sir.

The Bailiff: Shall we take Deputy Leadbeater now? Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir. When people speak about the economy, there is much talk about population management at the moment, sir, and the lack of staff across many sectors, and quite rightly so. But the focus should not be directed solely at our population management regime. The problems that many businesses and Government are facing in attracting staff to fill the many vacancies across the hospitality and care sectors, for example, do not end with adjustments to our population management regime. In fact, they did not begin with our regime.

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They started with the Brexit vote in the summer of 2016. Since the UK's decision to leave the EU, when the pound started to freefall from the euro, bearing in mind our already very expensive air links, we were slowly sliding to becoming an unattractive option for EU workers. Now, post-Brexit we have imposed upon us by the UK the requirement for anyone from the EU wanting to come and work here to first have a UK access visa at a cost of £244.

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And they will have to travel to the embassy in their country's capital first, to complete the necessary biomedical. This is expensive and onerous, rendering Guernsey a far from attractive option for those looking for a place to come and work, certainly in the lower paid jobs.

Now let us look at the cost of someone to come to Guernsey on a STEP, a short-term employment permit. First, they need to travel to the embassy to complete the biomedical. Costs will vary but let us say £100. Then they need to apply for the UK access visa, at £244. Travel to Guernsey, say £150. The cost of a STEP is £120. Making the cost for someone to come to work in Guernsey for 12 months on minimum wage a grand total of £614 before they have earned a penny. That is the problem, sir. Pre-Brexit that cost would have been £270. Now it is £614. More than double.

Home Affairs have tried to mitigate this by currently waiving the cost of STEPs to ease some of the pressure on businesses. But, even taking this into account, the cost is still around £500. All that has done is pass the cost from business to Government. Guernsey is still paying the price. The population management regime fees were set to wash the regime's face. The cost of each permit reflects the cost to Government in providing it. So, now the taxpayer is having to subsidise these workers to the tune of £120 each and at the same time the UK takes £244 off of them, even if they travel through there or not.

Now, I am not comfortable with this arrangement. Just because the UK decided that it did not want to play with its European cousins any more, why does our economy have to suffer? Why does our healthcare service have to suffer? We seem to hold our membership of the Common Travel Area with Gollum-like preciousness. And for what? What benefits do we get in return for being in the CTA club?

I have outlined some of the negatives and there are more operational, technical, border issues that are not directly to costs, so not relevant today. But what are the positives? Well, Sharon can go and watch Robbie at the O2 with the girls and they do not have to take their passports. Or those good friends, Deputy Ferbrache and Deputy Trott, could have gone to the Emirates Stadium a couple of weeks ago to watch Arsenal thrash Tottenham 3-1, without having to take their passports. But they do need photo ID, like a passport.

I can tell you that the fictional Sharon girlfriends going to see Robbie and do a bit of shopping, I just mentioned, they would all have passports, because if they did not how would have they got down to Benidorm for Sharon's hen-do? The point I am making is that in Guernsey, virtually everybody already has a passport.

Also on the horizon we can see many other changes and stuff imposed upon us as the UK tries to get itself in order, post-Brexit. Who knows, sir? Another negative being in the CTA brings is that we can no longer accept EU ID cards at our border. All those travelling from outside the CTA will require a passport. When I pointed out just now that most people living on Guernsey will have a passport, it is important to note that this is completely the opposite in the EU. Most Europeans do not have passports because they can travel freely anywhere in the EU with their EU ID card, which prior to Brexit they could access the CTA with too, although there is a rumour that the UK will be accepting HGV licences at their southern border, whatever.

Whatever suits them, we will just have to tow the CTA line. Or do we? Sir, we cannot ignore the fact that membership of the CTA comes at a high price, directly and indirectly, and that price, be it financial or bureaucratic or whatever, can be added to by the UK at any time, as the world moves forward post-Brexit and post-pandemic.

Sir, I believe that instead of simply looking to introduce a consumption tax, or a health tax, or a stealth tax or whatever, we need to look at what is harming our economy and restricting the ability for Government to provide essential services in the round. Jersey is experiencing similar difficulties to us and I believe that both Governments need to get together and discuss the merits or otherwise of leaving the Common Travel Area. On the face of it the benefits look good. We could bring people to work in Guernsey far easier and cheaper and we can continue to welcome our European cousins with their EU ID cards at our borders. The downside being that the photo ID you need to take to get on the Embraer to Gatwick will have to be your passport.

I am hoping that this will be something that P&R will not dismiss, sir, and I am hoping that the population immigration review panel that Deputy Ferbrache spoke of –

I will give way to Deputy Prow.

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Deputy Prow: I thank Deputy Leadbeater very much for giving way. I would ask him to confirm that in fact the membership of the CTA is in the terms of reference as something that the review committee will actually be looking at. Thank you.

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Deputy Leadbeater: I thank Deputy Prow for that. I did not spot that in the copy of the terms of reference that I saw but if that is the case, I thank him for that. Where was I? Apologies.

Looking at the population management regime itself, I do not think it has served us badly since its introduction. Okay, the relaxation in the criteria for access to the local housing market for medium- and long-term permits has had a negative effect on the availability of affordable Local Market housing, which has contributed to the housing crisis we now face. But, on the whole, it has proved responsive during the pandemic and Home Affairs have the ability to switch on and switch off any policy posed for all permits. But I would caution against too much movement in the policy list before the review is concluded and we have plans to address the shortage of housing.

Now justice policy and the cost of delivering at as we do today, I am specifically talking about legal aid, that we are going to come onto. We need to modernise everything that Government does and that includes in the areas of justice. We need to expand the use of FPNs – fixed penalty notices – diverting people away from the courts in the first place, more community based disposals instead of short-term prison sentences. There are real savings to be made here.

Let us look at legal aid, the annual report of which is appended to this Billet and will be debated later. Let us look at how we operate our legal aid system, compared to other jurisdictions. In the UK, for example, you cannot apply for legal aid for civil matters such as the family courts. In Guernsey, however, family matters account for most of our annual legal aid spend. Now let us look at how we haemorrhage money through our legal aid system to the family courts and then we will examine how we do it with the criminal courts.

I will give you an example of an ongoing child access dispute that has been going in and out of the family courts for years, longer than the five years that I have been in this job. The mother has an advocate, provided by legal aid, the child has an advocate, provided by legal aid, the father has an advocate, provided by legal aid.

This case is still ongoing, five, six, maybe seven years since. I obviously cannot go into the details of this case but the cost to the taxpayer for this one dispute is astronomical and the emotional cost to the children involved is impossible to quantify, certainly in financial terms. Siblings being torn away from each other for reasons they cannot comprehend. They will probably grow up resenting the system because it will have let them down so badly and who can blame them?

Now, let us talk about prisoners on remand. Why are we keeping people on remand in prison for periods over a year and in some cases approaching two years? In the UK, they have custody time limits. That is from the prison service, revised February 2020 and the custody time limits safeguard defendants who have not been convicted of anything by preventing the ... from being held in pre-trial custody for an excessive period of time.

Why are we keeping people in prison at our cost for up to two years, when they could be out in the community working and contributing to our economy, instead of costing us fortunes in all of the costs associated with keeping prisoners and the vast legal aid bills? Obviously if somebody poses a threat to the community then remand is the only option, but it should be the first, in my humble opinion, sir.

Some cynics say it is the legal aid advocates that like to spin these cases out. I do not know. I will just touch on some stats. In 2019-20 legal aid certificates issued for the criminal courts were 391. For family courts, there were 459. Considerably more. We have got 80 prisoners in Les Nicolles at the moment, 17 on remand, which is just fractionally over 20%. There is one for 11 months, two for 13 months, one for 18 months, one approaching two years. These stats are hard to ignore and I

do not know if those cynics that say it is the legal advocates that spin this out, I do not know if there is any truth in that but there is something that is making these cases take far too long to come to court, sir.

Now everyone will be glad that I am going to move onto tax now, sir. I would have a consumption tax on products bought online over a GST in Guernsey any day of the week. (**Several Members:** Hear, hear.) GST is regressive and any mitigations put in place to ease the burden on the lower to middle earners will simply not work. We will raise allowances. Okay, but when you are left with £20 in your pocket at the end of the week after your outgoings, your £20 will still be worth the same. But everything else has gone up in cost by 6%-8%.

Your couple of pints a couple of times a week is now one pint a couple of times a week, or a couple of pints once a week. Either way people choose to spend their money, sir, lower and middle earners would always be, by far, the most affected by a consumption tax such as the GST.

Now there is the motor vehicle, largely becoming more fuel efficient and increasing numbers of people are switching to EVs. Taxing fuel, as we are doing, is clearly unsustainable. Mileage tax, I hear? Sounds great, but how will that work? Will those who have to drive more miles than others, due to maybe disability or the need for work or family, be disproportionately penalised by having to pay the same rate as everybody else? How could a system like that work in practice? I would be really interested to hear. Maybe just reverting to the old system of road tax and taking duty for fuel is fairer than the way that our current system has evolved to be.

Corporation tax. I looked forward to Deputy Parkinson speaking in this debate, sir, because I knew he was going to talk about territorial corporation tax and I enjoyed his speech. I am no expert in corporate tax affairs but he is and so are others in this Assembly and I am listening to these experts all disagreeing on territorial corporation tax. Obviously, the recent news on the potential 15% rate from the OECD means that our corporate tax system will need tweaking, if not more of a thorough overhaul. And we have heard from Deputy Helyar that raising more money via corporations is on his agenda, which is good to hear and it is included in the amended Propositions.

Since I wrote this speech, sir, I had the pleasure of bumping into Deputy Trott in the White Rock Café, with Deputy McKenna this lunchtime. Deputy Trott explained to me clearly how a territorial tax could destabilise our captive insurance industry, for example, contrary to the opinion of Deputy Parkinson, and I get Deputy Trott's desire not to be the first mover of something of this magnitude, as we were not with Zero-10. I look forward to whatever is brought forward by P&R when they return with their proposals.

Let us look at the effects of a GST on the self-employed and small businesses. In Guernsey, we have far more self-employed people *per capita* than in the UK, for example. We rely heavily on their contributions as employers and in my opinion we never give them anything in return. Raise Social Security payments, I hear, but double raise them for the self-employed, and let us keep doing that for 10 years.

Every time more and more on the self-employed is just not fair. The self-employed owner of a local business I know has decided to give up and go and get a job working for someone else. The administrative burden of having to introduce secondary pensions for staff worried this person enough but the prospect of having a GST to deal with on top is just too much. This is not supporting local business, it is burdening them with more and more onerous tiers of admin that consumes time and eats into whatever dwindling profits they may have left.

Government spending. I would like to thank Deputy Helyar for initiating a review of Government spending and establishing the cross-Committee group tasked with finding savings. I am thankful that I managed to get the support from my colleagues on Home Affairs to be our representative on that panel and I am hoping that this does not turn out to be a talking shop with no action coming out of the back end. I want to see the panel scrutinise all areas across the various mandates, collectively teasing out where savings can be made, but crucially whilst still maintaining the levels of service to the public that we currently provide. That is the tricky bit.

3530 I think that is enough from me now, sir. I would just like to end by saying that I believe much of what Government does is expensive, onerous and outdated and addressing this is fundamental to our future financial prosperity. Thank you, sir.

The Bailiff: Well, Members of the States, we will now adjourn the Meeting until 9.30 a.m. tomorrow.

The Assembly adjourned at 5.44 p.m.