



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 17th February 2023

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Present:

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

Law Officers

M. M. E. Pullum, K.C. (H.M. Procureur)

People's Deputies

S. E. Aldwell	N. R. Inder
C. P. A Blin	Deputy A. Kazantseva-Miller
A. H. Brouard	C. J. Le Tissier
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
S. P. Fairclough	V. S. Oliver
S. J. Falla	R. G. Prow
P. T. R. Ferbrache	L. C. Queripel
A. Gabriel	P. J. Roffey
J. A. B. Gollop	H. J. R. Soulsby
S. P. Haskins	Deputy A. W. Taylor
M. A. J. Helyar	L. S. Trott
	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, Esq. (States' Greffier)

Absent at the Evocation

Deputy G. A. St Pier and Deputy M Leadbeater (*relevé à 9h 34*);
Deputy J. F. Dyke (*relevé à 9h 55*); Deputy Le Tocq (*relevé à 10h 12*);
Deputy C. N. K. Parkinson (*relevé à 11h 11*)

Business transacted

Evocation	444
Billet d'État III	444
5. The Tax Review: Phase 2 – Debate continued	444
<i>The Assembly adjourned at 12.46 p.m. and resumed its sitting at 2.01 p.m.</i>	<i>486</i>
The Tax Review: Phase 2 – Debate continued	487
<i>The Assembly adjourned at 5.26 p.m. and resumed its sitting at 5.45 p.m.</i>	<i>526</i>
The Tax Review: Phase 2 – Debate continued – Propositions 1 and 6-17 (as amended) carried.....	527
10. The Schedule for Future States' Business – Proposition carried.....	554
<i>The Assembly adjourned at 7.15 p.m.</i>	<i>556</i>

States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

Billet d'État III

POLICY & RESOURCES COMMITTEE

5. The Tax Review: Phase 2 – Debate continued

Propositions (as amended).

1 To agree that the longer-term financial position of the States of Guernsey is unsustainable and effective measures must be implemented in a staged approach to mitigate the challenges, particularly those arising from an aging demographic with increased health and care needs, requiring:

- delivery of expenditure restraint, savings and revenue raising;*
- the identification of a longer-term vision for Guernsey and an accompanying economic, social and environmental model;*
- the consideration of alternative funding models for capital projects;*
- the development and delivery of revised health and care models; and to agree that the work associated with this issue is a very high priority for government and resources need to be re-prioritised accordingly.*

EITHER

POLICY & RESOURCES' OPTION A

2. To agree and approve the following package of revenue raising and cost reduction measures which comply with the objectives agreed for the Tax Review and which will close the deficit by £80-90 million in total:

A) Development and implementation of a package of revenue raising measures designed to increase States' revenues by £50-60m by no later than the end of 2025 through:

- a. The introduction of a broad-based GST at a rate of 5%, as laid out in section 6, with minimal exemptions and zero rating, exemptions to include retail food and the exemption of clothes and books as sold by locally registered charities, such rate not to be increased for at least 10 years from the date of implementation; and amendment of the General Sales Tax (Enabling Provisions) (Guernsey and Alderney) Law, 2009 to limit the maximum rate of GST that may be provided for by*

Ordinance of the States to 5%, and inclusion in the Law provision for the approval of any resolution directing the preparation of legislation and any Projet de Loi intended to repeal or vary the relevant provision of the Law specifying the maximum rate of 5%, similar to that set out in Articles 3(4) and (5) of the Reform (Guernsey) Law, 1948 in respect of repeals and variations to that Law;

b. The introduction of a lower rate of income tax at 15% that applies to the difference between the first £30,000 of an individual's income, as calculated for the definition of "gross household income" under the Family Allowances (Guernsey) Law, 1950, and the personal and other tax allowances, mortgage interest relief and deductions for pension contributions they are entitled to;

c. An increase in the Personal Income Tax Allowance of £600;

d. A restructure of the Social Security Contributions system, as outlined in section 8, including that all contributors be entitled to an allowance set at the same level as the personal income tax allowance and be liable for contributions on all income regardless of source;

e. To include, within the Budget Report for 2024, a proposed policy to underpin any future changes in: personal allowances; the threshold for the lower rate of income tax; and the threshold for the withdrawal of personal allowances;

f. Prior to the implementation of a GST:

i. Increasing income support benefit rates by the percentage equal to the rate of GST applied to pre-empt the expected impact of the GST on low income households;

ii. Increasing the States Pension and other benefit rates by a rate equal to the forecast impact of GST on RPIX; and

iii. Making available a cost support scheme to households with a gross income of less than £33,000, who are not in receipt of income support, at 3 an initial rate of £450 a year for a single adult and £675 for a couple with a 30% supplement for households where all adults are above States' pension age; and incorporating within the uprating of such benefits in the subsequent January, any adjustment necessary to align the change in benefits with the actual impact of GST on inflation should this prove greater or less than the forecast amount;

g. Noting the intention of the Committee for Employment & Social Security to adjust the ten-year plan for increasing contributions each year, considering the resolutions following the debate on the Tax Review, in its annual Policy Letter on Contributory Benefits and Contribution Rates; and h.

Directing the Policy & Resources Committee to include appropriate transitional proposals in future States of Guernsey Annual Budgets, if required, to implement the above package of measures.

B) To direct the Policy & Resources Committee to:

a. Prepare the States of Guernsey Annual Budget for 2024 to include no real-terms growth in revenue expenditure, excepting the budget of the Committee for Health & Social Care;

b. Establish a Sub-Committee to identify and review essential community services and, working with Principal Committees and wider States' Members, consider where efficiencies, structural change, cessation, outsourcing and/or commissioning of those services could deliver significant savings, and to incorporate these into a medium-term plan for delivering overall cost reductions of at least £10m over five years to be considered by the States no later than July 2024 for incorporation into the States of Guernsey Annual Budget for 2025;

c. Review the Capital Portfolio and pipeline in light of the outcome of the debate and report back to the States by September 2023 with recommendations for

(i) any changes to scope or funding of the existing portfolio; and

(ii) (if in the view of the Policy & Resources Committee thought appropriate) amending the assumption for the level of capital expenditure contained within Principle 6 of the Fiscal Policy Framework; and

d. Include proposals with the Government Work Plan 2023 to reprioritise initiatives for which funding has not yet been released to the extent necessary to limit the additional expenditure to deliver these initiatives over the remainder of this term to a maximum of £5.7m, being 1% of the 2023 General Revenue budget.

C) To direct the Policy & Resources Committee to develop proposals for raising up to £20m further revenues from the corporate sector without unduly negatively impacting Guernsey's competitive

position or compliance with international standards, through engagement with industry and the other Crown Dependencies, which should be presented to the States for consideration no later than November 2023. This work to include examination of all the options set out in Appendix 3 plus an alternative corporate vehicle or other appropriate form of entity or taxing structure which will be subject to income tax at 15% or such other rate or basis as the review may determine.

OR IF 2 IS NOT APPROVED

POLICY & RESOURCES' OPTION B

3. To agree a package of revenue raising and cost reduction measures which will close the deficit by £80-90million in total through:

A) A series of measures to raise additional revenues through:

a. A restructure of the Social Security Contributions system similar to that outlined in section 8, including that all contributors be entitled to an allowance and liable for contributions on all income regardless of source, save it should raise £34m in total through one of or a combination of

(i) the application of higher contribution rates;

(ii) by setting the allowance lower than the personal income tax allowance;

(iii) reducing the range or restricting entitlement to contributory benefits, and directing the Committee for Employment & Social Security to report back with firm proposals in its Contributory Benefits and Contribution Rates for 2024 report in October 2023;

b. Directing the Policy & Resources Committee to develop proposals for raising up to £20m further revenues from the corporate sector without unduly negatively impacting Guernsey's competitive position or compliance with international standards, through engagement with industry and the other Crown Dependencies, which should be presented to the States for consideration no later than November 2023. This work to include examination of all the options set out in Appendix 3 plus an alternative corporate vehicle or other appropriate form of entity or taxing structure which will be subject to income tax at 15% or such other rate or basis as the review may determine;

c. Agreeing that all rates of domestic TRP should be increased by 50% in real terms over the five-year period 2024-2028 and directing the Policy & Resources Committee to include proposals in the States of Guernsey Annual Budgets for that period including examining the implementation of a deferral scheme for those on fixed incomes;

d. Directing the Policy & Resources Committee, working with the Committee for the Environment & Infrastructure, to develop proposals for increasing the revenues generated through transport by £10-15m above 2022 levels, such work to include consideration of distance charging, the application of an annual tax on the ownership of vehicles and paid public parking, and the bringing of proposals to the States by March 2024; and noting that the Policy & Resources Committee will bring proposals as part of the States of Guernsey Annual Budget for 2024 in relation to TRP on corporate parking; and

e. Including, within the States of Guernsey Annual Budget for 2024, a proposed policy to underpin any future changes in the threshold for the withdrawal of personal allowances.

B) To agree that, while increasing revenues, it is essential to control expenditure and deliver savings; and accordingly direct the Policy & Resources Committee to:

a. Prepare the States of Guernsey Annual Budget for 2024 to include no real-terms growth in revenue expenditure, excepting the budget of the Committee for Health & Social Care;

b. Establish a Sub-Committee to identify and review essential community services and, working with all Principal Committees and wider States' Members, consider where efficiencies, structural change, cessation, outsourcing, restricting access to and/or commissioning of those services could deliver significant savings, and to incorporate these into a medium-term plan for delivering overall cost reductions of at least £10-16m over five years to be considered by the States no later than July 2024 for incorporation into the States of Guernsey Annual Budget for 2025;

c. Review the Capital Portfolio and pipeline in light of the outcome of the debate and report back to the States by September 2023 with recommendations for

(i) any changes to scope or funding of the existing portfolio; and

(ii) whether the assumption for the level of capital expenditure contained within Principle 6 of the Fiscal Policy Framework should be amended; and d. Include proposals with the Government Work Plan 2023 to reprioritise initiatives for which funding has not yet been released to the extent necessary to limit the additional expenditure to deliver these initiatives over the remainder of this term to a maximum of £5.7m, being 1% of the 2023 General Revenue budget.

C) To note the lack of certainty regarding the deliverability of these proposals and therefore to direct the Policy & Resources Committee to monitor progress and impact on the deficit and report back, if required, by December 2024 to set out any further measures necessary to address the sustainability of the financial position.

OR IF 3 IS NOT APPROVED

POLICY & RESOURCES' OPTION C

4. To:

a. Confirm that the Committee for Employment & Social Security should continue with its agreed plan to increase contribution rates each year for a period of ten-years from 2022 in order to make the social security schemes sustainable through raising an additional £34m; and Direct the Policy & Resources Committee to:

b. Develop proposals for raising up to £20m further revenues from the corporate sector without unduly negatively impacting Guernsey's competitive position or compliance with international standards, through engagement with industry and the other Crown Dependencies, which should be presented to the States for consideration no later than November 2023. This work to include examination of all the options set out in Appendix 3 plus an alternative corporate vehicle or other appropriate form of entity or taxing structure which will be subject to income tax at 15% or such other rate or basis as the review may determine;

c. Establish a Sub-Committee to identify and review essential community services and, working with Principal Committees and wider States Members, consider where efficiencies, structural change, cessation, outsourcing, restricting access to and/or commissioning of those services could deliver significant reductions in the cost of public services, and to incorporate these into a medium-term plan for delivering overall cost reductions of between £30-35m to be considered by the States no later than July 2024, to include an implementation plan and timeline;

d. Review the Capital Portfolio and pipeline in light of the outcome of the debate and report back to the States by September 2023 with recommendations for

(i) any changes to scope or funding of the existing portfolio; and

(ii) whether the assumption for the level of capital expenditure contained within Principle 6 of the Fiscal Policy Framework should be amended;

e. Include proposals with the Government Work Plan 2023 to reprioritise initiatives for which funding has not yet been released to the extent necessary to limit the additional expenditure to deliver these initiatives over the remainder of this term to a maximum of £5.7m, being 1% of the 2023 General Revenue budget; and

f. To note the lack of certainty regarding the deliverability of these proposals and therefore to direct the Policy & Resources Committee to monitor progress and impact on the deficit and report back, if required, by December 2024 to set out any further measures necessary to address the sustainability of the financial position.

OR, IF 4 IS NOT APPROVED

FAIRER ALTERNATIVE 2 – OPTION D

5. Stage 1

A) To agree not to introduce a broad-based GST.

B) To direct the Policy & Resources Committee to implement a package of expenditure reduction and progressive revenue raising measures by:

a. preparing the States of Guernsey Annual Budget for 2024 and 2025 to include for each year a £4m real-terms reduction in revenue expenditure;

b. including in the States of Guernsey Annual Budget for 2024 proposals for a new 'Community & Infrastructure Contribution' from corporate entities to raise up to £20m;

- c. increasing the Personal Income Tax Allowance by £400 no later than the end of 2025;*
- d. increasing the current personal tax caps of £150,000 and £300,000 to amounts that the Committee believes are appropriate, taking into account the need to generate additional revenue and to ensure that any increased caps do not unduly negatively impact Guernsey's competitive position particularly, with regard to Jersey;*
- e. including in the Budget Report 2024 proposals, in line with the existing States' direction to raise revenues from those most able to bear the burden, to raise up to £2m in real terms annually from domestic properties with a TRP of 300 and above and examining the implementation of a deferral scheme for those on fixed incomes;*
- f. bringing proposals as part of the States of Guernsey Annual Budget for 2024 in relation to TRP on corporate parking; and*
- g. working with the Committee for the Environment & Infrastructure to consider the opportunities to raise a minimum of £5m annually in developing proposals for an Open Market inscriptions policy and the Open Market Transfer Register (as set out in the Population and Immigration Policy Review Policy Letter dated 5th September 2022) and to make any necessary recommendations to the States before the end of 2023.*

C) To approve the development and implementation of the following changes no later than the end of the current States' term:

- a. A restructure of the Social Security Contributions system, as outlined in section 8 of the policy letter, save for a reduction in the employer contribution rate to 7% in respect of any employee over the retirement age for States Pension purposes; and*
- b. That for Income Tax and Social Security Contribution purposes, the totality of each individual's allowances and withdrawable deductions are reduced at a ratio of £1 of allowances and withdrawable deductions for every £5 that that individual's calculated income is above £80,000 (such limit being pro-rated in the year of arrival or departure, based on the proportion of time spent in Guernsey in the relevant year).*

OR, IF 2, 3, 4 OR 5 ARE NOT APPROVED

5A. OPTION E

To:-

- a. Agree that the States' revenue budget faces a very significant structural deficit but that the challenge of agreeing a single package to resolve the forecast £85M medium term shortfall has proven too politically challenging to be achievable, and that therefore it needs to be split into two tranches, with the first approved by this assembly, and the second by the Assembly of 2025-2029*
- b. Direct the Policy & Resources Committee to report back to the States by November 2023 with detailed proposals to raise up to £20M in increased corporate taxes or charges;*
- c. Direct the Policy & Resources Committee to report back to the States by November 2023 with proposals to raise an additional £6M in property taxes, with the focus on raising the bulk of such sums from the largest properties;*
- d. Direct the Policy & Resources Committee to investigate and report back to the States on the introduction of a property tax deferral scheme which could be accessed by those for whom TRP bills could induce hardship;*
- e. Agree that, despite the high duty currently on motor fuels, taken in the round Guernsey taxes motoring very modestly compared to many other jurisdictions and that the total quantum of such taxation should be increased from circa £20M per year to circa £30M per year;*
- f. Direct the Committee for the Environment & Infrastructure and the Policy & Resources Committee to report back to the States by November 2024 with detailed proposals on the best way to implement the increases in motoring taxes referred to in e. above;*
- g. Direct the Committee for Employment & Social Security to implement the proposed reforms to social security contributions as set out in section 8 of the policy letter;*
- h. Note that the proposed reforms to social security contributions will only raise an additional £19M per year, compared to the additional £34M per year which the Government Actuary has estimated*

is needed to make the insurance funds sustainable and therefore a net contribution of £15M per year will be required from general revenue;

i. Direct every States' Committee to consider how they can make revenue savings by efficiency measures, service reduction, or outsourcing, and to instruct the Policy & Resources Committee to set up a sub-committee to coordinate these efforts;

j. Note the revenue raising measures set out above will only raise circa £55M per year [before any revenue savings] and as such fall short of the predicted medium term revenue shortfall;

k. Direct the Policy & Resources Committee to report back to the States by November 2026 with a second tranche of measures needed to tackle and the remaining structural deficit which may exist after the implementation of the measures set out above.

Stage 2

6) To direct the Policy & Resources Committee through engagement with Principal Committees and wider States' Members to review the Capital Portfolio and pipeline in light of the outcome of the debate and report back to the States by March 2024 with recommendations for:

i. any changes to the scope or funding of the existing portfolio; ii. alternative funding mechanisms including borrowing; and

iii. (if in the view of the Policy & Resources Committee thought appropriate) amending the assumption for the level of capital expenditure contained within Principle 6 of the Fiscal Policy Framework.

7) To direct the Policy & Resources Committee to establish a Sub-Committee working with Principal Committees, the States' Trading Supervisory Board and wider States Members, and after effective engagement with the community, to identify and review essential community services and to consider whether structural change, cessation, outsourcing and/or commissioning of those services could deliver significant savings having regard to:

- the relevance of universal offers in the provision of services;*
- value for money and the opportunities for potential efficiencies in service delivery;*
- the operating models for the States' trading assets; and to incorporate these into a medium-term plan for delivering overall cost reductions of at least £10m-£16m over five years to be considered by the States by the end of 2024.*

8) To direct the Policy & Resources Committee, working with Principal Committees and wider States' Members, and after effective engagement with the community, to identify a longer-term vision for the island and an accompanying economic, social and environmental model and report back by the end of 2024.

9) To direct the Policy & Resources Committee to establish a sub-group to take forward the work on the investigation of changes to the tax system, with terms of reference as set out in the attached schedule and to report back with proposals and recommendations as work progresses.

10) To direct the Policy & Resources Committee, working with the Committee for the Environment & Infrastructure, to investigate annual revenues generated through transport, such work to include consideration of fuel duty, distance charging, the application of an annual tax on the ownership of vehicles and paid public parking and to report back to the States by the end of March 2024.

11) To direct the Policy & Resources Committee, working with the Committee for Economic Development and in consultation with industry to consider, in lieu of GST, the opportunities to raise up to £2m annually from the visitor economy including consideration of the use of a visitors' levy by the end of March 2024.

12) To direct the Policy & Resources Committee to provide an estimate of the structural deficit, if any, in future annual budget reports.

13) To note that the Policy & Resources Committee has commenced a project to review the package of terms & conditions for new public servants and redundancy policies, and to direct: that this include consideration of the closure of the public servants' pension scheme to new entrants and offering a defined contribution pension scheme; and to report back by the end of September 2024.

14) To agree, that to better enable commissioning of services, the Transfer of States Undertakings (Protection of Employment) (Guernsey) Law, 2001 shall be reviewed jointly by the Policy &

Resources Committee and the Committee for Employment & Social Security and to direct the Committees to bring to the States proposals for updating and improving the effectiveness of such legislation by the end of 2023.

14A) To rescind Resolution 14 on Billet d'État No XV of 2021, dated 21st July 2021, (relating to the Government Work Plan 2021-25, P. 2021/71), and

(a) in respect of capital votes already opened further to the authority of that Resolution, to confirm the authority conferred under that Resolution to the completion of those schemes, and

(b) in respect of capital votes not yet opened under the authority of that Resolution, to agree the assurance and approval pathways for capital projects as set out in paragraphs 9.5 to 9.8, and 9.10 in the Funding & Investment Plan at Annex 5 of the 2021 GWP in Billet d'État No XV of 2021, and to delegate authority to the Policy & Resources Committee to approve the opening of capital votes on projects with an estimated cost of up to £5m.

14B) To direct the Policy & Resources Committee jointly with the Committee for Employment & Social Security, in consultation with the Principal Committees and relevant stakeholders: -

(a) to examine current unemployment and non-employment levels in Guernsey and Alderney and compile a report which shall include proposals designed to help, and provide opportunities for, all who could be economically active to enter into, or back into, employment, including proposals intended to remove obstacles that restrict those who wish to work on a full-time basis from so participating in the workplace, and

(b) to report back to the States, by no later than the end of January 2024, with their conclusions and proposals and with suitable recommendations for the States to consider. 15) To endorse the intention of the Policy & Resources Committee to approve funding from the Budget Reserve to implement the proposals and direct the Policy & Resources Committee to prioritise the actions arising from the above propositions in the Government Work Plan.

16) To direct the Policy & Resources Committee to report back on the impact of the measures arising from the above propositions by June 2026 and, if required, set out any measures necessary to address the sustainability of the financial position.

17) To direct the preparation of such legislation as may be necessary to give effect to the above decisions. 12

The States' Greffier: Billet d'État III, Article 5 – the continuation of the debate.

The Bailiff: Members of the States, I hope that you have on your desks in front of you the Propositions as they currently stand as we enter general debate.

Deputy St Pier and Deputy Leadbeater, is it your wish to be relevé?

Deputy St Pier: Yes please, sir.

Deputy Leadbeater: Yes please, sir.

The Bailiff: We will deal with that before I forget, which is a good start.

I have also had an enquiry from one Member who has indicated that when these matters were being debated in January he said that he was speaking in general debate as well as on one of the amendments and I have a number of notes from those who spoke in particular on Amendment 4 which, at that time – it seems such a long time ago, doesn't it? – but at that time was the main alternative option recording who spoke then.

I am satisfied that it is appropriate that those who indicated that they were speaking in general debate then should not be held to that now because, of course, we now have five different options to choose between; and therefore for those Members who had given that indication – and I will even extend that to Deputy McKenna who only did this on Wednesday – they are at liberty to speak in general debate. However, we do only have today to try and conclude the debate on this matter

25 unless these Propositions will go off to next month, which is the default position, and therefore I would encourage Members to be succinct if they can in what they have to say.

But we now start with general debate.

Deputy Aldwell.

30 **Deputy Aldwell:** Thank you, sir.

So, we face round two of the Tax Review, more ideas have come forward which may or may not be palatable for Islanders and really tax rises are never palatable for anyone at any time in whatever form they take. But my job as a Deputy is to look at all the options on the table and decide what is the fairest option, especially protecting those vulnerable Islanders on low incomes. (**A Member:** Hear, hear.)

35 Sir, over the past few weeks talking to Islanders about the tax debate there has been much nostalgia spoken reflecting on the good old days and how Guernsey seemed to be a much nicer place to live back then, a slower pace of life, everyone recalled being so much happier. And I think what has actually changed are our expectations.

40 Back in the 1970s, 1980s and probably the 1990s, yes, we had a booming mixed economy. Guernsey had a large fishing fleet shipping tonnes of fish in Vivier boats to Bilbao in Spain, to Venelles in France and truckloads to the English markets. We had a booming growing industry shipping out thousands of boxes each year of flowers by air and Ro-Ro to all the UK markets; and we were a bucket-and-spade destination with thousands of tourists packing our beaches and hotels putting on cabaret evenings and huge hire car fleets in the 1980s swarming the hotels at £3.75 a day, power boat world championships and more night clubs than you could shake a stick at. (**A Member:** Hear, hear.) Guernsey was certainly booming.

50 But we also worked extremely hard and I know most of my friends who were working in an office during the day worked in the hotels in the evening. My father, a policeman, also drove buses and painted houses to make ends meet. My grandmother took in visitors for bed and breakfast in her spare bedroom, as many did. Relations worked all day and bunched freesias till dark, and then dug over the garden or steamed the greenhouses. The Guernseymen had very little leisure time. They certainly had no need of a gym to keep them fit.

55 Very few people had central heating, double glazing, most had coal fires and may have had a back boiler to heat water. In the 1960s, 1970s and 1980s Islanders left for Australia, Canada and New Zealand which was the same as the 1880s and between each of the wars. Young people have always emigrated for what they perceive as a better life due to the lack of housing or work.

60 In the good old days our weekly outgoings were very different from today, a wage packet on a Friday covered the food, the rent or a mortgage, electric and coal. There was very little money left over for the luxuries, such as a holiday. Expectations were very different, we did not have a great list of 'I must haves' because they probably had not been invented. Husbands and wives did not have expensive mobile phones, monthly charges, satellite or cable TV; we did not even have credit cards or expensive car loans. Shopping was not online, it was on the high street or in the supermarket with cash or a cheque. We had no pre-prepared meals from Marks & Spencer and it was seasonal food. Having a coffee meant a Maxwell House or a Nescafe with or without milk; or, for my parent's generation, it meant taking a flask.

65 Back in the old days we had several private bus companies which covered the whole Island without a subsidy of millions. But not everyone had a car. We certainly did not have the worldwide web but it has opened our eyes, not only as consumers but we could also look at other jurisdictions, we could investigate and see what services are offered in large jurisdictions. The world became a much smaller place. We wanted the same and so we have expanded services and our services have changed significantly over the past 30 years.

70 Deputy Brouard has spoken out about the Islanders constantly contacting him for more services and I wonder if people forget we did not have a medical specialist group until 1992, Islanders would have probably needed to go off Island for an operation, let alone the vast array of services HSC offer now, including the very expensive NICE drugs.

Budget cuts are extremely difficult in any committee because fundamentally we all want to do the very best for Islanders whether they are in our education system, health system or justice system. It has been stated that we could cut budgets by not budgeting for higher grades of members of staff. But, for an example, Education: is it better to have the option of an experienced teacher or do we always have to have a cheaper, newly qualified teacher to teach specialist subjects? Is it better in Home Affairs to have an option of an experienced officer, or should we always take on new recruits when experienced officers are retiring?

It has been said many times in Home Affairs that the Town Fire & Rescue and the Airport Fire Service should be merged and it certainly is being looked at by officers. But they have a very different role and are trained in very different ways and we will always require a fire service at the airport and a fire service centrally. Savings probably could be made, but probably not huge savings.

It has also been said many times that a primary review needs to take place and it is phased in for the next Committee in 2025. It has been mentioned many times about all the free places available across the Island. And actually there are six year groups in primary which involve 11 primary schools and some have up to three class intakes, but mainly two. Intake can be very different from year-to-year and from school-to-school and what might be a three-class intake one year may be a two-class intake the next in reception. So there may be spaces in one year group but not in another and so what seems simple at first glance, it certainly is not.

Cutting budgets also affects maintenance of our property portfolio and we all know in previous terms the States have not been good on this record. Having attended school committee meetings each term I can testify that in the majority of school sites the general maintenance is shocking; and each meeting of the school committees I attend I would return with a report of a long list of outstanding maintenance from exasperated school committee members and relay them to the Property Team. And as an example, the last round of governance meetings with my governor's hat on, I attended a school I had not been in since my son attended 20 years ago and as I walked around the site I realised that it had not been painted for 20 years! And this was confirmed by my son's teacher of the time.

Deputy Prow has stated we have our police station which is not fit for purpose as a modern police station. It was built in 1742 and enlarged up until 1824 as a town hospital, the Island's workhouse. Our Island needs to evolve to meet our Islanders needs and investing in our young people is key to building our economy, as previous generations have had the foresight to do.

In the 1950s we built Les Beaucamps to train our young people with the skills that they would need to boost our economy post-war. Pushing forward, in the 1960s, we built St Peter Port Secondary, and in the 1970s La Mare de Carteret Secondary; and in the 1980s we amalgamated the boys' and girls' grammar schools at Les Varendes and we built the Le Coutanchez as a College of Further Education.

Les Beaucamps was rebuilt as St Sampson's in the 2000s; and now, from the plans drawn up in 1990 – Deputy Oliver informs me – and the vision of the Education Council of 2002, we are taking the promise of 33 years building a new post-16 campus at Les Ozouets, allowing us to boost our economy by investing in our young people, giving them skills and home-growing our own workforce, as previous Assemblies have had the foresight to put in place over the past seven decades.

We are investing in our health on the PEH Campus; we are investing in education in Les Ozouets campus; and we also need to invest in our modern-day law enforcement, which keeps our Island safe and secure. We can continue to cut budgets but we cannot continue to ignore the maintenance of our property portfolio which in some areas is shocking. How can we expect people to come and invest in our Island if we do not have the faith and invest in it ourselves? I am sure savings will be found but as has been said before it will mean service cuts, and Islanders will have to realise that we may have to go back to the good old days and when we get there realise that maybe they were not as good as we remembered. Our expectations are very different.

Thank you, sir.

130 **The Bailiff:** Deputy Dyke, although you managed to break one of the cardinal conventions within this Assembly by crossing in front of the Member who was speaking and me. Is it your wish to be relevé?

Deputy Dyke: Oh, terrible, apologies, sir. Yes, please.

135 **The Bailiff:** I will mark you as present. If nobody else is rising I will turn to the President to reply to the debate please. *((Interjections))*
Members, it is important that we do not lose time.
Deputy Queripel.

140 **Deputy Queripel:** Thank you, sir.

I need to correct the statement made by Deputy Oliver yesterday, because she said she would have faith in the States if we were nimble. But we are not nimble because we do things like spend two days debating bonfires. Now, the way she phrased that statement, sir, sounded as though she was inferring *this* States debated bonfires for two days, but it was not this States that debated the
145 bonfire issue it was the States back in early February 2017, and we did not debate bonfires for two days. The debate was on an air pollution policy letter laid by E&I and therefore it was only right and proper that bonfires were going to be debated at some stage.

The debate on air pollution began mid-morning on 4th February. We then had our normal two-hour lunch break and resumed debate at 2.30 p.m. The air pollution debate concluded mid-
150 afternoon, then we debated a Home Affairs policy letter on the housing law. The one-day debate finished at 11 minutes past five, so the air pollution debate took about four hours.

Deputy Mahoney: Point of order, sir.

155 **The Bailiff:** Point of order, Deputy Mahoney.

Deputy Mahoney: I just wonder what the relevance of this is to what we are actually discussing? This is not about air pollution this is about a tax review.

160 **The Bailiff:** I am going to accept that point of order and take the opportunity for all Members to remind you of Rule 17(6) that debate must be relevant to the matter before a meeting. This is not an opportunity for anyone to pick up on anything that has been said in relation to an amendment. This is an opportunity to debate the Propositions as they currently stand and effectively indicate, if Members so wish, which of the options they prefer.

165 Can we please try and confine debate to the Propositions, Deputy Queripel and others.
(A Member: Hear, hear.)
Deputy Queripel to continue, please.

Deputy Queripel: Sir, with the utmost respect I am responding and trying to correct the
170 misleading statement made by a Member in this debate.

The Bailiff: Deputy Queripel, the opportunity to do that was yesterday, not today. Can you just concentrate on the Propositions, please?

175 **Deputy Queripel:** I will, sir.

To clarify that though, sir, is it purely the Propositions? We cannot expand, like Deputy Aldwell was allowed to expand on Guernsey of the past?

The Bailiff: Deputy Aldwell has had her speech. How relevant it was will be for other Members
180 to judge in relation to the Propositions. All I am trying to do is to say if everyone wants to speak in

this matter – and it is possible that everyone will want to speak at some point during the course of today – I do not mind how long you stay into the evening but there is only a finite time even if we shorten the lunch hour to get through this debate. (**A Member:** Hear, hear.) So that is why I am encouraging people to concentrate and simply speak to the Propositions and the options that are there.

Deputy Queripel to continue.

Deputy Queripel: Sir, thank you.

I will just dispense with some of my pages in my speech then, I guess. But I do find this rather restricting, sir, because it means I cannot comment on things that have been said and I cannot comment on anything else, in your view, except the Propositions. (*Interjections*) So I am going to have to spend a moment, sir, just sifting through my pages.

Sir, I will continue to rally as I said in my manifesto of 2020, against GST, because it would impose yet another burdensome and costly layer of red tape upon local businesses at a time when, for the sake of the economy, we need to be facilitating and supporting our retailers and traders. (**A Member:** Hear, hear.) Any changes to our tax system in order to raise additional revenue, if it is genuinely needed, needs to be fair, equitable and balanced. The ability to pay must be a key consideration in any plans to reform our tax system. I do have my manifesto with me, sir, if any colleagues would like to see it.

So I believe it is absolutely essential that we not only retain as many people as possible here in the Island, but we also do our very best to attract them to the Island; and when two of our wealthiest residents, who also happen to be two of the wealthiest people in the world, say that the wealthy people here on the Island should be paying more into the system, then we really do need to take notice of what they are saying and act upon it. Those two people, of course, being Mr Guy Hands and Mr Stephen Lansdown.

Sir, I am going to just venture into something I did intend to say, you might rule me out of order, but I just wanted to bring this point to the attention of the Assembly. I have a receipt from the Co-op and it says 'GST paid, total tax nought'. I find that rather perplexing because I do not usually look at my receipts, I do not even take my receipts normally, so I am hoping some of my colleagues can enlighten me on why the Co-op are doing that and if other shops are doing that.

So I will get down to basics –

I give way to Deputy Gabriel. But before I do, sir, I will remind colleagues that the more anyone is asked to give way, the longer someone's speech takes.

Deputy Gabriel: I was just helping Deputy Queripel out with his receipt issue. The Channel Island's Co-op, the clue is in the title: Channel Island business, Jersey charge GST, it is probably one-system-fits-all.

Deputy Queripel: I appreciate that, sir, but it has never been on a receipt in the past, it is only recently.

So I want to get down to basics. The public has said no to GST, we are all aware of that, many of us in the Assembly resonate with that. The public have not said they are opposed to any other tax increases such as TRP and Income Tax, for example; and members of the public have told me, and they have told my colleagues in emails that they are only too aware that they need to pay something somewhere along the line in addition to what they pay now, either via an increase in TRP or Income Tax or any other tax, health tax for example.

They do not want us to bring in GST and 2,500 people made that perfectly clear at the rally against GST on 22nd January. But that has been somewhat exaggerated and some people are saying 5,000. But I stood on the stage in Market Square for quite a while and it is quite easy to count a group of people, you count them in blocks of 20 and I got to 2,500 just about with room at the back of the Square for at least another 500. But 2,500 is a very impressive figure.

So the majority of the community appear to understand that there will need to be some pain somewhere along the line. But what they have made clear in no uncertain terms is that they are not prepared to pay and do not want to pay the GST.

235 Now, I have said on more than one occasion, introducing GST in the Island makes no sense at all to me, because by the time we have laid out additional funds on salaries to employ extra staff to administer GST, and by the time we have given a lot of it back to people who are claiming Income Support we will be left with very little anyway, which to me negates the whole reason of bringing GST in, in the first place.

240 I want to just look at the whole Income Support issue for a moment because that does relate directly to these Propositions. Families and Islanders who do not need to apply for Income Support *currently* will need to apply for it if we bring in GST. I believe I am right in saying those that will qualify for it are the low- to middle-earners and the upper-middle earners. So you could earn perhaps £60,000 to £70,000 and still need to apply for Income Support if GST comes in. How are those parents and children and people going to feel knowing they were once able to survive without going cap-in-hand for benefits, without relying on the States for benefits, when their very existence will rely and depend on the benefit we call Income Support, from the States?

250 Sir, there will be a cost to consider. It will be demoralising for many of our fellow Islanders and that is a great cost we have to be aware of, that we are going to have to pay. How do we expect them to deal with that demoralisation of having to rely on Income Support to survive? I suspect what will happen is there will be a huge increase in demand for antidepressants.

255 The biggest mistake P&R and Deputy Roffey made, in my view, was in saying, initially they said this: it is either GST or we cut services. That was the headline. There was nothing about mitigation measures, it was a bold headline: 'It is either GST or we cut services'. So they did not take the public with them, purely because they went along with that headline. But of course we know it is not GST or cut services, we know there are many other things we could do which is why I am looking to support Option A. In fact the only option I am going to support is Option D.

260 Some Islanders I have spoken to have said they felt P&R and Deputy Roffey were trying to fool people. Now, I do not think that was the case all. What I think happened was they got caught up in the mantra and did not pay anywhere near enough attention to their levels of communication. So I hope they have learnt a lesson from this.

265 Deputy Ferbrache, in his opening speech, referenced two song titles. He referenced *Tie a Yellow Ribbon Around the Ole Oak Tree*, which was a hit for Dawn back in the 1970s, in relation to the red ribbon that has been adopted by campaigners; and he also focused on *Words*, which was a hit for the Bee Gees. He said this debate cannot just be words and of course he is right.

There are a whole load of other song titles that you could relate to this whole debate. *Hole in My Bucket* is one that springs to mind, a hit for Harry Belafonte and Odetta in 1961. The relevance to this issue here and the P&R proposals, is that their proposals were never going to hold water.

270 And in relation to Islanders saying to me that P&R and Deputy Roffey were trying to fool people, well the song title that springs to my mind is *Won't Get Fooled Again* by the Who in 1971. Deputy Le Tissier is thumping his lap, sir, I think he was going to perhaps refer to that song in his speech.

275 They were trying to fool everyone by saying it is either GST or we cut public services but of course P&R could have countered that by coming back with a song that was a hit for the Animals in 1965 *Please Don't Let me be Misunderstood*. On the issue of the last two titles in particular many members of our community see the Members of P&R and Deputy Roffey as the bad guys and it was a sad sight to see them harassed and even sworn at on entering the debate back in January. I do not share the views of the public, who say that Members of P&R and Deputy Roffey are the bad guys, but they have come up with what they truly believe is best for our community and they should be commended for that, they have been sincere, they have been genuine, they should not be criticised and insulted.

280 I think I have proven over the years I have no time for personality problems and stabbing one another in the back, not only in this Chamber but outside in the community. That sort of behaviour is beneficial to nobody and detrimental to everybody. But they did go about communicating their

message in the wrong way completely. They do not need anyone to tell them that how important it is to take the public with you on the journey. Although I did tell them that in a Teams meeting in November, when I asked if they agreed with me and they said they did, but they did not do what they should have done.

I want to just focus for a second on the issue of listening to an industry body. Three of my colleagues told me I should do that, sir, when I said I could not make up my mind which way to vote on the amendment that Deputy Parkinson and Deputy McKenna laid in front of us in January. It was Deputy Mahoney, Deputy Moakes and Deputy Trott who said I should listen to an industry body to enable me to make up my mind. In relation to that it was Deputy Helyar who also said 'Industry do not want this' referring to the amendment; and I replied to that comment by saying the people of Guernsey said they do not want GST, but P&R and Deputy Roffey are determined to pursue it right until the bitter end.

GIBA are the only industry body that have come out and said they are in favour of GST. The Chamber of Commerce, the Institute of Directors, the Confederation of Guernsey Industry, the Guernsey Retail Group – the list is endless – have all said they are totally against introducing GST and have pleaded with us not to introduce it. So surely, sir, colleagues in the Assembly who advised listening to an industry body, really do need to listen to what all those groups have said, because that is the vast majority of industry as well as most of the rest of Guernsey who are totally against introducing GST here.

I will dispense with those couple of points there.

Sir, moving towards close, as I said in my speech on the Deputy Soulsby and Deputy St Pier amendment, I am all in favour of Option D, except for Proposition B)a which asks for a reduction in revenue expenditure for 2024 and 2025 of £4 million a year. I am against it because that will severely impact on Departments being able to carry out the work they need to do. Vital services would probably be a victim because, of course, that is the easy way out just cut the service – save money, cut the service. Money could be taken away from areas that Members feel do not *need* that sort of funding.

One of my great fears is – and I know that we give very little to the sports and the arts, we give something like £140,000 to the arts and something like £250,000 to sport, which is less than half a million. But it is a fact: the vast majority of governments all over the world take money away from sport and the arts when times get tough, because they do not understand the value of either of them to the community.

I have every faith my colleagues do understand the value of sport and the arts to the community, but if any of them are thinking of looking to cut funding for the arts and sport, I would ask them to go and talk to the members of staff at the Arts Commission and the Sports Commission to find out what an amazing job they do in the Island, and to find out the volume of work they get through and all the events they put on. Because if you want to take money away from sport and the arts you will be impacting the well-being of the community. So, it is absolutely vital that any Member of this Assembly who is thinking of removing funding from arts and sport, go and talk to the guys that work at the Sports Commission and the Arts Commission and you will be *amazed* at the work they do and what they do year-in, year-out.

Sir, I am only too aware I have violated my New Year's resolution, it would have been the longest speech had I been allowed to include at least six pages I have dispensed with. My New Year's resolution, of course, was to keep my speeches short, snappy and concise. (*Interjections and laughter*) In my experience, sir, most people violate their New Year's resolutions once the novelty has worn off anyway, so my conscience is clear.

Two final points before I close, I just want to point out to members of our community, Deputies are not exempt from any tax increases, we pay tax as well; we will pay all the increases we vote for despite the fact that quite a few members of the community believe we are all on £100,000 a year, most of us earn around £40,000 a year. So the increases will impact on us as well and Deputy Oliver made a very passionate speech yesterday about the increasing cost of living, ever going upwards,

335 impacting on her family. I think it is important to get that message across: Deputies are not exempt from tax increases we pay taxes, too.

And in closing, Deputy Ferbrache also said in his opening speech in January, he was totally perplexed as to why *Sweet Caroline* was played at the rally in Market Square. Well, sir, it was played because it is known as a crowd-pleaser. (**A Member:** Hear, hear.) That is why it was played, it is known as a crowd-pleaser; and isn't the job of every Government to keep the people happy? 340 (*Interjections*) I say 'Hear, hear' to that, sir. (*Laughter*)

Thank you, sir.

The Bailiff: Deputy Le Tocq, is it your wish to be relevé?

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Deputy Le Tocq: Yes, sir.

The Bailiff: Deputy Burford.

350 **Deputy Burford:** Thank you, sir.

I will be brief. I have not entirely made up my mind which way I am going to vote, I will certainly vote for one option, I may vote for more than one in the sequences it goes through. However, I will listen with interest to the speeches made by the proposers of the different options when we get to them. I like numbers and I just want to make a little point before I sit down, on numbers. If everyone 355 speaks today we have got about eight minutes each. On the basis of the speeches that we have had so far, not including this one, averaging them out we are on target to finish at 9.30 p.m. tonight.

Thank you.

The Bailiff: Deputy Meerveld.

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Deputy Meerveld: Thank you, sir.

I will try and keep my speech under eight minutes to allow time for others.

Since I was elected in 2016, I have had a constant desire to have a discussion about the size and style of Government we have; whether or not this Island desires a nanny state that does everything 365 for you, that panders to every minority group and serves everybody's interests and is expected to solve everybody's problems for them. Or whether they want a more utilitarian government that simply provides the basic services and requires personal responsibility for each person to take care of their issues. The fact is: I think Guernsey is a generous society.

I think given the choice the majority of people would be willing to pay a bit more tax for a slightly 370 larger Government that is more generous and more providing but they want to know what that is. They do not want to see this constant creep towards the woke nanny state that we seem to have now – and it is not just us, it is all western governments. That, with ever increasing costs, I want to see it defined.

P&R have been asking for feedback on the tax proposals since the beginning of this term and I 375 have been saying repeatedly to anybody who would listen 'This is the discussion we need to have.' You decide what size and style of government you want and you can afford. From an individual's perspective, what kind of lifestyle you want and what lifestyle you can afford; and then you cut your cloth accordingly to the amount of revenue raised and you ... adjust your revenue-raising for it.

The fact is, if you want a nanny state then you start looking at Scandinavian-style taxes and they 380 range from 53% to 57% Income Tax and that pays for a nanny state. But Guernsey has progressively introduced various measures, and I have seen them voted through. Since I have become a Deputy, I have seen numerous examples voted through which will increase costs progressively, in small increments, but it all adds up over time.

385 So, how does this impact on the GST debate and why am I so fundamentally opposed to it? GST has its merits, it is a broad-based tax and with the mitigation that P&R propose putting in place it would have mitigated much of the regressive nature of it and the negative impacts. But my

fundamental problem with GST is it does two things: it perpetuates the problem, it enables this Government to carry on introducing nanny state-type measures, pandering to minorities because it generates revenue. And it is all too easy to increase in the future when *more* propositions are brought forward for this Government to do, to expand the base of what Government provides to the public.

The other thing is it increases Government, Day 1. As soon as you approve it you are looking at hiring new people to administer and implement GST. You are putting more costs on the private sector, you are affecting productivity around the entire economy, so it has massive negatives. I have said right from the start, and every time I have spoken about GST and my resistance to it I have said that rejecting GST is the start of the really hard discussion, the really hard conversation about what size and style of government we want.

The fact is that some of the sacred cows will not be protected from that conversation, it has to cover everything we do as Government and even things like pensions, which are unsustainable. The current pension schemes that governments around the world are providing is effectively a Ponzi scheme. I will not bother wasting people's time today with a description of the history and statistics, but I will just leave that statement to stand.

So, I am obviously not going to vote for Option A, what are the alternatives? Well, I am very grateful to P&R and Deputies Heidi Soulsby and Gavin St Pier because since the January debate when it was very much a stark black-and-white choice – GST or nothing – P&R have brought forward other options. Of course, they do not favour them because they have determined that GST is the most effective way to address the issue directly, but they have at least put them on the page to enable us to make choices.

Deputies Soulsby and St Pier have also come back with a comprehensive proposal coming from a different perspective. I must admit that there are many elements of what is termed 'Option D' or 'Proposition 5' that are attractive; but for me it does not go far enough, it does not enable that difficult conversation to start and for us to address issues later. The problem with anything that does not address the issues now and gets us making those decisions and having those conversations, is that we are just pushing the can down the road. We are kicking the can down the road and another government will end up having to face them. So I say, let's get on with this. Let's have those difficult conversations now.

Option D, Proposition 5 unfortunately is a bit of a fudge. It looks good on paper, it does not raise anywhere near the amount of revenue required, it does not address the big issues, it really pushes into the next term. And, although they are not here to hear it, I am sure they would not deny that in the last term Deputies Soulsby and St Pier were the main proponents for introducing GST! Now they seem to have switched their position 180 degrees but I do fear, as was highlighted by the question posed by Deputy Ferbrache, previously in debate, that their intention would be, if option D is approved, to push it down the line until after the next election, and then bring back the proposal of GST because Option D did not raise the money.

So what are the options? How can we put together a package? Well I have had confirmation from the Presiding Officer that regardless of which option is voted on – so A, B, C, D or E – Propositions 6 through 17 are still on the paper to be voted on. Now, this presents us with an interesting opportunity, we could vote for any of the overall approaches – A through E – and then we can cherry pick, because we can vote on them individually, all the Propositions from 6 through 17 and they would cover a whole load of mitigating measures, alternative fund-raising initiatives, cost-cutting initiatives, there are a lot of good ideas provided in there by Deputies Heidi Soulsby and Gavin St Pier and the excellent amendment laid yesterday by Deputy Leadbeater. They are all incorporated in there.

So I will tell you what I am going to be doing. I am going to be voting for Option C. Now, C is the most draconian of cuts but then within 6 through 17 there are mitigating and fund-raising measures within there. By voting for C we have the hard conversation; by voting for 6 through 17, I am minded to support all of them except possibly 2, which I will go into in a second. That gives us

that compromise measure, it gives us initially a hard look at how we spend money and what we do as a Government; but then other ways we look at raising funds and expanding our economy, etc. –

440 I will give way to Deputy Trott.

Deputy Trott: Thank you, sir.

Deputy Meerveld, when he rose, promised to complete his speech within eight minutes, he is now over that timeline and I wondered whether he could reflect on that just for a moment.

445 *(Laughter)*

Deputy Meerveld: How long would you like me to reflect on it? Actually, that interjection took another 30-odd seconds!

450 Okay, if I can make my point succinctly, to finish up for everybody's benefit. I would vote for everything from 6 through 17. The only ones I would consider potentially not voting for are 8 – long-term vision. I think we are in more of a crisis situation and long-term visions I think are probably a distraction when we have got very limited resources; and also 14A) – revoking the delegated authority to P&R to fund projects.

455 Something that was not brought out in debate yesterday, and it is something I thought about overnight, we gave delegated authority to P&R to dispense the cash for projects we had already approved, that had been scrutinised and approved by this Assembly. Commercial contracts cannot be negotiated on the floor of this Assembly and *should* not be negotiated on the floor of this Assembly.

460 So I think 14A) I am definitely going to vote against; 8, I can be persuaded. But 14A) no, we should leave P&R. Once we have made a decision and we have gone through all the processes which are protracted in themselves, we should give that delegated authority to P&R to dispense the cash after reviewing the contracts in a tight private group, is the way that contracts need to be negotiated. The fact is, any delay or extra processes added into a project like this will increase costs and will cause delays. So, with that I end, but I recommend people –

465 Sorry, I will give way to Deputy Oliver first.

Deputy Oliver: Thank you, sir.

470 I am sorry for prolonging this speech but I just think it is really important because you said that you were voting for Option C, I just wanted to know what kind of services that you were thinking of actually cutting because £30 million to £35 million in a reduction in the States is a *huge* figure. We are not just talking about salami slicing, we are talking about serious getting rid of things.

So could you just explain to me what services that you would be thinking of cutting?

475 **Deputy Meerveld:** In danger of prolonging my speech further but, yes, the fact is that there are many small, less impactful things that we do that I would like to see contracted out to the Third Sector, to charities, the private sector. I think there are things we should stop doing but the big issues, if you look at the big expenses of a government, it is social care, education, health and pensions. Now, we are not going to cut any of those but we can look at ways of doing them differently.

480 I spoke previously about the way Singapore does pensions, our healthcare can be restructured in different ways. I have ideas on all of these of how I would like to start that conversation and how we do them differently; and yes, potentially shave tens of millions of pounds of our costs. As I have said previously to P&R, I would be very happy to volunteer to work on a group to do that, to take that forward very much as I worked on the idea of the wind farms and am still working on the idea of wind farms to generate revenue for Guernsey. That is why I think what everyone in this room needs to do is proactively come forward and start coming up with ideas, reach out to the private sector.

485 The difference with Guernsey – we are often compared with a village in England or a small town of 69,000 or 63,000 people. The difference between us and a small town in England is that a small

490 town in England does not have our diversity of business, it does not have billionaires living there – and not one, but loads. We have here resources and talent and ability which goes far beyond any village or town. Let's utilise it, let's draw on it, let's bring them in to help us solve these problems. Thank you, sir.

495 **The Bailiff:** Deputy Taylor

Deputy Taylor: I will be brief because I think Deputy Meerveld has eaten into some of my eight minutes.

Sir, I watched a programme of Artificial Intelligence some years ago and it was very interesting but it raised a really thought-provoking issue for me and it said that Artificial Intelligence can think so far ahead that it can come up with a solution that humans could not think of.

But in some situations it could be that ultimate solution, it might achieve the aim but it might have done so by considering other factors that we would not want to do. The example was it could come up with a cure for cancer which may actually be as simple as eradicating the human race but if we did not see how it worked – and it was a really thought provoking thing, and for me it made me realise that the ultimate solution is not necessarily the correct answer.

So, I can recognise here that the proposals put forward in Option A are a very good solution to the problem put forward but I do not believe they are the correct answer. I will not go into all of that because I have not got time, but the cut-and-thrust of the issue here is that this will not be deliverable, if Option A was the preferred option and that is what we are going for it would not go ahead. I am willing to put my neck on the line and say I do not think that this P&R would be able to deliver it and get it across the line before the next election and that really is the most important issue that I think we should be looking at here.

It is not deliverable, whereas Option D is. It is as simple as that.

515 So I will sit down and I will just hope that Members will throw out Options A, B and C and vote resoundingly for Option D. Thank you.

A Member: Hear, hear.

520 **The Bailiff:** Deputy Falla.

Deputy Falla: Thank you, sir.

P&R have spent months selling GST to the community. Those Island residents who have been bold enough to make their voices heard have been quite clear about their view on GST. (**A Member:** Hear, hear.) Nobody can speak for the views of the silent members of the community. How can they have made their views known and be silent? It is an oxymoron.

But those who have spoken audibly do not want GST and they especially do not want it now. What they have not had the time or opportunity to express an opinion on is Option E, which has only emerged in the last couple of days. When Option A fails and GST falls away one could understand how there could be a sense of celebration in the community, a sense that the voice of Islanders has been heard and their elected representatives have honoured, respected and reflected that voice in their vote.

But if we vote for Option E today how can we look members of our community in the eye tomorrow? To vote for Option E is every bit as much a tax-and-spend approach as Option A. It introduces punitive charges that will come as a major shock to Island residents; for example, increasing TRP by 60% and similarly large increases in motoring charges.

There has been no time for Islanders to digest this or mobilise themselves to comment. It will lead to an 'about last night' moment, the morning after the night before. After the initial relief and celebration that GST has not been voted in, Option E will mean that people will wake up tomorrow with the worst hangover ever. Not a hangover from excessive celebrations, sadly, but a hangover

from this convoluted debate; a hangover of property and motoring taxes; a hangover that will never go away.

The credible, fairer way forward, sir, is to vote for Option D: a real terms reduction in spending, leading by example; a contribution from the corporate sector, leading by spreading the burden; adjustments to personal tax allowances and caps, leading through social conscience; increased TRP for those who can most afford it and on corporate parking and potential adjustments to the open market, leading with fairness. Option D retains a restructure of the social security contributions systems and proportion increases in tax and social security contributions for those earning more than £80,000.

Sir, I would ask Members, please do not be responsible for giving Guernsey the mother of all hangovers. Let's cure the hangover before it even arises, by voting for Option D.

The Bailiff: Well if no one else is going to rise –
Deputy Haskins.

Deputy Haskins: Great. I think I have taken everybody's time now.

I could just stand up and say, 'Right, out of all of these I am going to vote for Option B' and sit down. But I will not be coerced or indirectly guillotined by only speaking for eight minutes, as I do think it is my right to explain my position; and anyway, I think Deputy Gollop would be disappointed, I believe he likes to listen to longer speeches. But fortunately for other Members the some 9,000 words-odd that I have had prepared throughout this very long debate on various things has been drastically reduced.

Now, in the election period I said that I would be against the introduction of GST, I also stated that I am open minded and will consider all the information, listen to people's view and obtain sufficient evidence to inform my view. I have not been tasked with this particular review this is, however – and I have stated this before – a States' problem and not a P&R problem. Had I been tasked with it, I would not only have looked at the best way of raising revenue I would have focused on the best way to address the deficit. By that, I mean addressing the root causes of the deficit. **(Two Members:** Hear, hear.)

Now, what I do not want to see is any change at the top table, we are too far through this term and it would give the wrong message. In fact, I would probably go further and say it would be irresponsible and an utter waste of investment of time, effort and money put in thus far. So where does this all leave me? Well I do not want to vote for GST, so I will not vote for Option A. I do not want to vote for B, C, D or E. I prefer either F or G.

Option F, in case you have not heard, is to plant copious amounts of Deputy Ferbrache's ever-elusive money trees. I have not quite figured out how many we need, if we have the space on Island, where is best to plant them or how much it costs to look after them. But that detail will come later.

Option G is the silver-bullet option. Unfortunately there has been a huge demand for silver bullets worldwide and there is a dwindling supply, so this has led to it being an extremely expensive option.

Now, I do believe we have a forecasted deficit. How much, of course, has been subject to debate. It is affected by changes in the bottom line and changes to the assumptions on which the forecast is based. Plus-100 net migration versus plus-300 as we agreed last year for example. And I will touch on that a bit later. But what if the forecast is wrong and it is actually much worse? So, I do agree something needs to be done, and needs to be done *now*.

I do want to briefly – and I say briefly because it is in comparison to my first 9,000 words. I would like to briefly now explain my rationale for not supporting Option A. There are two main reasons. The first is simply that S&P have said Option A is not enough. So should I vote for something knowing it does not solve our problem because perhaps it is just the least worse option? Well, no I do not think so.

I have said I would be open to supporting a targeted, a nuanced consumption tax that can influence behaviour and perhaps even cover the costs of disposing of our waste and leading to less

of a throwaway society. I would prefer this because it is a choice by the public whether or not to buy a product with the tax, or perhaps fixing their existing one. But it is their choice and I believe in times like this, *that* is important to give more control over their own spending. But we were told roughly that it is simply too complicated, too uneconomical to design a targeted scheme. Yet I have not really seen any analysis on this. Had Members been shown the figures, maybe we could have come up with solutions. Anyway it is not on the table. So Option A is not enough. Come 2040, we are going to have to come back to the Assembly and figure out what we do then.

Now, we have heard from our esteemed Deputy Trott – who is not in the Assembly at the moment – that predictions are incredibly difficult to get right, and GST has been hailed as the answer. But more transparently it is only part of the answer in the future to widen our tax base and give us the levers to collect more tax in the future, assuming spending projections specifically for Health and Pensions stay as predicted, and assuming that the population is plus-100 and assuming that there is minimal growth.

But if we are looking at a structural change and sustainability, then I believe we should be looking to the longer term. So what happens after 2040? That is where we are in the thick of it in terms of our demographic. Perhaps because I am one of the younger Deputies, I have more interest in looking at the longer-term solutions, not just the 15- to 17-year one. I know long-term forecasts are difficult to predict, but sustainability is important.

I almost feel bad for highlighting this to Deputy Inder because he said, in one of his many excellent, superb speeches (**A Member:** Hear, hear.) that he does not want to have to say sorry to the future States' Members because we did not go far enough. Yet he is going to vote for Option A where S&P says it is not enough. Well I will help him out and say sorry on his behalf.

Now, the second reason is that visibly there are no proposals to address the fundamental reasons of why we are where we are. The analogy I have is we have a bucket, a bucket with holes in it and we have a tap filling said bucket. GST will open the tap a little more, well a lot more, but the problem we are seeing is that the water in the bucket is leaking out faster than we are filling it. Sure, we can open the tap more and more but we are not mending the holes in the bucket and we have got a tap that is losing water pressure each year, which we are also not addressing.

So what are the holes? Put simply, it is our costs. So: paying our staff; paying for our defined benefit pensions; state pensions for more people for longer, as we live longer; agency staff; inflated contracts; in fact, even bins to be emptied according to a contract when they are not even there! Expensive IT contracts; increasing health costs given there is a rise in cancer rates; sports injuries; certain cosmetic surgery; elective C-sections; replacement of buses perhaps to electric ones, for a huge bus subsidy but only charge 75p per journey. (**A Member:** Hear, hear.)

Expensive consultants that tell us what we already know; paying for 15 hours a week of pre-school fees, even when people have a salary of £150,000. Generous States' redundancy packages: we are paying for staff who do not even live on Guernsey, do not pay tax here and do not spend their wages here. We are paying for people coming to the Island and having instant access to free, expensive health care when they have not even been on the Island contributing to our economy whatsoever.

I will not go on, but these are some of the things that we are spending taxpayers' money on. But what are we doing to mend the holes or at least make them smaller? Some Members say that this is only a tax debate, you must focus on the tax debate. But you would not take your car for a drive with a flat tyre. You have to fix certain issues beforehand. How do we know how much we need to raise from revenue measures when we do not know how much we can save? I think that is the general argument.

Anyway, back to my analogy. We are opening the tap, but every year the water pressure is decreasing. So what is causing that? Well, we have a declining workforce; we have a declining birth rate; fertility of people is decreasing; we have changes in our society, couples are having children later; more and more parents are single parents; the expense of having children is increasing. There are more and more people living on the Island, yet sending their money back to their country of birth, so less spend on Island

645 But the worst one is, of course, the decline in the number of people paying tax each year. Whilst on here – and it was touched on by Deputy Taylor – I do truly believe that automation and Artificial Intelligence poses a very real *future* threat to the tap in terms of jobs, the makeup of industries present on the Island and the wider economy. That said, if we are smart and proactive, I believe we can take that risk and turn it into an opportunity, and absolutely should seek to capitalise on it.

650 My main issue is that the fundamentals, the root cause of our problems are not being addressed. We are not doing enough to at least lower the rate of increase of these costs. There has been much talk on whether the figures are correct or not, and I would like to explain why I think some Members are querying these figures.

655 The first one is the population debate, last year. This led to the Assembly agreeing that the level should be plus-300 to maintain our workforce, yet this policy letter is based on plus-100, worst case scenario I assume. The policy letter stated the plus-300 would increase the revenue in the region of £23 million, caveating that total income would be decreasing year on year, as people then retire and take their pensions. To me, this indicates that the tax structure in the policy letter, is already not sustainable. The fact that the policy letter is only based on plus-100 will probably make members wary of the accuracy of the forecasting.

660 My second one is I found it surprising that in the policy letter there is a lack of mention of the pension age. It is not clear at all whether these figures have been factored into the changes and I am not sure why not. I would have expected that this would have been addressed. I will remind Members, the States is already increasing pension age by two months every 10 months, until it reaches the age of 70. We are already doing that. If we are talking about life expectancy of males, there is only nine years before they depart this mortal coil, which is the same as the introduction of pensions back in 1908. I think that was what Deputy Meerveld told us in the last debate.

665 But we have not seen forecasts of the effect of this. The policy letter is silent. We do not know whether the increases in pension age have been included and I am sure assurance of that will be in summing up. The Deloitte Report is also silent on calculations, but we probably should have been asking questions like: What would the effect be on the deficit, if it was to be done sooner? How much would it save? What would it mean for the sustainability, if we were to set the pension age as a percentage of life expectancy?

670 Again, I think that because the policy letter is silent on this, and how this affects calculations, Members might question the accuracy of the forecast. Did Members know that Deloitte used 2018 income data to estimate the average gross household income, noting that the data does not take into account differences between household composition. It also used the Guernsey Household Expenditure Survey report, to base some of its calculations. Now, I do not know if Members have picked this up, but to me that seems like a problem.

680 The expenditure survey was based on 1,028 households. But would Members be surprised, or perhaps as surprised as I was to learn that the amount of expenditure, according to this report, of quintile one is £30,000 give or take. Deloitte estimated that income for quintile one is between zero and 24, so people are spending £8,000-£10,000 more than they earn. At this level of increase, I would suggest that this is either an error or an alarming amount of income, perhaps, from the black economy. Either way, it might affect the faith in the accuracy of the calculations –

685 I do give way to Deputy Matthews.

Deputy Matthews: I thank Deputy Haskins, and actually I had mentioned that in a previous speech and I think the effect is caused by ... It is a question: how can you spend more than you earn? I think the answer is really that there are many ways to acquire wealth, other than through taxable income. I think that largely answers that question.

Deputy Haskins: Thank you, Deputy Matthews.

695 Yes, I think I alluded to the black economy, there is a different income stream there but that would not be taxed. Deloitte stated on page 52 of their report that:

After adjustments, the most impacted household type is a household with only one working age adult.

To really analyse the impact, we would have to look at equivalisation. Do Members know how the equivalisation works? Can Members recall seeing the methodology used in this policy letter? It is somewhat rhetorical as the policy letter is silent on it. In essence, it is saying a single person earning £45,000 is equivalised to be seen to be earning £67,000, to make it fair because they can afford more as they do not have kids.

But why do we equalise and what is it? To be fair, I do not think there is much point in me explaining *why* the equivalisation method used means that actually it will not be 60% of people are better off, because it probably makes no difference to members supporting GST. They would probably still vote for it if it was 50% that were better off, or 40% or 30% perhaps even 70% ...

But what I would say – and it is not my words, this is from the Brookings Institute, a non-profit policy organisation:

Equivalence scales matter, then, for estimates of income, and for estimates of changes in income as a result of changes in policy. ... Analysts need to be completely transparent about the methodological choices they make, and why, including equivalence scales. Policymakers too need a better understanding of their potential implications. A little boring, perhaps. But good policymaking is not just about bold ideas. Sometimes it requires an appreciation for the humdrum, too.

I believe we have calculated the equivalisation incorrectly, and am willing to justify my assertion, although given it is very complicated, probably not the right time to do it in this one-sided speech; and any which way, it only really changes the number of people who are better off. I will leave that one there. I would welcome anyone to come and discuss it with me, but as I say I shall leave it there. Needless to say, if the scale *is* wrong, it might cause Members to question the accuracy.

One final one: this Assembly resolved to look at mandatory health insurance for those that are not Guernsey residents, or perhaps not domiciled here, not that we have it yet. We do not know how much that will save. Will it be £10 million, £30 million? Surely this figure would have a rather large impact on our accounts. How much? We just do not know. Again, the policy letter is silent on it.

But being silent may make Members ask the question: 'How much would we need if this was in place? What would the deficit then be? Would we need the GST because, in fact, now it is only £13 million?' Well, then, we might do it in a different way.

Anyway, where does all of this leave me? I would have supported Option 1 of the Deloitte Report. But it was not brought in, in front of us, and I do not think it had the support needed by the Assembly to bring it in as an amendment. And we have heard from Deputy Ferbrache many times, if you do not like Option A, what else have you come up with?

Why have I not brought alternatives? I think I share a similar view to Deputy Taylor. There were not five of me sitting around the table, with over 150 years of financial experience with an army of analysts and data crunchers sat behind me for two years. Yet I am expected to reform Guernsey's tax on my own and in six weeks-odd. Deputy Ferbrache I do believe reneged somewhat on this when yesterday he said to Deputy Matthews, 'It is too much for one person.' I am grateful for that. But in summary, sir, I too share concerns over the figures.

But my other concerns are that we are not addressing the holes in the bucket and the water pressure of our tap. So on reflection and not wanting to leave the States with nothing, or risk a change in the top bench, I will be supporting Option B, which would bring some sharp focus on the Government to reduce its cost and solve some of the fundamental issues affecting our Island.

For those of you who are not supporting GST and have similar concerns to me, I do not think Members should be voting for D, because it just does not go far enough, and will it actually exacerbate the problem? But if Members cannot vote for B, then I would hope that they will then vote for Option E, not for Option D.

For me, sir, I will be voting for Option B, and hope that if GST is *not* introduced then these Members will then vote for Option B and hope other Members will support, too.

Thank you, sir.

The Bailiff: Deputy Fairclough.

Deputy Fairclough: Thank you, sir.

745 The last time I remember being faced with a vote on Options A to E was on Guernsey's first and only ever referendum on Island-wide voting. Option A winning through a system of preferential voting. That is why many of us are here today with, whether you like it or not, one of the strongest-ever mandates an Assembly has had in terms of the number of votes cast.

750 It is a bit of a shame we cannot use preferential voting here today because the order in which these options, this time on the tax review, have to be voted on could mean that one is forced to vote against a second- or third-choice option, in order to get to their first choice if the vote even gets that far, on the basis that leaving this debate with something is better than nothing.

755 To some extent, it is Hobson's Choice, but I am not sure which of these horses is nearest the stable door. In short, I think it would have been much better if we had just had Options A and D in front of us today, because – and here is the rub – as long as there is another option to follow the one we are voting on, there is a good chance it will not get passed. Which is why, although we still face the possibility of agreeing nothing this week – and I firmly hope it will be this week, sir, hence why I am keeping my speech short – I believe Option E stands a disproportionate chance of success.

760 I will not go into the whys and wherefores of all the options in front of us. Much has been said in this debate already and I think it is getting rather difficult to bring arguments forward without the risk of tedious repetition.

765 Most Members know where I stand on this issue. I referred 22 days ago to my manifesto pledge and some of my concerns about, for example, the capital spending programme. For me, there remain too many unanswered questions and concerns about the original Propositions, some of which I put to P&R in the build-up to this debate. I was going to detail all of those, but am keen to see this debate reach a conclusion today.

770 I will continue to listen to debate, of course, but as things stand I cannot support Option A ahead of Option D; and if all else fails, quite literally, I could do as I did on Wednesday, 10th October 2018, and vote for Option E. Which, incidentally, if it had been successful, could well have avoided major issues such as tax reform becoming massive election issues, with a third of the Assembly elected every two years.

A balance of what we need, more than ever in my opinion: continuity and change.

Thank you, sir.

775 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Thank you, sir. I will try to be short and sharp, as opposed to short and dull.

780 We have talked an awful lot about tax increases here today. Deputy Ferbrache has tried to divine what the silent majority of the people of Guernsey want, and as inevitably when one tries to divine such a thing, one tends to bias it in favour of one's own personal views. Deputy Ferbrache has his view.

785 I have a slightly different view, from talking to a lot of people, reading a lot of the emails that come in, reading a lot of letters to the *Press*, I divine that the people of Guernsey would like a break from tax increases and they are looking to us to come up with serious proposals for cutting and controlling expenditure. (**A Member:** Hear, hear.) And that does not mean firing all the nurses, closing the Hospital, or anything like that. I think we have got a lot of things that we can do, that we as an Assembly work with the grain of our people, which is where, with respect – and I have huge respect for all the great work that our P&R are doing, there is no question about that – but I think they made a slight error of judgement on this particular subject of introducing GST as part
790 of major tax increases.

Clearly, I will not be voting for Option A. But I will repeat, very quickly, what I said earlier, just to remind us of what is the elephant in the room. That is that our spending is exceeding our growth, by approximately 2% per annum as against half a per cent for growth. That is the point. So we have

to do everything to improve our growth, and to do that we must not keep increasing taxes in order to increase expenditure. It is clear economically that the more you increase tax, the lower the growth you will get. So we have to start really working seriously on, to start with, not bringing forward new proposals.

At some point in the next few years – it is not imminent, we are not in a crisis situation right now, I do not want to suggest that – but over the next 10 years or so, we will start running out of other people's money, as we keep spending it.

Suggestions: in the last States we had a proposal to cut Civil Service numbers in the central Civil Service by about 200. That seems to have died; it was difficult. But I think it is something we have got to do and since that period of five or six years ago, the numbers have increased. Well, they must not; they must decrease. P&R, I think, are already looking at Civil Service terms and conditions and pensions, and that is a very sensible thing to do, and all credit to that. These are where some of the big numbers are, these seriously are.

Then we have got the other things and I could go on and on. But I will make a few more points about not creating new initiatives.

Perhaps I will start with – I do not want to annoy Deputy de Sausmarez, but I will risk it. *(Laughter)* I have just seen a paper, Green light for new Nature Commission, and we the States and the taxpayer are giving £300,000 for that. There is another £150,000 from the Community Fund and another £100,000 from the Social Investment Fund, some of which also starts with the taxpayer. I question whether we really need that, to be honest; we have got La Société Guernesiale, the Guernsey Men of the Trees –

Deputy de Sausmarez: Point of correction.

The Bailiff: Point of correction, Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

Deputy Dyke suggests this is new money. This is money that would have been spent in the States and is being diverted. This is precisely the kind of scheme that Deputy Dyke espouses, and indeed Deputy Meerveld used earlier as an example of how we can reduce the size of the State. It is giving the ability to those organisations, including La Société Guernesiale, as he has just referenced, to do exactly the work that they specialise in, in a way that is more efficient than the State can.

It is a good example of reducing the size of the State and creating efficiencies. I think he has mischaracterised the Nature Commission. It is exactly an example of the kind of initiative that Deputy Meerveld I think was referring to in terms of creating efficiencies and ultimately saving money.

The Bailiff: Deputy Dyke to continue.

Deputy Dyke: I respectfully disagree. It is still spending taxpayers' money which we do not have. When I set up my Red Squirrel Trust, I will not be looking for a Government subsidy. *(Laughter)*

Alright, here is something else. I chair the Legislation Review Panel, the rest of the Panel members have probably seen this and not read it, it has come to us. The States have not seen it yet, because we have to go through it. The Employment and Equal Opportunities Service Guernsey Law. This is setting up a new Office of the Director of Equal Opportunities. Clause 1 makes provision for his salary and his pensions. Clauses 2 and 3 go on to Appointment of Staff: the Director may, subject to the approval of the Committee, appoint such officers; appoint and instruct such other persons on such terms as remuneration, expenses, blah-de-blah. So we are creating another bureaucracy. Admittedly certain existing services, certain existing matters are being referred to it. But it is another thing we are setting up, with more civil servants.

845 As I am going on at Deputy Roffey, we still have looming over us the concept of equal pay for work of equal value, which we have been told in the Kojima Report, is going to cost us £50 million a year to manage –

Deputy Roffey: Point of correction.

850 **The Bailiff:** Point of correction, Deputy Roffey.

Deputy Roffey: Two points of correction. First of all, the officer that he referred to, the Equal Opportunities, it is not an additional officer, it replaces another officer with another title, because of the expanded role.

855 And secondly, we do not have looming over us the sort of equal pay for work of equal value, that Kojima looked at. What is going to happen in the next stage of the States, phase 2B, or A, of the equality legislation, is purely in relation to the sex ground. What Kojima looked at was a broad-based equal pay for equal work of equal value, which is utterly different.

860 **The Bailiff:** Deputy Dyke.

Deputy Dyke: Yes, it is utterly different, but has it been withdrawn, or is Deputy Roffey still going to bring it – is a question.

865 Carrying on with what we need to do, Deputies will have a lot of ideas. We are going to have to look at capital expenditure. Are we seriously going to be spending £700 million or £800 million or £900 million on moving the harbours around? I doubt it. Should we drop that?

Deputy Roffey's STSB has brought forward a limited plan for the Harbour Marina, which is something we might well look at. But these huge sums are not going to spent on the Harbour, so do we need the Harbour Commission anymore?

870 **The Hospital:** We are on Phase 1 of an upgrade. Are we going to have to delay Phases 2 and 3? Possibly, we are.

The schools: are we going to have to review building a new school at Ozouets, as opposed to the College which we clearly need? I think Deputies are going to have to give up on some of their pet schemes, in order that we can get our costs under control in the way that we need to.

875 So, how am I going to vote? I thank P&R for giving us an Option C, which is suggesting £30 million to £35 million of cuts, which is less than 5% of our budget. Any private company with a fiscal crisis could probably manage that, with a lot of effort.

Option C provides for a Committee to look at all this and bring it through. And for those of a squeamish disposition, it does by its terms recognise that that might not be fully achievable, so you are not committing yourself to firing nurses or anything like that.

880 So I am going to vote for Option C, because I think it gets to grips with what our people want to see, which is some fiscal continence. I would also thank Deputies Soulsby and St Pier for all the ancillary options they have given us. Deputy Meerveld has referred to them, that we will have item-by-item votes on. I am in favour of pretty much all of those. I am in favour of Deputy Leadbeater's amendment.

The one thing that we have put in that I was somewhat ambivalent on, but am now determinedly against having thought about it overnight, that is cutting down P&R's capacity to get on with projects without coming back to the Assembly. What concerns me is I prefer it in terms of governance, but in terms of effect it could be very expensive.

890 We know the problem with procurement; when the sums are floated around in the States and made public, that can easily lead to higher costs from the construction industry when they see what our maximum figures are. (**A Member:** Hear, hear.) So, although I prefer not to make that delegation – not that I do not trust P&R, I think they do a fine job – but I think we should not do it, because it is going to add to our costs, and that is not going to help our people.

895 Sir, I think I have said enough. Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Briefly, sir, I am going a bit *a cappella* at the moment, as usual. Effectively I have not written anything down, as normal. There are a couple of things that have touched me, I suppose, over the debate. And when you come into debates like this, you have three policy letters. The nuances build as the conversations come out and people have read different things somewhat differently, as they go through.

I think the ones that have stuck out with me – by the way, I will be supporting Option A – I think it is Deputy Burford. One of the things that she said is that she was focused about what is deliverable. In reality, she said that she did not believe that the tax strategy, as it is, was deliverable. But that does not mean I will not vote for it. I understand that was a short speech and it made an awful lot of sense.

Of course, I think it is Deputy Haskins who said that in his efforts to try and make changes – and I think he made reference to Deputy Taylor – that he did not have access to the strength, necessarily, of the officers to make those changes that he wanted to. Or at least, he did not have the ability to add in the ideas that he wanted to, probably based on time, probably based on access to officers, so I accept that as well.

Also, on that, it reminds me that as we stand here some have presidential status, some do not, and some are on big Committees and some are on small Committees. You will have heard me say time and time again, ‘There is no one in this Assembly who is more important than anyone else’. You have heard me say, time and time again, everyone’s vote is equal. I understand the challenges that Deputy Haskins might have had to bring forward his ideas as well.

Of course, I think it was Deputy Kazantseva-Miller who pointed out that [fire/via ??? \[11:07:09\]](#); and I think Deputy Dyke has said expenditure is exceeding growth, it is just a statement of fact. In all of this I am getting a sense, which I think we all probably knew, that there are elements that the Government does – and touching somewhat on what Deputy Meerveld has said, there are some things that Government just should not do.

I have tried it in our own Committee. We are in a position where we are effectively commissioning out our work, where ultimately whatever is left in the next term, you will be policymaking. It is not up to us to sit and decide the colours of the rails, or the curtains, or everything. The central job of politicians is to become a policymaker, it is not for us to decide the colour of the brochures. Or, as laypeople, decide that we are font of all knowledge, my view has always been the same since I have taken the position, is to drive everything out to the industry that should be able to run it.

But I genuinely believe Option A, even though it would not be the first time I have backed a horse that is not likely to win, I honestly believe that Option A is probably a fairer, more practical way of delivering sustainable finances. So that is where my vote will be.

But of course – Deputy Vermeulen, would you like to ... ? Okay ...

I will be voting for Option A because that is the responsible thing I believe I need to do. Then, of course, in all likelihood, that is not going to get through. It is actually in a better position than it was, because through that very wise amendment that was between Deputy Gollop and I think it was Deputy Matthews, food is now literally off the table. So the food will be taxed, so it is actually in a better position, but I am sure Deputy Ferbrache will talk to what impact that is likely to be when he sums up.

Of course, this leaves the B, the C and the D. With the greatest respect, because D is the big showpiece ... I genuinely do not think it does what people think it wants to do. I genuinely think it is a bit of an empty box. It is not going to do anything that this Island needs to do. So I will not be supporting D.

I will *consider* B and C, but I will listen to the rest of the debate. I am not entirely sure I am the sort of person that ... If I am going to hang myself with Option A I do not want them to go and say, ‘And by the way, he also voted for Dublin TRP at 60% and motor tax and everything else’. I might get to a position where A is my only option, and I might just vote for that, and just see what happens thereafter.

So I will leave it at that. It has been, what? Three or four days of debate, maybe five and six if I do not sit down. But has it been that long? Gosh, it has been six days of debate. But that is where I am. But do not fall for Option D. Option D gets you nowhere. It might get you a bit of a high for the next day, but that gets you absolutely nowhere. It will not deliver sustainable finance that we need to be looking at in any way, shape or form.

So, do not fall for that; and good luck with E.

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

Deputy Parkinson: It is my wish to be relevéd.

The Bailiff: Oh, very good. We have got a full house now.

Deputy Mahoney.

Deputy Mahoney: Thank you, sir. I assume that was not a cough for me, Deputy de Lisle!

We have heard a lot of speeches over the last I think it is 26 hours now we have been debating this, unbelievably. I will be brief, to catch up on some of the time that others have taken.

I am staggered at the number of Members that have said GST takes money out of pockets, but simply will not accept that *any* of the revenue-raising measures take money out of people's pockets. Some will say that we will get most of it from companies, but of course a lot of those companies are local companies, local trading companies: the butcher, baker, candlestick maker as they have been referred to previously. And those increased company costs will be passed on to – you have guessed it – you and me.

We have heard Members saying that they just do not simply believe the numbers that are being provided by Treasury. Staggering, but presumably therefore implying either incompetence or outright dishonesty. We have heard one Member quoting a random stranger with entirely unsubstantiated claims of doom and gloom, to support the position. Is that really where we have got to? We will not believe the Government's own numbers people, but we will introduce unchecked numbers from a member of public as fact.

Another Member noted that these amendments 'aren't very good' quotes. A number of weeks ago, I challenged that Member to stick his head above the parapet and put his name to a piece of paper and bring an amendment. But did he? No, nothing. Easier to sit in the cheap seats and throw stones than have the courage of your convictions to actually bring something forward, as other Members have done.

Another Member provided a list of suggestions, but again was not willing to put together an amendment and bring it himself. His list included some things that he knew would be unpopular, but did not want to take the blame himself. But he was happy for P&R to take that flack. Now we have a Member boo-hooing that he has no time to consult the public. Perhaps we should get rid of that position and put a public vox box outside. Truly extraordinary times.

Yesterday, Deputy Roffey noted that Members were all for increased and better services but did not want to pay for it.

Depending on which option is agreed by the Assembly, I shall keenly observe the votes of those who vote against taking decisive action today, in favour of some possible savings that *might* come about. When the cuts they support in their chosen Proposition come back to this Assembly, let's see who votes for them. Let's see who has got the courage to follow that through and stick to their guns when they are fleshed out and for real and will be painful.

Many who are voting for cuts also voted for NICE drugs, increased pension entitlements, increased pension entitlements, increased carer's allowances and that list goes on and we have not got time. Indeed, yesterday, we had people voting to reduce Government revenues by £45 million to £48 million. It must be nice in their worlds: sunshine, unicorns and fluffy clouds. My preference is clear and it is Option A. Even the amended version is far and away better than B, C, D or E.

Now, if A, B and C are rejected and Members vote for D, then I will have to thank those Members from a personal viewpoint, as being fortunate enough to be more towards the better-off end of the scale. You will have saved me money. Tens of millions in cuts and savings that Option D brings, they will only affect me in the margins. I do not use the buses, I do not use the library, I do not use the schools, I am not in receipt of any Family Allowances or any other benefits that the States gives out. I have private health cover and the list just goes on. And again, I will skip some.

The list goes on. Make those cuts. It will not affect me very much. But it will affect a lot of those people that cannot afford to be hit. And here is the rub, and I say again: I will be voting for Option A, despite *knowing* it will make me worse off, because I accept that someone has to pay. And I accept that people like me should be shouldering a large part of that burden. Option A is a progressive option. The more you spend, the more you will contribute. The huge mitigations that will be put in place will protect and soften the impact for those on more modest earnings.

Sir, the often-quoted online petition was signed by 4,258 signatures by this morning. That means, excluding children, 49,000 people did *not* sign that. Those that claim to be speaking for Middle Guernsey: you are not. You are speaking for Loud Guernsey. Those that have spoken to me in my day-to-day existence have mostly – not exclusively, I admit – been quietly going about their lives, working and paying their taxes. They do not want to post on anti-social media, where they will be ridiculed, bullied, abused and shouted at. They are not into the toxic cesspit of Twitter, but their views are just as valid.

Sir, many have rubbished the numbers provided by Treasury, but I stand by those numbers. Many have criticised the findings of renowned international tax firms and I stand by *their* findings. Many have condemned the entire process, but I stand by that process. And finally, many have disputed the outcomes of the lengthy review, but I stand by that outcome.

Like it – and no one does – or not: GST is coming in one form or another. It cannot be stopped. Whether now or next term: it is coming.

For those that think they can sit in their chairs, King Canute-esque in front of an onrushing tide, I have a spoiler for them. Their feet are going to get wet.

If someone had said to me two years ago, that we could have a package of measures that make our tax system broader-based, yet more progressive, whilst still raising the sums we need, I would have looked at them with a high degree of scepticism. But here it is, laid out in front of Members. It is a long read, I admit, perhaps too long for some Members. But it is all in there. Two years of work from myself, Deputy Helyar, Deputy Roffey, Mr Thompson, countless supporting officers, Deloitte's, Ernst & Young, finance professionals, industry bodies and tax authorities from other jurisdictions. I am not going to revisit the arguments, so far, but I will say a couple of things.

Option D is not being truthful. It simply should not be possible to throw numbers down and have them accepted. Take, for example, the £20 million from company levies. Originally, this was stated as £10 million in line with the report issued by EY, but then simply disregarded after the sums were done and they did not add up –

Deputy Kazantseva-Miller: Point of correction.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: The EY Report states that Option 4 can raise between £16 million to £20 million. I encourage Deputy Mahoney to check that.

Thank you.

1045 **The Bailiff:** Deputy Mahoney.

Deputy Mahoney: It does not say they come from levies. It says entirely from corporate and finance, which is the number I was talking about from company levy.

1050 **Deputy Kazantseva-Miller:** Point of correction.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

1055 **Deputy Kazantseva-Miller:** I specifically referred to Option 4 within the EY Report, which talks about the corporate levies, not overall corporate taxation.
Thank you.

The Bailiff: Deputy Mahoney, it might be simpler just to agree to disagree at this point.

1060 **Deputy Mahoney:** We will do that. She can be wrong.

And then £2 million from Open Market registrations goes to £5 million, despite Treasury advice directly to Deputy St Pier and Deputy Soulsby, that even £2 million would be a stretch. If you are a 'stick your fingers in your ears while shouting la-la-la' kind of Deputy, Option D is your lifeboat. Jump in and start rowing, but row fast because that tidal wave of deficit is coming for you, and you cannot outrow it. To quote one of the most famous movie taglines, 'We're gonna need a bigger boat'.

1065 Some people appear to have come into this role in the hope of being popular, but that should not be what this job is about. Sir, I hope Members came here to make a difference. I hope the ambition to leave Guernsey a better place, four years and eight months after they got here. Not to be popular. We were elected to make decisions. Some of them are easy and some of them are stinkers. And we know which one this is.

1070 Some Members have publicly stated they are worried that voting A will hurt their election chances in 2025. I have had private conversations with others that have not gone public – and I will not name them, because they were private conversations – who have said the same. To those people, I say, 'Shame on you,' I am afraid. But I would remind them that it is not too late to do the right thing. This tax is coming.

1075 Sir, the question is: Who has the courage to make the right decision for Guernsey? There is no shame or dishonour in having taken a position and then looking at that choice and being open to accepting a different one. To have read the facts and listened to others that may have more knowledge in specific areas. That is life. None of us should be hesitant about accepting that.

I urge Members: be a leader, be the person you aspire to be. I am reminded of the saying: 'If you want to be popular, don't be a leader. Sell ice cream.' *(Laughter)*

1080 Well, sir, we have enough ice cream sellers. So I will finish now with a plea through you, sir, to everybody: take that responsibility with both hands and own it. So that when you look at yourself in the mirror tonight you know you made the right decision for Guernsey, and not some pressure group. Do not sell ice cream, be a leader.

A Member: Hear, hear.

1090 **The Bailiff:** Deputy Prow.

Deputy Prow: Thank you, sir, and I thank Deputy Burford for her eight-minute warning, so I will crack on.

1095 Actually, Deputy Mahoney has saved me a great deal of time. I have crossed out, sir, quite a bit of the speech I was going to make. I have to say, I completely agree with what he has just said, and I am going to stick with Option A, because I have the courage of my convictions. I have studied this

considerably and I have listened to debate, and I still believe that Option A is the best option. And I would note, following Deputy Gollop's really excellent speech yesterday and the successful amendment, Option C now excludes a GST on food. I voted for that and I support that. Everything I am going to say from now on, I would ask you, sir, to bear in mind.

I just want to add a few things that I feel need to be said, because these are things that come out of debate and I just want to put my view on them. Sir, in the debate so far in my view it has been littered with irony and I will explain this in a moment. But as said, there was some sort of agreement in this debate, in the dislike of a consumption tax contained within that package, in the form of a low-rate GST. But, sir, what has really not come out, that the policy letters made clear it was made progressive with mitigations; and a £30,000 Income Tax rate of 15% hardly had a mention, except in speeches coming from P&R and Deputy Roffey.

And an excellent progressive reform of our contribution system. Again, this has not really been highlighted and come out, and I can commend the joint work of the ESS President and P&R. I think it was a demonstration of collaboration, often lacking, but grateful by this Assembly. I think that needs to be said, sir.

So, sir, where we are today is we need to resolve this impasse. We still do not seem to accept the grave situation we find ourselves in and we do not have the courage and fortitude to resolve it.

Sir, this for me is the irony. I heard speeches offering those alternatives to GST, they referred to tax models in other jurisdictions. Reference was made to the OECD in many so-called alternative speeches. So let's deal with the OECD, and OECD countries first. *All* OECD countries have a GST or VAT, except the US, which is a sales tax. This provides a tax-mix cushion and fiscal flexibility we do not have.

The OECD is critical of heavy reliance on a direct taxation – Income Tax. They favour a tax mix away from income and in the favour of consumption, and to make greater use of efficient tax bases, such as GST. The OECD view is that it is a comparatively efficient way of raising government revenue. OECD acknowledges that those on lower incomes would need to be compensated in taxation modelling.

The OECD points out that targeted compensation for this group is a better way to address fairness. Sir –

Deputy Le Tissier: Point of correction, sir.

The Bailiff: Point of correction, Deputy Le Tissier.

Deputy Le Tissier: I do not think it is right to say that all OECD countries have consumption tax, and there is a country I am going to refer to in my speech, Malaysia is in the OECD, and they have just recently ruled out GST.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir. I am not going to get into debate about Malaysia. (*Interjections*)

Carrying on, sir, the OECD points out that targeted compensation for this group is a better way to address fairness. This is precisely what the P&R package does.

Moving on. I heard perhaps the most vociferous GST exponent extolling the virtues of Singapore! Singapore has a VAT of 7%. In fact, globally, some 174 countries' jurisdictions have implemented a VAT or GST, and a further 20 countries have a sales tax. All EU countries have a VAT. Luxembourg was given special mention in this debate and has a temporary rate of 16%. You have to delve very deep to find one that does not.

But, sir, I can give you two examples. One that did get a mention was Bermuda, and the other was Cayman. But sir, oh boy, they *very* aggressively tax consumption. Almost everything that is consumed on those lovely islands, enjoyed by many tourists, is taxed on importation. Yes, all goods imported into Bermuda, including food, are taxed, ranging from 5% to 25%; except vehicle parts,

which are charged at 33.5%. Most goods attract a rate of just over 22%, and this raises in excess of \$200million annually. Cayman is very similar.

Sir, what Option A provides is a lower rate GST, similar to Jersey; but now as Jersey has a rate on food, ours will not. Jersey have managed to keep their low rate for the 14 years that it has been in place. So, I would like to now refer to section 9 of the policy letter.

Sir, in 9.2, this is under section: 'Further mitigation and protection for low-income households', and 9.2 of the policy letter says this:

Not all prices will increase. Rents and mortgages for example are both zero rated, so should not be directly impacted by the GST

The important bit here, sir:

Some larger stores operating national chains also operate a 'sterling price' policy, which means that they charge the same price for goods regardless of the tax payable in the specific jurisdiction in which they are sold. Differences in taxes in different places are instead absorbed into the margins.

Now, sir, I have not seen any demonstrations outside of those stores saying, 'No VAT! No GST!'

There were some good speeches, in my view, which opposed the P&R package. One came from Economic Development Member, Deputy Kazantseva-Miller. She spoke about the high costs of living and impacts on the economy, in terms of growth; and the need to be competitive. She was right in a lot of what she said; we just differ upon the solutions.

Sir, she said one interesting thing about the need to retain working people – and I completely agree with her. She suggested that if GST was introduced – and I made a note of it, sir – she said: 'People will vote with their feet'. Interesting, sir.

Where will they go? Well, they will struggle to find anywhere without a consumption tax, and the vast majority, *not* a low-rate GST. Sir, I have found one country without a consumption tax: Afghanistan. But it came with a caveat: except the Taliban occasionally, illegally tax food. They will go to a country with an overall far larger tax burden on their citizens, and a larger size of government. Despite all the rhetoric, Guernsey's revenue tax take is low when considered globally against GST at 22%, compared with Jersey's 26%.

Sir, I would like to move on to the subject of competitiveness, which was also mentioned in debate by several Members. Well, sir, I think we need to sit up and smell the coffee. It is an undisputed fact that our main industry is finance.

Deputy Trott, a series of excellent speeches and give-way opportunities, spelled that out. He rightly praised that industry as a global leader providing excellence to its customers. (**A Member:** Hear, hear.) The need to nurture support and grow our economy starts here, sir. It is vital *all* fiscal decisions made by this Assembly absolutely must protect that sector and provide the necessary certainty and sustainability to be internationally compliant.

So, sir, who are our competitors? Well, globally, there are a few and most got a mention and as already outlined; but the main ones, in terms of Deputy Dyke, who are looking to eat our lunch, are the other Crown Dependencies. When we spoke in January, I referred to the Standard & Poor's Report and I pointed out that this is a downgrade credit rating, which as has been pointed out by Deputy St Pier will only come into play when we need to borrow. But, sir, it will no doubt be read by *all* our competitors. I particularly again recommend noting S&P's rationale section, which refers to the long-structured operating deficit to be about £80 million to £90 million.

I quote:

... increasing pressure on health and care services is intensifying the squeeze on public finances, while the shrinking working age population also threatens tax collections.

It goes on, sir, to forecast a 'race to the bottom' if we do not change our fiscal policy.

Here is the thing for me, sir. Now, relying on 2021 figures, which were provided to me, Jersey take £1.4 billion in tax, with £109 million GST.

1190 The Isle of Man take just under £1 billion, with a £390 million VAT. We take £574 million, half of Jersey, with *no* GST.

The bottom line is our competitors who have an OECD-preferred tax mix can do what they like on Corporation Tax, Income Tax and provide much better public services. Indeed, they have so much more scope to mitigate their Corporation Tax offering against the OECD base arrangement requirements as they unfold.

1195 As I have already said, Jersey and the Isle of Man competitors will be laughing their fiscal socks off. *Nobody* wants any tax rises, but everybody wants an adequate provision of health and education, and to live in a safe and secure environment. In fact, we will not retain or attract the professionals that this Island needs, without a tax structure that protects finance, and at least provides the level of comparable services seen across the Crown Dependencies. We do not want our workforce voting with their feet.

1200 Moving to our competitor jurisdictions, both near and further afield, *all* of whom have an OECD tax model. Please consider this: Jersey introduced GST in 2009 and they have an additional £1 billion revenue stream available to them in that time. Over the coming decades, they will have access to a further billion. Whilst there is no suggestion of that over a low tax rate GST, the Isle of Man over the coming decades will have a staggering £3 billion to spend on infrastructure and public services, (A Member: Hear, hear.) that we will not.

1210 But in this Assembly, how many speeches do we listen to, and rightly bemoan the dire state of our infrastructure, caused by decades of lack of investment? Ports, IT, hospitals, schools, coastal protection and so on, and so on, involving massive costs. None of this does not mean that we do not need to look even more closely at our expenditure. There are proposals in the package with appropriate opportunities within budget approval, and the Government Work Plan reset is already in place. I can assure this Assembly that in Home Affairs we are actively doing this. Indeed, curiously, the budget and accounts and Government Work Plan debate opportunities have come and gone, without the suggestions we have heard in this debate.

1215 We also need to reinstate a Public Accounts Committee very quickly. (A Member: Hear, hear.) But it is ludicrous to suggest that this is the silver bullet. I stand up in this Assembly, giving statements on behalf of the Committee I am proud to serve, or receiving emails from our constituents. I get requests demanding for more services, not less. If we do not grasp this nettle today or face up to the deficit, if we continue to fiddle while Rome is burning we will embrace a decade of managed decline, whilst in relative terms our competitors prosper. This is the real danger, becoming uncompetitive and not growing the economy.

Thank you, sir.

1225 **The Bailiff:** Deputy Le Tissier.

Deputy Le Tissier: Thank you, sir.

I will remember to put my microphone on this time. I will not take up too much time, I will probably not be as quick as Deputy Burford, but well within the eight minutes.

1230 To me, Option A is very deeply unsatisfactory, particularly so for pensioners in Guernsey, and there are around 12,000 pensioners, so it is a pretty big percentage of Guernsey residents. This is why it is so important.

1235 Now, nearly half the pensioner households currently pay no social security contributions in the current system, and around a quarter pay neither Social Security or Income Tax. I do not understand in Option A the proposal from P&R, how a reduced 15% rate of tax and Social Security allowances being increased are going to help those pensioners, if they do not pay any anyway. That alone is a reason to say no.

1240 Put another way, pensioners are going to be treated less well than other Guernsey residents. For me, that is unacceptable. I should declare an interest: I am a pensioner! That is contrary to what has been released to the media. The tax package benefits do target the less well off, but not pensioners – or not *some* pensioners. So, I cannot support Option A for that reason, again.

Now, even allowing for the so-called 'mitigations', it is an attack on poor Guernsey pensioners. To me, that is unacceptable, someone has got to stand up for them. As I stood up earlier to correct Deputy Prow, earlier this week the Malaysian Prime Minister, Anwar Ibrahim, told his Parliament that the government had no plans to reintroduce a goods and services tax, or any other broad-based consumption tax. Malaysia is an OECD member and it is very telling that the government – I will give way.

Deputy Le Tocq: I thank Deputy Le Tissier for giving way.

It seems to me that they have, in Malaysia, got rid of a GST and recently stated that they will not introduce it. But they have got a sales tax and a separate service tax and at different levels. So they have replaced the GST with those taxes.

Deputy Le Tissier: Thank you, Deputy Le Tocq.

I was going to go on to say, that the Government is going to look to fill their deficits, by taking more tax from the wealthy, which I think a lot of people would think that is the best way to proceed. Those that *can* afford to pay more, *should* be. Now, if Malaysia is stepping back from actual GST, despite these other measures, why are we continuing to force GST on to Guernsey? I do not know.

Option A is big on the personal side and Social Security and Income Tax, but it is woefully silent on detailed – and I emphasise *detailed* – proposals for corporate tax and cutting the cost of Government. To me, it is too easy to take the option of raising taxes on residents, just to feed the monster that we have created.

Deputy Mahoney sadly is not here, but he mentioned about populism. Well, that comment has been directed to several of us anti-GST supporters, that we are populists. I cannot speak for the others, but I doubt they would accept that tag; but what I can say is that it is in my manifesto, quite clear. Just under two years ago, 'No GST, no new taxes'. So it is hardly jumping on the anti-GST bandwagon just to be popular.

Now, I say this to Policy & Resources, to paraphrase the late great Margaret Thatcher, something I would never have thought to bring up from 33 years ago, 'You can turn away from your manifesto promises if you want to, but this Deputy is not for turning.'

Just briefly on the other options. Option B, if you wanted to make it any less palatable I think we would have great difficulty. There are too many unknowns and is it there hoping to persuade Deputies that Option A is not so bad after all? I do not know. I do not know if that was the intention, I was not a fly on the wall. So Option B is not the way forward. I cannot vote for Option B.

Now, Option C is full of scaremongering, and in the media it is being reported that the Hospital is going to be closed, and who knows what. It is being called the slash-and-burn option. This is another option put forward to make Option A look good. There is no need to pursue a slash-and-burn policy. Sure, we need cuts, but these can be spread amongst cuts to budgets, reducing the cost of Government, and so on.

I am a great believer in marginal gains; they all add up. Not a big-bang approach. I know it is going to be difficult to cut the costs, but that is why we elected P&R to take on that role. So I will ask them to please ... *[Inaudible]* There have been promises to close services, but the public believes that they are essential – sorry, I have jumped a line!

I do not think we are going to see hospitals closed next week, next month, even next year, if Option C is passed and no GST is put through. We might see a few less civil servants, but in my mind that is not a bad thing. Option D, superficially it sounds semi-reasonable, but for me it does not go far enough. I will listen to the debate, but this Option D has come in very late in the process and therefore with very little time to investigate, research and come to a conclusion. Too little, too late, to be taken seriously, in my view.

Then we come on to Option E, the so-called 'broom wagon' or 'broom bus', made famous in the Tour De France. I agree, the principle of having something to accept when all else has failed, in principle is a good plan. But Option E has some swingeing tax increases, and yet again motorists

and property owners get beaten up. They are an easy target. I do not want drivers to be driving home, singing AC-DC's *Highway to Hell*. (*Interjections*).

1295 Having said that, some of the amendments such as Deputy Leadbeater's and others, are very good and I would not want to lose those. So I am going to support Option C, but I am also going to support some of the 6 to 17 in Option E.

So, just to wind up –

1300 **Deputy Kazantseva-Miller:** Point of correction.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

1305 **Deputy Kazantseva-Miller:** I think there is confusion going on, that Propositions 6 to 18 are under Option E. They are not; they are for alternative Option D Stage 2 proposals. I think it is important to clarify that, sir.

The Bailiff: Deputy Le Tissier.

1310 **Deputy Le Tissier:** Yes, I misspoke. I apologise to Deputy Kazantseva-Miller.

So, in summary just to finish off, to me Option A is dead in the water.

Option B has overegged the pudding. Option C is not ideal but is the basis for a rethink. I think if I was on P&R, I would have gone for a combination of Option B and Option C – B plus C minus. Option E has some deeply disagreeable aspects.

1315 My final line is that whatever else you decide to vote for – B, C, D or E – *please* reject Option A. Thank you.

The Bailiff: Deputy Leadbeater.

1320 **Deputy Leadbeater:** Thank you, sir.

When speaking on the Leadbeater-Cameron Amendment yesterday, Deputies Roffey and Ferbrache, although speaking in favour of it, both said it had nothing to do with this debate. But I disagree; I think it has everything to do with this debate. The problem for me with this debate at the start has been its title, 'The Tax Review'. It should have been entitled, 'The Financial Sustainability Review' because what we are trying to achieve here is future financial sustainability, not just simply trying to increase taxes. To use the phrase Deputy Meerveld just used, 'We need to cut our cloth accordingly'. And we need to do that by a mixture of efficiencies and revenue raising.

1325 Cutting to the chase, sir, and seeking to keep this speech as short as my legs, because we have all made up our minds by now, and no long, drawn-out, grandstanding speech is going to change that, I will be supporting Option D.

I encourage all Members to do the same: keep their speeches as short as my legs, and vote for Option D. (*Laughter*)

1335 **The Bailiff:** Nobody else seems to want to speak, so Deputy de Sausmarez has kindly risen to her feet.

Deputy de Sausmarez: Thank you, sir. I am happy to speak, I just do not know what I have done with my notes.

1340 I will take Deputy Leadbeater's advice and I will keep this very short. I do agree with him that it is about fiscal sustainability and that we do have to look at that bigger picture. For me, that is where the emphasis absolutely should remain, actually irrespective of what we decide today.

But I very much agreed with Deputy Taylor earlier on in this debate, when he was talking about the fact – well, these are my words, not his – but we cannot just consider the fiscal logic of this, we

do need to also consider wider considerations; and especially and possibly paramount among those is deliverability. I do think he made a good point.

I do also agree with Deputy Falla that Option E – if that is what the Assembly agrees today, because we cannot get enough consensus behind any of the other options – will prove to be pretty unpopular.

Deputy Haskins, I am not going to go into any detail, but I think one of the things that was quite striking about the debate on the Matthews Amendment yesterday was this idea of intergenerational equity and inequity. One of the things I just want to take the opportunity to mention here, is I do not think it is fair to characterise – as I get a sense that some may be tempted to do – that the problem with the youth of today is that they are just not working hard enough. I really do not think there is enough appreciation of the very real challenges facing the younger generation and younger generations to come, compared with the different challenges that were faced by previous generations.

But it is not like they can just give up drinking coffee and eating avocados and suddenly, they can afford a house. I do think we need to be very mindful of the intergenerational equity in all these decisions.

Again, that brings me back to my overall issue, that I just feel as though since the introduction of Zero-10, the pendulum has swung so much further over in terms of that tax burden on to individuals' shoulders, away from corporates, and I really do worry about the effect that will have. I think we do need to look at this in its entirety.

It is not just a question of the financial impact of introducing a GST, albeit with the mitigations; it is about considering what that looks like on top of everything else. I still do feel that Option A puts too much of a burden on to individuals.

I have got no problem with consumption taxes, but I do have a problem with such a broad-based consumption tax; and I do have a problem with the particular context and timing of this. I do not think it is worth getting into any of the other points.

I think the main reason I wanted to stand was to say that, whichever option we agree on today – and I hope we do agree on an option – I really would urge P&R to focus on systemic efficiencies, irrespective of whether A gets through, B, C ... By the way, if we are thinking E is going to be unpopular, just wait until you see the fallout of C. I think it is easy when you have not specified what kind of cuts might be envisioned in C, but I think the reality would be incredibly distressing to a lot of people. I do not think actually, Deputy Meerveld, the kinds of things he outlined, got anywhere near it. I really do not.

But I would say I would encourage P&R, whichever the option that this Assembly agrees on, to focus on systemic efficiencies, not just salami-slicing and fiddling around the edges and have a look at the ways in which there are currently barriers to efficiencies within our current systems, and what he can do about it. Addressing those efficiencies is not easy, because it does come down, sometimes to policy, but often also to legislation, and this one strikes the fear of God into all of us – IT. But I think if we can invest and put a serious focus on those efficiencies, then that will help ease the passage, whatever the Assembly agrees on today.

I will continue to listen to debate, but I will certainly think of the options available to us, and the information that I currently have available to me. For me, I think Option D is the most pragmatic of all of those. I have got a quick running list. I am not sure I can see much ahead of that winning, but I think Option D is, as the name implies, probably the fairest and most pragmatic.

I do think the one thing that it does is that it will help restore the community's confidence in Government (**Two Members:** Hear, hear.) and give it that assurance that we are looking at ourselves and our own systems and our own processes, and our own expenditure, ahead of taking the more fiscally secure option of just instantly looking to introduce a new levy. For that reason, Option D does have my support.

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I have to say, I found this whole process quite bruising. I do not bruise easily, but I found it quite bruising and in my case, not just for the last few months but actually for the last couple of years or so. Well, that is what we get paid for, I guess. And throughout that process, I have tried to look at this issue, this issue of the structural deficit which we undoubtedly have, and which is undoubtedly going to grow in future, through three lenses.

The first lens is the requirement to fund key services, and despite the talk of some about how the whole community wants to see us make cuts, spend less, go back to the aspirations we had in the 50s rather than the aspirations we have today, I do *not* believe that is what our community wants. They *do* want modern drugs and medicines and treatments that just about everywhere else in Europe, including Jersey and the UK, enjoy. They *do* want a decent education system; they *do* want all of the trappings in modern life.

Now, of course, we have to scale that down, we do not have the economies of scale in a community our size, but for those that just say, 'The answer is small Government'. No it is not. The protests you will see if you take that to its logical conclusion, would dwarf anything you have seen over GST. So the first lens, I have looked at this through over the last two-and-a-half years is the need for us to raise enough money, in the medium term, to fund *decent* key services in Guernsey.

What are my guiding lights? The second lens I have looked at is actually how to help, to the greatest extent we possibly can, those who are on relatively modest incomes in our expensive Island. I hope that even people who have got no time for me politically will realise that it is not just over these two years of looking at this, but over the last 41 years since I first became a Deputy, that that has always been my driving imperative of being in politics, is to try and help people who are on modest incomes. That has been, for me, one of my key drivers, and it certainly has been through this process.

But the third, or most contradictory lens and imperative for me, is the need for Guernsey to remain economically competitive. (**Two Members:** Hear, hear.) I could not even *list* the number of initiatives over the last 41 years that I would have loved instinctively, ideologically to have gone for, because they felt right for me and fair for me, but knowing that we could not do it, because we have to live in the real world. Nobody owes Guernsey a living and the second we stop becoming competitive with the other jurisdictions that we are competing against, then we are on the road to ruin.

Those are the three lenses that I have looked through this problem of the structural deficit, to try and resolve. And to my mind, Option A, amazingly, does square that circle, and it is clearly the best option on the table.

Sir, I actually do not regret in this bruising process, despite the grief it has brought, and would continue to bring no doubt in the weeks and months ahead. Because I am actually a bit like Deputy Mahoney, going into this knowing we would have to raise many tens of millions of pounds, I could not see a way that we would come out of that which not only raised the money that we needed – and we do need it, despite the denial that some people are in – but would also actually leave the best part of 50% of our population who would need it most, *better off* than they are now. Deputy Haskins was *wrong* yesterday when he said the mitigation only helps the people at the bottom. What about middle Guernsey?

Well, I know some people have got different views on what 'middle Guernsey' is. Some people think people on £60,000 or £70,000 earnings are middle Guernsey. They are *not*. People on the median earning in Guernsey I think is about £37,000. A person on £37,000 under Option A would be *considerably* better off. The amount of money that they spend on GST will be a lot less than the diminution that they will receive in the amount of Income Tax they pay, under the £30,000, 15% band, under the Social Security that they pay. They will be left better off. And that includes pensioners!

The pension *will* go up to compensate. If you are on a part pension, which Deputy Le Tissier is particularly worried about, the likelihood, unless you have got a lot of resources from elsewhere, is you are going to be supported from Income Support; and that is going to go up. But on top of that,

if they are not on Income Support, any household under £33,000 that is not on Income Support, will get direct financial assistance to make up that difference and to compensate for GST.

1450 Sir, I have heard time and again over the last few weeks, 'Why aren't you taking the money from the corporate sector and from wealthy people?' That is *exactly* what Option A does, it overwhelmingly takes money, more money from the corporate section level from households, and when you get down to the households, overwhelmingly from the rich and not from the poor and middle earners. I have listened to what Guernsey wants: they want to take from the corporate sector
1455 and from wealthy people, they think they should shoulder the burden. Option A is the one that does that best.

Sir, I have an unworthy thought at times, that some of the strongest opponents of Option A might actually have been supporters of it, if it was coming from their pen. I really hope that I am misled in that respect, but it does feel that way at times.

1460 Now, the amendment on food yesterday makes it more complicated. It will make it a lot more complicated to administer, and yes it blows a £7 million hole in the amount of money that it would raise, but I think that is able to be recouped through other sources. It will mean other revenue-raising measures will be needed, but it is less than 10% of the structural deficit that is being lost, so I still believe that Option A really does do most of the heavy lifting that is required.

1465 It still remains the most sensible, sustainable and progressive way forward. It *will* provide the funding we need for key services. And just think about key services for a second. HSC budget is under pressure. They, I think utterly wrongly, but in an attempt to try and stay within budget, started charging oncology patients for out-of-hours service. Within a heartbeat, there were more signatures on the petition against that than the GST one has raised in the last few months, with no letter-drop
1470 saying 'Please sign this petition', just word of mouth. People were appalled.

So, do not believe that making savings is going to be necessarily – yes, they are efficiency savings, but do not exaggerate them, and do not think that cutting services is going to be the way to find public acclaim. It will be today, because it is not the nasty thing on the table, but it will not be when you actually start to implement it. And this will, as I say, *positively* help people on lower
1475 incomes, make them better off and allow Guernsey to remain competitive.

And it does, also, for people who want to see savings, and I understand that and I do not deny that in any large organisation there are efficiency savings to be made. Option A includes real expenditure savings of £10 million a year, so please do not paint it as something that is not trying to crack down on any unnecessary spending. I actually think that is going to be challenging in the
1480 face of what is growing pressure on public services, but I accept we must rise to that challenge.

Sir, Option A is head, shoulders and torso above B, C, D or E. But if the States are foolish enough to reject it, where do we go from there? Well, Option B has five clubs in its bag; it has £20 million in extra corporate taxes, I tick that. I think P&R can be back this year with the detail of how we can raise £20 million in corporate taxes.

1485 Option B also includes up to £60 million a year in savings; I am not too sure how achievable that is, without causing some structural damage. It contains an extra £15 million per year in motoring taxes, which I think is pushing it a bit, personally, even though I accept that our motoring taxes are incredibly low compared with other jurisdictions. It contains £5 million from increased TRP, which is basically completing the old TRP escalator, which was pushed so strongly by P&R in the last
1490 Assembly, under Deputy St Pier, where it was going to double over a number of years, being ratcheted on.

I have to say, I have reached the stage where I could no longer support that, for exactly the reasons that Deputy de Lisle was saying afterwards, that people were at risk of being pushed out of their family homes because they could not afford to pay that TRP. And I think a home is far more.
1495 Listening to Deputy Matthews yesterday, well it is an asset! You may not have much income, but you have got more money, because you have got a more wealthy ... That is assuming that you can just dispose of it. Like saying one of your children has become really worth a lot, you can sell it off.

A family home is where your memories have been made and I do not want to push anybody out of it, but I do accept that there are families that have property and families that do not. The families

that do, really, the capital appreciation is locked in generationally and it is, I think, divisive. I would only support much higher TRP if the deferral scheme that has been mentioned is brought in. I think that actually marries that issue, because nobody is going to be forced out of their home.

It just means that their heirs, who are going to get an *enormous* windfall – probably much bigger than they ever dreamt of because of what has happened with property prices in Guernsey – will win 90% of the lottery prize, rather than 100% of the lottery prize, because the estate will have to settle a number of years where they have deferred TRP. So under those circumstances I can support it, but whether it is under B or when we come to E, I say I will only support it if and when that scheme has been looked at and introduced.

But the real killer in B, and why I cannot even really consider it, is that it includes a revenue-neutral reform of Social Security contributions, along the lines set out in section 8 of the Billet. I do not believe that can be done. I do not. People have been asking me ever since the Green Paper, when it was first launched. But everybody agrees with the Social Security reforms, so why do you not just do it? Why have you tied it in with tax reforms? Because it cannot be done on a revenue-neutral way.

If B is approved, I am afraid ESS are going to be back saying it *can* be done. It can be done, with sky-high our contribution rates, of course it can. If we save 17.5%, that is the total contribution rate, then we can fund those reforms without any kind of net contribution from general revenue. But I cannot see this Assembly ... Only vote for B if you are willing to concede – no, more than that – if you are *happy* to support 17.5% Social Security contribution rates when it ends up coming back to the States.

Then we move on to C, and people who are said it is slash-and-burn, I think it is. I do not think anybody who cares about public services can support that one. (**Two Members:** Hear, hear.) But I think the same goes, in a way, for Option D. It is Option C-light in that respect, and not that light; its whole kaboodle is predicated on £24 million a year of revenue savings.

Now, I believe that given the actual increasing pressure on public services – health, pensions, social care, lots of other areas – that trying to strip £24 million out will cause appalling structural damage. But that is not my main concern. My main concern about this element of Option D, and indeed, all of the others, is it just will not happen. Those savings will not be made.

So, people who are worried about walking out of here with no decision, I think if D is passed, that is just what we will have done. (**A Member:** Hear, hear.) We will be walking out of here, we will have appeared to have done something, but we will not really have done anything. And it is not just those £24 million of savings, the same is true of the £20 million corporate levy. As part of a £20million tax package, I think corporate levy is a very sensible move.

But here, we are saying £20 million corporate levy, and then later on we get to the other proposals, and then do the corporate tax on *top* of that. I do not think it is doable. I think if we triple registration fees, for instance, from corporations, we are just going to end up with a lot less registrations in Guernsey, and we will have the law of unexpected consequences, and it will not achieve the revenue that it is expected to gain. The same is true for raising the tax cap, the amount of money that is put in there is exaggerated. It is assuming that everybody that has got enough earnings to get to the politics cap has enough money to actually pay it all the way up to a new tax cap. When actually some of them may only own just enough to pass the current tax cap.

We know that is true, because some of those individuals dip in and out of being impacted by the tax cap. So an exaggeration of how much money that could be raised and likewise with the registration of open-market properties, I am really keen on that approach. The number of registrations has fallen over the years, I was one of the ones on the Population Working Party saying, 'We can turn a trick here, we can actually get back to the previous level of registration we had and people can pay for it.' So I am totally supportive of it, but a total exaggeration I think in this Option D of how much money can be raised in that way.

Sir, Option D is built on smoke and mirrors. It is not a unicorn; it is a whole herd of little unicorns. It is throwing together hooks for people in this Assembly to support and there is something in there for everybody. We all like a little bit of it, why will we not go for it?

I do applaud the authors for their political nous and the way it is changed from a few weeks ago – ‘Cruise ships didn’t go down very well, that lost a few votes, but this thing seems like it would gain a few votes, so we will stick that in.’ This reminds me of Groucho Marx and his comments when he was flirting round politics. He said: ‘These are my policies, if you do not like any of them I have plenty more where those came from.’ (*Laughter*) I think that has been the approach here.

I accept there is one measure that attracts me in Option D and that is the idea of lower social security contributions from employers for older workers, but that can be done anyway and I think it is very much on the table at ESS. A previous iteration of ESS decided not to do it because they thought it would skew the playing field, and that employers would prefer older workers to younger ones. I do not think that is an issue anymore. We have got such a labour shortage in Guernsey – and will have for the foreseeable future, given our demographics – that we need our older people to work, if they wish to, to incentivise employers to take them on, and there will still be plenty of jobs left for the young people to do.

Now, what I do say is if you are philosophically opposed to GST, do not go for D. It really is simply a way of delaying the inevitable until the next Assembly. (*Interjection*) It is sleight of hand, it is not going to bridge anything like the gap in public funding that its proponents suggest that it will. And that is why Option E is superficially far less attractive than D. And Deputy Falla is absolutely right, if that is what we end up voting for at the end of the day – and I am not supporting E, I have to say, I am supporting A, it is enormously better than E.

But if we go for E, yes, people will wake up and they will be very angry, and it will be the hangover. ‘What? You’re going to tax me for motoring more? You’re going to tax me for my property more?’ Even though there will be an option to ... Of course people will be angry, because it is genuinely raising money, and that is not popular. D will be popular, but it is actually not doing that, it is just appearing to do it.

So, yes, I expect to be the actual bogeyman of Guernsey if E goes through. I have only stuck it in because I fear that people will not go for the sensible option of A, and if we walk away with nothing; and whether it is D or whether it is everything we have voted out, that is pretty much close to nothing.

I think the main advantage of E over D is that it does not rely on any accountancy sleight-of-hand by both counting and *banking* savings which have not even yet been identified, let alone realised. I hope the proponents will say what they think are those savings, where are those £24 million that they think they can come from? I know there will be an exercise, just give an indication of how those £24 million of savings are likely to be made.

I have to say as well, under E, the £6 million pounds from (*Interjection*) – yes, I know I have gone over eight minutes, but I have lived and breathed this, Deputy Vermeulen, for two years and I am going to speak for a minute or two more. Option E does not say raise £6 million from domestic TRP. It says to raise an extra £6 million from TRP. So that is domestic and non-domestic. It certainly can include the corporate car-parking levy, which appears to have been put forward for the first time under Option D, but actually as Deputy Soulsby well knows is already very much a working process at P&R. And it can be other forms of corporate TRP as well.

The wriggle room is limited, I accept that, because we have put up corporate TRP so much after Zero-10. But this is not focused just on the domestic. And frankly if, when the report comes back we all say, ‘We can’t really raise £6 million without it being too high; it is only £5 million or it is only £4.5 million.’ In the scheme of what is happening here, that is not going to be a disaster. It is still going to be an awful lot more than is raised under Option D or any of the other options.

Okay I will come to an end, but what I really do not want to do, more than anything else, is leave the fiendishly difficult task of tackling our systemic deficit, which is brought on by one thing and one thing alone, which is changing demographics; and it is no different in Guernsey, to in China, to in America, to in Japan – they all face this huge problem of changing dependency rates, changing demographics.

This is a real problem, and I really fear that what is going to happen at the end of today, at nine o'clock tonight or whenever it is, we are going to leave that mainly for our successors to deal with. And I will be ashamed if that is what happens; I do not think we should be doing that.

1605 I do agree with some people. I am not trying to say there is a silent majority, but I think Members will be surprised how many members of the public have spoken to me quietly and said actually ... Of course they do not want Option A, nobody wants Option A, nobody wants any new taxes, but said that they understand the logic of it. I do not think that 'The people have made it clear' is merely as clear as people believe. People who are strongly opposed to something are very visible. Nobody
1610 is going to write on a placard, 'Don't really want it but I suppose so, if there is no other alternative'. (*Interjections*) And, 'When do we want it? We want it now!'

That is just not what is going to happen. I do not think it is that black and white.

Sir, of course, they do not want it. I do not want it. I *really* hate the idea of GST. I hate the idea of *any* tax increase. But sometimes, sir, in life, we have to do things we do not want. And this is one
1615 of those instances. To me, Option A is the least bad option of the five on the table and by an *absolute* country mile.

The Bailiff: Deputy de Lisle.

1620 **Deputy de Lisle:** Sir, I am pleased to learn that Deputy Roffey does not want tax increases. I differ from him in that I seek lower taxes and a smaller Government; not bigger Government and higher taxes. (**A Member:** Hear, hear.) And we should be easing the tax burden, of course, on individual households at this time particularly, where the cost of living and inflation have caused difficulty to householders Island wide. And I believe we should cut spending and reduce expenditure, because
1625 hiking taxes will stifle growth. (**A Member:** Hear, hear.) We have to be so careful, as a small Island, to retain our competitiveness in the economy, otherwise of course we could find ourselves in great difficulty.

Just a few months ago, our Chief Minister was stating to all of us that the revenue budget had a surplus in 2023 of £33 million. Now, that is what we were told, that was the message that was given
1630 in November, at Budget time, that we were in surplus. So a lot of people out there are a little confused. Here we are talking about all sorts of problems in the economy, and yet here we are with a Budget surplus of £33 million.

And then when we look back, in 2021 we had a surplus of £61 million. Although they projected at that time that we had a deficit of £23 million, but we had a surplus of £61 million in fact, and
1635 really that led to over £80 million-£84 million of improvement. So, what is all this about?

I appreciate that we have had this opportunity to talk about the Tax Review, and talk about our projected financial position, and get this clear in our minds what we are doing here. Because, it is all really about projections into the future if we keep spending, and the answer to that is to cut
1640 spending. So people should not be too concerned about what is going on here. We have a revenue budget surplus, we have good reserves and as long as we are careful into the future then we will find ourselves in good stead. I think that has been very important to make clear to the public, because I think the public have become confused as to what actually is going along here, for three days.

Now, in terms of the Options, I say no to GST. We are going through a cost-of-living crisis which is squeezing households to the limit, and this is no time to be adding 5% to all goods and services
1645 to households. (**A Member:** Hear, hear.) It is not just a matter of tourists paying more, because I do not see any tourists on the High Street at the moment; we are waiting to see them. And that is a problem we have: keeping the economy buoyant if we can, and seeing a better tourist industry and more people flooding into the Island to see exactly the benefits of Guernsey more broadly.

1650 So I say no to GST. It would of course affect the retail trade here in Guernsey and also the hospitality trade, negatively. I have to make the point that I have conflict perhaps there in that I am involved with the sector. But the fact is we would see, unfortunately, some businesses going out as a result of the 5% on, and the introduction of GST.

1655 In terms of Option B, I would find that difficult because of the 50% increase in TRP. But also the motoring taxes that are in that particular option. I find C more palatable, because essentially it is going for cuts; it is going for responsibility in Government; it is going for a smaller Government; it is going for more responsible Government. It is going to enable people to have a disposable income and not to be restrained with costs to Government taxes and rates.

1660 In terms of Option D, that again is £2 million in terms of domestic properties with TRP of 300 and above. Well, we have just been getting at the TRP on larger properties of 200 and above. What is this all about? Another range of that. That just does not make any sense at all to anybody with any sensitivity in this Island. **(A Member: Hear, hear.)**

1665 And then we get on to, what is it, E? E after D? And E: oh, proposals to raise an additional £6 million of property taxes. Deputy Roffey said he was concerned about property taxes, he did not want to see them going too high. But in this amendment, which is Option E, is calling for £6 million *additional* in property taxes. I cannot go for that.

So it looks as though I would call on Members to support Option C, which is really all-out for reducing expenditure, all-out for cutting. It includes, of course, Social Security contributions, but those have already been passed in the States so we have to, presumably, bear with that.

1670 In conclusion then please allow people a little disposable income in the future, States' Members. So they can spend a little on the High Street. *(Laughter)* Be fair, it is important. I see the Chief Minister being worried sometimes with respect to the hospitality industry. But it is a matter of having people happy. **(A Member: Hear, hear.)** That was one of our policies, wasn't it? To have the happiest and healthiest place in the world. We want that. We want it to transfer to our children and our grandchildren.

1675 It is very important also, as Deputy Roffey says, that we can transfer our properties even when in care, to our children, without the State taking the property or part of it. Because we did actually have that guarantee about 20 years ago, whereby we paid more Social Security in order to safeguard our properties. *(Interjection)* Yes, exactly.

1680 So I am pleased that Deputy Roffey has that in mind for the future, and that also TRP is kept low so that we can pass that value on to our children, which is something that we have had in the past until the last few governments, where they have been interested in hiking, hiking, hiking TRP. And that that level of TRP tax does not get to the point whereby people on retirement are forced to sell their properties as they have to in Canada and in the UK.

1685 Thank you, sir.

The Bailiff: Does anyone else wish to speak this morning, on this morning's session? Deputy Gabriel, how long do you think you will be?

1690 **Deputy Gabriel:** Probably about 10 minutes, sir.

The Bailiff: Well we will take you then, shall we? Deputy Gabriel.

Deputy Gabriel: Thank you, sir. I feel taken already. *(Laughter)*

1695 Proposition 1, the projected financial position of the States of Guernsey, is unsustainable. I think we all agree on this, although what exactly is the size of the problem we are trying to fix and when will it materialise? Some predict by 2040; but 2040 is 17 years away. Cast your mind back to 2006, 17 years ago: MP3s were just around, Twitter had just been launched, Apple was one year away from launching their first iPhone, and who could predict the success or failure of any of these achievements and advancements?

1700 What advancements will we see in 17 years? Certainly some technological ones, but will our leading industry still be as we know it, or will it be staffed by chatbots in a cloud somewhere? Intangible services like these are hard to tax accurately, or indeed rely upon to provide an income. What we do know with more probability, though, is that our current population will likely change in size and demographic, with much less employees in the market and more of us living longer likely

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creating an increase in health and care costs. It is difficult to physically care for someone from a cloud platform, that I do know.

So are we trying to fix the hole that we cannot see the bottom of? With £43 million predicted this year, is GST the answer? Likely not, in my view, just yet. So what is the alternative?

1710 The options described in Proposition 4 seem to be scare tactics to me. There could be another way which is not a GST. Certainly, a fairer way of taxing the population. That fairer way has to be by the means-tested for spending on the population and spreading the load on to those who can afford it most. But we are frequently told that they will leave our shores, so we cannot do that.

1715 I have said it before, and it is worth repeating: those earning large incomes, some of our demographic, are extremely wealthy. The tax cap arrangement proves that. Capping Income Tax payments at £150,000 tax paid. Yes, tax paid, not the common misconception that is the income, but the maximum tax liability. If you earn approximately £1million income the tax is capped at £150,000 on Guernsey-qualifying income.

1720 Who has a million pounds income? Nobody I know, that is for sure. But they are out there, those earners that should be contributing fairly to; and that way, a fair way. But are these people all here for the tax cap, or the low tax rate? How about the ten-minute commute?

1725 How about the new-found insulation and security that Guernsey had to offer when the global pandemic hit? Or the ongoing work-life balance, the immediate access to healthcare, our natural environment – beaches, cliff paths – and the people that make Guernsey special, its community. And that community is made up of some people that are classed as ‘middle Guernsey’, and we have heard quite a bit about that today, and in previous debates. My definition of ‘middle Guernsey’ is that the people that are not on income support or retired, or those that are comfortably well-off.

1730 What measures are in place to prevent them from upping and leaving our shores? A GST? I think not. The people who make the Island function are already leaving because they simply cannot afford to live here now. Inflation is currently running high and likely to increase if a GST is introduced. Median house prices at £645,000, against median earnings of £37,000.

Why would they choose Guernsey if there was yet another 5% to contend with? I know I would not. Who knows what these rates will be in two years’ time? Again, if GST is introduced.

1735 Of the many emails I have received, there have been some imaginative solutions. I have been surprised that many people include paid parking, a 1%, 2% or 3% rise in Income Tax. And of course the most prevalent: tax those who can afford it most, including the corporations. I get stopped in the street and asked why we cannot use our tried-and-tested systems of revenue-raising already, such as Income Tax, combined with other ways and means of revenue-raising?

1740 So I went to Treasury and I asked the colleagues there, and they confirmed that a 1% increase on the Income Tax rate for everyone equates to about £14 million income. So something else does need to be done, as this alone is not enough to fill the predicted hole. We must lift every stone, turn every bullough until we find alternatives. Cutting costs is of course what we should be doing as a matter of course. (**A Member:** Hear, hear.) It is interesting to note that most Committee budgets were underspent in the 2020 budget report.

1745 And let us stimulate growth, too. More in employment, through whatever incentives we can give. Earlier or better access to childcare, and then the ripple effect that that will have too. But, more importantly, what are we to do about productivity and efficiencies in the civil service and elsewhere? I am sure it happens, but I would like to see a co-ordinated effort across the whole public service, on greater efficiencies before any slashing of budgets is approved.

1750 And if a GST is introduced, we have heard from many small businesses that even though they may be under the £300,000 turnover qualifying threshold, of course some of their large suppliers will not be under that threshold and therefore their input costs will rise. So those small-medium enterprises will be charging extra to mitigate the GST. Therefore, cost to the consumer will go up.

1755 These businesses say that to remain competitive, these increases are unsustainable and they will have no choice but to close down. Is that what we really want for Guernsey? I certainly do not.

I hope Members will have seen and recall the email from the Managing Director of the largest Channel Island cool chain and goods transport haulier, explaining the differences between

operating in Jersey with a GST, and in Guernsey without one. He stated there was significant time and cost to collect GST in Jersey, by seven full-time equivalent members of staff, which if replicated in Guernsey could cost up to £125,000 per year to collect the tax for the States of Guernsey, from just one business.

He describes the onerous tasks involved as when high-value goods are imported, the Jersey Customs and Immigration Service issues a tracking reference, a CLC, from the dedicated and detailed manifests compiled by the company and provided by the company, then uploaded to see that. The consignee, the importer, has to arrange to pay the GST due if they are not registered before delivery can be arranged. From my direct experience at Guernsey Post, doing just this type of operation for non-EU goods, shipped in via Federal Express, this is a laborious, time-hungry exercise. What is also overlooked is the space needed, the physical space, for storing these goods when delivery cannot be effected on the day of arrival.

So we have heard direct experience from most likely the larger importer of goods to the Islands, that GST is costly to administer for a delivery agent. I read a media report from Jersey recently, of a peculiar case where a householder importer of goods, bought online from the UK, that were of a value over the *de minimis* limit, did not for whatever reason receive the notification that her goods had arrived and were detained for payment of the GST. After seven days, her goods and others – golf clubs and a barbecue to name a few – were sent to auction by Jersey Customs and Immigration. She had to bid, at auction, for her own goods, effectively paying twice.

This is perhaps an extreme example, but it asks the question, 'How many extra time, effort and resulting staff costs will this take the GBA – the Guernsey Border Agency – their staff?' We have heard from Deputy Prow in his Committee updates, the struggles with resources already. But the policy letter describes in section 6.61, that the GBA would need between £410,000 to £540,000 per annum of resource costs. To me, that means staff.

My crude maths equate this cost to anywhere between 10 and 19 extra staff. Do not forget that Jersey, as described in the policy letter, has a high *de minimis* level of £135 before GST is collected on imported goods by an individual. It also goes on, in section 6.43, that a high level of *de minimis* makes the implementation of measures at the border significantly easier and cheaper. I do not know about you, but I do not think that the scenario I have just described about the customer going to auction to bid for her goods, to retrieve them from the Border Agency to pay the GST, is a good use of anyone's time, effort or tax spend.

Back to section 6.61. It also goes on to read, and I quote:

The Revenue Service would accept responsibility for the necessary legislation, day to day administration of the filing, processing and assessment of quarterly returns, the receipt of payment, the management of repayments and compliance and audit activities. It is anticipated that the majority of collections will be made via the Revenue Service

The very same Revenue Service that recently sent out 5,000 or so letters with incorrect information. The same Revenue Service that P&R voted, last year, to spend an additional £5 million of capital expenditure on, and an on-growing annual revenue cost of £800,000. We first heard of this at the Scrutiny Management Committee hearing. These funds, we are told, are to continue to maintain *current services*. That is without the extra £430,000 recurring cost that the Revenue Service needs every year in the policy letter, to administer those functions that I have just described.

Do not forget that Social Security restructure also needs £1.6 million of capital cost, and another £150,000 per annum to administer the restructured system every year. So these numbers are adding up. I make it a rough total of the Revenue Service to administer the OpEx, £1.06 million, figure 19 that is described in. The Revenue Service and the GBA, capital expenditure, £2.435 million, figure 20.

To administer the Social Security restructure, OpEx again of £150,000, and that is in item 8.34. The Revenue Service and the Social Security restructure CapEx, £1.6 million, again in item 8.34. I give you page numbers, Members, but again in the States' Report there are not any to refer to, unfortunately. So quick maths, that is £4 million of CapEx and £1.21 million of OpEx to introduce GST.

1805 But that is not forgetting the hidden costs. The new personal Income Tax allowance in the original and Option A proposal are set to be increased by £600. So that makes an amount, before tax taken, of £13,625. The proposed rate of Income Tax up to £30,000, much lauded at 15%.

So taxable income on the new arrangement of £16,375 gives a tax liability of £2,456. The current arrangement for the very same up to £30,000, is £3,395. So that is a difference of £938.75, add to that the Social Security contributions and for the first £30,000 of income it is around £980. Round that up to £1,000, multiply it by the rolling census-declared numbers for September 2022, £31,196.

That is nearly – what? About £31 million. So the cost of implementing a GST is not just the CapEx and the OpEx. But what we are giving away is £31,000, give or take.

1815 Deputy Ferbrache, again, was astounded yesterday during the Gollop-Matthews amendment. Deputy Kazantseva-Miller raised a valid question and Deputy Ferbrache was allowed to intervene through the give-way rule, and he estimated that increasing the personal income tax allowance, in that amendment by £5,500, would be £48 million. The direct linear measurement of the £1,000, multiplied by all those employed and self-employed numbers, comes to a staggering £31 million.

1820 Now, I do not know if Members remember Deputy Haskins' bucket? We are putting in GST at the top, but at the bottom £30-odd million is falling out every year. To me, that is not a sweetener; that is not an efficient way of collecting tax. It certainly seems counter-intuitive to me, to raise £55 million in tax. We have to spend it, or in real terms not collect it. That certainly is not efficiency in my book.

1825 When Deputy Falla was speaking in January's debate, he quoted Deputy Mézec from Jersey's Reform Party, about how Jersey's fears were realised. They were told that GST was essential. Does it sound familiar to you? It does to me. The GST would not increase. It *did* and it *has*, in Jersey.

1830 The amendments laid were certainly welcome and I was grateful to attend a briefing by P&R, with open discussion encouraged both during and afterwards. Indeed, I even submitted an idea to them and Treasury colleagues for discussion about increasing the taxation to 25% on Income Tax on earnings between £100,000 and £250,000, which would have raised £9 million per annum. But this was deemed to be too targeted, uncompetitive and would also make recruitment of individuals earning those amounts detrimental to our economy and out of step with our competing jurisdictions.

1835 I am certainly not a fan of Option A, as I have described about certainly the costs and the impact. Option B is a no for me, as is the slashing of services in Option C to make Option A perhaps more palatable.

1840 In closing, for the reasons I have explained, the GST method of taxation in the new Proposition 2, Option A is wrong for Guernsey at the moment. To me it is lazy, regressive and it detracts from one of our Unique Selling Points: no VAT or consumer-based tax. Most do not want it and more importantly are willing to pay in other, fairer ways. We just have to find those ways, communicate them accurately, and to me Option D does that, which is why I will be supporting it.

Thank you, Members.

1845 **The Bailiff:** Well, Members of the States, although we have eaten into your lunchtime a little bit by taking Deputy Gabriel at that point, I am going to put to you a motion that we return at two o'clock. Those in favour? Those against.

Members voted Pour.

The Bailiff: I will declare that carried. We will adjourn now until two o'clock.

*The Assembly adjourned at 12.46 p.m.
and resumed its sitting at 2.01 p.m.*

POLICY & RESOURCES COMMITTEE**The Tax Review: Phase 2 –
Debate continued**

The Bailiff: Who wishes to speak next?

Well, on that basis, Deputy Moakes.

1850

Deputy Moakes: Thank you, sir.

When P&R previously proposed introducing GST, I rejected it wholeheartedly because on its own it was a regressive tax. I could not justify that proposal then and I certainly could not justify it today either. However, what P&R has come back with is something different: it is a policy letter that can be split into two parts.

1855

The first part of the policy letter is a complete overhaul of the Tax and Social Security system, which should raise £50 million to £60 million per annum. This is not simply about introducing a 5% GST, despite what you might have heard that is not all the policy letter is proposing. It also proposes lower Income Tax rates, an increase in personal allowances and changes that will make the Social Security system fairer.

1860

This package of measures, when taken together, is designed to reduce the overall tax burden for *circa* 60% of the Island's poorest households. And only yesterday, we also voted to remove GST from food sold by retailers, which will save Islanders a further £70 million *per annum*, I believe. I welcome this move, which will provide additional support for low- and middle-income households.

1865

Many people have rightly said that we should focus on growing the economy, cutting costs and driving efficiencies. I agree, and that is where the second part of the policy letter comes in. A number of initiatives have been identified, that have the potential to raise an addition £30 million to £40 million. These include making savings and cost efficiencies, growing the economy, increasing participation rates, growing the size of the working population and reviewing corporate tax options.

1870

I know that some people are attracted to Option D. I was *really* looking forward to seeing if this was a viable option myself, but it turned out to be a disappointment. It is a bit like smoke and mirrors, and if you think it is a GST lifeboat I believe you are wrong. It is split into two stages.

Stage 1 seeks to deliver increased revenue, savings and reforms. To be fair, I think some of this is possible; but to what extent, I cannot say. However, it is Stage 2 which is the classic 'kick the can down the road'. It is vague and the general theme appears to simply be to direct P&R to investigate this, identify that or consider something else. The amendment suggests that Stage 2 should deliver further revenue-raising and savings measures, but these appear to be simply put into two buckets of general verbiage.

1875

But these are also assumptions and the reality could be that the actual numbers are lower than the amendment suggests. This is quite a risk when there is no plan B. To make things worse, Members can strike out individual propositions that they do not like. If that happens, revenue raising and/or savings measures could be lost, which will doom the amendment from the outset.

1880

To make matters worse it directs P&R to report back by dates as far away as the end of 2024. This is effectively two years away. P&R has just spent two years looking into how we can save money and/or raise additional revenue to fill the fiscal deficit. Asking P&R, or anyone else for that matter, to spend another two years identifying, investigating or considering stuff, is just kicking the can down the road and hoping for the best. It is also a huge risk and I predict that we will have to repeat this whole debate again in a few years' time, when the black hole could be even larger.

1885

As I said, this amendment might kick the can down the road for a few years, but it will not go away. This is an issue that needs to be sorted out *now* not in two, three, four or five years' time, because it will just create uncertainty. We cannot bury our heads in the sand and pretend that there is not a problem. We cannot keep kicking the can down the road and hope that we will discover a magic money tree. And we cannot keep putting off making difficult decisions – politically difficult or for whatever reason – because that will simply compound the problem.

1890

1895 Everyone agrees that there was a structural deficit. S&P's recent downgrade was a wake-up call. The time to act is now. That is why I support the policy letter. There *is* no viable alternative and doing nothing is not an option. Certainly do not vote for Option D; it will come back to bite you in the future.

Thank you.

1900 **The Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

1905 I am going to start by just again explaining what has happened with our mega-composite amendment as amended, because there is a lot of colleagues referring to Option D. Option D comes in two parts. There is the first part, which is a package of measures and there is the second part, which can be voted as separate Propositions. So still Option D Propositions that have been slotted under and look like they are Option E, and they are not.

1910 I think it is very important to, when Deputies are talking about elements they might be in favour of or against, that they are at different things to be talking about in what is being proposed under Option D. And so the choice as Deputies we have today, is obviously to go through the different options, and we might have a preference; but also to consider in case your preferred option, which could be Option A, it could be Option C, it could be any other option, fails, what happens next? What is your next best alternative? Does the next best alternative take you to where you think you would like this Assembly to take our Island?

1915 This is the context and again I am sorry to be trying to reiterate, but I think it is important to still highlight the cascading choice of options we have in front of us.

So we have in front of us a range of options that seek to achieve different things with different approaches, and Option A is the option that has been looking to raise the largest amount, even though that amount has now been reduced. So the efficiency of the original P&R proposals have actually been diminished because of the amended Propositions that were introduced by Deputy Gollop in relation to food. I think that is something important to bear in mind.

1925 There has been some criticism laid to the proposals of Option D, that they do not maybe generate enough revenue. I will look into addressing some of those specific concerns that Deputies raise. But actually, our intention has always been not to raise such a huge amount, because you have to put into context in terms of what you are trying to raise when you are trying to raise £75 million out of the community. So what is £75 million of *new* taxes in the community? Just to put you into the context of what that means for the economy, this would represent around 10% of our total taxation including Social Security contribution. A 10% hike in how much we will be taking out of the economy.

1930 Since Zero-10, we have obviously lost some receipts from corporates. We have been able to recover some of them, but this £75 million hike will represent nearly double of what we have been able to recoup from the corporate world over a 15-year period. Just like this, in one go. We think this is a great proposal because are looking to raise so much money. This will also represent nearly 40% of the increased total burden of personal taxation that households have had to endure for the last 14 years.

1940 Again, just like that, a £75 million tax hike. There is nothing to be proud about. And as the economist that I quoted previously, Andrew Han said this is not a positive sum gained, this is a *huge* tax hike. In fact the way we should be looking at the different options in front of us is about damage limitation to some extent.

1945 This is where the Fairer Alternative proposals, what they are trying to do is to provide a staged approach, and to really show that we do not have the right to put such a huge burden of increased taxation, today, on our economy. Even on corporates, but especially on households. So the Fairer Alternative are the only proposals in front of us that are giving us the option of a two-stage approach. As I said before, even if the package of the measures in 5B) is not approved it is giving

us a range of other options to consider as well. Again, all thanks to the approach and the work undertaken by the Fairer Alternative.

I will now look at what the Fairer Alternative number 2 is actually trying to do. The first one is that we are, despite what I said that we do not want to be putting undue burden on the economy, we do recognise that there is the need and the requirement to raise additional revenue. The proposals under Fairer Alternative are focusing the raising of that revenue on corporates. As I said in my previous speech in the debate back in January, this is where the burden of taxation over the last 15 years have been borne by the shoulders of individuals and households.

I think, sir, it is appropriate to be able to focus that attention on corporates. No other proposal is putting so much focus on the corporates, because if we look at –

Deputy Helyar: Point of correction.

The Bailiff: Point of correction, Deputy Helyar.

Deputy Helyar: The assertion that the D alternative puts the majority of focus on corporate is not correct. The proposals in A) include a GST in which corporates, particularly in the finance sector, will have to register and pay a fee. It also includes proposals for increases in corporate taxation. But the assertion that Option D's proposals of a levy have the largest amount is not correct.

Thank you, sir.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

I want to correct what I was trying to say which is that our proposals, with the corporate levy and with maintaining the social security reform, which will continue raising £19 million from corporates, as a proportion of all the revenue-raising are the option that raises the largest proportion from corporates. I absolutely take that Option A does raise also additional revenue but as a proportion, Option D is doing this better.

I wanted to refer to one of the key revenue-raising options here. It is called the Community and Infrastructure Contribution and it says: 'Including in the States of Guernsey's annual budget for 2024, proposals for a new Community and Infrastructure Contribution to raise up to £20 million.' There have been concerns raised about where is this number taken from?

Well, this number is taken from absolutely the policy paper, on page 32 of the EY Report, which says that Option 4 which is modelled on a flat levy has the capacity to raise between £16 million to £20 million with – which is also very important – no expected GVA impacts, unlike the other options that EY researched. So this is not some kind of figure we have taken out of nowhere; this is a figure absolutely in the EY Report and as modelled to be the one that will give the least or *no* GVA impact, according to EY.

But I think what is also important to say is that is not the only thing that we want to be looking at. We think this is a low-hanging fruit that we should be looking at, and the revenue-raising opportunity of that is up to £20 million. But in Stage 2 of the proposals, we are also suggesting in Proposition 9 that we are continuing the work of the Corporate Tax Review that actually P&R has already been undertaking. We would like that work to be somewhat extended to include property taxes down the line, as debated previously. But very importantly, that work will include the revision of the Zero-10 in terms of the potential of making it Zero-12½. It includes the opportunity to also launch the alternative vehicles through which companies can collect tax.

So it includes all the elements that all the other proposals, including all the three P&R proposals have. And from the discussions we have had with P&R this work is under way and they will be bringing proposals for some of those elements, the alternative vehicle, in potentially November of this year.

So there is work which is under way already, in parallel to the opportunity to raise a levy, which can give us this opportunity to raise more from the corporate sector –

I give way to Deputy Dyke.

Deputy Dyke: I thank Deputy Kazantseva-Miller for giving way.

This was a question: in earlier drafts of all this, and I do not know if there has been a word-processing error, you had a provision concerning using section 67 of the Income Tax Law, the anti-avoidance provision, to see if we can do anything about the retention in companies of income, without distributing it. But that seems to have disappeared from this draft.

Is that a word-processing problem or am I just going mad on this?

Deputy Kazantseva-Miller: Thank you, Deputy Dyke.

I believe that is retained in the terms of reference for the review that will be undertaken. *(Interjection)* Yes, absolutely, so that is one of the elements –

I give way to Deputy St Pier.

Deputy St Pier: I am grateful to Deputy Kazantseva-Miller for giving way.

It was just to draw Deputy Dyke's attention, in the composite that has been circulated today, it is not included in the terms of reference but in the original amendment, it is. So on page 12 of Amendment 14, circulated, paragraph 4 – *(Interjection)*

Sir, perhaps through the members of the Sheriff's staff, I will pass Deputy Dyke the relevant section and that will hopefully deal with his question. *(Interjection)*

The Bailiff: It is absolutely correct to say that there are terms of reference in the schedule to Amendment 14 that probably should have appeared in the document that you have got. We will extract that page and every Member will get a copy of it to add at the back, because it is cross-referred to in Option D.

Deputy Kazantseva-Miller to continue, please.

Deputy Kazantseva-Miller: Thank you, sir.

I think Deputy Dyke has raised a very important point, that the Tax Review options that are proposed under Proposition 9, which is part of Stage 2 of Option D, includes a number of tax investigation options, such as what we could do with profit distribution from companies. Again, what is key, is some of this work – and this is from the discussions with P&R, but also through the corporate tax and review sections of their proposal – that is exactly the type of work they have been undertaking and are ready to bring to the States as well.

I think the current figure of up to £20 million that we are putting for the corporate Community and Infrastructure Contribution, is entirely based on the evidence of experts. But what is more is that we truly believe there is further scope, potentially, for raising more from corporates.

So I do sincerely hope I have put this to bed and the concerns that have been raised, because I feel they are completely unjustified and unfounded.

The second element that has been also one of the other revenue-raising Propositions, is the Open Market inscriptions. So as we all know well, because we have proved it during the Population and Immigration review, this is work that is already under way. The figure we have given of £5 million annually, is taken from the work of officers – again, not plucked out of somewhere in the air – who have been working on this workstream, that have been given to us.

But just to justify, because I like to check whether the numbers do add up, if you look right now at what Open Market properties represent as a proportion of total households in Guernsey, it is about 6%. This figure has fallen over time. This 6% figure has been declining over time. It used to be higher, it used to be 7% or 8% higher. But as we know, we want to attract more people to come to the Island, we know we need to build more houses. The latest strategic housing indicator is saying that we need to build over 300 houses each year. Precisely, 313 houses.

2050 So if, as a Government, we just wanted to maintain the same open-market proportion of 6% - not what we had higher, but just 6%. If we wanted to build all of those new houses, but still maintain our total housing Open Market Register to be at 6%, this will mean we *should* be allocating 19 of those 313 houses to be Open Market.

2055 So we would naturally tend to think that those Open Market potentially new houses would be higher value. To get to the £5 million figure with 19 houses, you would just need to charge a subscription figure of about £250,000. I do not think that is unreasonable and this is really based on just maintaining the proportion of Open-Market properties that we have right now.

Again, concerns raised that this is not a justifiable revenue measure, this is £5 million, it is taken completely out of officers' work, but also just checking it against basic logical figures. So that is one of the other measures in the package.

2060 Again, this is apart from Option A, it would be absolutely in their fairness, Option D is the only one that has any element of progressive nature in their proposals. First of all, we are looking to review the personal tax gaps, and this is very much linked, because Jersey is looking to do that, but some of our high-net-worth individuals have been openly coming out and talking about that they want to contribute. So this is one of the package of measures that can be undertaken through the Budget.

Also, Option D is looking to increase the personal allowances by 400. As mentioned by Deputy Roffey, we are also looking to undertake the full Social Security reform, as under Option E, but actually make it more progressive.

2070 Again, this is very important to know. Out of all the options on our table today this is the only one, together with Option A, that is trying to make a more progressive tax system. None of the other options do that. And the way we are trying to make the taxation system more progressive –

Deputy Helyar: Sir, point of correction.

2075 **The Bailiff:** Point of correction, Deputy Helyar.

Deputy Helyar: It is not correct to say that none of the other options provide a progressive difference. It is quite clearly set out, and it has been set out for *many* months that the proposals that have been put together, the package which is in Option A provides that the lowest paid in society, 60% of households, will be better off under those proposals. (*Interjections*) It is the *most* progressive.

Thank you, sir.

2085 **The Bailiff:** Deputy Kazantseva-Miller, the way of avoiding points of correction like that is simply to refer to it being your opinion.

Deputy Kazantseva-Miller: Well, actually, I do not think it was a valid point of correction, because I said together with –

2090 **The Bailiff:** It does not matter, Deputy Kazantseva-Miller, just move on, please.

Deputy Kazantseva-Miller: Fine.

2095 As I said, together with Option A, I actually absolutely said that, this is the only other option that gives an attempt to make this package as progressive. I absolutely referred to Option A as well. And the way it is trying to do that is through lowering the tapering of allowances from £90,000, which is what is being proposed under Option A, to £80,000; and it is also looking to reduce the Social Security contributions for employees of a retirement age by a small percentage. Again, there are three measures in this package of measures that make the package more progressive.

An important part of this proposal –

2100 **Deputy Helyar:** Sir, sorry. Another point of correction. I am very sorry to have to interrupt again, but –

The Bailiff: Wait just a minute, Deputy Helyar.
Point of correction, Deputy Helyar.

2105 **Deputy Helyar:** The words that were said were ‘*more* progressive’, and the implication of saying ‘more progressive’ means more progressive than other options. I am sorry if that is being semantic, but it is *not*. The most progressive option is Option A and it is quite clear that is the case, and it is not correct to misrepresent the options in this way.

2110 Thank you, sir.

The Bailiff: Deputy Kazantseva-Miller, you have heard what I said earlier.

Deputy Kazantseva-Miller: I am talking about making this package of options more progressive. I think, really, Deputy Helyar is picking on my words unnecessarily.

The other important part of what we are trying to address, and I think lies at the heart of the staged approach, in terms of the importance of showing to the community and embarking on a programme of expenditure restraints, review and efficiencies, and so on.

2120 The first measure that is proposed in the package of measures is a budget restraint measure, of £4 million in real terms. Again, this is where I wanted to draw the Members’ attention, that a budget restraint measure is not the same as cutting Committee spending. This is because, again, the way we have calculated this deficit is based on our latest 2023 Budget, which has been the largest runaway budget. If you look at the latest accounts we have, we had a 10% overspend of Committee budgets in 2021.

2125 I have actually checked what today’s situation is. So I can confirm that at the end of Q3, Economic Development was 1% under budget. I have not got the figures for the end of the year. But I have got in touch with the Treasury, to say whether she could provide me very high-level figures of where the overall States were in relation to the budget. She has provided – and I want to say she said it is with a caveat – but the figures are coming to be £4.8 million under budget for 2022. This is a high-level figure. This is exactly the type of very tiny adjustments we are hoping we can start making, so that we can start showing more expenditure restraint.

2130 This is in terms of introducing, as a budget measure, not as cutting Committees’ actual spends. We think it is entirely realistic, because there is always a bit of room of scope and the way we are budgeting, the policies and budgeting we apply are the actual spend that Committees undertake.
2135 We think this is absolutely doable and again has been proven by the very high-level numbers I have just received today on our actual spend in 2022.

2140 The other measure here is about a small, compared to Option B, Option E, proposals for TRP increases. Again, importantly, it is focusing just on the larger properties above 300, but it is in terms of the volume of revenue that this Proposition is trying to raise, is nothing in comparison to what either Option B is trying to raise, which is £5 million – this will equate to a 50% TRP hike for all properties – but also, especially Option E.

Option E is looking to raise £6 million in TRP hikes. This represents a 60% hike for everyone in terms of TRP rates –

2145 **Deputy Roffey:** Point of correction.

The Bailiff: Point of correction, Deputy Roffey.

2150 **Deputy Roffey:** That would only be the case if it specified that Option B does, that it is all from domestic TRP. It does not specify that.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: So, under the Fairer Alternative package proposals, this option is looking to raise a much smaller proportion from TRP than Option E or B on the table.

2155 Some of the criticism we have had is that this is entirely unachievable. So I really wanted to question, based on the package of measures I have talked about, what exactly *is* unachievable? Which part of the workstreams here are going to take so many resources away, or are just trying to do something which is already on track, which is already with our taxation system etc.?

2160 I think anyone who is saying, 'This is just an investigation, this is just doing something in the future,' is really wrong. This is real measures that we can take now, within the resources we have.

So this brings us to Stage 2 of the proposals. Again, it could seem that it is something that we are pushing into the future. Not this political term we are going to be addressing, but again this is wrong. That is not what many of these Propositions are trying to do.

2165 For example, a very important part of the Stage 2 Propositions around the Capital Review, and again very similar type of proposals are presented in the P&R proposals. So again, when Deputies stand and say, 'Well, this is all just about investigations,' etc., well a very similar type of proposal is actually in Options A, B and C in terms of capital. The same, talking about I believe a very crucial Proposition 7, and this is about directing the Policy & Resources Committee to establish a sub-committee to look at the public services outsourcing, structural change, cessation, etc. This is
2170 absolutely critical, but again a very similar type of Proposition is already in Options A, B and C.

So if someone stands and says, 'Oh, this is just from something else we are doing, we do not have the resources', well you have already committed to actually doing more or less something quite similar.

2175 The one element, I talked about Proposition 9 in terms of that corporate taxation, property taxation work, a lot of it is already under way, so again it fits into the workstreams that are already underway.

Proposition 10, about motoring. We do believe it is important to start looking into those areas. Again, this is something that is also proposed by other options and is already part of the work that the Committee *for the* Environment & Infrastructure potentially will be doing.

2180 Really, the only absolutely new elements in Stage 2 are Proposition 8 which is about the vision – and I have been, together with Deputy Murray and I believe Deputy Dudley-Owen, talking about that. I have not *just* been talking about that. I have mentioned this in the Committee *for* Economic Development, I have been pushing for and asked to engage with the type of providers that are actually doing this type of work, and we have a meeting scheduled with such a provider that could
2185 help us undertake a long-term vision, in a couple of weeks.

I do believe this is something that, while if we do approve Proposition 8 about creating a long-term vision, it is not something that this political term will benefit from, but it is going to be very important in laying those foundations for, really, the longer-term vision to be developed by the future Assemblies. I do think that is a really important undertaking for us, and we have had really
2190 useful and constructive engagements on that with Deputy Murray over the last few months.

The other new element is really about the Tourism levy. Yes, this would be additional work that potentially needs to be undertaken by the Committee *for* Economic Development but actually, as we have heard from discussions previously, some of the discussions have already been taking place previously. The industry has been indicating how a levy like this could work.

2195 Again, when we are looking at the actual proposals in front of us, apart from what I said in terms of the Propositions on the vision and the levy, everything else has either been proposed by other proposals or is already work under way. So again please, let's not be scaremongering that Fairer Alternative Option D is somehow just about some unknown future investigations. It is really just not true.

2200 Where it leaves us is, really, in terms of the cascading options for the different Deputies. I know a few of my colleagues have indicated preference for Option C, which is really showing that very strong commitment to cost reductions. I think there are a couple of things to think about. Option C

comes with no Social Security reform and maintaining the contribution rates that we approved last year, which will lead to the combined contribution rates, together with the combined effect of secondary pensions by 2031, to be equating to over 26%. I just want to focus Members' attentions to what Option C, in terms of maintaining the contribution schedule, will mean.

This is a huge cost of employment, including the cost of doing business in Guernsey and the lack of competitiveness that presents. Option C comes with that. It also comes with quite a radical approach in terms of looking at reviewing spending, which we have called a 'slash-and-burn' approach. I sincerely think that option has a little chance of success, although I think it underpins what the Deputies are trying to do.

If that option fails, those Deputies really need to think about, 'What is next?' Is there anything else that helps you achieve what you are trying to achieve in terms of expenditure control? I think I can tell you straightaway that Option E is not going to be able to do that, because it has no real commitment. And as we have heard from Deputy Roffey, he really believes in properly funded etc. public services. Option E is not going to deliver that for you.

If your Option C does not succeed, what are you going to do? I think if you look at Option D I really and truly think it helps you achieve what you are going to be trying to do. It may not be doing it in the same radical, quick approach that you may want to see, but I believe it sets you absolutely on the right track of, first, the budget restraint Propositions; then immediately starting that review of public services that will be generating between £20 million and £16 million. But also the Propositions around capital, I think can really help shape our thinking about what our capital expenditure is and how we are going to be funding it etc.

So I think Option D, for all of the Deputies who are committed to Option C – because it is likely to fail – your default option out of all remaining options can only be Option D. I really urge you all to very seriously consider that position.

Again, Deputies, please focus that the other package of measures that we can choose from A, B, C, D or E; and then there will be from 6 to 17, a Fairer Alternative to Propositions that we can also adopt.

I just wanted to finish on a light note, in terms of: Why has it taken us so long to get to where we are? And, to be honest, who knows what the final outcome will be?

I looked at ChatGPT. I do not know if any of the Deputies have heard about this new functionality. It is this Artificial Intelligence chatbot, developed by Open End AI. They are now in a big partnership with Microsoft. So this chatbot, this open Artificial Intelligence technology, will power Microsoft, Bing, etc. You can chat with this function. I really encourage Deputies to go and chat with it, because I found it to be extremely clever and it gives you instant answers. *(Laughter)*

So, I posed the question and I asked it: 'What is the best way to address the fiscal deficit for Government?' And do you know what? In literally a minute, less than a minute, it gave me this ... *(Laughter)* I will pretend to be an AI voice:

Solving a fiscal deficit for government requires a combination of short-term and long-term measures. Here are some possible strategies: 1) Increase revenue. Governments can increase their revenue by raising taxes or introducing new taxes. This can be done by identifying areas where taxes can be increased without overly burdening the economy or citizens. Additionally, governments can explore ways to increase revenue through non-tax sources, such as fees or sale of government assets. 2) Reduce government spending. Government can reduce spending by cutting down on unnecessary expenditures. This can involve a review of all government programmes and departments, to identify areas where spending can be reduced or eliminated. 3) Control debt.

Not as applicable to us.

4) Stimulate economic growth. Stimulate economic growth through investment in infrastructure, skills and innovation. 5) Increase efficiency. Governments can increase efficiency by streamlining processes and implementing technology solutions. This can help reduce costs and improve the delivery of governments.

And, as summary, ChatGPT said:

It is important to note that the best strategy depends on the specific circumstances and the current state of the economy. Additionally, a balanced approach that considers the impact on citizens and the overall economy is crucial for long-term success.

Several Members: Hear, hear.

2245 **Deputy Kazantseva-Miller:** Listening to ChatGPT, I just wonder what was the purpose of all the time and money we have wasted for the last I do not know how many years, where I could have just asked ChatGPT. Members, perhaps it is the time for Artificial Intelligence to take over!

Thank you. Please vote for Option D.

The Bailiff: Deputy Brouard.

2250 **Deputy Brouard:** Thank you, sir. I am not too sure how I am going to follow that, but I will have a go. *(Laughter)*

I just want to align myself with some of the comments this morning from Deputy Mahoney who I thought did actually a standout speech, it was very good. The same with Deputy Prow, I really aligned with what he was saying.

2255 Because we have not taken the public with us, or explained it well enough, and I think by the number of corrections that we have had this morning to other people speaking – we had not even explained it to ourselves well enough. It does not mean that Option A is wrong or bad. That is where we come in.

2260 Option D, to me, is just fluff. It reminds me of a billboard on a development site. It is one of those great big billboards and there is a lovely family standing in front of a beautiful house, but when you actually look behind the billboard there is just wasteland, because nothing is there yet. So that is my fear with Option D, it is just wishful, hopeful thinking. Very nice, but it just does not cut it especially for us as a Government where we need to provide services and we need to rebuild our infrastructure.

2265 Now, we do inhabit a rarefied world, as politicians. We have more information than the public have, and we need to use that information, and we need to use that information wisely. We have access to facilities that members of the public just do not have, and it goes far beyond slogans that say, 'No GST.' We have got to be far more responsible as a Government, than just those headline figures, or those headline words. And here am I, supporting the GST, with the mitigations for those who are on lower incomes, when I was originally against the GST in the years gone by. And now, having taken lessons from colleagues who used to promote a GST for years, with the explanations that it would broaden our tax base etc. And now those colleagues do not want one, or this one, or not at this time. You cannot make it up. It is a complete twist.

2275 We need to have a stable, credible and fair taxation to have any chance to deliver the services and the infrastructure requirements which Islanders demand. With A, and the amendment now that food is out, I think A gives that opportunity to the Island, and to us, so that we can put our finances on a secure footing now and not have to wait for the next election to see what is going to happen then. I really hope, as Guernseymen and women, you do what is best for Guernsey today, and not your election chances, or how TRP will affect you. You have a vote. Please use that vote with Guernsey in the forefront of your decision-making, whichever way you choose.

2280 I would just ask you, sir, if we can have number 7 taken separately, when we come to the votes. I believe it is pure navel-gazing to look at the essential services that the community desires. I think it is just a rabbit-hole to go down, and it is the same with number 8. Again, just navel-gazing, asking for a longer-term vision. I think most Guernseymen and Guernseywomen will know exactly what they want Guernsey to be in the future, we do not need to have a committee set up to see what that is going to look like.

2290 For 14 A), sir, if we could have that one separately, because I think we should not be flip-flopping at this time on this particular issue. We have given P&R the decisions to make with the capital proposals that they have in front of them already from the Government Work Plan. And here we

are, unpicking that particular scene because we can. So please, my advice, vote to your conscience, but please put Guernsey at the very front of that and not any other considerations.

Thank you, sir.

2295 **The Bailiff:** Members of the States, I can clarify that I am proposing to take every Proposition discretely as a single Proposition when it comes to the vote.

Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

2300 I will be brief. Good news first. I think we are pretty clear that there is at least one Proposition that we are all agreed on. That is Proposition 1. *(Laughter)* That is the good news. There endeth the good news. *(Laughter)*

2305 Even then, I am not even sure that we agree on that, because it will be good to say we all agree that there is a problem and this is what the problem is. But we have heard, not only in this Assembly, but outside that there are some that say the problem is not as bad as it has been identified, or some say it is far worse. I think my belief, sir, is that we are living in unprecedented times and that is likely to continue for some time in the future.

2310 Therefore, it is better in those times to prepare for the worst and be pleasantly surprised, than hope that the past good that we have had would continue. Our forefathers were particularly wise, I think, in putting aside monies, particularly in the lead-up to the time I was first elected in 2000, into a contingency fund, or for nickname, the rainy-day fund. Those funds were able to help us get through the changes in taxation through Zero-10, the credit crunch that came unpredicted around that time as well and have also been able to help us through the COVID years.

2315 Deputy de Lisle said before that we had huge amounts of reserve, and I am sure he was referring to other things, but they are not reserves, those other things that we have got, they are actually accounted for. We have not, we have got very little. And, sir, none of the options before us today have any provision for putting aside the sorts of monies that we would need to put aside that our forefathers did. No one has mentioned that, but I wish that we were doing that, because I believe we will need to.

2320 The only option that gives us the opportunity to go anywhere towards that is Option A. It gives us flexibility in changing economic seasons and, sir, many who have known me for a long time know that I am a man that wants to see small Government. I think I have made that argument many times in this Assembly. I also want to see growth and I was very glad to listen to Deputy Moakes' speech. He and I worked together very much on the potential new trade deals that may benefit not only
2325 this generation, but the future generations.

2330 We want to see growth. To have growth, there needs to be flexibility. Government needs to remove itself as much as possible from those things, but at the same time Government needs to create an environment where there are opportunities for growth. Now, it may seem counterintuitive to say that Option A, which includes amongst a number of other different things, a GST, is the option for growth. But I believe it is.

2335 We are competing with other countries when we are dealing with international business, which Guernsey I think will always have to rely on, and virtually every other country has a consumption tax that is *much* higher than ours, because we have a little bit of excise duty at the moment. But they have the sorts of taxes and the sorts of abilities to invest and create environments for their economy to thrive, and those are the nations and jurisdictions that we want to business with, we want to compete with in a fair world of trade.

2340 Of course, Guernsey *did* have a GST once upon a time, in the 1940s, as a result of the rigours of occupation and all the world crisis, this Assembly chose to introduce a General Sales Tax. And that sales tax continued, I think, until the 1960s, when it was possible to do some revision of the taxation system and they got rid of it. They do not necessarily stay forever! **(A Member:** Hear, hear.)

But I think at the moment, looking at all the other options – and I am glad that we have five different options, we have got various bits and pieces within those options, as well. I am worried

about those that are more complicated, obviously, because when it comes to it we might have some that say, 'Well, yes, I will vote for that option, because overall it is most attractive me, but I am not going to vote for these bits.' And so it comes to nothing in the end. We have to be careful about that.

The simplicity of Option A gives us, for the foreseeable future, a credible way forward that can help us to give opportunities, not only to our current workforce but to the future workforce as well. I believe there is yet more that we will need to do and future Assemblies will need to do, but if we do not act now and take this decisive step, then we will be in a much worse and more constrained position a few years down the line.

That is why I cannot vote for Option D, because there are too many unknowns in it. We fool ourselves by thinking that some of those things will deliver on that level; we just do not know at this junction, we are not certain at all about the quantum of what they might be able to deliver. And then we will end up being pressurised, I think, into something that will not enable us to do those more progressive things that we are bringing into Option A now. Today is the day for decisions; and for tough decisions.

I am disappointed, sir, that some people have not gone into the details, they have just looked at the surface of Option A particularly. I remain wedded to that, although I have been open and have listened to others. And yes I do believe, sir, that some of this has got personal and political, and I think that is a shame because we should be thinking about the whole of our community.

I know that if I choose to stand again this will certainly lose me several thousand votes. That is not putting me off doing the right thing; I have lived my life on that basis. And I believe this is the right thing to do.

We have sometimes, in this Assembly spent hours debating things that really just are not that important, like the colour of St James, for example, we once spent hours debating that. This is important, because it is the livelihood of our society, our children, and our grandchildren that is at stake, and we need to create something that is stable enough, and rigorous enough to be able to weather the storms that I think are going to be in front of us for some time.

I have not changed my mind, sir. I am still going to be voting for Option A.
Thank you.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

I am going to keep mine short. The main part is not only from my manifesto but I have always stood against – well, I have never supported GST. I do take on board the fact that it is not just the GST it is the composite. But the opinion, and where I stand is that there are still other areas which have not been fully explored in other areas. I do not say that as one single Deputy but I am representing also the voices of the many people who elected me, who I spoke to, whether it be in sectors of industry and everywhere else.

What I would like to do, though, is really just almost remind ourselves of what the effect of this is going to be. I think Deputy Falla ran accordingly about the after-party. There will be a lot of people who will be very pleased at the end of this, if A does not succeed and there is no GST, but there is going to be this bittersweet pill the following day on how this is going to work.

I have nailed my colours to the mast; I want to see what else we can do. I do believe that some point in the future, a bit like I think it was Deputy Parkinson on territorial tax, there may be something in the future. But for now, what I would like to see is we have to work with some alternatives. Currently, I am following on with a number of other fellow Deputies I have been listening to in speeches today.

The direction I would like to take would be looking at Option C or 4. Now, this seems the more draconian one, the one with the cuts and it is the strongest one there. However, this has to be tied in with some other amendments. I have been looking at the amendments from 6 to 16, and there are some ones within there which will give us the other areas we can look at to compensate.

2395 This is all about compensation. It is not the silver bullet, it is not the best solution, but it is working out from what and where we can. Just to give an indication of that, I am just going to look at some of those points, just to clarify the combination that I personally will be voting on, depending on the success of the sections there. But from 6, the engagement of Principal Committees to explore scope and methods of funding in existing portfolios. Some of the points, though, I will not be supporting.

2400 But just overall, to explore generating up to the £2 million from the visitor economy, I strongly believe that and go beyond that, to how we can build and grow the economy. I could go through them, but as you can all see in your documents, between 6 to 16 and with the exception of the one where it refers to the £586 million, I do believe that we should keep it as is. That one, I will not be supporting.

2405 The other aspects are it is cutting and controlling expenditure. We all have different opinions on whether or not we implicitly trust the accounts as they are, or the way the accounting is done before IPSAS, but that is something we will have come to. If I talk on the amendment of the D, I will call it, there are elements in there that I can see. If you compare the two from E, which is really having to raise revenues now compared to D which is looking at savings and looking at efficiencies and other ways, and where they do raise. I did have one question, which Deputy Kazantseva-Miller has answered and that is on the corporate levy.

2410 This one, I am very in middle ground, because I can hear from P&R that they have been working on this solution as well. So, if it comes down to trying to finally compromise solutions to choose which one is best. I just wanted to share that although I will not be supporting A, and I do really honestly recommend all the P&R and Deputy Roffey who have been working on it, but they did not bring everyone with them at the time.

I know now it is a hard call but we are where we are. So from here I will be trying to do my best to find those balances to go forward, finding the solutions from this point.

2420 Thank you, sir.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

2425 I do not really want to see *any* tax rises. I have said before, as a family – and I get that we are probably middle- to getting-up there, really in my tax bracket. But we are *really* struggling. And yet, I also know that we have to be realistic because money, unfortunately, does not grow on trees, and I really have been going around and around in circles on this matter.

2430 To be honest, it has given me rather a few headaches because I am not a tax expert and I have spent a lot of time – and I really want to thank the senior economist, because I have asked her a plethora of questions, and she must be really sick of receiving my emails. But she has answered every one of them and it has got me, I think, to where I am.

2435 Now, I want to just say my worries, first, because there is a number of them, really. First, I am going to start with A, because I am really pleased to see that food is no longer included, because that is a *major* expense for most people. What worries me is that it is so easy, in the future, just to say 'Do you know what? We just need a bit more money, we are just going to increase it another few per cent.' And even in the report itself, it said that if we exclude food to get to the £85million it really should go up to 6%. So, immediately, even though I am pleased it is out, we are starting on the back foot to a certain extent.

2440 Also, for me and a lot of my friends, it really actually affects me. I know that I should not be just looking at myself, because I am here to look at the Island as a whole and what is *best* for the Island as a whole.

2445 So then we move to B – and I have ruled B out. And then we have looked to C. I am really concerned with C just because of the amount of cuts that I think we are going to have to make. And I am going to be bold to say, I think Family Allowance will just go. I think that we are going to see a massive reduction in all our libraries and all the facilities in there. I think we are going to see a lot

of *really* difficult decisions that we are going to make, especially within healthcare; and how I think people are just going to suddenly, if C actually gets through we are going to be like, 'Whoa, hold on a minute, I didn't want that, I would have preferred GST.' And then, you have got D.

2450 I think D actually, on the surface, looks quite good, to be honest. But then you go into further detail and what worries me with D is that we are going to increase all these taxes, and there is lots of literal different taxes to increase. The cost of implementing all those little different taxes are going to soon mount up to quite a bit. Then, we are still not actually going to have enough money anyway, so then the next term, we are going to be back to square one and then we are going to be saying,
2455 'Well, actually, GST is probably actually the most suitable thing to come in.'

But then we have already got all these tiny little taxes. I know it has been heard before, and I think Deputy Gollop said it a number of times. (*Interjection*) We look at them as stealth taxes, really, because it is a little bit here, a little bit there and it just goes on and on and on. And then we move on to E. TRP, £6 million.

2460 I do understand it is domestic and commercial as well, so it will be £3 million each. It is not *that* far off D. But we have quite a large proportion of people who actually rent on this Island. I think, from a few years ago, it is about 27.9%, the last statistics were I think from 2020 and it could have gone up since then. Landlords are just going to put that additional TRP on their rent. I think that some of them might absorb it, but most of them will just be like, 'This is costing me extra, this is going to go on your rent.'

2465 We have particularly, I think, quite high rental values in Guernsey. It is because housing costs a lot; you do not get a lot of bang for your buck over here, when it comes to house prices. But what I am worried about is that, I am worried actually what the States might do, because at the moment the States pay a relocation fee for people that we really need, which I do not necessarily disagree with. But it really skews the rental market because you have got these people on low incomes that they are getting an immediate income.

Suddenly, their rent, what they can afford to rent, what should actually be about £1,000 actually increases to £2,000. And then you have immediately got the landlords going, 'Well, that person will pay more, so we will go for that higher person.' That is where I am. It is *very* easy to pick out all the negatives in any policy letter, because I have not designed a policy letter, I do not have a lot of people behind me, like P&R do, or the economists and tax experts.

2475 I have to say, I think that I have *always* said no to GST, and it was only three days ago I said I am *definitely* not voting for GST. But when I went into the Fairer Alternative, I was *really* hoping that they would give me the silver bullet that I wanted. I went in there and I was like, 'Right, come on guys. You are both accountants, you know what you are talking about, let's get something that I can get behind, and I can say, this is what I want. This is actually the best option.'

2480 And I went in there and I was like, 'Yeah, yeah, yeah, okay.' And then I left and I just thought 'Oh, it is not really what I wanted.' But it is really, and I do not even like saying it, because I feel quite sick actually saying it, because I think a GST is actually our best option. I still do not actually think it is the best option, but it is the *only* option on the table (**A Member:** Hear, hear.) that kind of makes any sense. And I might even change my mind later, just to let you know. (*Laughter*)

2485 But I think it is going to be one of the cheapest to actually absorb in costs, for the setup and everything, because you are actually pushing it out on to other people. What does worry me about it is small businesses and how they are going to cope with doing it. It is the small businesses that are at that threshold, where suddenly GST applies; and the smaller ones that actually have to pay GST bringing things in. But that is where I stand at the moment.

The Bailiff: Deputy St Pier.

2495 **Deputy St Pier:** Thank you, sir.

I am going to rise now to perhaps address some of Deputy Oliver's concerns. In particular, she started by saying that Option D contained a whole series of *small* taxes, and she was worried about the cost of introducing those and what that would mean. Just to remind her that Stage 1 of

Option D – in other words, Proposition 5 – does not speak to any of those smaller taxes that she was referring to. The heavy lifting in stage one is done by Social Security, £19 million; the Community and Infrastructure Contribution, which is £20 million; TRP of £2 million on properties with over 300 units.

These are all using existing systems; they are not using new systems. It is only half of the story, but that is in Stage 2, which is the second set of Propositions from 6 onwards. But certainly in terms of the immediate revenue-raising, I am going to speak a little bit further about that in a moment. But it is to emphasise that the revenue of *circa* £50 million, net benefit in terms of £50 million including £8 million of revenue savings in the next two years, does come from existing mechanisms not from anything new to be ordered that has yet to be designed.

Sir, I want to start, as I often do, by asking the question how on earth did the States get into this mess? I am happy to offer a historical perspective. In the mid-2000s, the Channel Islands had a burning platform of the EU's Code of Conduct Group requiring reform of our discriminatory, in their view, corporate tax position. Now, Jersey, unlike Guernsey, used that burning platform to get GST approved alongside Zero-10.

Maybe that was an opportunity lost by the 2004-08 States. In 2012, the States initiated a personal tax, pensions and benefits review. This was a joint piece of work between the then Treasury, Resources and Social Security Departments, and in 2015 former Deputy Alastair Langlois and I, as the respective Ministers of those two Departments, co-led the debate on the personal tax, pensions and benefits review. That included a proposition that did not approve GST but did recommend that it be kept under consideration. That proposal was defeated, 28 votes to 18, in a larger Assembly.

Maybe *that* was an opportunity lost by the 2012-16 States. I then said that the States would need to live with that decision. And indeed that is exactly what the 2016-20 States did. It delivered balanced budgets and indeed surpluses with some modest expenditure restraint, including 3% savings targets, and modest tax changes.

Now, I have had eight years to reflect on why Deputy Langlois and I lost the 2015 argument to keep GST on the table. With hindsight, I think we made one big mistake. Although we had far more engagement with the community than has been the case in the last two years, and that did help explain the nature and scale of the problem, we did not persuade the community or ultimately the Assembly, of the case for change. Why?

Because the case for change then was not, as it is now, to raise more revenue. The case then was to diversify our tax base and give us more tax sustainability in the future, and to reduce our overreliance on the taxation of personal income. Now, the conclusion was that that was an awful lot of change for very little tangible benefit. In summary, we were not radical enough and we were not persuasive enough.

The lesson was that if consumption taxes are to be part of our tax base, they cannot be a tinkering add-on, as is now proposed in Option A; they need to be part of a radical overhaul of our entire tax base. Now, that lesson has not been taken on board by this Policy and Resources Committee, and that is one reason why Option A has landed like a lead balloon with the public.

So that brings us to the January 2020 debate on the fiscal policy framework, which initiated this particular Tax Review. That said out the last States' view on the nature and scale of the problem. Some elected later that year either were not aware of that work, or did not accept it, or indeed in Deputy Helyar's case at one point expressed the view that the Tax Review had asked the wrong question. But I think it has been subsequently accepted as a sound basis for what followed and indeed Deputy Ferbrache has referred to that already in the debate on this work.

If the 2020-25 States was to have successfully introduced GST, the stars would need to have been aligned in a way which they have not been. It would have needed clear, unequivocal and undivided leadership; not, I am afraid, vacillation and weakness. Indeed, only this week we have had the bizarre spectacle of four Members of P&R – not Deputy Ferbrache, to his great credit – abstaining on Deputy Gollop's amendment to exempt food. Option A is built on the principle of a broad-based simple system with no exemptions. And yet P&R made no attempt to hold that line.

2550 Now, as an aside, it is worth reminding Members that Option A, after Deputy Gollop's amendment, is estimated to raise £60 million a year. The mitigations of higher benefits and tax changes will cost £29.3 million a year. The benefit changes and admin costs are estimated at another £2.6 million. So to be clear, introducing GST to raise £60 million is going to cost £31.9 million in costs and mitigation. Expressed another way, for every £1 in GST raised it is going to cost 53p. Or, 2555 if you want it another way, for every £1 raised only 47p is going to be of net benefit to our public finances.

That is *not* an efficient tax system by any stretch of the imagination. (*Interjection*) If we were going to do it, you need a radical overhaul of the entire system, which we do not have before us. Option A would have needed a clear affirmative decision in 2021 when the matter first came to the 2560 States. It is simply too late to implement GST in this term.

Failing to do so will simply turn the next general election into a single-issue referendum on GST, which would be foolish in the extreme. But most importantly, the adoption of GST, which is strongly opposed in every jurisdiction in which it is ever proposed, requires more public support. That would have required much more meaningful engagement with the community to articulate the nature of 2565 the challenges, including our changing demography, driving increased public services and the overreliance on personal income as the source of our revenues. Drawing on an ever-smaller pool of younger, working-age people.

But most importantly, the public need to have seen and they need to believe that the Government has done everything it can to control spending and done everything it can to lift every 2570 other revenue stone. Only then will they accept that there is no other choice; it has not managed to do so. On the contrary this Assembly has refused to look, for example, at the overcapacity in the primary education sector and has kicked that into the next term. And it has also proposed an expensive building programme for moving the sixth form, now via another site, but they do not understand to allow an expensive four-site model to continue.

2575 Now, changing tack, Deputy Ferbrache has referenced a number of times that I have not attended the presentations put on by P&R, and he is factually correct. However, he has not referenced the offer that I made at the beginning of this term to meet with him monthly – and indeed I made the same offer to Deputy Helyar. Now, both are busy, but neither has taken up my offer, repeated on a number of times to Deputy Ferbrache. They have not sought or given any 2580 indication that they would value my opinions or experience on this or any other matter.

That does not bother me at all; it is entirely their prerogative. But, sir, please do not try and paint me as uninterested in this topic, one of which after all I led for eight years.

2585 Other Members do occasionally seek my views. On 23rd January, Deputy Inder was kind enough to call me and ask what on earth we were going to do about the impending tax debate. GST was *clearly* struggling, but how could we ensure that we emerged with something rather than nothing? The issues were too serious; and how could everyone come together was his question. Was it worth, he asked, trying to bring people together? I said that I was always willing to talk and to try, but I sensed little appetite to do so.

2590 To his great credit, and in his imitable style, Deputy Inder persisted and he emailed P&R and Deputy Roffey, copying in myself and Deputy Soulsby. And to give context and ensure credit where it is due to Deputy Helyar, I am going to quote in full:

This week is not going to be fun for anyone. Proposition 2 ...

– the original policy letter –

– is going to lose, and whatever comes at the end of this, this week or next week ...

2595 – indeed, he was right on that –

– there will be delay of some sort. Be that coming out with nothing or variations of the Meerveld, Soulsby or Parkinson amendment. Is there any value in – and I picked up the phone to Gavin this morning to test, that not meaning he agreed – in a combined amendment from P&R, that takes the best palatable bits from the HS GSP amendment, takes elements

of the more extreme cut-services views, redirects P&R to deliver certain elements of their future work to Budget 2024 and Budget 2025, puts the GWP in a holding pattern. Priority one, possibly the old priority two, to stop Committees wincing and to redirect the GWP resource to deliver bullet points one and two. The red line, for some, might be the Committee that looks like exactly what it is: the compromise being, maybe, that P&R consider a makeup of a working group to deliver on points one and two. This is no L'Ancrese tank wall wheeze; this is going to the centre of whether is governable for the next two years, and the consequential impact of our ability to market ourselves an international finance centre. If that goes to Hell in a handcart, GST is the last of our issues. In short, are we all grown up enough to get through this as a government? If it is a yes, can I suggest you all get together to parley?

I told you, it is an imitable style. This welcome initiative led to nothing, or at least no response that I saw, other than a single one from Deputy Mahoney:

Neil, I cannot imagine talking to GSP does anything other than give him more incentive to cause chaos. I am frankly done with stoking egos from those on both sides of the Assembly. This is not a P&R view, but rather mine. If the Assembly wants other people to look at it all, then they can vote Soulsby amendment, and they will get what they want. I would rather stop pandering to the ...

2600 – and I will edit this for parliamentary purposes –

... BS, and make people grow a pair. Whatever happens, this issue has blown our side apart, and I doubt there is a way out. I would rather vote for a General Election and let Guernsey get what it deserves. If Soulsby wins, then I suspect P&R will sit the following Tuesday, and decide a course of action, individually and collectively.

I think this single window gives a good insight into why we are where we are.

2605 Notwithstanding this, during the last debate, I WhatsApped Deputy Le Tocq to ask if the Committee wanted to talk. That led to a productive meeting over the lunchtime recess on the Friday, that led to a line-by-line review of an earlier iteration of what is now Option D. Deputy Soulsby chased, but we heard no more until P&R published its own amendment setting out Options A, B and C.

2610 Deputy Soulsby and I and others continued to work on Option D. Deputy Soulsby and I then met with Deputy Ferbrache on Monday 6th February and the three of us had a further productive meeting, this time including Deputy Murray, on Friday 10th February. But by the time we attended P&R's meeting this last Monday afternoon, the tune and tone had changed and we were told we would need to lodge our own amendment, which of course is exactly what we did. So we tried – above board, not underhand – but we kept colleagues, the media and the public informed, through media releases and media engagement as we went too. There have been no surprises from us.

2615 Now, we have had some support today in the debate for Options A, B and C, but I would suggest that the real debate now is between Options D and E. Option E is a package of £55 million of tax increases, with no firm number for spending restraint or cuts. This amounts to 1.6% of GDP, which is a big increase in the tax burden on the economy. Option D has no revenue-raising measures that will impact most households; indeed, most will benefit from the £400 increase in personal allowances. The revenue-raising measures are directed at the corporate sector and high-net-worth individuals.

2620 Now, Deputy Roffey has challenged the quantum of what can be obtained by raising the tax gaps, but we know and Treasury officials have advised, that revenue *can* be raised from that source. And we know that Jersey is planning to increase their own tax gaps, so there is an opportunity to work in tandem should we choose to take it.

2625 Option E directs an increase in TRP. Business TRP has increased multiple times over the years since the mid-2000s, as part of the Zero-10 package. And I would suggest it cannot be increased any meaningful amount further. It is not a tax based on profits, it is an overhead; any further increases in TRP from business would mean we have an uncompetitive and unattractive offer for business. So that means the pressure is going to be on domestic TRP.

2630 Revenue from domestic TRP in 2023 is £10 million. Proposition 5A would have increased TRP by £6 million. That is before inflation, these are real-terms increases, so you have to add inflation to

that as well. But let's just assume that there is zero inflation and we are just dealing with the 60% real terms increase.

2635 Now, if that were applied across the board, using the same table that was put in the last Budget, for a property with 200 units, the current bill is £492, it would move to £787, nearly a £300 increase. For a property with 300 units it would move from £855 to £1,368, a £513 increase.

And I will give two more examples: 500 units, £1,860 to £2,976, a £1,176 increase. And finally, for 750 units, the very largest houses, £2,790 moving to £4,464, an increase of £1,674.

2640 Now, we might decide, as we did in the 2023 Budget, that we want to exclude all the properties that have less than 200 units; that would mean an average increase of £863 on every other property. That is £6 million, divided by 6,950 properties that are in that bracket. Or £2,181 per property if we can find those increases to properties with TRP over 300, as is proposed in Option D. In contrast
2645 Option D, in what is now Proposition 5, proposes that £2 million would come from TRP on those properties over 300 units, and that would amount to an average of £787. So much more modest and confined to those properties only.

I would suggest that given the increases those large properties already had, that Option D really is as far as we can go. I already know Deputy de Lisle's views on this. Proposition 5A is to increase transport taxes from £20 million to £30 million; in other words, a 50% increase. Now at the moment
2650 all of this of course all comes from fuel duty which is 80.9 pence per litre. So we would need to increase by an equivalent of 40.45 pence per litre.

I absolutely accept that, in fact, you might choose to levy it in a whole variety of different ways; it might be motor tax, it might be distance-charging luxury levies, the kinds of things that perhaps Deputy Oliver is worrying about in terms of additional infrastructure and administration. But you
2655 could do it another way. But it is indicative; it gives an indication of the scale of the increase. It is huge, and I could not support it.

Now, as was said in the debate on Option E, the direction in Proposition 5A, and I quote:

... [to] every States committee to consider how they can make revenue savings ...

– will deliver nothing. It is wholly inadequate and I have no idea why Deputy Roffey included this, given he said himself in debate today that he does not think it will happen under Option D. If it is
2660 not going to happen under Option D, why is it going to happen under Option E? And I would remind Members that the proposals in Stage 1 – in other words, for a £4 million real-terms reduction in 2024 and 2025 – are for a 0.6% real terms reduction in Government spending.

Can you really walk from this Assembly today, look the public in the eye and say there is no way that Government could find 0.6%? Treasury's own analysis has Stage 1 of Option D producing a net
2665 benefit of between £39 million to £54 million. That has been circulated to Members this morning. Now, that may not be – and I have to say we challenge the lower number, but we accept that is the analysis that has come from the Treasury team – as much as Deputy Roffey would like, but it is reasonable, it is credible and it is viable, it is significant and it is balanced.

But can I remind Members that the target in the policy letter for revenue raising, which is set out
2670 in paragraph 2.9, is £50 million to £60 million. So Option D is well within that ballpark.

I cannot support Option E. Leaving here with nothing this afternoon would, in my view, be considerably better than the substantial increases for middle Guernsey that Option E would bring. Nothing would at least force P&R to start from scratch, rather than working with an amendment
2675 lodged at the last minute as a self-professed broom wagon. It is more like a road sweeper, picking up all the rubbish left in the wreckage of this process. And that is no way to design a sustainable tax base or a sustainable tax system.

Option D is a fairer package of measures, including in Stage 1 very modest expenditure restraint and ensuring revenue raising is borne by those with the broadest shoulders. It is more realistic than all the other options in taking a staged approach that allows more time for the work that is so clearly
2680 needed, as Deputy de Sausmarez said, to rebuild the community's trust and confidence in Government, that it has done all it can do before it picks their pockets again.

If Members are not minded to support Proposition 5, then I will not be supporting any of the other Propositions, with the exceptions of Proposition 14 A) and 14 B) which have been inserted by amendment. All the other Propositions are part of Stage 2 of Proposition 5. Option D was structured as a two-stage process. If Members do not want Stage 1, to vote for some but not other bits of Stage 2 on a pick-and-mix basis will simply produce a dog's breakfast and we would be better leaving with nothing and leaving P&R with a clean sheet at the end of this debate, rather than burdening them with bits and pieces.

That is my position. I will be supporting Proposition 5 and then everything which follows thereafter; and I encourage Members to do the same.

The Bailiff: Deputy Gollop.

Deputy Gollop: Yes. I actually found a lot of merit in what the last speaker, Deputy St Pier, said particularly in relation to the history of the process, why we are in this in a way dog's breakfast debate today, and why we have not built the building blocks in of taking the community and the small business community with us.

I will just start though with a quick point about Deputy Dyke, who I always enjoy hearing and working with as a colleague. He took out of context the director of the anti-discrimination legislation because we already have an Employment Disputes Tribunal. And I would also point out – here is a spoiler, perhaps – we also recently looked at the Trading Standards legislation, which has taken many years to get here, and that will have an impact on Economic Development.

So, all Economic Development Members should be aware of that, it is another piece of bureaucracy. Probably necessary, but it is an example. Another area is we are appointing effectively regulators for the accountancy and the legal professions, because of Moneyval. I am not one to criticise Moneyval in any way but it is one of the reasons why perhaps some members of the public do not appreciate how Government inevitably grows in some areas, despite overall impressions.

Because we are not just a town in the middle of the sea or a fishing community any more, as Deputy Aldwell pointed out at the beginning of today. We are an international, very respected, offshore tax haven – not tax haven – (*Laughter*) low-tax area, a finance centre, a centre of intellectual property legislation and many other goods and services. Enough of that. So I wanted to point that out.

I also want to point out, I appreciated actually some of the points Deputy Gabriel raised, because he explained, and I think it has been underrepresented in this debate, that although I believe some of the points colleagues and members of the public have made about ridiculous estimates on how much GST would cost to take in – I accept that taking food out makes it less efficient, but more palatable – but the argument that it would be 92 officers, and costs millions and millions, including the mitigation, I believe are incorrect. We have been told that by Deputy Helyar and others.

But Deputy Gabriel raised a valid point that although I believe the cost to the State would be containable at under £1 million collection, and therefore be about 2%, 3% or 4% of the total. Deputy Gabriel is almost certainly right that many small businesses – retail, hospitality, construction – would have a lot of man hours and resource hours, maybe, into collecting this tax. So there is an element of cost there as well, and I am sure people against GST would support that.

I have a problem with this debate, and I will explain why. Because we have got five options in front of us, I would prefer even more, but I think that is perhaps for another day. The five options before us, I know which one is actually the best, and it is the one option I am not going to vote for, because Option A, the GST, does need a lot more reconsideration, it needs repackaging, it needs more of a citizens' assembly approach with the public. There are many areas of its impact on the economy, on small business, on construction, retail, hospitality that are unknown. It is extremely unpopular, many members of the public feel that it will be another nail in the coffin of younger people working on the Island, and is unfair either on lower-income Guernsey, or middle-income Guernsey, or both, and it will suck money out of the economy and create a recession and significantly increase the cost of living here.

2735 I believe some of those fears are exaggerated, and you look across at our competitor jurisdictions and you can see that they have survived with it. But having met and listened to and responded over the last few weeks and months, to the GST campaigners, I do not think, responsibly, we can go ahead with Option A today as a package at this point. It would lead to distrust, unrest, anger and maybe some people shutting down altogether what they are doing, a feeling of being betrayed even.

2740 Now, I know that there are many positive elements in the package; I thought three outstanding speeches today were from Deputy Prow, Deputy Roffey and of course Deputy Mahoney – and Deputy Le Tocq actually, to a degree, this afternoon. Deputy Le Tocq went all philosophical last month and started speaking about famous former MP Edmund Burke, and about whether you have a responsibility to be a representative or a delegate. I think that is an issue, because I have spent 2745 25 years in the Chamber, I have been interested at university level and other levels on political science, the nature of European, American, British governments, other islands. From that base, I know that consumption taxes are a solution if properly done, at the right time in the economic cycle. I know that certain governments, which strangely enough Deputy Le Tissier made a good speech this morning, he mentioned, I think, Baroness Thatcher.

2750 Baroness Thatcher not only did not U-turn, but she increased VAT in her period of office. But when she increased VAT it was to contain inflation; it had a purpose. She increased indirect taxation – not on food but on other things, or on clothes or whatever, or books – but it was put in place generally in order to give money *back* to the public in terms of Income Tax and taxes on business. This does not do that: it takes *more* money from the public, because that whole 2755 psychology of this has been to fill, fill, fill this black hole, this deficit.

Although Deputy Roffey more than anyone else, and to a certain extent all the P&R and ESS, have tried to make this package fairer and mitigate and as Deputy St Pier is probably correct in saying it could even be up to 47% you are giving back. Some members of the public do not even understand that; actually, in a way, all taxations are about redistribution because you take in some 2760 money from say a business and then you redistribute it as family allowance, people with children, whether they need the money or not.

But although we have tried to make it fairer by giving money back, it is a leaky sieve. All sorts of questions have come to me about UK pensioners, or people who do not pay much Income Tax. Yes, they might get an Old Age Pension or Income Support, but they are unclear and they are worried 2765 that their lifestyles and activities would be seriously threatened. That is what puts them off GST, because there has not been enough – not work on mitigation, although that could be more, but on persuasion.

If you were doing this as a football score you would have to say Deputy Meerveld 1, Policy & Resources, 0. In a way, it is a pity, despite the best efforts of the panels and the communication 2770 teams and the drop-ins and the workshops – I think they went to Alderney, which was interesting – but they could have employed a professional marketing agency perhaps. Because this is the biggest decision of the decade; and I think, too, there needs to be more work on selling. Because let's go through the options.

Option B, I am a bit reluctant to support. Wearing my living streets hat, I can see that taxation 2775 on transport would be popular with some people and unpopular with others. I think, unlike GST, we probably have an Island where half the population would like to see a bit less motoring and the other half probably want to see more. I do not know; it is quite finely balanced.

But what I am not supportive of is, a 'Let's get the money in' approach and grab £10 million to £15 million out of the transport economy. That will create what we had before, the garage industry, 2780 the construction industry, the less well-paid members of the community demonstrating again.

You may well have ways of improving environmental tax but let's have a different purpose for that. It might be climate change, it might be using the States' resources better, it might be to improve the infrastructure or tourism or improve public transport or improve wellness, but not just to get £10 million to £15 million in a crude way, like B&E do.

2785 I think this increase in domestic TRP, which is flagged up in B, and is perhaps a bit more vague
in E, but it has already dropped an egg in the community. I had contacts with people at nearly
midnight last night who are really worried that after working hard all their lives, conserving their
property in the community, that they could suddenly have to lose their standard of living and even
be into a forced sale. That is creating shockwaves, so I do not like that part of B. I may vote for B,
2790 but when they come back with the proposals I will not be supporting them unless they are very
anodyne or amended out of existence.

Corporate Tax I am happy with, expenditure restraint ... As I said, there is potentially more
running we can get out of a more progressive transport tax; in my view, we should not have
abolished motor tax. But B is crude.

2795 Option C, there are some people who really will hate me if I support C. But I am here, listening
to the voices in the community, many of whom seem to want a more progressive system of taxation,
where there is an element of wealth charge. Actually, unfortunately, I saw a notice on my way up
today, outside one of the more moribund telecoms boxes, which said, 'Don't go for GST, tax the
rich!' But I think that is a minority view.

2800 I think a lot of people who have been in the GST campaign are concerned about the expenditure
of Government and the lack of mileage in the last three years of getting transformative cuts or even
efficiencies, rather, going in a way that people understand.

I think this is another problem I have with supporting Option A today and that is – there is even
an article in the *Press* today about 'Should we have an early election?' I think the debate has been
2805 coloured by the fact that many of the public feel we do not have a mandate to introduce GST,
because of the commitments made at the last election by some individuals and possibly groups.
And that if we *are* to introduce GST – we do not need it today but we do extra revenue of some
kind – we should have a referendum or an election before we make that step and see where we are.
It is another part of Government.

2810 I do not want to seem, though, that I am not supporting Policy and Resources, so I am willing to
vote for B, and I am willing to vote for C, and I am willing to see where we go before perhaps another
stage of Policy and Resources coming back, either at a significantly different version of A, or other
ways of raising revenue which are not on any of these models. I will not go into those today, but
there are alternatives. Deputy Gabriel mentioned one, albeit not one I would go for.

2815 Option D, I suspect Option D is more likely to win of any of them but who knows. If B or C have
not made it, and I do not know if they will, I will vote for Option D because it is a pick and mix. We
heard some speeches again, saying 'Don't go for Option D because it will be a bit fluffy and won't
actually deliver'. Well, maybe I do not want to deliver all this pain at the moment; maybe we do
need a little bit of a moratorium and an election and a rethink before we start taxing the population
2820 significantly any more. And if there really is £20 million or £10 million to be achieved from a
Community and Infrastructure Levy, let's go for it; let's look at those savings and cost reductions.

In fact, with all of these, bring the material back to the Assembly and we will make a decision as
to whether it is environmentally, socially and financially acceptable. The TRP issue as I have said is
full of snags but we can look, as Deputy St Pier said, at a proper modernisation of the tax and benefit
2825 system, rather than out of panic.

I hate to say this, but I think the corporate sector could give a bit more, and I think they could
give a bit more perhaps in social security contributions, because that would be based upon the
businesses who are most able to pay, rather than a blunt tax on going in for your y-fronts in a
leading clothes retailer, or something like that. I think there is merit in Option D.

2830 Option E is perhaps the sort of 'Get out of Jail' card at the end of the debate because there were
lots of problems with that one and it is expensive. But I do feel a bit like a man in a play, who was
in trouble – well, he was already in prison at the time – but the character also, he proposed marriage
to four different women, and it is now time to make up his mind. Because there has been a lot of
lobbying on all sides for this.

2835 I will go back to Deputy Mahoney's speech in particular. He said that people who did not want
to be big politicians today needed to make difficult decisions and if not, go out and start selling ice

cream. I thought, 'Well, I should go for the tutti-frutti pistachio there.' Because this is a really difficult decision.

Perhaps I do not have the courage of some Members like Deputy Prow and Deputy Aldwell and others, who said regardless of past views or public reaction, that the Island needs improving and sustainable public services, and sustainable sums of money. And Deputy Le Tocq is correct, too. By some estimates, we are underselling the deficit because of the need to replenish the rainy-day fund.

But for all that, I do not think today we have quite got the right package in A. I do not think we have been able to persuade a sufficiently large number of the public that it is acceptable. And I do not believe that we have tried publicly and transparently the other alternatives to ensure that we are able, as Deputy Burford and other Members have said – Deputy Kazantseva-Miller – to deliver.

I do not think we can deliver, because of the public feeling about this and we need to demonstrate: are there inefficiencies in Government? Are there ways we can cut? Are there services we could run more efficiently? And are there ways in which we can raise income more painlessly in different ways from the corporate sector?

I started with my view of having been 25 years, and each term I sit here – seven terms now – I have seen a new generation of Members who are bright and bushy-eyed. Many of them have got in on a mandate of improving public services, even more, on a mandate of expenditure restraint and efficiency. Deputy Trott will remember when I was the only person down at the Guernsey Bowl when they had a post Zero-10, who said we have to have more public expenditure. And I proved to be right. Because although the rate of change was restrained, the expenditure did go up. Because there are inevitable factors that mean that the minimalists, unless they really want to bring about hardship for the less well-off, or 'pay as you go' principle for everything, will not be successful. That does not mean to say there are not efficiencies that can and should be made.

But having seen the failure of people to get expenditure down and the failure of people to bring in acceptable taxes of all kinds, I have great sympathies for the speakers of the Principal Committees and P&R, who have said GST now is the only way. The problem is – actually if it was GST now, I would vote for it today, because we would wake up on 1st March with GST, and we would have two years to work through it and cope with it. But it is *not*. It is in the future, two years' time, maybe or maybe not if there is more inflation.

The other thing is we talk a lot about the election, or whether even the election should ... My problem with it is not voting for it because of the election; it is voting for it about the reaction in the community now. I particularly engage with the public and go into many of the smaller cafés, bars, restaurants, shops, trading organisations, charities. Believe you me, I would be lucky to find 10% of the people in those groups who are supportive of Option A. They are scared, they are worried, they are threatened by the GST proposals; they feel that it could actually completely devastate our community.

Maybe their fears are exaggerated, but we have to take them on board. In some respects, it would have been better to have to have *sursised* the debate – as Deputy Meerveld tried and I supported a long time ago – and for P&R, and I have confidence in P&R, to come back with a new restructured package. But they have not done that.

So reluctantly I will vote against A, because I promised many members of the public that I will not support GST, even though intellectually I can see the arguments for a consumption tax. And as I said, I suspect D will win, and support D.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I think that Deputy Gollop has said *many* wise things and following him I will not be able to repeat the many wise things he has said. He has been in the Assembly a lot longer than I have and he has seen things come and go, and he has seen bright-eyed, bushy-tailed new States' Members come in, naively thinking they can change policy direction, change things in the States interfere in

operational matters and get their fingers burned, and not either been returned to the States or run their tanks dry and not stand again.

2890 This is running our tanks dry, I think, two and a half years in. I cannot see one Member here who is really smiling and ebullient and brimming over with enthusiasm for the debate. Apart from Deputy Fairclough, who is looking rather happy with himself in the mid-afternoon, the graveyard shift on a Friday.

2895 Deputy Gollop said some really interesting things about Option D actually, which is one of my problems with Option D because of course it is the most attractive of all of these. Unless, of course, you are Deputy Meerveld and Option C to cut everything is really where you want to be, to pare down the size of Government, to whittle it to its core, to the three pillars of hopefully education, safety and health. Others of us would be horrified at just paring it down to the core and would find it extremely difficult about which to prioritise. I obviously want environmental issues; others want 2900 social issues dealt with; others want economic policies looked at. And which to choose?

Very interesting, actually, because Deputy Queripel spoke earlier this morning and he mentioned the word 'happy'. Deputy St Pier was into happy last term in a big way, to the extent that our future Guernsey plan was designed to make us the happiest and healthiest place on Earth. Maybe that was a little too – I am not sure if I am remembering that correctly. But is it our duty to make people 2905 happy? Should they be happy and safe? Should they be happy and healthy? Or should they be happy and educated?

Maybe Deputy Queripel, if I give way to him, will be able to illustrate that.

Deputy Queripel: Gladly. I thank Deputy Dudley-Owen for giving way.

2910 It was to be the jurisdiction to be the healthiest and happiest in the world by 2040. That was the aspiration that we all signed up to.

Deputy Dudley-Owen: Thank you to Deputy Queripel for detailing that, because it looks as if we are going to be one of the most miserable, if we continue on this tack of never-ending indecision around how on earth we are going to fix this structural deficit, because by 2040, we are told that if 2915 we do not do something about this, we are going to be £100 million in the red, *every single year*.

And it is with great reluctance, and I have already stated this, that Option A seems to me to be the fairest option that is the most sustainable. That is *really* important; that is about how we can continue year-on-year in a regular way which is not guaranteed, but pretty much guaranteed to be 2920 able to raise revenue that is predictable.

It is competitive and it is quick. It gets us from the mire that we are looking at now, to where we need to be. And Option D was looking pretty attractive, only because it does not have GST there; it just does not cut that.

Deputy St Pier mentioned that within the policy letter there is a specific amount required to fill that awful black hole – sorry, I cannot remember the exact figures that it was, and my paper is buried 2925 underneath lots of others. But Option D does not get anywhere near the amount that we needed within the timeframe. Actually, given the Treasury figures alongside it, it falls woefully short of the projected £54 million that the bringers of the amendment projected that they could raise, insofar as that the Treasury have said that they could only predict that it could raise £39 million, as opposed 2930 to the £54 million that would be hoped for.

The other thing that I cannot quite square is that that £39 million, I understand, is predicated on Members voting for Propositions 7 through to 11, because obviously they contain revenue-raising measures in there. Deputy Gollop has raised a bit of a flaw there, that if you pick and mix as Deputy Gollop has wanted to do, you are not going to get to that intended figure anyway. So –

2935 **Deputy Kazantseva-Miller:** Point of correction.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

2940 **Deputy Kazantseva-Miller:** The figure that Deputy Dudley-Owen has quoted is not predicated on the raising revenue from Propositions 7 to 11.

The Bailiff: Deputy Dudley-Owen to continue.

2945 **Deputy Dudley-Owen:** Okay, thank you for that clarification.
So the visitor levy is not necessary then. The transport revenues does not matter, presumably. The tax system review for £10 million to £20 million does not matter either. And the cost reductions of between £10 million and £16 million do not matter either then, presumably. Because the total phases for 1 and 2 look to raise £67 million, but actually none of those figures between Propositions 7 and 11 matter then. Is that what we are being told?

2950 **Deputy Kazantseva-Miller:** Point of correction.

The Bailiff: Point of correction, Deputy Kazantseva-Miller.

2955 **Deputy Kazantseva-Miller:** Deputy Dudley-Owen said that the Treasury – and this is Treasury's words – that Phase 1 of the proposals would raise, according to Treasury, between £39 million and £54 million. That is first stage. The visitor levy and all the other things Deputy Dudley-Owen mentioned are not part of that phase.

2960 **The Bailiff:** Deputy Dudley-Owen, let's crack on, shall we?

Deputy Dudley-Owen: Yes, let's crack on.
So in my view I cannot see how we get to the figures needed, if people pick and mix the smorgasbord. Obviously I can see that the combined Phases of 1 and 2 required to raise between
2965 £61 million and £67 million, but that still does not get to the £85 million that we need. If people pick and mix and they do not pick the revenue-raising –

Deputy Kazantseva-Miller: Point of correction.

2970 **The Bailiff:** Just a minute.

Deputy Kazantseva-Miller, what Deputy Dudley-Owen is doing is explaining *her* version of how she sees the Propositions as they currently stand. Other Members will have an opportunity to speak to those Propositions in due course. It is really unhelpful at the moment to keep having multiple interruptions, particularly when Deputy Dudley-Owen is simply doing *her* analysis of how these put
2975 together.

Do you want to raise point of correction?

2980 **Deputy Kazantseva-Miller:** I do, sir, because I think it is quite important to make sure we are referring to the correct numbers in the correct phases. The numbers that have been identified as the short-term deficit we need to be raising is between £50 million and £60 million; £85 million is not identified as the short-term revenue-raising, so I think it is very unhelpful when we pick and mix different numbers from different stages, from long-term or short-term. I think that is really confusing the Assembly.

2985 **The Bailiff:** It may be confusing to some, but hopefully it will not be, and Deputy Dudley-Owen is entitled to say what she is saying. So please continue, Deputy Dudley-Owen.

Deputy Dudley-Owen: Yes, it would have been helpful I am sure that if I had been able to attend the presentation that was held for Members on Tuesday this week. But unfortunately, I had back-

2990 to-back meetings, which I was not able to shift, which I did let Deputy Kazantseva-Miller know about.

So, yes, I am having to cogitate on my feet because so far I have not understood the Option D Propositions, I am afraid. So, yes, this is my interpretation of them and it is really helpful to be corrected, but I am afraid it is not doing me much good in terms of enabling me to understand how
2995 Option D is the fairest, most sustainable, competitive and quickest way for us to get from where we are now to where we need to be in a short period of time.

I really do not like Option E; I think this is awful. But it could be the only option that we are left on the table with and I really hope it is not. I think it does an awful lot of damage – in the same way that the taxes on transport. Just looking at some of the Facebook comments last night, I think
3000 people have started to become a little bit aware of the stark choices that lie in front of us as Deputies. And it always seems to be the same people that we are picking on, doesn't it? Property owners, transport, people who drive vehicles.

Again and again and again, I think they have been referred to as 'cash cows'. I think it was Deputy Gollop who referred to Islanders as cash cows when it came to transport taxes. We have not seen
3005 any delivery of policy direction so far from Environment & Infrastructure Committee on the odometer tax, for want of a better phrase, the tax that might measure how many miles that we all do in a week and tax us based on our usage. That was discussed last term, so I would have hoped by now we might be seeing something.

Again the 15% tax band on Income Tax, this all looks like it is putting money back into the pocket
3010 of those who most need it in the Island, and that sharing of the tax burden amongst people who can really well afford it, but do not contribute an awful lot now.

It is interesting that Deputy St Pier has said that lessons learned from his presentation of our GST package all those years ago, and I think in his first term of office. Certainly Option D is not the
3015 antidote to Option A; and if that was really on a lessons-learned basis, he and Deputy Soulsby would have produced, hopefully, a radical overhaul proposal. And it is just not there. It is just raising revenue from levers that we already use, and there is no radical overhaul, there is no new or creative thinking there. It is inevitably going to have to come back to this Assembly, in one way or another, and probably not in this term, but when we are on our knees by that stage.

That really scares me. By the time that happens we are going to have cut services which will
3020 really, I think, damage the community and damage some of the *very* valuable work that we are starting already.

Looking at the matter of cuts, it is interesting how a narrative is, 'We'll just cut services and that will be fine.' But actually what we are missing there is that a lot of work is done now, to make sure
3025 that money is spent in a creative way – more impact, with less input –so less money; how we can maintain services or make them better with less money and return monies to central and use it in other areas. But that, in of itself, costs money. It actually needs investment in order to identify the savings, or identify the commission services, or identify the more creative ways of delivering services, or even cutting services, understanding what the impact will be.

That really needs to be understood. Systemic change is not cheap. You actually have to make
3030 sure that you have invested properly, you have done the groundwork, you have gone out to stakeholders, you have understood the consequences. Otherwise, we just put ourselves back in an FTP territory, and we just salami slice, and we do not realise the impact.

Actually, we are picking up a lot of that work now, 15 years later, in terms of actually repairing
some of what was probably arbitrary cuts, and the damage that that did.

3035 Some of these systemic changes are actually being undertaken as we speak. The clue is in the name: Transformation of Education Programme. People have not liked it, because people do not like change. People in this Assembly have complained about initiatives that we have undertaken at Education, which now has resulted in things being done in a more impactful way for every student in the classroom. Spending taxpayers' money more wisely for better outcome.

3040 People in this Chamber have not liked it. So what do we do?

Health, they made what they thought was the right call, or they allowed Operations to make the right call around care within A&E to make it more equitable, to make more impact, they thought. It has been mentioned already today: overnight hundreds and hundreds and hundreds of signatures, 'Bring it back! Bring back that service for oncology patients.'

3045 Our hands are tied. Because who are the ultimate arbiters? Please, everybody, think: who is the ultimate arbiter of cutting the services? Is it the Committee from which those services emanate? It is obviously not, because let's use Health as the argument there, because they thought it was in their mandate, that did not happen, the public spoke. They looked at it again, they brought it back to the table, they said 'Our hands are tied here. The public have spoken, we will do what is required

3050 of us, we will put that service back on' – but that, you must notice, will come at the cost of something else, you must be aware of that –

I will give way to Deputy Leadbeater.

Deputy Leadbeater: I thank Deputy Dudley-Owen for giving way.

3055 Yes, we did reinstate the service while a review was going on, but I do take her point. She makes a very valid point, that sometimes Committees' hands are tied by the public wave, a bit like the 'No GST' campaign.

Deputy Dudley-Owen: I thank Deputy Leadbeater for his intervention. It is useful to have that

3060 confirmation.

Because every single Member in this room who wants to make cuts, which I think is a lot of people – I do not want to make cuts, what I want to do is make sure that the services that we are delivering are actually having an impact for Islanders, and it is a useful and beneficial impact. There are some services that I do not think make a useful and beneficial impact, so I think those are the

3065 ones that should be going. But who is going to be the ultimate arbiters? You can bet your bottom dollar that as soon as we make those cuts there will be a whole load of people knocking on the door, who are lobbying, once more, for those services to be reinstated.

It may not be immediate, but what will happen is that the next election comes along, you get a lovely group, an activist group, who puts one of their people into Government. And that is great,

3070 because hopefully they are a capable and successful person, and they influence in the Assembly. And before you know it, the service is put back in again.

So that is how it happens, it is a circular thing in Guernsey –

I give way to Deputy Oliver.

3075 **Deputy Oliver:** Thank you.

I completely agree with what you have just said there, because we have seen it this term. I believe Health and Social Care wanted to even the playing field and actually start charging at weekends for cancer patients. There was a huge uproar about it, it was levelling the playing field. And then a month later that had to get cancelled.

3080 **Deputy Dudley-Owen:** Yes, thank you, Deputy Oliver. That is the one that I just mentioned before. I am not sure if you were in the Assembly, but – *(Laughter)* That is all right! It is getting to be that time in the afternoon.

But absolutely. That is how it happens, that is how Government policy is often affected by the weight of public opinion. And we do right to listen to the public, absolutely, because we are here,

3085 we are privileged to serve and that is what we do. But it does not always mean to say, it does not always translate in making the most popular decisions, because sometimes the decisions we have got to make are hard ones.

So I have covered the points that I really wanted to make, apart from one. And that is again,

3090 going back to Option D, I am really confused about this corporate tax. If we are looking at a very helpful comparison table, which is always one of the things that comes out of offices which I think is brilliant – people ask for reviews, but actually, the reviews are not possible until everybody has

got their options on the table, and here we go, we have got one of these lovely comparison tables, which Members who are in the public gallery would have been able to see, because the paper copies have been put outside.

One thing that is really interesting about Option D, is that under corporate tax the bringers of this motion have named it a Community and Infrastructure Levy. Well I have had to look that up, because I did not really know what it meant. I know what they are talking about, the *taxe d'abonnement* as they have noted in their amendment, but I did not know what the Community and Infrastructure Levy was. So I looked it up, and I cannot quite reconcile what I have looked up and how it works in the UK with what we are talking about here.

In the UK, the Community and Infrastructure Levy is something that Deputy Oliver and her Committee will be familiar with, insofar as it is *specific* to development and development tax. It is in order that local councils can take a levy from those developers and that they can invest that within the amenity of those particular areas. Are we saying here that we are going to be raising a tax from corporates, so all business in Guernsey to the tune of £20 million or £10 million depending on which figures you use, either those from the bringers or those from Treasury, and that what we will be doing is to put it into a different pot from general revenue, and that it will be just for useful Community and Infrastructure projects? Is that correct?

I think it would be really helpful to define what 'Community and Infrastructure Levy' means here. Deputy St Pier is looking at me. I will give way to him.

Deputy St Pier: I was not going to interrupt Deputy Dudley-Owen, but she was clearly inviting somebody to speak, so I am grateful for her giving way.

The Community and Infrastructure Levy has nothing whatever to do with whatever she may have read on the internet, that happens in the UK. It is the model that was set out in the E&I Report which is appended to the policy letter. It is just we have prescribed a name to it, it could just as easily be called something else, but it is the principles which are set out in that report.

Deputy Dudley-Owen: Okay, thank you very much. I am still not clear as to why it has been given a name, and why it needed a name, rather than just corporate tax, because actually, I understand that was what it said on the tin, whereas a Community and Infrastructure Levy I think rather obscures what it really is.

I am pleased that has been cleared up. However, that said, it still does not bring me any clearer as to really how this particular Option D is fairer, how it gets us quicker to the end point that we need to be in a sustainable and competitive way. I know it is deeply unpopular, but still for me Option A is the most coherent, logical and fairest way of raising taxes in Guernsey, and it actually does achieve that radical overhaul that Deputy St Pier has been talking about.

Thank you.

The Bailiff: Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you, sir.

I have listened very carefully to the debate – now on day six, technically – and to be honest, this feels like a total mess. We are going round in circles, there is all sorts of bits coming in. (**A Member:** Hear, hear.) And I think it has gone too far, to be honest. But I am just going to try and go back a little bit further to the debate, where we should be looking at and where we should be starting.

We have got to make decisions; that is what we are elected to do. Sometimes they are not popular decisions; sometimes they are popular and you will be absolutely wonderful, fantastic stuff. But we also need to solve the problems that are ahead of us and I think at the moment we seem to be going round in circles quite a lot. Essential public services we *do* need to provide, absolutely essential; we have seen the letter from the three Presidents that they have put out on behalf of half the Committees, I guess, trying to emphasise the importance of our public services.

3145 Now, what do you want to do? As rightly identified, we have the A&E thing with the cancer that was the petition, rightly, and it was under review and has been identified and not did a U-turn, but it was evaluated and a different decision was taken place. But financially, that was a very small financial impact of that one.

3150 If we start cutting public services to what some Members want to do in this Assembly, it would be catastrophic; and if we think of unpopular decisions that we might be taking now, there is going to be major unpopular decisions if we start taking those decisions, (*Interjections*) and I am really worried that that seems to be a little bit of a feeling here. (*Interjection*)

3155 We do need to tighten the belt with things – I do not know if we just call them pen-pushers or whatever we should do – but essential services, we cannot actually start cutting that because that is going to be devastating. So I think we have just got to have a bit of a reality check about that situation. But we do need the cash to pay for it.

We have got an aging demographics; it is concerning, we have seen all the reports. I have tried to go on to Teams for most of the tax review things, the Facebook stuff, P&R kindly came over to Alderney and talked to the public of Alderney and talked to Policy & Finance in Alderney.

3160 The engagement has been good, but the message has been lost, to be quite blunt. I do not think it is the fault of P&R, I think it is just the whole situation that things have unfortunately seemed to have got confused. Also, what was being proposed with the GST thing, I think it is concentrated on those three words instead of a tax package. But again I think that is a shame that the situation is that we are in.

3165 But I would just like to point out one thing. When I joined this Assembly a few years ago now, but in March 2019 I was invited at a lunchtime, to a fiscal policy framework review workshop. I think Mr Roberts came with me as well, which was very interesting and which basically highlighted the stuff that we are actually in today. Probably a little bit better then, before COVID, but it was still concerning back then. And we went through quite a lot of different things at that presentation, about how bad public funds have become, action is needed, policy must be implemented, the money is running out. As I said, this was before COVID.

3170 That was from the former Chief Minister and at that meeting that took place, I was told GST was the only way to resolve this. Now at that meeting I did not see anything about package at that meeting when I went to it; but anyway that was back then in March 2019. But it sounds like things have changed again. I am not quite sure why things have changed again, so things are now going off at another tandem. Let's get back to the original Propositions that were put forward.

3175 Option A, which I did actually support and I think it is a big improvement it has removed food, which is very concerning as we highlighted yesterday with that amendment. That does change things quite considerably. I think it is potentially a good package, but the communication unfortunately has been lost. So unfortunately that has been geared to fail and I am not quite sure, as I said, *why* it has been geared to fail but that is where we are.

3180 So we are now day six, we are just going to what, 20 past 4? I am still not quite sure ... I have been taking a tally of actually what everyone is saying: A, B, C, D whatever they are going to do. It is looking quite a spread selection of where Deputies may be headed and I do not think anyone actually has got a majority of anything to take forward. That is where we are at the moment, unfortunately.

But I think lessons need to be learned from this, and how we actually move this forward for the benefit of Guernsey *and* Alderney, because it does need to be resolved. So if we are going to kick the can, it will come back.

3190 All those people that say 'No to GST', or 'No to the tax package, it is the end of the world', you have got to be honest with the public if you are going to re-stand and say 'Are you definitely going to say no to that?' And then be honest and say, 'Oh, actually, sorry mate, but your TRP is going to go up considerably, or other things are going to happen.' The money needs to come from somewhere, and I think that reality check is what we really do need to start understanding, and actually start dealing with. So I think we do have to be honest with the situation.

Hence why I feel as I have stated, that this debate for me, my personal view, has become an absolute total mess. So I think really the best thing that probably could happen is that those Members that do feel, in their heart of hearts, that Option A is the best way to actually resolve this, vote for Option A. If you want to go for the other options – but remember there are consequences. Take the vote now, but there will be consequences tomorrow which you may not like and may not be popular. Go for those.

I am now actually getting into the situation where we should put the whole lot in the bin and start again. I think this has become such a mess (*Interjections*) that we just need a refresh, we need to understand it all again, take the public with us and actually start all again. Because I think this has not gone in the right situation.

What is concerning me is that this is the Government of Guernsey. We have got the outside world watching us, what we are doing, what we are debating, what we are talking about.

You have got the Moneyval stuff; you have just got the downgrading. This is not looking good for our future of actually trying to attract people into the Island, in my personal view.

So I think we need to take a deep breath, I think we need to work out where we are and I think we need to be *careful* of what options, and then go for whatever options you want. But for me I think Option A, the original option, with actually the benefit of zero-rated food is probably the best one on that package of options we are presented with now. But the whole thing is a total mess in my view.

Thank you.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, as many people will know in this Assembly, I come from a long-established Guernsey family, but I do find the Guernsey language, on occasions, absolutely fascinating. On the way into this Assembly on Wednesday morning an old Guernseyman shouted out, 'It's the D from the A!' And I said, 'A!' And he said, "No, D!" Are you deaf?' (*Laughter*)

Now I need to ask, sir, being of a long-established Guernsey heritage, whether the word *crapaud* is acceptable parliamentary language?

The Bailiff: I think 'Jerseyman' might be more appropriate.

Deputy Trott: Yes, but it does not work with Jerseyman quite the same, sir! (*Laughter*) But let's do that, anyway. Let us go with the Jerseyman.

In a moment, I am going to talk about 3% and 5%. And I am not talking about the speed it took Jersey to go from 3% to 5% with their GST, sir, which was faster than a Jerseyman driving his tractor from St Aubin to Grouville. (*Laughter and interjection*) But rather the significance of those two numbers in a different context.

It has surprised me that we have not spoken more in this debate, and we are getting towards the end of it now, about economic growth and productivity. Because there have been a number of people, in the lead-up to this debate who have implored us to do so. And the relevance of 3% and 5%, as I understand it is this – and this is no easy task, I am not suggesting this is a magic wand issue here. But the truth is, that if our economy was 3% larger – in other words, if we achieve 3% growth and sustained it – *or*, our productivity rates were 5% higher, we would not have the problem we have today. That is why growth and productivity are so important.

Now, sir, if I was a benign dictator, I would be supporting Option A. But I am not. I live in a democracy. For me, it is quite clear that Option A has very significant opposition. I am the first to accept that much of this opposition is misguided and ill-founded. But the opposition is there, nonetheless. And as a consequence we now have a potential democratic deficit.

That democratic deficit started pre-election when many people made some very ill-advised statements in their manifestos about, 'I would not do this under any circumstances.' Now, I once

made a comment like that, sir, it was in 2006, I happened to be Treasury Minister, and I said at the time, 'If we introduce GST, it will be over my dead body.'

3250 What I was trying to get across that I could not support it at this time in any way, shape or form. But I regretted saying it because it was a foolish thing to say.

I said something else back around that time, in fact it was 2003, which I would not be able to say today without much qualification, because I said there were two types of people who did not like paying tax: men and women. Now 20 years ago, sir, that worked, whereas now there would be a whole load of other gender definitions that would be needed, in order to make the same point. But
3255 the fundamental principle remains and that is that no one likes paying more tax.

I do not obsess with our friends in Jersey, but I do watch what goes on there closely like many of us, partly because we share a television news channel with them. I remember my counterpart, back when I was Treasury Minister – a very nice man and he went on to be Chief Minister as well, called Senator Terry Le Sueur, saying at the time, and he said it quite recently as well, that the best decision
3260 the Jersey States ever made was the introduction of GST.

They brought GST in whenever it was in 2008 or 2009, and there was a very significant event around that time, called the Global Financial Crisis. Jersey's financial services economy, as I explained earlier in this debate as measured in 2008, was about the same size in 2018. So, to put it another way, it took them a decade to recover to pre-global financial crisis levels. But they had GST and as
3265 a consequence of that, I felt that they took some of their eyes off some of the balls that were in play at the time. In other words, they relied heavily on that buffer that GST enabled them.

Now for us we have always relied very heavily on employment taxes, and fortunately those employment taxes have continued to grow, and it has been a very good measurement of the performance of our economy which, often surprisingly continues to grow, as measured in that way. But because of employment taxes and that dependency we have always focused with a laser-like forensic view on keeping people employed.
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So the moment our unemployment numbers rise, all of us are alert to the consequences of that. So in other words, the social problems that derive from an unemployment rate that is growing, we have not experienced here in Guernsey, because of our desire to maintain full employment, or by
3275 most international measures, more than full employment.

That has been a very good thing. It has been a significant part, in my view, of our economic prosperity.

There have been three or four occasions during this debate when I wanted to jump to my feet and talk about corporate income taxes, because there is something very relevant indeed in terms of international competitiveness, in the policy letter. I am going to read paragraph 2.28, sir:
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Corporate income taxes make up approximately 10% of Guernsey's current revenues. Despite the headline 0% rate the proportion of government revenues they comprise is similar to the international average

So do not think for one moment that our corporate sector gets away scot-free or anything like that. By international averages, we are about where we should be.

Now, I do not think that Deputy Ferbrache – I am going to single him out for special praise – I do not think he could have done much better than he has in trying to sell Option A. I think he has
3285 been consistent and I think he has been robust. However, I do not think the same praise can be heaped on some of his colleagues. I have tremendous admiration for Deputy Helyar. I think to come in as raw to politics and to assume the mandate that he has, has been quite a performance, quite a task.

But there is little doubt in my mind that all Members of P&R – with the exception of Deputy Soulsby, who had a strong belief and resigned and made her views known. If all Members of P&R had been a little bit more assertive, a little bit more front-footed, a little bit more positive, a little bit more sincere, then I think they could have won the hearts and minds of the Guernsey public. I do. Because fundamentally the set of proposals that they have brought forward are progressive, and in a different paradigm could easily have been supported by the public.
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I think Alderney Representative Snowden touched upon this and Deputy Gollop earlier, whose experience should never be underestimated – I nearly said overestimated! He is a very experienced and knowledgeable politician.

Sir, P&R simply did not do enough. Others have referenced what it was like when we were making significant corporate changes, so-called Zero-10 proposals. We did dozens and dozens and dozens of presentations and it went on for – I do not know how long, it was just relentless and repetitive; and for me in particular, tedious. But it *had* to be. We had to keep ramming the same message down our community's throats that there was no other option. We had to do what we did.

Eventually, we persuaded enough, I think, that as unpleasant and as unpalatable as the proposals were, we had no choice if we were going to maintain the economy to the extent and for the success that it had.

So, I am going to be a little bit critical because I think if we could wind back the clock and it was done in a slightly different way, I think the proposals would have had a fighting chance. However, they have not got a fighting chance and we all know in this Assembly, even if I was to switch my vote – which I do not intend to do – it would not be enough to get a majority for GST.

I want to talk for a moment to those who want smaller Government, because there is an absolute here. The absolute is that we do have the *smallest* Government as a percentage of our GDP, of any comparisons anywhere. That is a fact. So to tell the community that we are awash with inefficiencies and that our Government is way too large, is I think to do the whole community a disservice because it is simply not true by any measure.

That is really the starting point. We do *not* take enough tax. And that is why few have argued that the forecast deficit does not exist. Some would want to make our public sector even smaller and that is a perfectly legitimate political position to hold. But what is not legitimate is to tell our community that we are bloated and by comparison we are far too large. Because the evidence does not support it.

In his opening remarks on day one, which was whenever that was, the Chief Minister said, 'Let's be objective and evidence-based'. So I think that is absolutely the case.

There is a parallel here between what happened all those years ago with corporate tax reform, and what we are experiencing here today. And it is this. We made a pledge to the international community, our customers and our counterparties, that we would change our corporate tax regime on 1st January 2008. The Isle of Man went a year earlier. Jersey decided that they would go a year later. It was a mistake that they never quite got over – well, they have got over it now, but it took them a decade. Because by sticking to our guns and being consistent with the view that we had given, we maintained a level of confidence that we might not have retained. *And* by a complete fluke timed it almost perfectly, because a few months later the global financial crisis hit and the inflows that were coming into Guernsey at that time had massive mitigation over the way we performed.

By contrast, Jersey's financial services economy and by definition their border economy, suffered terribly.

So what is the parallel? Well I will tell you what the parallel is. The parallel is that I think even if we support Option A, we will not introduce GST. Because not only has the clock run down to the extent that chronologically it makes it very difficult – not impossible, but very difficult – but we still have this thorny issue of the Moneyval evaluation and the announcement on that, which will be about the time of implementation.

Now, I have said in this Assembly that I am quietly optimistic that we will avoid a grey listing, but I am only quietly optimistic. I do not know, I do not have a crystal ball and because of the tolerances here which are quite small, but the risks remain very high, it could be the other way. As Deputy Ferbrache and his colleagues know, I sincerely and genuinely believe that if it is a negative outcome one of the first things that will happen is the introduction of this GST policy will be pulled.

By contrast, that is not the case with Option D. Because of the incremental nature of Option D, and importantly because it deals primarily with existing tax mechanisms, its implementation is almost certain to proceed. So if I was an S&P evaluator – and I have never worked for ratings

agencies but I have watched their performance very closely – the certainty that Option D provides would be far more positive in the way that I assessed my forecast outcomes, than something that was so vulnerable, so high-risk, because of the timing. And I think that is a factor that does need to be considered.

One final thing is, I know Deputy Meerveld has written to Members and asked them not to create an environment where commercial contracts are debated on the floor of the Assembly. Of course, the detail of commercial contracts is never debated on the floor of the Assembly, but for the first half of my political career, sir, these contracts were pretty much always debated on the floor of this Assembly.

That was a period of the highest infrastructural investment this community has ever known. In other words, we did so much more back in the day when these contracts came before us routinely, than we do now. Part of that was because of the buy-in that we had, as policymakers, to these individual contracts, back then.

So I do not look on the past nostalgically because there were overspends and there was no doubt; and there were also a number of projects that ran over time. But we got an awful lot done when these contracts came before this Assembly. Because the more buy-in you have, the easier it is to deliver a solution. And that, regrettably, has been the failure of this initiative by my friends on the Policy & Resources Committee. If there had been more belief and there had been more effort in explaining the benefits of the policy, I think it would have got through.

But as I said on day one of this debate, GST is dead in the water for now. My guess is that a future Assembly will find themselves considering this again and I think there will be lessons learned from this debate. But right now, the sensible, pragmatic way forward is to support Option D and that is precisely what I intend to do.

Thank you, sir.

The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, sir. And thank you, Deputy Trott, that was an excellent speech, I thought. I agreed with most of it.

When I was first given this job as the Treasury rep, the words that went through my mind were 'Operation Mikado'. I have a great interest in military history. Most of you will not know what that refers to, but it is a mission that never happened during the Falklands conflict, where a whole squadron of SAS troops was to be flown in two Hercules transports to Argentina and attempt to destroy the base from which Exocet missiles were being loaded on to aircraft. That operation, thankfully, never went ahead but the troopers that were involved in it immediately dubbed it 'Operation Certain Death', because that is what this job looked to be like.

It has been an interesting and challenging couple of years going through this. But I want to go back to basics, because we have heard an awful lot about Government waste, Government expenditure and we can save this and that and all the other. And actually, really, the numbers do not matter because in life sometimes tragic and destructive things come out of the blue at us. But we have a tragic and destructive thing about to happen to our economy.

In just 17 years' time, there will be 5,500 more pensioners. It is already difficult to find places for people to go into elderly care. There are *many* people holding and blocking beds in our hospitals. And we cannot afford to look after them. We are running out of money and that means we need to make very difficult choices. This really I suspect, is the first in this series of steps towards eventually – because I do think we are conning ourselves – we will have GST, because there has been no credible alternative which is capable of doing the heavy lifting which is required.

There has been a lot of talk as well about how Government spending has exceeded GDP over the last decade or so. One of the main reasons for that is that we have 1,600 fewer people working and 2,500 more pensioners. That is the reason why Government spending is going up. Doctor Sloane knows this because we gave him the figures. The majority of the reasons for the increases in these costs are healthcare, and a shrinking working population, and this is the problem that we

were faced with when we were asked to do this homework. It is not homework that I set myself, it was set by the previous Government and I hope we have done a careful, fair and diligent job of it.

I accept that it is not popular and it never will be. Everybody will grudgingly have to accept it in the end, because there is no other way of doing it. There has been a lot of talk about the deficit as well. I am not going to use any numbers there. Because if you do not like our analysis, why not use the previous P&R's?

That, before COVID, was £80 million to £120 million. In the policy letter at the beginning of 2020, that was the analysis. Since then, and I have just written these down very quickly, we have substantial investment losses on our portfolio; we have the massively additional costs of nursing mainly caused by Brexit and a shortage worldwide of nursing staff. Business travel has collapsed and is unlikely to return, meaning our ports are operating at a loss. We have an energy crisis; war in Ukraine; inflation. I could go on. There are *many* difficult problems occurring at the moment.

I think it is difficult for Members to understand, but when inflation goes up the costs of Government go up with it. We have to buy things, we have to buy toilet rolls and all of the other things that go with it as well, and they have to be paid for. That is why this is such a difficult job at the moment, because as Deputy Trott says, it is my job to say it like it is, even if the answers and the messages that people are listening to, they do not want to hear.

Now, I really enjoyed Deputy Trott's speech; it is perhaps the first time I have ever been accused of not being sufficiently assertive, I have to say. (*Laughter*) But I also took something from his previous speech, from one of the amendments, which was that this system of government, consensus government, if we cannot fix this problem, is broken. (**Two Members:** Hear, hear.)

It is broken and we really need, as part of the outcome from this debate, to do something towards moving to a government system where we can make these difficult decisions more quickly. This is going to come back; there is no doubt about it. As I said, the question that we are answering in this policy letter was not set by me; it was somebody else's homework, and I was given it to finish.

I am not going to read out all the details, but in figure 13 and the policy letter at 5.16, you can see a list of the criteria, the sensible criteria which was set around this. This was about restructuring our tax system so that we can look to the future. Those 5,500 pensioners, of which I will be one in 2040, need looking after. Now, I might not need looking after personally but there will be an awful lot of other people that do.

But I want to thank Deputy Roffey, and also Mark Thompson for their assistance with this. He has been a stalwart. We are on opposite sides of the Bailiff and perhaps on opposite sides of politics from time to time as well, and he knows that we do challenge the numbers quite frequently when STSB particularly come in to ask for things. I have learned a lot from working with him. We do not share the same politics, but his experience has been invaluable. But we have battled our way through it. I wish to thank Deputy Mahoney as well.

Let's just go back to Option A before we throw it out with the dishwater. GST, a broad, easy to collect, simple to administer, cheap to administer from a Government perspective tax, in two years' time. And perhaps not implemented if prevailing circumstances in terms of inflation – and this is something which Deputy Trott alluded to – even if it were accepted it might not be implemented. But let's get the work done. One of the most important things that has not really come through – and I do accept that it has not come through in the media, I cannot tell the media what to print.

But a reduction in taxation for 60% of households, a reduction in overall taxation, *after* GST. It is incredible that this has not been talked about more. And 15%, a reduction of Income Tax. A reduction of Income Tax of 5% on the first £30,000 of earnings. A complete restructure to make the Social Security system fair. Bigger personal allowances in Income Tax. Allowances in Social Security which people do not have at the moment. The poorest in society will benefit from Option A. They will not benefit from any of these other proposals. (**A Member:** Hear, hear.) None of them.

Let's not forget as well, 50% of businesses will not have to register. They are below the £300,000 turnover limit. They can register if they want to, but if they want to claim back GST from their purchases ... Now it is not on food either, so it is even fairer. That is what the Assembly has decided.

3450 It is funny because there have been two other speeches that relate to things that have been unchanged in terms of petitions. I have been through the same thing and reached many of the same conclusions. In fact, I was quite surprised to find that the GST, 'Stop introduction of GST', despite an Island-wide door drop, 4,254. People demanding French Fries to be reintroduced to Crabby Jack's, 428. Almost 10% of that figure. (*Laughter*)

3455 Cheaper flights to and from Guernsey, which would need to be subsidised of course, 8,334. As we said, oncology care at the PEH, 4,845. One I particularly liked, sir, and I do not wish to cause a diplomatic incident, was rename Jersey 'South Guernsey'. (*Laughter*) Now, I think if we had a door-drop for that one, it would get a few votes; it has only 56 at the moment. The point I am making is that we cannot measure popularity from noise on the internet. (**A Member:** Hear, hear.)

3460 I think Deputy Burford mentioned that I should have spent more time on 'Guernsey people, have your say'. Well, I would have struggled to do that if I am honest, because there is a lot of closed minds out there. And the other problem with it is that you do not know who these people are, they could be in Australia for all we know. Are they even registered to vote? Do they pay tax?

3465 We cannot simply say that this cannot go through because it is not popular. Because it is never going to be popular with everybody for this to happen. But it is essential, because the alternatives – and I think people are starting to see that, and we had to be very careful how we do it, because we put in cuts and lists of things – 'Oh, the Guille-Allès Library is going to close' and what have you – people will say, 'You're threatening us.' Well we are not threatening you; we cannot afford to pay for it! We have reached the end of the runway with this stuff. We have reached the end of the runway. (*Interjections*)

3470 Option A is the best. If we were Snow White looking in the mirror asking which was the fairest, the mirror would say 'Option A'. Option A is the most difficult, it is the most challenging and it really will be very difficult to implement, I suspect. But it is the fairest approach and we are kidding ourselves if we do not think it is coming back.

3475 So what about the other options? Well, if Option A fails – and I am speaking personally now about what my approach would be – the only other alternative I could sanction would be E. One of the main reasons for that is because I trust Deputy Roffey. He has been in the trenches on this, he is bruised by it, so am I. A lot of political capital has been spent, a lot of abuse has been passed over on the internet and in other ways, protesters at my home – all sorts of things have happened that have been incredibly unhappy for people to go through.

3480 But Deputy Roffey has drafted something which can enable us to move forward, to have a plan and to do some challenging things. But, sir, I think if some of our Members, and I know they are saying 'Let's have some cuts. Let's really cut because the public wants it.' I believe that. The public needs to be convinced that we are doing a good job, that we are providing value for money and that we are spending it in an appropriate way. We should *not* be taking it off people. If we are going to do that, then we need to do it in an appropriate and balanced way, but I think having some cuts would not necessarily be a bad thing. (**Two Members:** Hear, hear.)

3485 We really do need to tighten our belts. But I have said this now, I cannot remember how many times, done three budgets, I said it in the last Assembly meeting. If you have money to cut from your budgets in your Committees, do it now! Do not wait for a resolution of the States to get on with it. Do not wait for me to tell you. Do it yourselves!

3490 We are all the Government together. I have no power to stop people spending money, neither does Deputy Ferbrache. We have job titles. We do not have any executive authority. The whole of the executive authority lies in this room. So please, Members, stop talking about cuts and do them.

3495 (**A Member:** Hear, hear.)

Do them, suffer the pain. Choose what you want to cut. And if you have got an idea about another Committee cutting, bring it to P&R or bring a requête and stop these things happening.

I have no doubt, in any organisation that employs over 5,000 people and spends nearly £600 million a year, we can find savings. We *must* be able to. But that requires people to commit. It requires services to be stopped. There will be negative consequences from it. Because we are not

just slavishly pouring money down the drain, we have reached the limits of what we can afford to do.

The thing that concerns me the most is Option D, because if we do this we will be committing ourselves to the same type of montage of cuts as many of the other proposals; and with no certain outcome, it will lead to Guernsey limping along for several years. It would also make GST a major election issue. And God forbid the next P&R. God forbid the next person stood here, in my shoes, trying to do this job. Because if you have had to go through an election and declare to an angry public – a small perhaps vociferous minority that you definitely will not impose GST – then where else are you going to get the money?

We have asked *everybody*. We have gone to the world's greatest experts in taxation; we have some experts in the Assembly who have assisted. There is not enough scope, we have a cake of a certain size, we can only afford to get so much from the economy, and we need to make sure that we are doing that in an appropriate way. But there is no other credible option for the heavy lifting. There is none. They have not appeared in two years; in the last few months of asking everybody to come up with ideas. One Member came up with the idea of – and I will not embarrass him by mentioning him – funding the Guille-Allès Library with a coffee shop.

So we worked out, assume that coffees cost £2.58 and you make 50% profit. That is seven coffees a minute, eight hours a day, 365 days a year, just to keep that facility open. (*Interjection*) I am afraid some Members of this House are totally out of touch. *Totally* out of touch with what we face as a mountain. If we allow D to go through, we will be limping along and we will not just be making the mountain higher, we will be making a huge cliff at the other side of it. And our children will be paying for it in 20, 30 years, for our pensions that we cannot afford. That is *not* acceptable.

I am willing to stake my political life on doing the right thing, which is Option A. And, Members, you should do the same thing. Please vote Option A. If you do not, then Option E is the only realistic alternative.

Thank you. (*Applause*)

The Bailiff: Before I call another Member to speak, I just want to find out from Members whether you are minded to conclude debate, and therefore voting on this item of business today? You can sit down for now. Or whether you want to see the debate go off into the next Meeting at the end of March? (*Laughter*)

If we conclude the business today, what I would propose doing is that we sit until 5.30 p.m. or thereabouts, and we then take a break and come back after the break. Because it is not really going to be desirable if everyone is trying to stay seated until whatever time it might be.

But these are important matters, so I am going to put the motion to you that we conclude debate on this, which will include voting with the 20-odd Propositions, if there are 20 votes this evening. But having a break at half past five for maybe 15, maybe 30 minutes, depending on how I am feeling at the time. Those in favour; those against?

Members voted Pour.

The Bailiff: I am going to declare that carried, so we will now take the next speaker.
Deputy Matthews.

Deputy Matthews: Thank you, sir.

My preferred option, in many ways on balance, is for Option E, as I think Deputy Roffey has recognised some of the immediate shortfall most effectively in his Proposal. But there is no pick and mix, and some of the items that I think Deputy Roffey has included are not the same way that I would have done them. I think it is an unfortunate consequence of the way that the debate has led these options to be put together with lots and lots of small items to replace one large item that has made it very difficult. So my voting intention will be for Option D, defensively, in the first instance.

3550 But there are parts from both Options D and E that I agree with, or I am indifferent to, or do not agree with. I would like to say a couple of words about the content, rather than the people. I am not one that goes in for personality politics, or party politics. I had the opportunity to apply to join the Guernsey Party of Independents and the Guernsey Party at the election, and I did not choose to do that.

3555 If I were to join the Guernsey Party today, it would increase its membership by 15%, and that the GPI I think has been dissolved. So I remain an independent and am choosing my options based on the content of what is listed there.

Both D and E offer a two-stage approach, which I think is the correct way to approach this. If I look at Option D, Stage 1, the first item is no broad-based GST, which is I think the main feature that differentiates it from the P&R proposal. Of course, that is what the debate has almost entirely centred around, imposing a GST at this time, which I think is unthinkable at this time, when we have very high inflation and very high cost of living to be looking at, imposing a GST in that way.

3560 Actually, I wondered if we were one of the only jurisdictions in the world that might be looking at imposing a sales tax during this cost-of-living crisis. Somebody, I think, has posted up a list of other jurisdictions that might considering sales taxes at this moment in time.

I do not think there are any that have got active proposals that are likely to go ahead, because the list of potential ones included countries like Kuwait, which has had a proposal, ironically, for a 5% GST. It would have been tried to have been introduced for quite some time and it is currently being delayed by the Assembly over various concerns for its effect on the poor. Even in a very oil-rich state like that, there is a democratic process where people are recognising that it is not really the right time to be considering a sales tax.

3570 It is a frustration for me that there is this, it looks almost like a miniature budget for all of these different items, and looking at Option D, small a-f are all items for the budget for 2024 and 2025; small g is an item for E&I in the same timeframe; and big C which follows after it – I think the lettering or the numbering here has all got very confusing – is an item for ESS within the same type of timeframe. That constitutes Stage 1.

I think this is, the split approach of this debate has been very difficult, because obviously the Option A GST served two purposes. It solved an immediate predicted budget deficit and it was thought to be a potential solution that would take us all the way up to 2040 and beyond. Whereas the replacement solutions are really try to do – and I think that there has to be that approach, a short-term approach and then a long-term approach which is as yet undefined and that is okay. I think there is some work to do to work out how the rest of that gap will be put together.

3580 This is why some of the speeches that people have made have tended to concentrate on either or both aspects of the question that is being posed. Deputy Meerveld, for example, said that we needed to have a really big think about the size and style of the Government that we want to have. And I think we do. We are always trying to do that and look at what the budget for next year is at the same time and in the same debate, and it is a very difficult thing to try and do all of that in one place. I welcome splitting this out.

Deputy Murray has also said that we need to develop a strategic vision, and there is actually a Proposition for that, number 8. But the numbering, I think, has gone very difficult to find where all these Propositions are. But there is a proposition to develop some strategic vision.

3590 But Stage 2 is the part up to 2040, and there are a number of items that are listed there. I do not think it is worth me going through and itemising them all, because I think it has all been said before and people have commented on nearly everything else. But I would like to – because one of the items where I think I had very briefly referred back to a previous amendment debate, only to the extent that I would like to thank Deputies Ferbrache and Le Tocq for their very generous speeches. Although they did not vote for it, and I hope I might be able to persuade some minds to come around to think a little bit more like that in the future.

3600 I would also like to think, actually, that for Deputies St Pier and Soulsby, who I did consult with quite extensively for their various iterations of amendments and combinations of amendments, that

that has found its way into the Schedule, section 6, parts A, B and D which reflect quite a lot of that thinking, and I am sure that there is a great scope to develop that going forwards.

Actually, I think though that this debate, although it is already quite full thinking about the tax for the next couple of budgets and up to 2040, it still is not really thinking of the big picture. I think Deputy Dyke nailed it, really, when he said that you cannot really separate the tax from the economy; you cannot really look at taxes as an individual. I know others have mentioned this as well, Deputy St Pier and others. You cannot really just look at taxation and ignore the effect on growth and on the economy, it is the main feature that taxes *have* – after their revenue collection, of course. I think the fact that we have low growth and a large increase in expenditure is really the key issue that we face.

But the main block, it seems to me, to economic growth in the Island, is our constrained housing market. It is certainly the main issue facing Health & Social Care, which is odd. If the top issue now facing Health & Social Care in our Island is not COVID and not funding: housing.

We simply cannot recruit into some of our vacancies because we get applicants who find the housing situation too difficult. We run a rent subsidy scheme at great expense, as otherwise off-Island hires would just find it impossible to afford to live here, which is actually quite unfair and divisive.

We have had emails from locally recruited nurses, very polite, asking ‘Why do we pay so much to people doing the same jobs who are hired from off-Island, when they are doing the same job?’ I do not really have an answer; it is just what we need to do to keep the service running. But we are just throwing money at the problem and it is not a sustainable way of running a service.

Now, with Option A, we would tax local people inefficiently, partly so that we can afford to recruit off-Island, to pay people *more* to come and do the job that locals could not afford to do. It just does not make sense and this is why, I think, people look at this situation and say this is not a sustainable way for a government to run itself.

Other areas of the public sector and private sector employers find exactly the same thing: even with expensive relocation packages, recruitment is a challenge, it is always at the number one of the various surveys of the business community, the ability to get the right people with the right skills. But we have a really big problem –

Sorry, I will give way to Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you to Deputy Matthews for giving way. I will be *very* quick.

The comment is it is within Deputy Matthews and his Committee’s gift to be able to look at some of those challenges and to find a more sustainable way, a more impactful way. As Deputy Helyar said, as I tried to illustrate in my speech, it is within our gift as Committees to do that (*Interjections*) and we should be doing that as bread and butter anyway, to save, to make it more efficient, to be more creative and have more impact from the budget we are given.

Deputy Matthews: I thank Deputy Dudley-Owen, and Deputy Dudley-Owen will know of course as well, that Education is one of the other big recruiters that struggles, because people will come over for teaching vacancies and have a look. They might like the job and they might like the school and they might like everything else, but they might say ‘Well, I just cannot find anywhere I can afford that I want to live in’. When they compare with another location, they decide not to come here, and that is not a reflection, perhaps, on the job or anything else, because we usually offer quite advantageous terms. But that is the issue. Housing is where we are struggling –

I will give way to Deputy Moakes.

Deputy Moakes: Thank you for that, very much.

All I wanted to was just repeat what I keep on repeating. I know I sound like a broken record, I keep on saying it. But you have just raised an excellent point, which is that there are people which we need to hire, in not just one sector but across every single sector on the Island. I think somebody earlier on quoted that is 1,600 open roles. I often quote between 1,000 and 3,000, let’s say it is 1,500,

1,600. You think of the tax we are missing out on and the contributions we are missing out on as a result of those positions not being filled. And here we are in the middle of a tax debate.

3655 You think about all the money that those people would be spending in our local restaurants and local shops if they were in those jobs. And bars everywhere, exactly. This is a huge gap and I keep on saying we have to crises on the Island: one is a jobs crisis and one is a housing crisis. We need to build or repurpose existing buildings – so build new, repurpose old, to fit people, local people and people we need to bring on to the Island. Give them somewhere to live.

3660 We have got so many children going abroad to school and university, and I bet you a significant proportion just do not bother coming back. That is terrible.

Thank you.

Deputy Matthews: I thank Deputy Moakes for that because I think it indicates that we can have these very siloed debates. We are going to have a debate on tax today, we are not going to think about the economy, we are just going to look at tax and revenue. And then we might have another debate where we think about the economy, and we think about where we could build some windmills to change the economy, and then another debate to look at housing shortages.

3670 Really, these are all connected things. We need to look at them all in the round and all in a joined-up way. Because, as part of this debate, I have spoken to a lot of people. I have had a lot of communication, I have replied to my emails. I have spoken to a whole range, from young people to pensioners and everybody in between.

3675 One of the things that I find about the economy, that I think that people are concerned about and they do not want for the Island, is inflation. Now, in Guernsey, we cannot do anything about these big, external factors, like the war in Ukraine, or supply issues in China, or even about things like interest rates, set by the Bank of England for us. But we do not have to add petrol to the fire by adding a sales tax.

I am reminded frequently, at my age, I have not really experienced the type of inflation that the older generation would have done. But they have, and they have lived through it.

3680 But the older generation, also remember what Guernsey used to be like. I was reminded of this when I was listening to Deputy Aldwell's speech at the beginning of the debate today, because they remember an Island with green fields and glasshouses, and hotels and visitors who came from the boat in England in the summer, and families who brought their children over to enjoy our beaches and our attractions. When it was time to go home, they wished they could stay for longer.

3685 They compare to what it is like now and they see an Island that is built up and congested, and there is a deep concern that the Island has changed so much, the cost of living has become so high, and the prices of housing so unaffordable, that their own children and grandchildren will not be able to afford to live here. And *they* will be the ones that depart for a new life in the UK or elsewhere, and wish they could stay on the Island for longer.

3690 The people that I speak to do not want to see ever-increasing house prices if their grandchildren cannot afford to stay on the Island. They do not want an extra slice of home equity every year, if it means the next generation cannot stay here, and the Island does not have a future. Many people did not buy homes as financial instruments, they do not see it as an asset class.

3695 People cannot be bought off with financial inducement if ever-increasing values means that the place that they really call home, their Island and their community that they helped to build, cannot be a place that their children and grandchildren will want to call their home. The cost of living is a genuine concern.

3700 We can say it is all okay, we will protect the lower-paid with mitigations, but this is something that does not just affect the bottom end of the income scale. It affects middle Guernsey as well. People are finding now, even people who are quite into the middle of the income scale, are finding that their children will not be able to, or not want to, stay in the Island, because it is so difficult to stay here. That is not what anyone wants. People want a future for the Island.

It does not strike me as the moment to impose a sales tax at the worst moment. It does seem we are up a creek, but I think that for me the most effective option at the moment is Option D, and that is the option I will be voting for.

Thank you.

The Bailiff: Alderney Representative Roberts.

Alderney Representative Roberts: Thank you.

When you get elected, you are expected to support, maintain and improve and protect the living standards of the electorate. You try to adhere to those promises that are popular, to secure that place in an election. That is not a bad thing; it is only bad when things change, with the economy, and it makes those promises that you previously gave undeliverable. So you search for an alternative, not to break your word, and that is understandable.

Alderney does not want GST; no one wants GST. The conversation is toxic at the very least and I have never seen so much division on an emotive subject, that has to be overseen. P&R have worked tirelessly to produce a formula to redress deficit and accommodate the rising tide of inflation and deficit; a thankless task. I believe they have done that in a very professional manner.

They have had a hugely difficult task and need to be commended for their tireless efforts to help the Bailiwick survive and avoid cuts to our well-being. I find it far from astonishing, about the disquiet that has arisen from the plan from P&R, that no one likes the taste of, to endeavour to balance the books that pay for our health and our services that are so vital to us. What we from day-to-day take for granted in our everyday lives. Many are risking that today. As the leading Committee, it is their job to manage that responsibility.

The previous P&R *wanted* GST, but it failed to gain support, and they are now pushing against GST with vigour, unashamedly, and clearly not explaining why they have changed their view. And no guarantee, should they gain power, to rule it out for the future. GST will indeed come to the Bailiwick at some point. It may be sooner than later; it may be later than sooner. But it will indeed come. It is a necessary evil.

Deputy Queripel would say – he is not here – there is a bad moon on the rise. We have two leading industries, one of which is a leading financial industry that provides employment, GDP, local career prospects, that in itself assists in keeping our young people on the Island instead of losing them to London and other far-off jurisdictions, and adding to the ageing demographic should they go. However, I would urge P&R to also listen to top businessmen, like Mr Guy Hands. He advised to look at the higher earners to help the increasing deficit. A wise man indeed. A respected and knowledgeable man, he knows how to run business on a mammoth scale.

It would be regressive and irresponsible to ignore his advice. The Island needs his like and his steer. We live in a beautiful warm place, so a mass exodus is very unlikely. The finance industry themselves here are not themselves convinced as yet, but we are looking for slow changes and a slow layered approach.

Tax has to rise, but it is the mechanism of those taxes and the method that is implemented. The higher taxation tariff needs to be advanced. We must not have short memories of just what we have endured.

Deputy St Pier handled the COVID crisis admirably, as did Deputy Ferbrache, equally following on. I hope this Assembly joins me in remembering that and thanking them both.

We now have the despot Putin impacting on global economy. The finance industry is our leading economic enabler and it must be remembered that high-net-worth individuals already pay a huge chunk of revenue that we all rely on. But the load must be a shared, cantilevered load across the board, and we need to find more with the emphasis on protecting the lower-paid. We need more investment, high-worth individuals to create employment, private investment, investment into the Government projects, and the Bailiwick.

I collect and love clocks, and every part of a clock relies on the next wheel. And we have to look after all the wheels collectively or the clock simply fails us or it gets slower. Our clock has to be

3755 balanced or we run out of time. I personally find the lower-paid package very generous and many low payers and young families would have gained more control over just what they spent, and found life easier, when something that costs a pound today will cost just £1.05 tomorrow.

I thank Deputy Gollop for his great speech and bringing Amendment 5 to fruition. Food being exempt is a great thing for my Island. I believe food is 17% higher on Alderney and would have
3760 been an enormous impact on people moving on. Our price per unit of electricity at the moment is 45.8% lower tariff, with the highest tariff A being at 56.15 per unit.

We in Alderney have a median wage below Guernsey of some £10,000, so the lower-paid would have indeed gained more. However, they would have paid more GST, because our prices are much higher than in Guernsey. Please remember that point. But there seems no appetite for something
3765 that would work because of election promises, and it is a shame because you promise something, times change and you say 'Well, I have got to go that way, I have got to look for something else.'

Many people in Alderney are indeed against GST and many of our public are split. As always, I have to respect their growing view, Alderney and Guernsey are alarmed at the massive rise of the cost-of-living.

3770 The newspapers in Guernsey headlined, 'Alderney wants GST'. They seem to relish a split between our Islands that makes news. That was wrong. Many of the public were and still are against GST in Alderney. Most States' Members saw that at the time, acknowledged the situation, but saw GST as a solution. But do you know what happens to newspapers the day after? They end up wrapping chips!

3775 There is no split between our Islands and that is the most important thing for me. But whatever your view, whatever your vote, I regard you all as friends and friendship is a dish to be enjoyed. Good, strong relations remain my priority and they always will be.

Alderney wants to contribute, lower and lose the deficit and the chance is still there to improve our economy. I am an optimist and I am still optimistic. In my over four years here, we have argued
3780 together, we have laughed together and two years ago we even cried together.

But there is a saying: 'When the bills come in, love flies out of the window'. That must not happen! We are fiscal partners, we need friendship and we need good rhetoric. Alongside what we really need to do is raise revenue, it is out-of-the-box thinking, finding new income streams and gives the support to both Economic Development Committees to sort possible new values with a matter of
3785 urgency, despite where we are at the moment. To gaze forward to future success.

Ideas from the Assembly, everywhere searched. I know Deputy Meerveld has one with great potential. I hold optimism that Alderney will lead again, with our own new line-up and top-line business experience. As I said, I am an annoying optimist. Economies do turn full circle and the world will recover from this global problem. An enormously difficult time, while we wrestle with our
3790 own local economy, without the ability to print or borrow needed sums.

We also have to remain fair across the population and keep our economic clock maintained, or we risk difficulty. On the plus side, it is a tremendous bragging right, I will agree, not to have any GST in the Bailiwick.

3795 The attacks on Alderney yesterday were disappointing, I found. Indeed it is, I am afraid. Alderney is a soft target, I understand that, because there are no votes in Alderney. You are not losing any votes by attacking Alderney. We accept that situation.

I trust P&R and I applaud the work they have done, bringing a possible solution to empower the Island's future, protecting the lower earners with higher allowances that actually surprised me, at the levels. But you cannot please everyone. When you are in an aircraft, you trust the pilots to know they have done their research on the weather. It is in the interests of the pilots, too. I worked with
3800 Deputy Burford, when she was an excellent, highly rated pilot. I trusted her very much when she flew me. She was highly rated.

When you are ill, you trust the sometimes-horrible drugs that keep you alive, which some of us here know about. I want the Guernsey economy to succeed, because when Guernsey catches a cold, Alderney gets life-threatening flu. GST looks like losing. This has been a difficult meeting for us all.
3805 Have I got an answer?

Well, alternatives seem thin on the ground; maybe you should have a tiered system of taxation, with the more you earn, the more you pay, at a higher-raising tax band. And you would be still GST-free. I could have laid that amendment, but it would probably have gone down like a Chinese balloon! *(Laughter)* Every single new system is unpalatable to someone; no one wants GST, but no one supports, in any numbers, any alternative raising of revenue.

I personally do not want GST, but it will eventually come, given time. For me, Option A is the easiest way, the fairest way, to place the burden on the more well-off, and off the shoulders of the less well-off, who in many cases will be helped. We have very low-paid workers in Alderney who will welcome this package and enjoy those tax allowances and Social Security reductions. And we need to keep them there because we are short of people. P&R has actually worked miracles taking expert advice and producing this package for a long time, to keep our NICE drugs, our health services, our school programmes, to educate our future community and the whole system we take for granted, each and every day.

Your own life, or your family's life, may be lengthened by the NICE drugs programme. You do not know what is around the corner, unless of course you have got the money to pay for it. It would be a travesty, and savage to have these cuts. I believe that you will not get a better deal than Option A. So, like Deputy Inder, I put my head on the block in Alderney, in the belief that it is entirely the best deal on the table. And lots of people in Alderney will not agree with me.

Lots of Deputies say and accept it is coming and can see that very fact. It is like going up to the top of the diving board, but being scared to jump yet saying, 'Don't worry. I'll jump later!' Hold your nerve and jump now! Who dares wins.

The way to avoid the next election being a GST election, holding the GST issue, is to pass it now. Sixty per cent of the population receiving tax reduction. Is that going in to everybody? Sixty per cent! If you hold out at the last minute, be brave and put your head on the block and vote Option A.

It may not even happen in two years' time. I was elected to serve Alderney, for the good of Alderney, for the best for Alderney, not for votes and I will not sit on any fence. I have always remained my own man.

Although I feel it will fail, I will still voice my support for Option A. Option D is an absolute disaster, not thought out, wrecking. It is like a prawn cocktail, without prawns, but using scorpions. *(Laughter)*

Thank you, sir.

The Bailiff: Well, Members of the States, I am going to propose that we adjourn now, until quarter to six. So, twenty minutes. Quarter to six.

*The Assembly adjourned at 5.26 p.m.
and resumed its sitting at 5.45 p.m.*

POLICY & RESOURCES COMMITTEE

**The Tax Review: Phase 2 –
Debate continued –
Propositions 1 and 6-17 (as amended) carried**

The Bailiff: Well, Members of States, I hope you are suitably refreshed and ready for what I hope will be the last leg.

3845 Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

3850 The Roman Empire declined, not because the legions lost their potency but amongst other reasons because the senatorial class voted to exempt themselves from taxation. (*Laughter*) And the resulting increase in the burden of taxation on the ordinary Roman citizens basically brought the whole tax collection system to its knees.

3855 What we need is a tax system which spreads the cost of Government fairly over all the participants in the Guernsey economy and I have talked to the Assembly before about how I think that could be done. Unfortunately my amendment got very little traction. But the options before us do not address this problem and in fact do nothing to foster economic growth. What we are looking at is an ugly parade more than a beauty parade. (**A Member:** Hear, hear.)

3860 All of them will, to varying extents, damage economic growth and that of course will exacerbate the problems of the future. Young people will not want to be milked to pay for the costs which will be heaped upon them if they choose to make their careers in Guernsey. These problems were discussed very eloquently by Deputy Matthews in what I thought was an excellent speech, where he set out in effect the damage to the fabric of our community which will result if we do not get this right.

3865 Deputy Helyar, of course, painted a very bleak picture of the future of Guernsey in 2040 and I entirely recognise the risks that he was describing. But what I did not hear from him was how in any way his preferred Option A would address that problem. Essentially, some people have said that a GST or VAT would be a sustainable solution to Guernsey's fiscal deficit, but it is only sustainable in the sense that you can always ramp up the rate of GST to increase the tax take, as the burden on the State increases from the demographic changes that Deputy Helyar eloquently described.

3870 So the reality is, none of these options address the fundamental problem essentially that Guernsey is growing *very* slowly, the economy is growing at about half a percent per annum, and the pressures on public expenditure are growing at 2% per annum. We are just, frankly, playing with numbers and words and shuffling the deck chairs on the Titanic to try and reorganise things so that somehow this does not turn out quite as badly as it might otherwise do.

3875 The fundamental problems are that we have not got that structure in our society, that structure in our economy which would foster economic growth and increase productivity ideally to enable us to cope with the huge impacts coming down the track from demographics. I am not saying, and I did not say in my speech on my amendment that sorting out the tax system to resolve the problems with our corporate tax system is a complete answer to those economic challenges, far from it. As I think I said in my speech there are other very big challenges to do with housing and so on, which also need to be addressed.

3880 So, what the States should have done two years ago would have been to have started off by developing a national economic plan of which sorting out the tax system would have been a key element and then built from that towards a goal of achieving an annual growth rate of let's say a target growth rate of 2%. Because if we could achieve 2% we would probably be able to cope with public expenditure increasing at the rate of 2% indefinitely and the tax burden would remain proportionate to the size of the economy.

But we did not do that, the States has done not very much in fact over the last two and a half years and we are now looking, not that far away, to the next general election and we have no

economic plan in place, we certainly have no tax reform in place or even on the table which would have the semblance of the foundation of an economically sustainable growth rate and we are being asked to choose between, as I have said, these rather ugly options all of which, far from encouraging economic growth, would actually damage it.

We will therefore be asking the local population to pay more and more tax as the demographic problems continue and it has always been my position consistently that we cannot ask the local people to pay more tax unless and until all the participants in the Guernsey economy, all the stakeholders are paying their fair share, which at present they are not.

So, what to do? I hope that a future States will have the metal to grasp the corporate tax nettle and try to build a sustainable fiscal policy around a fairer tax policy but it clearly is not going to happen in this Assembly, there really is no appetite in this Assembly to tackle the problem. Now that means probably that if the problem is ever to be addressed and Guernsey is to get set forward on the right foot towards a sustainable future that will probably have to wait until after the next general election; and of course that is in the lap of the gods because we do not know who may be sitting in this Assembly after the next election and they may have no more backbone that this Assembly has.

So I am in a serious dilemma here. Every proposal on the table will damage economic growth, none of them seem to me terribly attractive and I am tempted to think probably – and somebody I think maybe even Deputy St Pier suggested that actually coming out of this States' meeting with nothing might not be the worst option. Clearly the worst option would be to do something that makes the situation even worse than it is (**A Member:** Hear, hear.) and as long as we do not do anything irreversible – and I share the views of those who say we cannot now get a GST in place by the next general election anyway – I do not believe that is practically possible. So it is going to be a huge election issue whatever we decide and maybe we just have to leave the slate as clean as we can so that the next States can start off without a load of baggage which they have half-conceived and half-formed plans that we may have imposed on them.

So at the moment my inclination is just to vote against all of the options. I do not like taking a very negative view of what is in front of us but I find it very hard to see any positives out of this. There are some options which I dislike more than others but there is no option there which I am thinking 'Yes! That sets the States on the right direction. That sets us on a sustainable path towards solving these long-term systemic problems that we face'.

In fact far from it, what I see is a collection of options which in general will make the problems worse. I do not know if I am going to bring myself to support an option, if I did I think it probably would be Option D. But I have to say I am not even very enthusiastic about Option D. And none of the others, either imposing more tax on the general public or, God forbid, cutting public services, none of the other options will provide a long-term solution. They are just a short-term fix to address a deficit, which the underlying deficit will continue to grow, and which can only be addressed under these various options by further service cuts or further tax increases. It becomes a drug. The States will become addicted to putting taxes up to paper over the deep underlying problems.

So, I cannot offer the Assembly much cheer in the way of a vision for the future, I think this is just going to have to wait for another Assembly and in the meantime we should just try and do as little damage as possible.

The Bailiff: Deputy Murray.

Deputy Murray: Thank you, sir.

I do not know what they call this, the afternoon is usually the graveyard shift so God knows what territory we are in now! (*Laughter*) I did have a speech prepared. I may refer to one or two parts of it because a lot has been said. You come into Government for the first time, obviously with aspirations, bushy-eyed and white-tailed or whatever it is and then you realise that actually the reality sets in and there is only so much that you can do, and whatever you do you actually have to be able to do it in concert with enough Members of your fellow Deputies.

That is a problem for me because generally if I get an idea I will try and convince people this is the way to go, and it is usually based on a financial or market opportunity and eventually you see actually the reality of that. I have been blessed perhaps over the years of being able to see it earlier and that is why I get very frustrated because having to drag a lot of people with me makes it very difficult. Which is why I keep on wittering on about about a vision, a strategy, a destination at least for Guernsey that we can all agree where we are going.

So I do have some sympathy with what Deputy Parkinson has just said in terms of, if we did have that idea, if we did have some concept of where we needed to get to, taxation would fit into that one way or another. You would mould the various levers you have got, you would pull them in the right sequence to make sure that actually we were heading in that same direction. But Government does not work like that and it is very frustrating for those of us who come from a business background because there are things that you would like to do but clearly it is just not that easy to achieve them.

There are things that are staring you in the face and you think we can solve that if we do X, Y and Z but you cannot do X, Y and Z because you have got 39 other people that have got to actually agree with you in the direction you want to go.

I came in and I made my knee-jerk *mea culpa* moment, I came in saying I did not want to support GST because for me I wanted to be in the growth camp. I thought that is where we can go, assuming of course that you could actually get agreement on what that growth would look like. That is proving extremely difficult in the current situation. The world has changed around us, it is really very difficult now for us to see substantial growth of any description which means that we have actually got to consolidate where we are.

Nevertheless there are about four things that I think I have probably learned over the years when I have been in business. One is the importance of market share and it can be supremely important. The second is the positioning of whatever it is that you are actually offering at this point in time. The third is timing because timing is pretty much everything. And the fourth actually is value for money. Whatever your client base is if they do not think that actually they are getting value for money you have got a problem.

Now in Government obviously we have two issues, we have to position Guernsey to the outside world in the best way that we can so that our Islanders can benefit from the success that that will bring. So it is really important to bear in mind what the outside world thinks of us, what it thinks we are doing, what it thinks we have got planned. That would help the finance industry considerably to know that there was some surety about where we wanted to go, and how important the finance industry would continue to be in our success in the future; and we do everything that we can. That is why we are doing everything we can at this point in time to make sure that we pass these vital tests that we are going to be presented with.

As Deputy Trott has said, it could be touch and go to some extent. There are a number of criteria that we have got to meet and if we do not meet them it is going to get very much more difficult. So we have to balance the fact that the finance sector must remain robust and important to us but at the same time, as far as we could, diversify; and at the same time make sure that everybody in Guernsey is equitably treated in the best way that we can. Those are very difficult things to achieve.

I think what has happened in this debate – and I am quite pleased in some respects because one of the things that I remember being very pleased to hear Deputy Le Tocq mention was that we come to these debates, we come to them and we deal with something in isolation. That is not the way that we should be doing it and actually as a consequence of this debate I think we have realised that there are number of different things that intertwine in this debate.

Growth has been mentioned and we all understand that that has to be a part of a solution. The role of Government, the extent of Government is clearly something that taxing lots of people here at this point, from a position of ignorance or from a position of being frustrated that people cannot see the importance and the role and the extent that Government has to play.

By being involved in education I actually saw some things that I have not actually come into contact with in all my time in Guernsey. There are a lot of poor people in Guernsey; a lot of poor

people, and it is quite scary. You see children turning up to school, no breakfast; you actually have to have some teachers go to the door and get them to come in.

3995 Now I have never experienced anything like that. When I was a kid at school there was usually one kid who maybe smelt a bit funny or whatever but clearly was not very well off. We have a lot of kids not very well off in our schools today. So we actually have to think about the bigger picture, we cannot just think about purely the financial aspects at this point in time, (**A Member:** Hear, hear.) they are fundamentally important of course we have to have that balance, we have got to have that
4000 balance, but it is not just all about how much we cut, how much we provide we have actually got to remember – and it has been said several times – we have to bring the population with us and at the moment it is clear that we are struggling with that with Option A.

Now I still believe at this point that Option A is actually the right solution because it has to happen at some point. I talked about timing – the longer we leave it the more difficult it will become
4005 but it is inevitable, it is absolutely inevitable. I see it very much more as a diversification of our tax base and the opportunities that that brings. It spreads the load from a defensive point of view whereby if there is a downturn in the economy our income-based taxes approach will struggle, because you have to consume something at the end of the day, there will be something that you will still be to raise the consequence of that.

4010 So it gives you another opportunity to manipulate the tax system in the future and we have already done that with this particular approach to introducing GST. We have reduced up to £30,000 to 15% of tax. Now I wish we could do a lot more of that, but we can only do a lot more that if we are actually raising tax from other areas at this point in time. But if we were to do that, Guernsey becomes an even more attractive place to be and this is something that people I think are ignoring.
4015 We have got to expect and understand that the competitive environment that Guernsey as an entity, as a jurisdiction we are competing with lots of jurisdictions around the world and they will eat our lunch if they can. Jersey is the obvious one that will do that.

So we actually have to be conscious of trying to provide, as hard as we can, as far as is equitable, a competitive offering to the outside world. We need teachers, we need nurses, we need finance
4020 personnel, we need taxi drivers almost at this point in time and that is the other difficulty that we are faced with at this stage. We are not able to resource either what we have currently got or what we will need in the future, and that is a *serious* concern.

So regardless of the tax situation that we are dealing with at this point, we have to accept that even today our Health Service is not sustainable. We cannot resource it, it is not even a quick
4025 question of could we push enough money, could we steal it from somebody else, give them more money. It would not do any difference. We still would not be able to get the bodies with the skills we need to be able to service that industry; and that is *today* and that is before demographics kicks in over the next 20 years when you will see that grow massively.

So, the tax is one element of this but we *must* start to be thinking about doing things very differently and that is going to be very painful. So in order for us to move this debate further on at
4030 this stage and hopefully get to a conclusion I would like to keep my Option A on the table because it will come and the sooner we get to it the better. That is going to be a very painful pill for lots of people in the community to swallow, but we have got a duty to actually think a bit further than next week's pay packet. We have got to think about where this Island has got to be.

4035 Some people, understandably, pay no attention to what we do in here. I have been the same over the years, why would you? It is a talking shop. But we have got a *very* serious strategic decision to make if we introduce a new taxation system and we need to use it in the best way that we possibly can.

We need to actually grasp the future here and prepare ourselves to be able to deal with that
4040 future in the best way that we possibly can, which means that we have to have more money on the table today but in the future it gives us options for how that is redistributed. Without putting in a GST at this point in time we are denying ourselves one of those major levers that we can pull with our economy to position the Island for the future to be successful. And it is not going to be easy.

4045 The outside world has changed hugely since even I came into Government. The Ukraine war has *completely* impacted the whole worldwide economy. COVID impacted and has completely changed the worldwide economy.

I want to make the point. I do not want anybody to think here that this is a blip. We stand at a tipping point here tonight. Zero-10 was a tipping point. We are at another one. If we fluff the ball at this point we are going to be in serious trouble. It is going to be very difficult, at any stage, to introduce any change in the taxation system simply because people are uncomfortable with the name we have attached to this. GST has become satanic. It has become the *bête noire*. Nobody wants it. But they need it. They need it before they even know that they need it at this stage.

4055 Deputy McKenna asked for one more chance. I am not sure we have got one more chance, if I am honest. I really do not. I wish we did, but I do not think that we have. I think we are standing on a precipice if I am honest and that worries me. It worries me because the minute we start to become deficit year-after-year – Deputy McKenna mentioned it and I quite understand what kind of legacy we are going to leave our young people. Are we going to leave them with a huge amount of money to find? That is not the way to do it. We would be derogating our responsibility if we do not make a decision here tonight, and I would tell you it must be Option A.

4060 This brings us a new tool to the tool box for the future, it will be painful to start with but it gives us options to actually move in the future which we need. We need that flexibility, we need to be fleet of foot and it will come. Most people have recognised GST will be with us at some stage. The longer you put it off, the more difficult it will be and the more opportunities we will have lost to be able to be fleet of foot, because we will not have the tax revenue to be able to maintain our forward progress. We just will not. We will go backwards. I do not want to see that.

So please, despite your misgivings about GST this package, I do not think we will see again. I do not think we will see a GST or sales tax or consumption tax, whatever you want to call it, packaged in such a way that 50% to 60% of taxpayers are actually better off.

4070 I could not have dreamed it up frankly at the end of the day, but Deputy Roffey – P&R as was, including Deputy Soulsby she played her part too – came up with a solution that actually you would never believe was possible to do financially; and they have done it. This is the easiest route into GST that we are ever going to have and I do ask Members to actually support it.

Thank you.

4075 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

4080 I took part in the big debate at Ladies' College earlier this week, it seems like weeks or months ago now and it was ably chaired by the presenter and journalist Michael Buerk. Now, we only had seven minutes to speak and get our points across. The students only had *five* minutes and made their cases brilliantly. It really was an enjoyable evening at the end of which the Proposition won which was sexism is worse today than it was 30 years ago. Very worrying indeed.

Anyhow, last Monday demonstrated that arguments could be effectively made in seven minutes and so I am going to give it a go and hope I am more successful than I was on Monday. (*Laughter*)

4085 Perfection is defined as the action or process of improving something until it is faultless, the state of being perfect. We have now, after considerable debate, got four different models that seek to address the unsustainable financial position we find ourselves in. None of them are perfect, I totally agree with Deputy Parkinson, none of them. There are holes in each one of them, but we cannot let our desire for perfection become procrastination. We now need to decide which ones are less flawed and which imperfections we can live with, if any.

4090 For me, there is only one option that I can live with and this is of course Option D. I have already set out why I cannot support Options A, B and C and unlike the old song 'A' is not adorable, 'B' is not beautiful and 'C' is definitely not a cutie full of charms. (*Laughter*) I think it is highly unlikely they will get across the line anyway and so I will focus similarly on why I cannot support Option E which is certainly not heavenly, and I am asking Members not to do so either.

Before I do so though I thought I would reference one of the claims about Option A and it was something the Deputy Murray just mentioned, and that is the reduction in the Income Tax rate up to £30,000 to have a band at 15% that it helps the poorest. Well, let's follow the research we did on Option D and we happened to go back to the 2020 Budget report. Interestingly we found through that process – and it was something that I had forgotten I must admit – that work was done by the previous Policy & Resources Committee in 2019 on whether such a reduction should be done on the back of the debate on in-work poverty.

The results were published in the 2020 Budget and the conclusion was then demonstrated graphically that with a lower band at a 10% rate that the greatest percentage improvement household income would be enjoyed by those in the fourth and fifth deciles, potentially reducing their overall income tax burden by 1.6% of their gross household income.

However, the benefit for lower income households would be significantly less because they are less likely to have sufficient taxable income to utilise to full the lower rate band. Notwithstanding the withdrawal of personal allowances for higher earners, it was estimated that 42% of the total cost of introducing a 10% Income Tax band would benefit the wealthiest 30% of households compared to only 12% improving the financial position of the poorest 30%. So not exactly progressive.

And to pick up the comment of Deputy Helyar which I think I have said in the final terms of amendment, working how it is going to be better or worse off under GST is predicated on assumptions made on people's spending, and you cannot say that people of a certain income level will have the same expenditure demands because that is clearly not the case.

Deputy Murray said people need GST but do not realise it. Well that is really one of the problems. The people have not been convinced. But anyway enough on Option A, it is not likely to get anywhere. So let's focus on Option E – described as a broom wagon by Deputy Roffey.

As Deputy Le Tissier has said it derives from the cycling world and refers to a van that follows at the back of the race to pick up the stragglers that cannot make the maximum set time to complete the course. But it is worth pointing out that does not mean cyclists *have* to get aboard the van, it just means the race organisers leave it to the competitors to get to the finish themselves. Maybe at the end of the race but it does not mean it is the end of the road.

No, Option E is not a broom wagon, it is a Trojan Horse. A tax-and-spend model that *will* lead to GST in 2026. Simple. Why? Because it does not address Government efficiency at all, it does not take us any way forward except putting more taxes on the Guernsey public with Government doing nothing in return. The public will rightly be outraged by such a result and it will be irresponsible to vote for it.

This whole tax review has made me wonder whether one of the failings of the changes to the machinery of Government, apart from getting rid of the Public Accounts Committee, was the demise of the Treasury & Resources Department – the Department asking as custodian of the public purse. Had we had such a body it would have been responsible for the policy letter, perhaps with Social Security, as happened in 2015. And I will make comment on that because on that I argued that the policy letter should be brought jointly by the Policy & Resources Committee and Employment & Social Security but that did not gain traction despite the Tax Review Panel having equal representation from both Committees.

Anyhow, I would be highly surprised if there was a Treasury & Resources Department who would not make it clear that Option E takes us no further forward. I would expect them to say that whilst it was not their preferred option, Option D would be far more preferable to E as it raises as much revenue in the short term but is more progressive, it provides for investigation into future revenue-raising measures, and importantly includes expenditure restraint and savings and a review of service provision.

I would also expect them to say that contrary to what Deputy Roffey said when introducing his amendment, November 2026 is not a good date to report back to the States with the second tranche of measures needed to tackle what it claimed would be the remaining structural deficit. Why do I know that? Well, it is because when Deputy St Pier and I met with Treasury officers they told us that date – which coincidentally was a date that we originally put in – would be too late.

Hence in Option D we gave them the date of June 2026, by which we are directing Policy & Resources to report back on the impact of measures proposed in Stage 1 of Option D.

4150 So basically under Option E the next States will find itself in the exact same place we are now, or rather a worse place as the structural deficit will not have been addressed properly and there will be little time to resolve it in the next term. Remember, the next term will *only* be four years long not like the extended version we are living in now.

4155 The public wants us to demonstrate expenditure restraint, we have criticism for option D that the savings we are looking at will be unachievable, that perhaps we cannot raise the money we claim it does. I do not go with that defeatist attitude. For me, we need to at least try to do it. Let's not say we *can't* do them and all those who say there is nothing there, it is all fluff. Well if that is fluff, option E is just puff.

4160 Deputy Helyar says Option D will make GST an election issue. Well, Option E will absolutely guarantee it and will probably guarantee GST. I am gobsmacked that he could, as Treasury lead, even countenance it.

Members may not like all aspects of D but it is impossible to please all of the people all of the time. Some may not like transport-related taxes; others may not like property taxes. But revenue does need to be raised, I am with Policy & Resources on that one.

4165 Option D provides a balanced approach to revenue raising and is progressive in a way that Option E is not. This surprised me, given that it has come from Deputy Roffey with Option E stating that £6 million should be raised from property taxes which is more than Policy & Resources are proposing in Option B.

4170 So what happens if this Trojan Horse, Option E, is approved today? Well, nothing immediately but let's move on two years, around the end of this term when the proposals to potentially hike TRP and motoring taxes come back to this place. In between times nothing has been done to restrain budgets or find efficiency savings in anything like a strategic and structured manner.

4175 Going back to my opening comment, we are not living in a perfect world and the world of politics is even less perfect. But Option D provides a way forward delivering through a staged approach, expenditure restraints, savings and revenue-raising requiring the identification of a long-term vision for Guernsey and an accompanying economic social environmental model; the consideration of alternative funding models for capital projects; and the development and delivery of revised health and care models. No other option does that. It sets us on a path that Deputy Parkinson wants, looking at a model for growth and actually a proper review of corporate taxes.

4180 It is the only option that has any chance of helping to restore the public's trust in this Government, it is the only option that says, 'We understand what you are going through, trying to raise a family, trying to run your own business, trying to make ends meet.' It is saying, 'We need to raise revenues but that we will make a pact with the community to limit this as far as we can.'

4185 Deputy Dudley-Owen asked whether it was the duty of Government to make people happy. Well, I think it has a duty not to make them completely despondent. (**A Member:** Hear, hear.) I have a lot of sympathy with Alderney Representative Snowdon's point: this *is* a mess. It will be more of a mess if Members do not vote for Option D Stage 1, but then choose elements of Stage 2. I am certainly not going to do that; that would be a dog's breakfast indeed.

4190 Deputy Helyar says our system of Government is broken, consensus is broken. I have come to the conclusion since I have been in the States that it does not matter what the system of Government is, it is the people in it that are important. (**A Member:** Hear, hear.) We live in a time of such change, but as Deputy Trott said Option D gives a certainty we need and what ratings agencies are looking for.

Sir, it was Churchill who said and I quote:

I contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.

4195 That is what every option other than D will do. It is the only one that deals with the pillars of spending, revenue raising and growth. It may not be a darling, it may not be perfect, but Option D provides hope for the future and I urge Members to support it.

Several Members: Hear, hear.

4200

The Bailiff: On the basis that no other Member is standing at this point and there are very few who would be eligible to, I would invite the President to reply to the debate.
Deputy Ferbrache.

4205

Deputy Ferbrache: We are at the end of the sixth day of probably the most important debate that we have had for a long time. If one had listened to the speeches, and they have been very good speeches, this is the 36th speech today. We have had, if you add together the others over the previous five days, we are talking about very many speeches indeed.

But if you analyse some of them you would think Guernsey and Alderney are in a difficult position, beyond redemption and are places that we should steer away from. Just the opposite. (A Member: Hear, hear.) We are in a wonderful position, we are Islands that people envy living in and we are envied by so many – and that is part of the trouble that we have, because other places want to take our business and copy our lifestyle, or damage our lifestyle because they have not got the same or equivalent.

4215 But we have got a problem, and we have got a problem that we have to resolve. Deputy Helyar was talking about the Mikado and the people who would go in a Hercules plane and blow up the Exocets, where they built the Exocets. It is a shame they perhaps did not do that because some people would not have got killed ... But, never mind, it did not happen.

4220 Now, we are in a position whereby to use a metaphor, we are at the end of the runway. We have got no more time. We have got to make decisions. The only option that bears that in mind, that balances out what we all should be doing, which is looking after the poor, which is making the rich pay more, which is making the corporates pay more, which is balancing our economy, which is addressing our shortfall, is Option A.

4225 Deputy Roffey said it is head and shoulders and torso above all the other options. I completely agree with him. I like Deputy Trott, we are friends despite sometimes our little clashes in these States, but we are friends and we respect each other's views. So I was pleased with his speech but I was disappointed with his conclusion, because what in essence Deputy Trott was saying is that if he were a benign dictator – and I can imagine him in that role – he would vote for and enact Option A.

4230 Well, he is a democrat. I know he is a democrat, every core of his body says that. And what a democrat does – and a brave person politically and he is one of those, look at what happened in 2017-18 it was a very difficult situation, and if I may say so and I know from personal experience he handled that very well.

4235 As a brave, experienced, able politician he should say, 'I know Option A is the right thing to do, I will vote for Option A.' And if he had the courage, and I do not mean that dismissively at all, if he had the courage to do that today some of the other Members who might be sitting on the fence would do that.

I urge those people, such as Deputy Gollop, such as Deputy Oliver that really are inclined towards Option A to say, 'Grasp that nettle, make that decision today'. (Two Members: Hear, hear.)

4240 Now, political courage: Deputy Roffey, Deputy Helyar and Deputy Mahoney have shown great political courage over the last two years and Mr Thompson is not a politician but he has shown great judgement and commitment to the cause over the last two years. I am sure that all four of them, all three of the politicians went into this thinking GST is a no-no, we are never going to touch that, we have got to look at something else, there must be another solution.

4245 But what they came up with is innovative. Others envy it. I did not understand Deputy St Pier's analysis when he said, 'Well, look you are going to give away £29.3 million'. You are giving it to

those who need it (**Two Members:** Hear, hear) because you are giving an Income Tax allowance, you are cutting down the band of people who earn up to £30,000 ... Well, the first £30,000 of everybody's income. That covers most people in the retail trade that Deputy Vermeulen talked about; and that covers most people in the hospitality trade that Deputy Vermeulen has talked about.

Average earnings, mean earnings, I do not know what median and average is different, but it is about £37,000 a year. In Alderney it is about £28,000 a year. So it is giving all those people significantly more money in their pocket than they otherwise would have.

It is restructuring the Social Security provisions that we passed in this Assembly in about October 2021. It is taking away £15 million of that £34 million cost. It is restructuring it, it is not going to be an expensive exercise but it is balancing that out, it is giving that money back to people, it is giving people personal Income Tax allowances of another £600. It is doing all kinds of things.

It is helping the poor, it is helping those that are less well off, and I cannot understand how other Members cannot see that because none of the other Options B, C, D or E do that. None of them.

A good friend of mine, I fully respect Deputy McKenna, and I fully respect another good friend of mine, well I think he is, Deputy Meerveld. I fully respect people like Deputy de Lisle who is another friend of mine. When they are passionately and honourably against GST, I understand that. So the fact that we are on different sides of the argument does not detract from that.

But in this particular context I respectfully suggest they are wrong. I know they held those views intentionally and with integrity, but they are wrong because what they are trying to do, because they are good people, is help the poor. That is what they are trying to do, but what they are not doing is helping the poor by their conclusions. Because helping the poor is taking on this balanced package.

A *Press* reporter described me as a lawyer, recently, he said Ferbrache was 'pugnacious'. I was a bit disappointed because I thought I was more aggressive than that. (*Laughter*) But in political terms recently, it is a different approach and it took me a long time to learn it. I was a politician as far back as 1994 originally. In political terms you have got to be different.

I do not mind that I have been called 'dishonest' recently in relation to this policy. I do not mind that I have been called 'corrupt'. I do not mind that I have been called 'a bully'. I do not mind, as Deputy Queripel witnessed, that I was sworn at when I entered the Assembly three weeks ago. I do not mind, it may be a complete coincidence it has never happened before and I hope it never happens again, that dog mess was poured over one of the windscreens of my car a few weeks ago.

I do not *mind* that, (*Interjection and laughter*) because we have got to be braver. I do not mind because it was probably the first time my car's windscreen has been cleaned in about three years! (*Laughter*) And I can actually see, but I do not know if that made me more dangerous when driving or otherwise.

But in connection with that, we have got to be beyond that. We have got to say and we have got to do what is right. We all want to be popular and loved because that is human nature, nobody likes to be disliked. But we have got to do what is right, we have got to do – not what we think will make us more popular, not what will give us more votes, but what is the correct thing to do.

Now, somebody said to me – and I do not know, I am not going to go through the arithmetic, whether there were 2,500 or 3,866 or 5,000 people who went on the march, there were a lot of people who went on the march and a lot of those people had strong views against GST. But I do not expect any one of those people, who are not the politicians, to have read the policy letter and to have done all the research. That is not their job. That is *our* job.

I am not a marketer. I have never been any good at self-publication in relation to that and there are people that are probably better at doing that than I am. But we have done our best in P&R, we have done everything that we could to try and sell it to the public.

But I am reminded of a quote given to me by Guy Hands and I spent an hour and a half at his home when he was talking me through various options a couple of weeks or so ago, and he said I could use his name. I feel a bit like this really: 'When facing a difficult situation that most people in a business want to avoid, the first CEO gets fired, the second gives up and the third gets it done despite all three trying to do exactly the same thing.'

So I am probably the first. I am not a CEO because as Deputy Helyar said we have got little power, but I am the first P&R President who is bringing this forward. Now what I ask, because if you recall Option D just says, 'No GST'. I asked Wednesday afternoon late on when I was making a speech, just after Deputy St Pier had made his speech, just before Deputy Soulsby made a speech, if they were going to rule out GST in the next term from July 2025 to June 2029.

Deputy St Pier did not have a chance to make a speech because he had already spoken; but he has had the chance to make a speech today. Deputy Soulsby has made two speeches in relation to that. I may have missed it because my hearing is far from perfect but I do not recall either of them ruling out in the next four years, GST. I do not recall them doing that.

So those people who are sitting in this Assembly, who are listening on the radio, will be reading in the *Press* tomorrow – the Bailiwick Commission or whatever it is, I cannot remember what these things are called nowadays – will be doing all those things.

The people that they think are the people who support them, because they have been clapping and cheering as they come into the Assembly the last couple of times, they are not saying there will be no GST. All they are saying is 'No GST now' because they know as sure as eggs are eggs and sausages are sausages that there will be GST in due course because we have got such a narrow-base tax economy.

I fully agree with Deputy Parkinson that we need to do more about growth. Growth in Guernsey is pathetic, 0.5% against 2% real spending increases. It is pathetic in Britain. It is a real problem that has got to be addressed in Guernsey. We are not helping addressing it by putting regulation upon regulation but we do our best, we have got a lot of it foisted upon us from outside which we can do very little about. But we have got to be realistic as to where we are.

I looked at some statistics recently and between now and 2040 people aged 65 to 85, the percentage in our population will go up by 40%. Those above 85 will go up by 123%.

Now, what is sad about that, it is great that people live longer but also it costs more because they need pensions and they fall ill. The cost of medical care is exponentially increased as you get older. As much as we may not like the case, that is the case. Every other category, 50 to 64, or whatever it is, went down 16% or 18%, 22 to 30 went down again about the same percentage.

Deputy Trott – and I quoted his speech that he made previously when I spoke three weeks ago – lots more people are pensioners, lots less people are working. So that means more people are drawing on the system, quite rightly, they have worked all their lives, they have come to the end of their working life and they are then drawing a States' pension or a private pension or whatever it is. They are not as economically active as they were.

Deputy Helyar gave the figures. Those figures will increase by another 5,500 over the next 17 years.

If you are planning a Government and you know you have got a problem you have got to address it. Other statistics that I looked up, somebody criticised – I think it might have been one of the Deputies, but I cannot remember who one now, but anyway – they said some actuarial review was done for the Guernsey Insurance Fund in the 1990s and that showed that even if you increased and doubled from six-point-something percent to 13% between 1998 and 2058, the costs were going to more than double in real terms. They were going to double and those are already out of date now because of other considerations.

So, you cannot ignore those problems. Health costs have increased massively over and above inflation over the past few years. A couple of wards were opened at Princess Elizabeth, an extra 27, staff. I remember Deputy Brouard coming and seeing P&R a few months ago. The midwifery rules have changed so they can have more midwives, because the rules say that you can have more midwives.

Disability, there were a great number of disability workers taken on because there was a demand. We opened the emergency ward department, that used to be staffed by GPs, they used to get paid a fee to do it. We have now got permanent doctors doing that. That meant more costs.

The drugs – in the report which Deputy St Pier presided over, that he presented to the States in January 2020, which he has already referred to, it referred then in paragraph 242 that we were

looking at between now and I think 2040 and extra £72 million to £136 million of annual expenditure if we did not control it. That included NICE drugs, that included secondary pensions, that included all kinds of thing. That is £72 million to £136 million of extra money, without looking at putting money into our infrastructure.

4355 People say Deputy Roffey brought an amendment which was successful by 19 votes to 17 – I did not vote for it, Deputy St Pier did not vote for it, but Deputy Soulsby *did* vote for it – which said every eight years we should ensure that 2% of GDP is spent on capital budgets. I actually think that was the right decision now; and Deputy Parkinson made a speech saying we have spent almost nothing at the time he made the speech, so we have spent almost nothing on our capital projects
4360 over the years. He did not use the word ‘pathetic’ but that was the summary of six sentences of what he said. It was pathetic, we had not looked forward, we had not done enough and we had hardly spent any money.

I do not want Guernsey to be lagging. We have got to go forward. The only way a society can stand still is by moving forward if that makes sense, because otherwise you just go backwards, your
4365 society declines, your infrastructure declines.

We talked, under Deputy Prow’s excellent Chairmanship earlier this week, we had a Moneyval meeting between Home Affairs, P&R and lots of other bodies, GSFC, etc. We had a room full of people, Deputy Vermeulen attended and Deputy McKenna was present, albeit on screen, so we were all together as it were in relation to that.

4370 That is part of our infrastructure. We have got to invest in that because if we do not invest in that – and that examination is only just over a year or so away, and those people do not come here objectively, they would like to fail you if they can because they do not like offshore centres. So we have got to be purer than Caesar’s wife (*Laughter*) to be able to move forward in connection with that. We have, we will be. (*Interjections*)

4375 I cannot give a guarantee. I do not want Deputy Trott to jump up and say can you guarantee because I am not going to do that. What I can guarantee is that we will do our best. But that will cost a lot more money; that containment cannot be given.

Deputy de Sausmarez, who I respect considerably, but I smiled wryly when she spoke earlier today and said we have got to do something about cost containment and looking at costs on the
4380 table. I have heard Deputy de Sausmarez speak hundreds of times and on 99.99% recurring of those conversations she is always talking about wanting more resources. I am not going to give way, you can correct me or you can have a point of order, but I am not going to give way it is too late in the evening for that.

And the point is, in relation to all of that (*Interjection*) you just cannot do things without having
4385 extra money. And again, in that report that was put before the States in January 2020, it talked about health expenses going to increase – not that it *might* increase, it is *going* to increase. Deputy Trott was Vice-President of P&R at that time so I think he remembers that report well.

Partnership of Purpose in 2017 says all we can try and do is mitigate the increase. We can be as efficient as we can but in relation to health costs they are going to increase. Now, we can do the
4390 radical rethink that Deputy Murray has talked about, not only today but previously in connection with that, but that has got to be paid for and that is going to be something that is going to take time.

Now, I come again to all these various options. If it were a race – a marathon I think used to be 26 miles and 385 yards. If Option A is at the finishing post it has done its 26 miles and 385 yards,
4395 the others have not done the first 385 yards yet. They are all unsatisfactory in connection with where we are.

The best is Option E and if not, if people are against B, and they are against A and they are against E, and D does not come up with the figures, the figures do not justify the £5 million for Open Market inscriptions annually.

4400 I had a message from our officers in relation to that and they just said no, they cannot see that those figures are sustainable and they also said the work has not even been started yet. What they said is this: ‘Having spoken to officers involved they realised, (1) they do not know how much it

might raise; (2) it is not going to be ready for introduction for some time as the work on it has yet to commence; (3) it is a risk that it could have a negative impact on the Open Market. I am not so concerned about that because I do not think it would. But the other two –
4405 I am not giving way.

Deputy Soulsby: No, I am going to ask about a point of correction.

4410 **The Bailiff:** Point of correction, Deputy Soulsby.

Deputy Soulsby: I am trying to find it now. I did send it to States' Treasurer because that is indeed what she told us and I am trying to find ... Yes, here we go. We got information from the officers at E&I the work, I think, has begun and they say something along the lines of: 'It is difficult
4415 to say at this stage if the quantum is achievable without investigating opportunities and implications but £5 million does not sound wildly out'.

It goes on further but I do not want to reference it because it might cause other issues. But I would just say it was from information we got from E&I Officers.

4420 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Well, the information I got was from the States' Treasurer and the States' Economist and I got that and I quoted it verbatim. I just quoted it verbatim. But listening to Deputy Soulsby it 'does not sound wildly out'. So it does not sound wildly out but how can you base a figure
4425 to say it is not going to be wildly out and say that is the right figure? But £5 million every year, because it does not sound to be wildly out. That is not a good way of basing business you do not actually start a business and put forward that on the basis that it is not wildly out.

We also had a policy letter which was Tax Phase 1 – we did not call it Tax Review Phase 1, which was debated by the States in September and October 2021 – and the Propositions were amended
4430 by the States, but Deputy Helyar brought it, because we were treading water in relation to corporate tax. People were saying at that time, 'I don't think you've done enough in relation to corporate tax, you have got to go and see what you could get.'

So we went off and we got the report from the world's experts, the Harry Kanes of this world, they were the equivalent of Harry Kane, they scored lots of goals and they told us the *best* you could
4435 get is a maximum of £20 million. I remember Deputy Trott, why is he not making the point that, hang on, that £20 million is not even in the bank because you have still got the risk of people relocating and it might be a bigger figure of people relocating that you think. So £20 million is the zenith of that figure.

We have got a figure about this core investment thing, or whatever it is called, of £10 million to
4440 £20 million, up to £20 million. They do put the words 'up to £20 million' all over the place but then when they put the table as to the money that is going to be received they put £20 million to get to the arithmetic, because otherwise Option D just does not add up. The figures just do not make any sense and they do not make any sense. It is not going to touch the sides in relation to where we are.

But one of those Propositions in the 2021 policy letter, which Deputy Soulsby signed up to and actually made a speech in favour of, was that Option 4 – which we *did* recommend because of the corporate tax thing that I referred to – to agree that any restructure to meaningfully diversify the tax system requires the introduction of a broad-based Goods and Services Tax and the Policy
4445 & 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 contribution system.
4450

So, not that it is a nicety, it is a *requirement* that you have GST but you mitigate it by trying to correct the call. Look at figure 1 and figure 12 because it is the same figure, but it has been put in twice because after all it is a Civil Service document so things have got to be said twice. Put in

4455 figure 1 and put in figure 12 which shows just how many of the population would be better off. You have got to have a joint income of over £100,000 a year to be more than 1% worse off, under the Option A proposals.

Now, my good friend Deputy – and I do not think he has probably guessed what it is going to be but if I can find it because I cannot remember the words, I do not have the same memory in relation to songs as Deputy Queripel. He is an honest man so if he tells me afterwards he has guessed it right, I will buy him lunch; if not he can buy me lunch. It is a Bob Dylan song, *The Times They Are A-Changin'*, and there is one particular verse that I want quote from because it relates to politicians so it uses American terminology rather than ours:

Come senators, congressmen, please heed the call
Don't stand in the doorway, don't block up the hall
For he that gets hurt will be he who has stalled
The battle outside ragin'
Will soon shake your windows and rattle your walls
For the times they are a-changin'

4465 The times are a-changing, they are changing fast and they have already changed. We do not want to walls rattling; we do not want the Walls of Jericho tumbling down. We want to be able to build and have a proactive, balanced tax system going forward. There is only one option to vote for, have the courage, do not ignore the public, you must never ever ignore the public, but you know it is right, do it, vote for Option A.

4470 **The Bailiff:** Well, Members of the States can I encourage you to fire up your machines if you need to fire up your machines, if they have been silent for a while?

As I indicated earlier there will be individual votes on each of the Propositions that need to be voted on whether we get all the way through to Proposition 5A we will wait and see.

4475 So the first vote will be on Proposition 1 and Proposition 1 only, and we will see whether Deputy Le Tocq's optimism is borne out at this point.

I am going to invite the Greffier to open the voting on Proposition 1, please.

There was a recorded vote.

Proposition 1

Carried – Pour 39, Contre 0, Ne vote pas 1, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	None	Deputy Brouard	None	None
Blin, Chris				
Burford, Yvonne				
Bury, Tina				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				

Mahoney, David
 Matthews, Aidan
 McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Parkinson, Charles
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 St Pier, Gavin
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4480 **The Bailiff:** On Proposition 1, there voted in favour, 39 Members; no Member voted against; there was 1 abstention; and therefore I will declare Proposition 1 duly carried.

Proposition 2 which is helpfully headed Policy & Resources Option A, and I will invite the Greffier to open the voting on Proposition 2 next, please.

There was a recorded vote.

Proposition 2

Not carried – Pour 15, Contre 25, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Blin, Chris	None	None	None
Brouard, Al	Burford, Yvonne			
Dudley-Owen, Andrea	Bury, Tina			
Ferbrache, Peter	Cameron, Andy			
Helyar, Mark	De Lisle, David			
Inder, Neil	De Sausmarez, Lindsay			
Le Tocq, Jonathan	Dyke, John			
Mahoney, David	Fairclough, Simon			
Moakes, Nick	Falla, Steve			
Murray, Bob	Gabriel, Adrian			
Oliver, Victoria	Gollop, John			
Prow, Robert	Haskins, Sam			
Roberts, Steve	Kazantseva-Miller, Sasha			
Roffey, Peter	Le Tissier, Chris			
Snowdon, Alexander	Leadbeater, Marc			
	Matthews, Aidan			
	McKenna, Liam			
	Meerveld, Carl			
	Parkinson, Charles			
	Queripel, Lester			
	Soulsby, Heidi			
	St Pier, Gavin			
	Taylor, Andrew			
	Trott, Lyndon			
	Vermeulen, Simon			

4485 **The Bailiff:** In respect of Opposition – Proposition 2 (*Laughter*) –

Two Members: A Freudian slip!

The Bailiff: It has been a long day, Members.

4490 In respect of the Proposition 2, there voted in favour, 15 Members; against, 25 Members; no abstentions, everyone voted; and I will declare Proposition 2 duly lost.

Which means we move next to Proposition 3, otherwise known as Policy & Resources Option B. If we are ready I will invite the Greffier to open voting on Proposition 3 please.

There was a recorded vote.

Proposition 3

4495 *Not carried – Pour 3, Contre 37, Ne vote pas 0, Did not vote 0, Absent 0.*

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Ferbrache, Peter	Aldwell, Sue	None	None	None
Gollop, John	Blin, Chris			
Murray, Bob	Brouard, Al			
	Burford, Yvonne			
	Bury, Tina			
	Cameron, Andy			
	De Lisle, David			
	De Sausmarez, Lindsay			
	Dudley-Owen, Andrea			
	Dyke, John			
	Fairclough, Simon			
	Falla, Steve			
	Gabriel, Adrian			
	Haskins, Sam			
	Helyar, Mark			
	Inder, Neil			
	Kazantseva-Miller, Sasha			
	Le Tissier, Chris			
	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Mahoney, David			
	Matthews, Aidan			
	McKenna, Liam			
	Meerveld, Carl			
	Moakes, Nick			
	Oliver, Victoria			
	Parkinson, Charles			
	Prow, Robert			
	Queripel, Lester			
	Roberts, Steve			
	Roffey, Peter			
	Snowdon, Alexander			
	Soulsby, Heidi			
	St Pier, Gavin			
	Taylor, Andrew			
	Trott, Lyndon			
	Vermeulen, Simon			

The Bailiff: In respect of Proposition 3, there voted in favour, 3 Members; against, 37 Members; and therefore I think I can declare Proposition 3 lost.

As a consequence it means that we move now to Proposition 4, which is Policy & Resources Option C and I am going to invite the Greffier to open voting on Proposition 4.

There was a recorded vote.

4500

Proposition 4

Not carried – Pour 9, Contre 31, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	None	None	None
De Lisle, David	Brouard, Al			
Dyke, John	Burford, Yvonne			
Ferbrache, Peter	Bury, Tina			
Gollop, John	Cameron, Andy			
Le Tissier, Chris	De Sausmarez, Lindsay			
Meerveld, Carl	Dudley-Owen, Andrea			
Oliver, Victoria	Fairclough, Simon			
Vermeulen, Simon	Falla, Steve			
	Gabriel, Adrian			
	Haskins, Sam			
	Helyar, Mark			
	Inder, Neil			
	Kazantseva-Miller, Sasha			
	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Mahoney, David			
	Matthews, Aidan			
	McKenna, Liam			
	Moakes, Nick			
	Murray, Bob			
	Parkinson, Charles			
	Prow, Robert			
	Queripel, Lester			
	Roberts, Steve			
	Roffey, Peter			
	Snowdon, Alexander			
	Soulsby, Heidi			
	St Pier, Gavin			
	Taylor, Andrew			
	Trott, Lyndon			

4505 **The Bailiff:** In respect of Proposition 4, there voted in favour, 9 Members; against, 31 Members; and therefore I will also declare Proposition 4 lost.

As a consequence of which we now move to Proposition 5 otherwise known as the Fairer Alternative 2, Option D – wait for the sequel. (*Laughter*) If we are ready I will invite the Greffier to opening voting on Proposition 5, please.

4510 **Deputy Queripel:** Sir, are we allowed to ask you to separate them?

The Bailiff: No, it is a single package so we cannot have bits of it taken apart.

There was a recorded vote.

4515 **The Bailiff:** The voting on Proposition 5 is that there voted in favour, 20 Members; against, 20 Members; no abstentions; and therefore under the terms of the Reform Law where there is an equality of votes I have to declare Proposition 5 lost.

Deputy Gabriel: Sir, may I request a division under 26B(2)?

4520 **The Bailiff:** Yes, that is an entitlement although how one can really question the accuracy of a vote under the SEV I am not sure but it is there still in the rules so there will be a second vote now on Proposition 5 to check the accuracy of the machines. (*Laughter*) This is AI all over. Tell me when you are ready Greffier because you have got to put Proposition 5 in again.

4525 Okay, take 2. This is the vote requested under the terms of Rule 26B(2) by Deputy Gabriel questioning the accuracy of the equality result from Proposition 5 first time round and I will invite the Greffier to re-open the vote on Proposition 5 please.

There was a recorded vote. *Two votes were taken for Proposition 5 but only the second vote becomes the formal record of the Meeting.*

Proposition 5

Not carried – Pour 20, Contre 20, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Burford, Yvonne	Aldwell, Sue	None	None	None
Bury, Tina	Blin, Chris			
Cameron, Andy	Brouard, Al			
De Sausmarez, Lindsay	De Lisle, David			
Dyke, John	Dudley-Owen, Andrea			
Fairclough, Simon	Ferbrache, Peter			
Falla, Steve	Haskins, Sam			
Gabriel, Adrian	Helyar, Mark			
Gollop, John	Inder, Neil			
Kazantseva-Miller, Sasha	Le Tissier, Chris			
Leadbeater, Marc	Le Tocq, Jonathan			
Matthews, Aidan	Mahoney, David			
McKenna, Liam	Meerveld, Carl			
Parkinson, Charles	Moakes, Nick			
Queripel, Lester	Murray, Bob			
Soulsby, Heidi	Oliver, Victoria			
St Pier, Gavin	Prow, Robert			
Taylor, Andrew	Roberts, Steve			
Trott, Lyndon	Roffey, Peter			
Vermeulen, Simon	Snowdon, Alexander			

4530 **The Bailiff:** On this occasion, bearing in mind that the second division cannot be challenged the voting was 20 Members in favour; 20 Members against; and therefore I will declare Proposition 5 lost.

As a consequence of which we now turn to Proposition 5A the so-called Option E and I will ask the Greffier to open the voting on Proposition 5A, please.

There was a recorded vote.

4535 *Proposition 5A*

Not carried – Pour 18, Contre 21, Ne vote pas 1, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Brouard, Al	Snowdon, Alexander	None	None
Blin, Chris	Burford, Yvonne			
Bury, Tina	Cameron, Andy			
De Sausmarez, Lindsay	De Lisle, David			
Ferbrache, Peter	Dudley-Owen, Andrea			
Gollop, John	Dyke, John			
Haskins, Sam	Fairclough, Simon			
Helyar, Mark	Falla, Steve			
Le Tocq, Jonathan	Gabriel, Adrian			
Mahoney, David	Inder, Neil			
Matthews, Aidan	Kazantseva-Miller, Sasha			
Meerveld, Carl	Le Tissier, Chris			
Moakes, Nick	Leadbeater, Marc			

Murray, Bob	McKenna, Liam
Oliver, Victoria	Parkinson, Charles
Queripel, Lester	Prow, Robert
Roberts, Steve	Soulsby, Heidi
Roffey, Peter	St Pier, Gavin
	Taylor, Andrew
	Trott, Lyndon
	Vermeulen, Simon

The Bailiff: The voting on Proposition 5A was that there voted in favour 18 Members; against, 21 Members; 1 abstention; and therefore I will declare Proposition 5A also lost. (*Interjections*)

4540 Members of the States, a little quiet please while we go through the other votes. I did say that we would take all the votes separately, we will continue to do that even though there are no options that have actually been supported.

4545 The next one will be Proposition 6. It may well be that Members simply say what is the point and if that is the case then we will see what the vote is on the first one and we might combine the rest if necessary. (**A Member:** Hear, hear.)

So Proposition 6 we will take a discrete vote on. Will you open the voting please, Greffier.

There was a recorded vote.

Proposition 6

Carried – Pour 21, Contre 17, Ne vote pas 2, Did not vote 2, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	Leadbeater, Marc	None	None
Brouard, Al	Burford, Yvonne	Mahoney, David		
Bury, Tina	Cameron, Andy			
De Lisle, David	Dudley-Owen, Andrea			
De Sausmarez, Lindsay	Falla, Steve			
Dyke, John	Ferbrache, Peter			
Fairclough, Simon	Haskins, Sam			
Gabriel, Adrian	Inder, Neil			
Gollop, John	Le Tissier, Chris			
Helyar, Mark	Murray, Bob			
Kazantseva-Miller, Sasha	Oliver, Victoria			
Le Tocq, Jonathan	Prow, Robert			
Matthews, Aidan	Roberts, Steve			
McKenna, Liam	Snowdon, Alexander			
Meerveld, Carl	Soulsby, Heidi			
Moakes, Nick	St Pier, Gavin			
Parkinson, Charles	Taylor, Andrew			
Queripel, Lester				
Roffey, Peter				
Trott, Lyndon				
Vermeulen, Simon				

4550 **The Bailiff:** In respect of Proposition 6, there voted in favour, 21 Members; against, 17 Members; with two abstentions; and therefore I will declare Proposition 6 carried.

I think that potentially means we have got to continue one Proposition at a time, so we will have a discrete vote on Proposition 7 next, please. Will you open the voting, please, Greffier.

There was a recorded vote.

Proposition 7

Carried – Pour 23, Contre 17, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	None	None	None
Bury, Tina	Brouard, Al			
Cameron, Andy	Burford, Yvonne			
Dudley-Owen, Andrea	De Lisle, David			
Dyke, John	De Sausmarez, Lindsay			
Fairclough, Simon	Haskins, Sam			
Falla, Steve	Inder, Neil			
Ferbrache, Peter	Le Tocq, Jonathan			
Gabriel, Adrian	Mahoney, David			
Gollop, John	Moakes, Nick			
Helyar, Mark	Prow, Robert			
Kazantseva-Miller, Sasha	Roberts, Steve			
Le Tissier, Chris	Roffey, Peter			
Leadbeater, Marc	Snowdon, Alexander			
Matthews, Aidan	Soulsby, Heidi			
McKenna, Liam	St Pier, Gavin			
Meerveld, Carl	Taylor, Andrew			
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Queripel, Lester				
Trott, Lyndon				
Vermeulen, Simon				

4555 **The Bailiff:** It is going up! In respect of Proposition 7, there voted in favour 23 Members; against, 17 Members; so I will declare Proposition 7 also carried.

We will move now to Proposition 8; and will you open the voting on Proposition 8 please, Greffier.

There was a recorded vote.

4560

Proposition 8

Carried – Pour 26, Contre 14, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Burford, Yvonne	Aldwell, Sue	None	None	None
Bury, Tina	Blin, Chris			
Cameron, Andy	Brouard, Al			
De Sausmarez, Lindsay	De Lisle, David			
Dudley-Owen, Andrea	Ferbrache, Peter			
Dyke, John	Haskins, Sam			
Fairclough, Simon	Helyar, Mark			
Falla, Steve	Le Tissier, Chris			
Gabriel, Adrian	Le Tocq, Jonathan			
Gollop, John	Meerveld, Carl			
Inder, Neil	Roffey, Peter			
Kazantseva-Miller, Sasha	Soulsby, Heidi			
Leadbeater, Marc	St Pier, Gavin			
Mahoney, David	Taylor, Andrew			
Matthews, Aidan				
McKenna, Liam				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Snowdon, Alexander				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: In respect of Proposition 8, there voted in favour, 26 Members; against, 14 Members; and therefore I will declare Proposition 8 also carried.

4565

Proposition 9, you need to read with the terms of reference in the schedule, which is why you have got that separate sheet of paper so you can all look at that. I am going to ask the Greffier to open the voting on Proposition 9.

There was a recorded vote.

Proposition 9

Carried – Pour 26, Contre 13, Ne vote pas 1, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Brouard, Al	Mahoney, David		
Blin, Chris	De Lisle, David			
Burford, Yvonne	Dudley-Owen, Andrea			
Bury, Tina	Haskins, Sam			
Cameron, Andy	Inder, Neil			
De Sausmarez, Lindsay	McKenna, Liam			
Dyke, John	Oliver, Victoria			
Fairclough, Simon	Prow, Robert			
Falla, Steve	Roffey, Peter			
Ferbrache, Peter	Soulsby, Heidi			
Gabriel, Adrian	St Pier, Gavin			
Gollop, John	Taylor, Andrew			
Helyar, Mark	Trott, Lyndon			
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Matthews, Aidan				

Meerveld, Carl
Moakes, Nick
Murray, Bob
Parkinson, Charles
Queripel, Lester
Roberts, Steve
Snowdon, Alexander
Vermeulen, Simon

4570 **The Bailiff:** The voting on Proposition 9 was 26 Members in favour; 13 Members against; 1 Member abstained; and therefore I will declare Proposition 9 also carried.

We now move to Proposition 10 and I will invite the Greffier to open the voting on Proposition 10, please.

Deputy Inder: Sir, can I seek a point of clarification on this?

There was a recorded vote.

4575 *Proposition 10*

Carried – Pour 24, Contre 14, Ne vote pas 2, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	De Lisle, David	Roberts, Steve	None	None
Blin, Chris	Dudley-Owen,	Snowdon, Alexander		
Brouard, Al	Andrea			
Burford, Yvonne	Dyke, John			
Bury, Tina	Inder, Neil			
Cameron, Andy	Le Tissier, Chris			
De Sausmarez, Lindsay	Matthews, Aidan			
Fairclough, Simon	McKenna, Liam			
Falla, Steve	Murray, Bob			
Ferbrache, Peter	Prow, Robert			
Gabriel, Adrian	Soulsby, Heidi			
Gollop, John	St Pier, Gavin			
Haskins, Sam	Taylor, Andrew			
Helyar, Mark	Trott, Lyndon			
Kazantseva-Miller, Sasha	Vermeulen, Simon			
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Meerveld, Carl				
Moakes, Nick				
Oliver, Victoria				
Parkinson, Charles				
Queripel, Lester				
Roffey, Peter				

The Bailiff: In respect of Proposition 10, there voted in favour, 24 Members; against, 14 Members; with 2 Members abstaining; and therefore I will declare Proposition 10 also carried.
Deputy Inder you wanted to –?

4580

Deputy Inder: I am just intrigued sir, I am genuinely intrigued. With the vote that we have just gone through now, Policy & Resources will claim they are already doing some portions of this anyway. Had we voted against it, would it have actually stopped them? Would we have been directing them not to carry on the work that they were already doing?

4585

The Bailiff: No, in my view if any Committee is undertaking work and wants to continue taking that work, then a negative to direct that would not mean that they could not do it.

Now we go Proposition 11. Greffier, will you open the voting please?

There was a recorded vote.

Proposition 11

4590 *Carried – Pour 22, Contre 15, Ne vote pas 3, Did not vote 0, Absent 0.*

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Burford, Yvonne	Falla, Steve	None	None
Blin, Chris	De Lisle, David	Moakes, Nick		
Brouard, Al	Dudley-Owen, Andrea	Snowdon, Alexander		
Bury, Tina	Dyke, John			
Cameron, Andy	Ferbrache, Peter			
De Sausmarez, Lindsay	Haskins, Sam			
Fairclough, Simon	Helyar, Mark			
Gabriel, Adrian	Inder, Neil			
Gollop, John	Le Tocq, Jonathan			
Kazantseva-Miller, Sasha	Oliver, Victoria			
Le Tissier, Chris	Prow, Robert			
Leadbeater, Marc	Roffey, Peter			
Mahoney, David	Soulsby, Heidi			
Matthews, Aidan	St Pier, Gavin			
McKenna, Liam	Taylor, Andrew			
Meerveld, Carl				
Murray, Bob				
Parkinson, Charles				
Queripel, Lester				
Roberts, Steve				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: In respect of Proposition 11, there voted in favour, 22 Members; against 15 Members, 3 Members abstained; and therefore Proposition 11 is also declared as carried.

We now get to Proposition 12, and I will ask the Greffier to open the voting please.

There was a recorded vote.

Proposition 12

4595 *Carried – Pour 34, Contre 6, Ne vote pas 0, Did not vote 0, Absent 0.*

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	De Lisle, David	None	None	None
Blin, Chris	Dyke, John			
Brouard, Al	Soulsby, Heidi			
Burford, Yvonne	St Pier, Gavin			
Bury, Tina	Taylor, Andrew			
Cameron, Andy	Vermeulen, Simon			
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				

Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Parkinson, Charles
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Trott, Lyndon

The Bailiff: On this Proposition 12, there voted in favour, 34 Members; 6 Members voted against; there were no abstentions; and therefore I will declare Proposition 12 also duly carried.

We now get to Proposition 13 please, and Greffier will you please open the voting.

There was a recorded vote.

Proposition 13

4600 *Carried – Pour 33, Contre 2, Ne vote pas 5, Did not vote 0, Absent 0.*

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Soulsby, Heidi	Dudley-Owen, Andrea	None	None
Blin, Chris	St Pier, Gavin	Inder, Neil		
Brouard, Al		Prow, Robert		
Burford, Yvonne		Roffey, Peter		
Bury, Tina		Taylor, Andrew		
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Queripel, Lester				
Roberts, Steve				
Snowdon, Alexander				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: In respect of Proposition 13, there voted in favour, 33 Members; against, 2 Members; and there were 5 Members abstaining. Therefore I will declare Proposition 13 also duly carried.

Turning over we get to Proposition 14 – this is 14 on its own, not 14A, not 14B, just 14. *(Interjection)* Yes, everything is going to be taken separately now and 14 comes before 14A.

4605 *(Interjection)* It is really a case of fastest finger first here, isn't it?

So on Proposition 14 I will ask the Greffier to open the voting, please.

There was a recorded vote.

Proposition 14

Carried – Pour 30, Contre 7, Ne vote pas 3, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Dudley-Owen, Andrea	Burford, Yvonne	None	None
Blin, Chris	Haskins, Sam	Inder, Neil		
Brouard, Al	Helyar, Mark	Le Tocq, Jonathan		
Bury, Tina	Roffey, Peter			
Cameron, Andy	Soulsby, Heidi			
De Lisle, David	St Pier, Gavin			
De Sausmarez, Lindsay	Taylor, Andrew			
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Snowdon, Alexander				
Trott, Lyndon				
Vermeulen, Simon				

4610 **The Bailiff:** The voting on Proposition 14 was that 30 Members voted in favour; 7 Members voted against; 3 Members abstained; and therefore I will declare Proposition 14 also duly carried.

There is now a discrete vote on Proposition 14A, which I will remind you was inserted into this suite of Propositions by the successful passing of Amendment 8. I will ask the Greffier to open the voting, please.

There was a recorded vote.

Proposition 14A

4615 *Carried – Pour 23, Contre 17, Ne vote pas 0, Did not vote 0, Absent 0.*

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Burford, Yvonne	Aldwell, Sue	None	None	None
Bury, Tina	Blin, Chris			
Cameron, Andy	Brouard, Al			
De Lisle, David	Dudley-Owen, Andrea			
De Sausmarez, Lindsay	Dyke, John			
Fairclough, Simon	Ferbrache, Peter			
Falla, Steve	Haskins, Sam			
Gabriel, Adrian	Helyar, Mark			
Gollop, John	Le Tocq, Jonathan			
Inder, Neil	Mahoney, David			

Kazantseva-Miller, Sasha	Meerveld, Carl
Le Tissier, Chris	Moakes, Nick
Leadbeater, Marc	Murray, Bob
Matthews, Aidan	Prow, Robert
McKenna, Liam	Roberts, Steve
Oliver, Victoria	Snowdon, Alexander
Parkinson, Charles	Vermeulen, Simon
Queripel, Lester	
Roffey, Peter	
Soulsby, Heidi	
St Pier, Gavin	
Taylor, Andrew	
Trott, Lyndon	

The Bailiff: In respect of Proposition 14A, there voted in favour 23 Members; against, 17 Members; so I will declare Proposition 14A also duly carried.

Now a discrete vote on Proposition 14B, which I will remind Members was inserted by the support given to Amendment 11. Will you open the voting please, Greffier?

There was a recorded vote.

4620 *Proposition 14B*

Carried – Pour 40, Contre 0, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	None	None	None	None
Blin, Chris				
Brouard, Al				
Burford, Yvonne				
Bury, Tina				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
St Pier, Gavin				
Taylor, Andrew				

Trott, Lyndon
Vermeulen, Simon

The Bailiff: There we are, full house. There voted in favour, 40 Members; no Member voted against; no Member abstained; and therefore I will declare Proposition 14B also duly carried.

Proposition 15 taken on its own. Will you open the voting please, Greffier?

There was a recorded vote.

4625 **Proposition 15**
Carried – Pour 29, Contre 8, Ne vote pas 3, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Brouard, Al	Aldwell, Sue	Haskins, Sam	None	None
Burford, Yvonne	Blin, Chris	Helyar, Mark		
Bury, Tina	Ferbrache, Peter	Le Tocq, Jonathan		
Cameron, Andy	Mahoney, David			
De Lisle, David	Oliver, Victoria			
De Sausmarez, Lindsay	Soulsby, Heidi			
Dudley-Owen, Andrea	St Pier, Gavin			
Dyke, John	Taylor, Andrew			
Fairclough, Simon				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Leadbeater, Marc				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: In respect of Proposition 15, there voted in favour, 29 Members; against, 8 Members; with 3 abstentions.

4630 Now we have got two final Propositions here and I am still not sure whether we need Proposition 17 because I am not sure that there is any that requires any preparation of any legislation. Mr Comptroller?

Mr Comptroller: Potentially it probably has to be ... *[inaudible]*

4635 **The Bailiff:** But they are directing a report, that was all.

Mr Comptroller: I do not think it is absolutely necessary but it would not do any harm ...

4640 **The Bailiff:** It would be quite good to get that one; and Proposition 16, are we going to have a vote on Proposition 16? Yes? Well, Proposition 16 next then. Will you open the voting please, Greffier.

There was a recorded vote.

Proposition 16

Carried – Pour 33, Contre 5, Ne vote pas 2, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Ferbrache, Peter	Blin, Chris	None	None
Brouard, Al	Oliver, Victoria	Mahoney, David		
Burford, Yvonne	Soulsby, Heidi			
Bury, Tina	St Pier, Gavin			
Cameron, Andy	Taylor, Andrew			
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Trott, Lyndon				
Vermeulen, Simon				

4645 **The Bailiff:** So, in respect of Proposition 16, there voted in favour, 33 Members; against, 5 Members; 2 Members abstained; and therefore I will declare that also duly carried. And out of an abundance of caution, just in case it is needed, we will have Proposition 17.

Will you open the voting please, Greffier?

There was a recorded vote.

Proposition 17

Carried – Pour 39, Contre 1, Ne vote pas 0, Did not vote 0, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Taylor, Andrew	None	None	None
Blin, Chris				
Brouard, Al				
Burford, Yvonne				
Bury, Tina				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				

Fairclough, Simon
Falla, Steve
Ferbrache, Peter
Gabriel, Adrian
Gollop, John
Haskins, Sam
Helyar, Mark
Inder, Neil
Kazantseva-Miller, Sasha
Le Tissier, Chris
Le Tocq, Jonathan
Leadbeater, Marc
Mahoney, David
Matthews, Aidan
McKenna, Liam
Meerveld, Carl
Moakes, Nick
Murray, Bob
Oliver, Victoria
Parkinson, Charles
Prow, Robert
Queripel, Lester
Roberts, Steve
Roffey, Peter
Snowdon, Alexander
Soulsby, Heidi
St Pier, Gavin
Trott, Lyndon
Vermeulen, Simon

4650 **The Bailiff:** In respect of Proposition 17, there voted in favour, 39 Members; 1 Member voted against; and therefore I will declare that Proposition also duly carried.

Just to summarise Propositions 1 and 6 through to 17 have all been carried; but 2, 3, 4, 5 and 5A were lost.

4655 Members of the States all other items of business will now be deferred into the meeting at the end of next month, except we have got to do the schedule and I will ask the Greffier to call that item.

POLICY & RESOURCES COMMITTEE

10. The Schedule for Future States' Business – Proposition carried

Article 10.

The States are asked to decide:- Whether, after consideration of the attached Schedule for Future States' Business, which sets out items for consideration at the Ordinary States Meeting on 29th March 2023, they are of the opinion to approve the Schedule.

SCHEDULE for FUTURE STATES' BUSINESS

Items for Ordinary Meeting of the States commencing on the 29th March 2023

(a) communications by the Presiding Officer including in memoriam tributes;

(b) statements;

(c) questions;

(d) elections and appointments;

Committee for Economic Development – Appointment of an Ordinary Member of the Guernsey Competition & Regulatory Authority

P.2023/5 – Committee for Home Affairs – Re-appointments to the Data Protection Authority

P.2023/8 – Policy & Resources Committee – Election of Ordinary Members of the Guernsey Financial Services Commission

(e) motions to debate an appendix report (1st stage);

(f) articles adjourned or deferred from previous Meetings of the States;

(g) all other types of business not otherwise named;

No. 91 of 2022 – The Amalgamation and Migration of Companies (Fees payable to the Guernsey Financial Services Commission) (Amendment) Regulations, 2022;

No. 92 of 2022 – The Financial Services Commission (Limited Liability Partnerships) (Fees) Regulations, 2022;

No. 93 of 2022 – The Limited Partnerships (Fees) (Amendment) Regulations, 2022;

No. 94 of 2022 – The Protected Cell Companies and Incorporated Cell Companies (Fees payable to the Guernsey Financial Services Commission) Regulations, 2022;

No. 108 of 2022 – The Public Holidays (Coronation of His Majesty King Charles III) Regulations, 2022;

No. 109 of 2022 – The Companies (Annual Validation) (Amendment) (No. 2) Regulations, 2022;

No. 4 of 2023 – The Parochial Elections (School Committees) (Torteval) Regulations, 2023;

No. 5 of 2023 – The Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) (Amendment) Ordinance, 2022 (Commencement) Regulations, 2023;

No. 6 of 2023 – The European Union (Sea Fisheries, etc.) (Brexit) (Bailiwick of Guernsey) (Amendment) Regulations, 2023

*P.2023/7 – Policy & Resources Committee – The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Ordinance, 2023**

*P.2023/9 – Committee for Home Affairs – The Trading Standards (Fair Trading) (Guernsey) Ordinance, 2023**

*P.2023/6 – Policy & Resources Committee – Transfer of Fee Making Powers to the Guernsey Financial Services Commission**

*Amendments to the proposed meeting dates and order are permitted only for those items marked with an *.*

Items for Special Meeting of the States commencing on the 18th July 2023

P.2023/xx – Government Work Plan

P.2023/xx – Accounts

Items for Special Meeting of the States commencing on the 7th November 2023

P.2023/xx – States' Budget P.2023/xx – Non-Contributory Benefits Rates

The States' Greffier: Article 10, Policy & Resources Committee – The Schedule for Future States' Business.

4660 **The Bailiff:** Deputy Ferbrache, is there anything to say?

Deputy Ferbrache: No, sir.

4665 **The Bailiff:** There are no amendments and therefore I am going to put that to the vote. It has to be through the system. *(Laughter)* Will you open the voting please, Greffier?

There was a recorded vote.

Article 10

Carried – Pour 38, Contre 0, Ne vote pas 0, Did not vote 2, Absent 0.

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	None	None	Dyke, John	None
Blin, Chris			St Pier, Gavin	
Brouard, Al				
Burford, Yvonne				
Bury, Tina				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gabriel, Adrian				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
Taylor, Andrew				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: I think in the circumstances we will close the voting at this point even though some people have not managed ...

There voted in favour, 38 Members; 2 Members did not fire up their machine sufficiently quickly; so I will declare that Schedule duly carried.

Members of the States, thank you very much for sitting late. Thank you very much for your good patience throughout the course of this debate.

Back to the drawing board perhaps and we will now close the Meeting.

The Assembly adjourned at 7.15 p.m.