



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 6th November 2024

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Present:

Sir 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	A. Kazantseva-Miller
C. P. A Blin	C. J. Le Tissier
A. H. Brouard	D. J. Mahoney
Y. Burford	A. D. S. Matthews
T. L. Bury	L. J. McKenna
D. de G. de Lisle	C. P. Meerveld
H. L. de Sausmarez	N. G. Moakes
A. C. Dudley-Owen	R. C. Murray
J. F. Dyke	V. S. Oliver
S. P. Fairclough	C. N. K. Parkinson
S. J. Falla	R. G. Prow
P. T. R. Ferbrache	L. C. Queripel
J. A. B. Gollop	P. J. Roffey
S. P. Haskins	H. J. R. Soulsby
M. A. J. Helyar	L. S. Trott
N. R. Inder	S. P. J. Vermeulen

Representatives of the Island of Alderney

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

The Clerk to the States of Deliberation

E. Gallienne, Esq. (Deputy Greffier)

Absent at the Evocation

Deputy A. Cameron(*absent de l'Île*); Deputy A. Gabriel (*absent de l'Île*);
Deputy Le Tocq (*relevé à 10h 00*); Deputy Leadbeater (*relevé à 10h 00*);
Deputy G. A. St Pier (*absent de l'Île*); Deputy A. W. Taylor (*indisposé*);

Business transacted

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States of Deliberation

The States met at 9.30 a.m.

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

CONVOCATION

Billet d'État XIX

POLICY & RESOURCES COMMITTEE

1. The States of Guernsey Annual Budget for 2025 – Debate continued

5 **The States' Greffier:** Billet d'État XIX, Article 1, Policy & Resources Committee – The States of Guernsey Annual Budget for 2025 – continuation of the debate.

10 **The Bailiff:** Well, Deputy Dyke, what would you like to do about Amendment 14?

10 **Deputy Dyke:** I would like to speak on it, sir.

15 **The Bailiff:** Alright. I will invite you to open on Amendment 14 then, please.

[Amendment 14](#)

15 *In Proposition 29, 24th October 2027 1. to substitute the figure "£622.2m" for the figure "£650.0m", and 2. to delete "as set out in the table in paragraph 6.17 and the revenue expenditure budgets as set out on pages 126 to 146." and replace with "and to direct Policy & Resources Committee to amend the table in paragraph 6.17 and the revenue expenditure budgets as set out on pages 126 to 146 accordingly."*

20 **Deputy Dyke:** Thank you.

I hope the Assembly will bear with me if I spend a little time explaining this amendment. This is pretty much, I think, the last opportunity we are going to get to do anything about controlling our spending – which we need to do and I think the people out there are expecting us to do.

20 **(A Member:** Hear, hear.) So I might speak a little longer than I usually do.

It is a little difficult presenting this so early in the debate with so many unknowables ahead of me, so I will try and do my best without knowing how some of the other amendments are going to go. But as I say, this is the last time, really, to talk about spending control.

We are going to be presented with proposals for Income Tax, GST or both. And also some sensible proposals for some secondary possible tax increases. I think there is one from Deputy Burford regarding car and motor tax. Was it de Sausmarez? Sorry. And an excellent one from Deputy Kazantseva-Miller which is obviously good because I am seconding that. (**A Member:** Hear, hear.)

Deputy Mahoney and Deputy Helyar brought their partially successful amendment yesterday which I think has achieved something. They were, possibly, over optimistic in terms of the extent of the cost cutting of £40 million which is why Deputy Vermeulen and I have brought another option for a lesser amount of cost control in the sum of £27.8 million.

We got to that figure by working on the basis that the increase in Income Tax would not go through and that raises a net when you take the amount of the tax less the amount of the necessary adjustment to the Income Tax cut off before you start paying tax. So that comes to a net £27.8 million which amounts to 4.27% of the stated revenue expenditure anticipated for 2025 which is £650 million. I will come to the table in a minute that you can look at. This amendment also ties in with the amendment that Deputy Blin and I are bringing regarding headcount control which should help towards meeting this target.

I would advise Deputies to have an open mind on this before they vote on it. It really is the last chance before we get on exclusively to tax increases. And I think we must, as any jurisdiction has to do, focus on our costs first.

The proposal is for a 4.27% cut in that £650 million. I submit that this is achievable and what middle Guernsey would expect us to achieve before imposing tax increases on a struggling population. Where should we look to achieve this? Now, there are various things that we can be looking at. First, as I mentioned, looking at the revenue account, headcount control is vital. That is another amendment, so I will not discuss it further here. But it is important.

Second, I did raise a slew of points in Deputy email correspondence that may assist with this. We have got some answers back from, or on behalf of, P&R on some of them. The first point I had raised was that the base inflation rate that P&R seemed to have been working with is 5% which is something slightly above projected inflation, based on the fact that it partly reflects earlier inflation in the previous year. I do think that is a figure that can be looked at.

I raised, I will not go through all of them because I think probably you have read some of them – there is a figure here of £1.7 million for more IT staff. And I can understand where that is coming from. But to counter that, we are bringing in more IT staff because the contract we had with Agilisys has not performed optimally – I have to be careful about how much I say here and I probably cannot say what I really think – and the result is that what was supposedly a partnership which allowed us to have virtually no IT staff of our own, turned out to be what obviously it would be from inception; it is not a partnership, it is a commercial agreement. So we have now had to bring in a lot of our own staff which we had not contemplated. And I do think that gives us an option or, indeed, a duty to discuss with Agilisys adjustments to their very high fees which have been pushing £40 million in recent years. So there is a lot of scope for work there to cut those costs.

We have had a line item for new positions for consultant modelling and new Public Health positions and that is over £1 million. The consultancy issue, I think, is very important. We keep engaging consultants. Some of it, to my mind, is policy-based evidence making, which we should not be doing. And we get a consultancy agreement after a consultancy agreement after a consultancy agreement, on things that we should be able to use our own intelligence to work on. (**A Member:** Hear, hear.)

Just to give an example, just before the debate on GP 11, what lands on our desks and on your computer screens, is a report for Arc 4, telling us, which we paid about £35,000 for, if we have paid for it yet? I think we are still arguing about it. Thirty-five thousand pounds for somebody to come back and say, 'We think, based on what they do in the UK, you should maybe keep GP 11 or charge per house fees on development'. Well, we had all thought of all that. We had all been through it.

We did not need any of that. Waste of money straight down the drain. We have had a lot of, to my mind, with respect, a lot of reports on the Airport that have not been remotely useful. (**A Member:** Hear, hear.) And they go on and they go on and they go on. So I think we need to stop that.

We have more costs for HR, another £650,000. Yet another transformation programme. They did one of those about five years ago. We looked at an internal audit report which was very scathing about how something like £1 million had pretty much been blown. So we need to look at that.

And on HR costs, I was looking at some figures regarding recruitment in the context of an investigation we are doing on Scrutiny. In 2022, the recruitment costs per head, according to these figures, were £1,732. In 2023, £2,455. So what is going on there? Can we do something to make HR more efficient?

We have a line item for £3.1 million for GWP strategic actions. I will come onto the GWP later. But I do not know; £3.6 million for what exactly? It is a lot of money. Then we have got £13 million to upgrade our vehicles. That is something that Treasury have confirmed that this should be spread out over a number of years and not necessarily in one year. But it is something that we can look at. Can we make these things last a bit longer? Do we need to replace the bus fleet right now? All of that sort of thing. (**Two Members:** Hear, hear.)

Then we create more liabilities. We have created an Activ8 and a Nature Commission and that is just another, for these various things, another £3.6 million. I am in favour of nature, but we have already got Société Guernesaise and the National Trust. And all of them have a knock-on effect on planning. They all have views to the effect, effectively, particularly the Nature Commission now, that we really should not build anything at all, seems to be the idea. Adding extra costs and time constraints to the planning process which we have a problem with.

Now here is a favourite of mine. We have got £500,000 down for double handling of inert waste which we know is almost certainly not going to happen unless we are mad, on the basis that the GDA has put forward plans and one of the base parts of their plan is to fill Longue Hougue to a higher level of two metres higher than it is now. So as well as filling in the remainder of the hole which has got a bit of time left, but not much. Their plan is to raise it. And then they have got another part of the plan which is probably years down the road to fill in Black Rock and build houses there. So we have got years' worth of fill and yet we have got a figure of £500,000 for double handling waste. There are just some things I raised.

Other things we could look at. And I am going to go all over the place on this just to illustrate things that we could be doing. Something we have talked about for years is rationalising and combining the two fire services into the Airport. I know they keep saying they do not want to do it and we do not do it, but it is something that we could seriously look at.

There is the air traffic control issue which is something that we probably do not need our own separate system here. That can be looked at. And I think Deputy Roffey has probably already got something that he is looking at, sharing the over flight fees with Jersey. They seem to have been snaffling them entirely for themselves. So hopefully that will help us.

This is something that demands an entire day's debate by itself. But we have a lot of immigration right now. It seems to have been a net 900 and I tend to agree with Deputy Roffey that that figure is probably unsustainable. And with it comes a lot of families and potentially a lot of costs which we have not got a grip on. And we need to get a grip on it in terms of limitation of access to benefits, health. At least, having health checks before people come here which any other jurisdiction would do. Possible requirements to have the employers who bring people in on a licence to have health insurance. That is something we should be looking at.

Now, I would just like to turn your attention to page 12 of our Budget Report which has the basic ... So if you turn to page 12 of the Report, we have had a lot of talk about £100 million black hole. Well, that depends on what it is you are counting. But the actual projection for 2025 is an operating surplus of £37 million.

Deputy Trott has mentioned that we can raise upwards of our projection for Document Duty by several millions. So possibly around £40 million for that; £41 million, I think. If we then take out, and this is what I am working on the basis of, the net amount that we would raise from the 2% Income

125 Tax rise which is proposed, that still leaves an operating surplus of a rather negligible and almost within the rounding area of about £10 million. But still, it is a number in the positive column.

Then you come onto, what do we do about capital spending? In my view, and you may or may not agree. There is only so much we can build in the next few years. We have building constraints and enormously high costs of building. If you talk to developers, which on Planning we do, you will know that it is very difficult, even without GP 11, to make projects viable, largely because the high cost of materials and the lack of enough staff to do it all. Anyone who is trying to get something done with a plumber or carpenter will know how difficult things are. So there are limits to what we can build.

We are working on the Further Education College. That is proceeding, I hope. So that is a good thing. **(A Member: Hear, hear.)** We are talking about a Hospital extension at a cost of £150 million. Well, to start with, £150 million is not a fixed figure. It has gone up from £50 million to £100 million to £120 million to £150 million. But those are our internal figures; those are not procured costs from contractors so we do not know where that is going. And there is another issue with that, which is that at the moment Health – and I will let Deputy Brouard intervene if he wants to – have huge trouble maintaining their nursing staff. They have got nowhere to put them that is good. They cannot put them on the Hospital site, which is really bad, so they have a massive turnover of nursing staff to the extent that they then have to employ very high numbers of nursing through agency arrangements which themselves cost pushing twice as much as keeping a normal nurse employed.

Therefore, given the building constraints, given the problem with nursing accommodation, it is really impossible now to proceed with that project. So I personally think that it has to be deferred until we have got nursing accommodation in place where we need it which is near the Hospital and we have had a lot of discussion about that on Planning. We are doing our best to help to get this through.

Now, the cost of putting up nursing accommodation, assuming that we agree that is one of our top priorities, it should have what you might call an internal rate of return which is positive. **(A Member: Yes.)** We build the Hospital, we own it. Though, we do not have to do it that way but assuming that we do it that way. We build the Hospital, we own it. We will have to pay interest, clearly, on the amount of the loan that we have to do it. But set against that is the value of the housing supplied and on top of that is the extraordinary saving in this case because of the savings on agency staff, recruitment. So it is an extreme urgency. It has a standalone internal rate of return so it should improve our Budget position on the revenue account.

There are other issues which we need to deal with. Obviously, there are issues relating to the growth of our economy which is suffering right now. Certainly, relative to Jersey. We may have to consider, and I think we will have to consider because it is more controversial, the EMAS at the end of the runway to give us some competitive options relative to Jersey. That could cost around £20 million, so how do we fund that? We have had an offer from the Guernsey Hospitality Association; they would tolerate a hotel tax to deal with that.

I think my point in going through this is, if you go through it all in a granular way and look what we can do, the £27.8 million that I propose we save is doable over a reasonably short period. There are other options as well on the capital front. We have got huge numbers of States' properties that we can deal with; we have dealt with the old Education building and that has got some apartments and a medical surgery there; the whole Castel site, the King Edward VII site – huge amounts of land; options to do all sorts of things with it. Dealing with that, either with joint ventures with the private sector, selling it to the private sector, doing it ourselves is all possible. And so you have got a capital asset there which at the moment is being wasted.

To put this spending issue into context ... I took the figures and I have forgotten where I got those from, that in the year to June 2024, our median earnings were up by 5.3% in money terms but down 0.7% in real terms. How that exactly pans out is a relatively small amount but it is an amount and this is what our population is facing. We must do everything possible to save our stressed population from more taxation.

To give an example, if we impose GST at 5%, or 6% if we exclude food, what is that going to do to housing costs which are already out of reach of the average family? Add another 6% to the cost of building a house. It is the cost of building now that is the real issue more than the price of land. That is a huge part of the cost of building. If you add 6% to £400,000, if that is the building cost, you have added another £24,000 onto the cost of a house. These knock-on effects of not controlling and not being more efficient are very serious for our population.

I am sorry if I have sounded very critical. It has not been the intention. I do think that this is a well-run country. (**A Member:** Hear, hear.) I think we do our best and we do pretty well. But we can definitely do better if we really pull our fingers out. We do not just want to be tax and spenders. We want to spend where we have to and control where we can and bring in money wherever else we can. But at the moment, we are suffering, it appears, a declining GDP. The Chief Minister has mentioned that possibly it is an aberration last year and let us hope that he is right. He is usually right. But the figures are not good. The economy is not growing. The figures are actually worse than the UK which is in a very bad place.

So in short, I think we owe it to our people to do something about this and be seen to be doing something about this or they are quite rightly going to be very upset. They are stressed as it is, and more taxation from us is simply unacceptable to them and rightly so in my mind.

And with that, thank you for your consideration.

The Bailiff: Deputy Vermeulen, do you formally second Amendment 14?

Deputy Vermeulen: I do, sir. And I will explain why –

The Bailiff: Well, before you do that, (*Laughter*) because all I was inviting you to do was to formally second it, Deputy Le Tocq and Deputy Leadbeater, is it your wish, both of you, to be relevéd?

Deputy Le Tocq/Deputy Leadbeater: Thank you, sir. Yes, please.

The Bailiff: Do you now wish to speak, Deputy Vermeulen?

Deputy Vermeulen: Yes, if you are ready, sir.

The Bailiff: Thank you.

Deputy Vermeulen: So, I am pleased to be seconding this amendment which really is a rehash of the extant amendment brought by Deputy Helyar with a lower limit but perhaps a little bit more flexibility in where you make those efficiencies in our Government which is exactly what we do have to be looking at doing every year; not just once a year or we did it 10 years ago or 20 years ago. You have got to be looking at making savings and efficiencies wherever you can and I think there needs to be a higher impetus on that, and this would help P&R achieve that. But of course, instead of P&R actually asking, 'Can you, do you think, would you like to make savings?' this would be our Assembly agreeing that, yes, we think this is doable, 4.2%, and it is a flexible solution. And it is coming at a great time, too, sir.

It is coming at a time when we have got an exciting fellow, who I cannot name, coming in as a new head of public services, but he has got a proven track record. We have got a new Chief of Police, for instance. Things are aligning out there. We have got some really fresh, I have got to say, I cannot name them but I have been blown away at one of the accountants that comes into both of my Committees I sit on. He has really got his finger on the pulse. He would make an excellent cost control accountant.

And we cannot, as an Assembly, do the heavy lifting of those specifics. But these guys, if so charged, believe you me, these guys can. And this would be the gentleman that we would task with making those efficiencies.

Now, that was an excellent speech by Deputy Dyke, and he talked about a lot of the areas which I have noticed and I have had problems with. My computer was broken this weekend and there is no back-up, so Saturday and Sunday I got to speak to somebody and I said, 'Well, I will bring the computer round to you,' and he said, 'The battery has gone flat.' And he said, 'Well, now I am off-Island'. So that is the sort of thing that we have got to deal with. I did manage to get it fixed.

Do we need as many Committees as we have got? Do we need as many staff on those Committees? Do you need as many Deputies? It is all stuff that you can look at.

Deputy Dyke talked about making HR more efficient. And on Home we talk about recruitment on a regular basis. It has been a regular challenge. And one of the things that we have done is we have tried to look at how to address that and we have taken the very sensible step of trying to improve retention. Now that is a fresh approach, isn't it? But that is what we should be doing.

It has been said to me, 'Oh, Simon, do you know the box that the States use for thinking outside of is extremely small and seldom thought outside of that box'. I think they might have a point. We do tend to get in those ruts of, well, we have always done it this way, so why would we do it any other way. And it is time to have a fresh look. I think many of us in this Assembly were elected just for that point, to have a fresh look at how we are doing things and to sort some of the problems out, some of the challenges which we face, other governments face, massive challenges, similar challenges. And yesterday Deputy de Lisle pointed out that in Canada, where he worked, a 33% saving in one day was thrust upon them. So this 4.2%, by comparison, is well thought out and it is doable.

Deputy Dyke touched on the use of consultants. Now, it has got a bit worse than just that; what we have now got is two conflicting departments of the States commissioning conflicting reports that consultants must ... One side, the runway extension, we appointed Frontier Economics and I think STSB appointed somebody to come up with a different point of view, York Aviation. And recently, on Aurigny, we have done the same. ED announced, quite sensibly, that they were going to look into a number of their concerns and Frontier Economics were appointed to look into that. And Aurigny or STSB appointed another one to say something else. The meter is running on that and one business would not be employing two consultants to come up with conflicting reports. They would have all of the expertise within house, and they would do the report themselves. And if they needed some assistance, they might use some Artificial Intelligence or whatever. And let's face it, these consultants are using that sort of expertise themselves.

I have talked about the pokers in the fire, the irons in the fire. This is another one that I would recommend you to support. It is a blank canvas. It is fully flexible. There are no drastic frontline cuts needed but there are some improvements. We have got to look at doing things in a most different way. And I have had experience of operating a business where you have to provide staff accommodation and we did not have any; we had to house staff out in different parts of the Island and it was absolutely horrendous. But we built our staff accommodation, eventually; we got permission, eventually, built it; and there was an immediate improvement in retention of staff. We had a far higher standard of staff. Morale went right up, it was more of a team feel. And it was paid for, sir, in four years.

It was a profit centre which was something that we were not expecting. If it could wash its face, that would have been great, but it paid for itself. It was always a bit unusual because when we did it first, we thought everyone would want just their own apartment. But more often than not, they wanted to share with somebody else because it was slightly cheaper and it was their friend anyway, so they were more than happy to share. So we should bear that in mind. And I really feel very sorry that Health has not had the full support of this Assembly in getting that problem resolved. It should be one of the first things that we did. (**A Member:** Hear, hear.) We were not far off getting that done.

So there are savings to be made if you look. Deputy Dyke and myself have come out with a few there. I am sure this Assembly has a lot of ideas of where we could do things better and more efficiently, but I have 100% confidence in those three people I mentioned; the new head of Public Administration, the cost control accountant we have got and our new Chief of Police.

So I urge you support this amendment.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir. I will be brief.

I agree with the sentiment behind this amendment but the problem for me is the approach. I think there is much to like in Deputy Dyke's speech. I do not agree with all of the points he made, particularly on EMAS which will come as no surprise. But he actually says in his speech that we need to do this in a granular way. And I think that is right but unfortunately, this is not the amendment to do that.

Deputy Trott and P&R have already advised how the cut will be distributed amongst Committees. And I think Budget reductions to certain areas are possible. It is almost inconceivable to think in an organisation that spends two thirds of a billion pounds and employs 5,000 full-time employees that that is not possible. **(A Member:** Hear, hear.)

However, I also made it clear in my manifesto that I will seek to protect those on lower incomes and, as such, the real term cuts that would come as part of this amendment, in particular, to things like severe disability benefits, is something that I simply cannot support. The reductions in this are indiscriminate. If we are to find savings without unintended consequences, then it needs to be a holistic and well considered exercise to avoid damage. And I think perhaps the amendment should have been much more along those lines.

While I am standing, I would like to ask Deputy Vermeulen – but as he has already spoken he may wish for me to give way to him – but his comments yesterday on a similar matter, he seemed to say, and I have listened back to them, that instead of using consultants, we should have all of the experts inhouse. And I am struggling to see how employing expertise in a certain area on a permanent basis is cheaper than just buying it in when we need it. But the most surprising comment from Deputy Vermeulen related to consultants. Now, I may be wrong, but his Committee, Economic Development, must be up there with the top spending Committees on consultants. **(Deputy Inder:** We are not. P&R is.) Up there with them, Deputy Inder.

Can he tell me, did he vote against commissioning all of the many and numerous consultancy reports that have been undertaken this term, running into hundreds of thousands of pounds on extending the runway?

Oh, I give way to Deputy Vermeulen. Thank you.

Deputy Vermeulen: I think a lot of this was carried over from past Assemblies and a lot of it had already been spent.

But we should not spend too much time dwelling on the past. What you have got to look at is the here and the now and the future. Because this Budget should be about what you are going to spend, not what you have already spent. You should take the lessons, your baseline of any Budget, and I can tell you from experience that no matter where, you look at what your starting point is, you look at what it cost you last year to do. That is your starting point and then you look at how you can perhaps do it better. How you can perhaps make some savings. How perhaps you can drive some more income in, some more revenue. How you can make some good cost controls. How you do your management. How you change the way that you have always done it. So it is with an open mind that you should approach this.

And as I said, the sky is blue. We have a proven track record. A gent coming in there as the new number one, and this is exactly the sort of opportunity he would relish. If you are not going to give him that, you are almost sending your best batsman out to bat and tying his shoelaces together.

Deputy Burford: Thank you, Deputy Vermeulen. I think that answers the question, really.

330 So I have not really got anything other to say than I will be voting against this amendment, despite supporting the sentiment. But I do think that this is something that we do have to consider. Thank you.

The Bailiff: Deputy Dudley-Owen.

335 **Deputy Dudley-Owen:** Thank you, sir.

I would like to thank the bringers of this amendment for their efforts in creatively presenting their proposal to the Assembly. And I will not go through the effects of the Budget freeze and Budget costs on the Committee *for* Education, Sport & Culture, because I have put that on record already yesterday.

340 And Members, yesterday, were talking about the cathartic exercise, I think it might have been Deputy Helyar, of Presidents being able to, for once, actually talk in quite some granular depth about the breadth of the mandates for the Committees which they are leading. And I think it is really helpful because one of the points raised was that we need to do a better job of telling the public how we are spending taxpayer funds and how we are providing value for money.

345 I think we all really struggle with that because of the sheer volume of communication coming from the States of Guernsey on a daily basis. I should imagine that without exemption, we are the biggest producer of communication in the whole Island and there is not anybody up there who rivals that. It is about what exactly we are communicating, ensuring that it is in context and able to land really well with thousands and thousands of different individuals who receive communications on a daily basis and are bombarded with information.

And so asking us to do a better job at communicating is actually in of itself a really skilled judgement on what communication is needed, how it is landed. And obviously, we have got PR experts in the Assembly; Deputy Falla and Deputy Inder worked in those fields for many years and they always have a view of it. But, certainly on the Committee *for* Education, Sport & Culture, communications is one of our key areas because we know the sensitivity specifically of the Education part of our mandate. So it is something that we spend long hours thinking about words etc. And that is politically about making sure that our messages are landing correctly, and they do not always land right for every single person. But anybody who wishes to engage on a further basis, please, the door is open. Myself and Deputy Aldwell have started to meet on a regular basis now – we hope it is a regular thing – down at the Dix Neuf café to listen to Islanders. Because it is really hard, with Island wide voting now, to understand who your constituents are. But I think that that really helps.

365 There is a point specifically to the amendment on the table that I wish to make, but another point that I wish to make around reducing costs is something that Deputy Parkinson raised twice yesterday in regard to AI technology. And I think Deputy Vermeulen might have raised it as well. And absolutely, there is a massive, big place for using new technologies coming into the organisation. How do we use those? Where are they best going to be placed? Where are they going to make not just efficiencies but actually ensure effectiveness, because there is no point in making savings or the euphemistic efficiency unless it is actually going to do the job that you want it to do.

370 So through the Education part of our mandate, we have upgraded the digital capability in all of our schools which, yes, makes efficiencies in the long run. But unless staff know how to use it, then it is not going to be used to the best impact for our students and give them the digital skills and capability and knowledge that they need in the workplace in their future years. But also, it is going to be left redundant which has happened previously in previous terms, despite best endeavours. The training was not rolled out at the pace that it needed to be, and staff were not always fully aware of how best to use the technology.

375 So it is really important. That requires upfront investment as well. So it is not always possible to make the cuts when trying to achieve those savings that are all important.

And I think it is also really important to bring us back down to earth with a bump, possibly, that the land of AI is not sunny uplands of Utopia. In actual fact, if used incorrectly, or replacing human endeavour, it could end up with a dystopian slant to it which I think would be really quite scary.

I think it was Deputy Leadbeater talking about carers yesterday and the effect of Budget cuts on caring in HSC. Well, are we envisaging a world where we replace human touch, human empathy and human care with robots? Is that what we are talking about when we are talking about AI? Because I think that is something that pretty much most people in the Assembly would be rather quizzical about. But my goodness, wouldn't it reduce our cost on human endeavour. Is that where we want to be?

Yes, AI is extremely effective for repetitive tasks; a lot of admin, invoicing, payroll, collecting certain data, we can analyse data. In actual fact, for our interim governing boards and Deputy Dyke is really keen on governance and so are we in the Education sphere. And we found it really useful. And Deputy Vermeulen will know about this because we receive data in our IGB toolkits to help inform us about what questions we should be asking and how we can hold our senior leaders to account in terms of all of the profiling of students and outcomes, attainment, age profiles, sex profiles. All of those sorts of things that we think are really important data points.

And yes, Power BI which is a new form of Artificial Intelligence from Microsoft is really going to help catapult us forward when we are presenting our data to support us in our governing board meetings. So we are really looking at that.

Another area, minute taking. So Deputy Parkinson talks about AI and use for minute taking and Deputy Vermeulen spoke to this. Absolutely, but it needs to have training. So you take minutes. I do not know if Deputy Vermeulen is very skilled in taking minutes. Certainly, it is something that I have done for many years in my professional life, I was taking minutes to support boards. And it needs a specific skillset. That skillset is actually dying out and our ability to get new minute takers in the States is starting to push us to think about doing this in a different way.

But again, how are we going to do it? Are we going to record our conversations? Are we then going to get the OCR technology to convert our voice recording into text? Then we have got to have some who looks over that text to comb out stuff that is not relevant. How are we going to present our minutes in the future? Do we just need action points? Does it matter what, for example, Deputy Vermeulen said at that particular meeting about EMAS? Does he want it recorded? These things need to be thought about and could create time in the diary, in people's day to be able to actually start to think about how new technologies, differing skillset, actually change how we work within the States. But they do not come for free.

Time is money and needs to be paid for. And therefore, cutting Budgets in this way, as proposed, I think is a pennywise and possibly pound-foolish way of going about it. Though, I do understand the sentiments behind it.

What I will finish on, sir, is that the effect of the structure of Deputy Dyke and Deputy Vermeulen's amendment does place a further and additional burden than Deputy Helyar's and Mahoney's amendment due to the pay awards falling on the Committee's Budgets rather than the central pay Budget because of the way that they have been designed. So that has been confirmed to us by the Treasurer, if people were looking at the different effects of them. I am not sure if everyone has got the tables that show the effects of Amendment 3 and Amendment 14 but certainly you will see that the burden falls far heavier with Amendment 14. For example, on the Committee *for* Education, Sport & Culture, meaning that we will have an indicative cash limit of £88.7 million rather than £91.6 million in the previous amendment.

I will give way to Deputy Dyke.

Deputy Dyke: A point of correction on that.

One of those memos that came out just before we started the debate, it came out on Monday, I think, I am not sure that it was deliberately misled. Absolutely, it would not have been deliberate. But I think it was accidentally misleading in terms of the effect of this amendment, vis-à-vis the

430 effect of Deputy Helyar's amendment. It seemed to think that ours would cost an awful lot more than Deputy Helyar's.

Unlike Deputy Helyar, we did not put forward a table, so we have left it with flexibility in terms of how this is allocated between the sender and the Committees. I hope that helps.

435 **Deputy Dudley-Owen:** Thank you to Deputy Dyke for that information.

But actually this is the up-to-date advice and it is the effect on specific Committees where pay awards are due, namely ESC and Home Affairs and possible HSC. But if you –

I will give way to Deputy Trott.

440 **Deputy Trott:** Thank you to Deputy Dudley-Owen for giving way.

The intervention a moment ago by Deputy Dyke gives me the opportunity to explain one of the consequences of this amendment in the absence of the table is that it effectively gives the Policy & Resources Committee, if this amendment is successful, *carte blanche*. In other words, it would be for the Policy & Resources Committee to enact this amendment in the same way as you would expect with an executive form of government.

445 So it is, let's be clear about this, executive government via the back door. And that is one of my principal objectives. Personally, I believe in executive government, but not via the back door.

Thank you.

450 **Deputy Dudley-Owen:** Thank you for that intervention.

But as I say, I will close to say that I do appreciate the opportunity that Deputy Dyke and Deputy Vermeulen have provided the Committees to speak to the importance and the value for money that each Committee feels that they bring. So I think that this has been a really important debate over these two particular amendments and would that we could make the savings that they would like. However, the reassurance that I want to leave Members with is that we look for savings wherever possible, but our key priority is delivering the mandate of Education, Sport & Culture which ultimately is beneficial in so many ways to the future of the Island. But we are seeking to drive down costs but increase impact for each one of the Islanders that receives our service.

Thank you.

460 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you, sir.

I just want to say, do I agree with this amendment per se? Probably no because it is a slash of income for the Committees to spend, a spending Budget for the Committees. But if we do not get through either GST, Income Tax or a mixture of Income Tax and GST, then what do we have? What choice is there left? (**A Member:** Hear, hear.) And this is why I do not agree with it at all. But I also think we need to be quite pragmatic about this.

470 If something does not go through, then what does the States have? Because, at the moment, there would just be racking up debt. And we need a way to be able to get that debt to be able to pay for things. And this is what I think it is just more of a, vote this amendment through at the moment; the Proposition for either GST or the Income Tax come first in the main Propositions and then you can vote it out once we have done something sensible.

475 However, this States is not always known for its sensibility. So therefore, this can be like a little bit of backbench, last resort, if we cannot come to something. And that is why I will probably vote for it and hoping that actually we make a proper decision with our fiscal policy.

The Bailiff: Deputy Blin.

480 **Deputy Blin:** Thank you, sir.

I was going to hold fire a bit longer but I just wanted to raise the words of Deputy Oliver. She looks at this a backstop. The feeling I get is if you are supporting GST, you just want to get to the point shared with our Islanders and you want to keep all of our Committees with the funding they have, the spending as it is etc.

485 I find there is one conversation going on here at the moment. And one of the feelings I get is that we seem to be like this divided Assembly. So I can almost feel by the tone of each speech, everyone who, in effect, wants GST is also telling us of the impacts of cost cutting, particularly HSC. And I am nervous about HSC. I am nervous about ESS, where it hits it. But some of us are talking and I was particularly impressed by the speech of Deputy Mahoney when he spoke about how the
490 Public Service pay scale and grade works.

Now I did have the opportunity when Deputy Mahoney was on the P&R prior to the change and I was very interested in that aspect of the work. Just to confirm, because I did not speak during that point, that Deputy Mahoney explained and I think a lot of people in this Assembly were a little bit surprised of the increments that go on when you work in the various grades there. Because we
495 seem, I think we were referring to the higher levels in some cases, like ESOs etc. but if you did go lower than the ESOs, you are missing another point, that there is also the overtime, because the SOs do not get it because they are the management, they just have to complete their job within their time.

When we say, and I do believe this has been said by our Chief Minister as well, that for the
500 subscale we are, the Public Service etc. are not overspending. That is not the way that I perceive it. It is on the efficiencies. Let's just give examples. We have recently been through these big debacles – I will give way to Deputy Inder.

Deputy Inder: I am intrigued. And thank you for giving way, Deputy Blin.

505 There is always an element in Government whereby we do that, everybody else has got to do it. As a President of Overseas Aid, to adopt this, it almost certainly means that his Budget comes into scope. So I am really interested, as a President of Overseas Aid, if he supports this, almost certainly, and Deputy Trott is nodding away in agreement. His Budget for some of the poorest people in the world comes into scope. And I would like to hear him agree that that is what he wants to do. Because
510 I think we raised his Budget by £1 million in 2022 to 2023. So is he prepared to take his Budget into scope or is it one rule for him or another rule for everyone else?

Deputy Blin: I thank Deputy Inder for his intervention there. I can either reply to that first or continue. But I will reply to that first, otherwise it is left.

515 So first of all, we sit in a democratic Assembly. I am a Member as equal to everyone here. Yes, I am President of the Overseas Aid and that is part of also positioning for our international work we do outside. Yes, we are helping a lot of the poorest and furthest reaching. But whatever we do here, there is going to be a cost and impact.

So I, like everyone else, is in the same position, on everything we do. So that was really in
520 response to Deputy Inder's point there.

But if I could continue, I just want to clarify –
I will give way.

Deputy Haskins: I very much appreciate the giving way.

525 What I wanted to do is just highlight what Deputy Trott told us. It could be that P&R decided the entirety of the overseas Budget is not going to be allocated. That is something that could happen underneath here because of the *carte blanche*.

Deputy Blin: That is on the table, like everything else. It is actually in the gift of P&R. It is a
530 Budget of P&R. There are other aspects around it. I can see the comments of Deputy Inder and Deputy Haskins targeting that. I am trying as a Member across all of the other areas there. If anyone

else wants to refer to Overseas Aid, please continue. But I would like to get the point across of what we are trying to deliver in this particular Assembly.

535 I would just like to get back to these points. We already have a situation. I will not be able to quote the statistic exactly, but it was something released recently by an economist on the Island, talking about in the space of years. For example, salaries have gone up 50% over 20-plus years. But the costs of the increases in services in Government have gone up 330%. Now if someone else has the statistics on that, it caught my attention really strongly. And it is out there. But I do not just want refer to ... *[Inaudible]* I will get that information.

540 I would like to go back. Many of us in this Assembly have been working and running businesses of different proportions and scales and industries. And we all know that when there is a situation of if there is not enough cash, we have to change things. If, let's say, I do not know, in my case, years ago, I ran a language school. The last thing I am going to do is release the teachers, but I may not have the finest classrooms or be able to go to the best trips etc. Very different to Government. We
545 have 21 leavers here. We have so many other things to do. But we can still look at the structure of how we do each thing.

When we heard about the mooring fees going up etc. and we talked about the arguments that the people mooring their boats were arguing about the fees and what was the Government doing with the Ports etc. Then we read that there used to be 16 people running the Ports. Then the number
550 goes up. And then, recently, I remember seeing on the news two project managers at £75,000 each employed to work there as well. These are the areas I am talking about when we have additional costs. I could reel off, literally, whether it be the Airport or the staff ... *[Inaudible]* because of not the right construction done there years ago. There are so many different points.

But let's go back to it. If we are in a situation where, if we look at the salaries of the public sector and the services, I, like anybody else, hugely appreciate the work of Education, of HSC, of all the
555 Departments – the Home Affairs, the Police, the Fire Services, all of this. But we also all know, and this has been told to us, that we have these areas which could be improved. But when we always say, no, no, we are doing the best we can, it makes it very hard.

Then, of course, there is this aspect, and it has been mentioned many times, you cannot tax your
560 wage prosperity or success. But we have to look at the growth side as well. Deputy Kazantseva-Miller was speaking yesterday about, and defending, the group that was looking at cuts and reductions, rather, that could be done in savings and incentives. That was shared, by the way, with the public of Guernsey for them to input ideas as well and to come in. At what point have we shared with the public all of the detail of what we have done? At what point have we –?

565 I will give way to Deputy Soulsby.

Deputy Soulsby: I thank Deputy Blin for that.

I did mention yesterday that we would be publishing the whole survey so that people can made their own decisions after we have had to change certain wording and data protection reasons, and
570 where the actual status of those findings were. As I said yesterday, a lot of the ideas are being actioned by Committees, but part of the problem is not having the resources to actually fully implement them and that is where the delivery unit comes in.

Thank you.

575 **Deputy Blin:** I thank Deputy Soulsby for that intervention. And it is also because of this, the people can give a lot of input. So they will be shared with them but what can they do to add to it.

There are other areas. I am just going to mention one which is a little bit maybe left field. But possibilities of raising through which would not take that long. But one of their ... *[Inaudible]* Law which is able to work on assets in other areas there. There is potential for these areas.

580 There is potential and I know it is question marks over timing. Looking at that bigger picture. So the potential of wind turbines, which is not now but if we do not start looking at things there ... So does that help us now? Not right now, but the work is being done now.

Another point I mentioned was about AI, several times. And one of them was, I believe it was Deputy Murray talking about, well, you need the resources if you want to inject the AI into teams, into the organisations now.

But the other thing is that it does not always have to be almost self-creating it. There is the ability outside to do that, to bring it in. I have spoken to various individuals talking about the potential of AI for within the Assembly, for within the Deputies, Members, to give us the resource tools we need etc. Wouldn't that be great if, for the cost of one equivalent of a Deputy, we had data for all of us? It would be able to research, analyse. And that does not take a whole team or a long-term plan.

So in effect, what this amendment by Deputies Dyke and Vermeulen –
I will give way to two Deputies.

Deputy Soulsby: I will give way to the Deputy because I think she is going to say exactly what I was going to say.

Deputy Dudley-Owen: Thank you.

Microsoft – I am not here as a salesperson for them – but there is a function on there called Copilot if the people had not found it already. It is maybe – Deputy Kazantseva-Miller is shaking her head, sir – (*Interjections*) (**Deputy Inder:** You cannot give way to –) I am sorry, I cannot give way on a give way. But Deputy Kazantseva-Miller, I am thinking, is saying it is unavailable.

However, I am sure that other AI tools are available. It is on my machine. It is a similar tool that you would get if type in a particular question on Google. There are so many. There is a plethora of these out there. Deputy Leadbeater amused us in a speech earlier on in the year about his use of AI. I think that quite a lot of us use it in researching already. And actually it is for us to go out there.

But again, what a great idea. Thank you very much, Deputy Blin, because I think that should be added to SACC's induction pack around there are ways that you can do your own research. But, of course, we cannot replace the parliamentary team for the work that they do in helping us go back into the paper annals of Billets that have not made Google yet.

So I just wanted to raise Member's awareness of AI tools are there for us to use.

Deputy Blin: I thank Deputy Dudley-Owen for that.

But this is my whole point. I do very much respect her knowledge of the way she does things etc. but there is beyond how AI can be used. Yes, everyone has it right now on their phone, on their laptop etc. If you wanted to do it, for example, for the Assembly, for all Members as research, you would have to, in effect, develop a system to work around the models almost within the confines of this group. It is very different to just having an AI on your system etc. But I do not wish to argue the challenge. I am just putting in some of the points that can help.

Returning back to the points and not to deliberate much more on this, I will be supporting this amendment. I particularly appreciated the amendment of Deputy Helyar yesterday. I think it was the most powerful debate it created, because actually it is showing two sides of it, saying if you are not going to have GST, this is going to be the ultimate sledgehammer which is going to have a huge impact. But we have a responsibility as well to see carefully about how we are going to make each of those cuts or steps in changes. And we have to do something.

So for those who say, 'Oh, it is easy saying no to GST,' well, it is very difficult to try to work around this to understand that there will have to be cuts. There will have to be changes. And yes, of course, there will be targeted immediately as President of Overseas Aid etc. But I am not trying to push it to one area. I am trying to work on the basis of change and cuts can be done. And also, it will prove to our public, our Island, what we are trying to achieve. (**Several Members:** Hear, hear.)

Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Sir, I quite enjoyed listening to the speech by Deputy Vermeulen. He delivered it in a calm, steady, almost soothing fashion which was pleasant to listen to, unless you listened to the content! *(Laughter)*

Like Deputy Vermeulen and all of us, of course, I would like to see savings. But how can you say there have been no frontline costs, reducing the Budget by £30 million? How can we possibly believe there have been no frontline costs involved in that? And again, we are putting all of the onus on P&R to then redistribute the Budget and tell us where we cannot spend money and that is not going to go well.

As others have mentioned, bringing consultants in-house. You cannot possibly have a whole department of consultants who specialise in every single topic we might want to exploit. We all know that consultants are not cheap. I used to be one, in a small way. But consultants are specialists. Specialists are expensive. We cannot bring them in-house.

When one is in business – and again, I was in business and I had clients – and sometimes clients will tell you that they have got to reduce the budget but they still want you to do the same amount of work. And you have to think very carefully about how you are going to that. Because as a business, you could go out of business. Businesses go out of business. We cannot go out of business. We have to carry on. We owe it to the Island, to the community to deliver the services that are required. So I am not really following the line of argument and I know that I am parting company with others by saying that.

When I was in business, clients sometimes said that I would have to take a haircut. *(Laughter)* You will appreciate that might be something of an anathema to me. But the point is, you cannot make these cuts without some pain. There is already pain in the P&R proposed Budget. I think this amendment is just bringing too much pain and it is a *Sweeney Todd* approach to the Budget.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

I do not really know where to start with this, if I am honest with you. I could say so much but let me try and keep it short.

I completely disagree with Deputy Blin. He kept on saying this is about GST or cuts. He is wrong on a number of accounts. It is not just about GST because that is not the only thing on the table. And he is doubly wrong, in fact, because he is talking about a cut in next year's spend. GST does not even come in for at least two years, so he is wrong on that count as well. So let's get our facts right.

Deputy Vermeulen: Point of correction.

The Bailiff: Point of correction, Deputy Vermeulen.

Deputy Vermeulen: I am sure that despite GST not coming in, there would be significant buildings needed to be erected, and staff employed and trained to facilitate it when it does come in, should it pass.

The Bailiff: Deputy Vermeulen, that is not, in my view, a valid point of correction on the basis that what Deputy Moakes was saying was simply a comment on Deputy Blin's speech and the timings that are on the face of what might or might not appear in the Propositions once all of the amendments have been debated.

Deputy Moakes to continue, please.

Deputy Moakes: Thank you, sir.

685 But on that point, Deputy Vermeulen is wrong anyway, I believe. I think the amount it will cost has been debated and it is not anywhere near as high as Deputy Vermeulen thinks it. Anyway, let me carry on. That was that point. Like for like is incorrect from Deputy Blin there.

I hate to say it, but I do disagree also with Deputy Oliver. I do not believe that this is a backstop that was cleverly designed in case everything else fails. I believe that the amendment was laid as an alternative to anything else. As I said yesterday, it might just be my opinion. It might just be my
690 imagination. But once again, I worry that some Members are desperately trying to cling hold, grab hold of absolutely anything, *anything at all*, that does not include the words tax or rise.

Yesterday, it was territorial taxation which was comprehensively defeated because it is not the right way forwards. Today, it is slashing and burning at a huge level, Committee Budgets; there is no direction in terms of which bits, where it should be cut, how it should be cut. It is *carte blanche*
695 across. It is wrong. We tried this yesterday and it was defeated in the previous amendment. The cuts, at least, were defeated. This is simply another attempt, at all costs, not to raise taxes but to cut anything that does not involve tax or rises – again.

Thank you.

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

Deputy de Sausmarez: Thank you, sir.

Just I will pick up on something that Deputy Moakes touched on. But just to add a little bit of clarification in response to Deputy Oliver. Well, I hope it is a useful clarification actually, because
705 Deputy Oliver did present it as a useful backstop in the event that other measures were not approved. But if we look at the wording of the amendment, it is to substitute one figure for another. And so, let's be clear. Well, my understanding – and I look to be corrected if I am wrong on this – of the effect of this amendment is that if it carries, we will have approved this measure, this cut. It will not be an either/or. If this amendment is approved, we no longer have the original option in
710 terms of the Budget. So it is not an either/or. I am glad I could clarify that and I think I am correct in that interpretation.

I do, like others, absolutely agree with the sentiment of this amendment. Of course, we need to be laser-like focused on finding efficiencies and implementing savings (**A Member:** Hear, hear.) And I will come onto that a little bit later.

715 I just regret that the proposer and seconder of this amendment have been quite so selective in how they have pursued this throughout the political term. Because I have not gone back to check, but I am pretty sure that neither of them supported my effort, along with Deputy Falla, right near the beginning of this term, to prioritise the primary review. Even though we demonstrated that, aside from many of the educational or equity imbalances, that the lack of that review was creating,
720 it was also baking in, by not doing the primary review ... we were baking in the cost and efficiencies that we demonstrate. And at the time, thinking back, I am sure the figures were something along the lines of, we had spare capacity in our primary sector to the tune of two completely empty primary schools.

So there were demonstrable cost inefficiencies in the system. I do not remember – I do stand to be corrected – either of them supporting efforts to drive really quite systemic efficiencies. Or at
725 least, look at it in a much more robust way. And similarly, they both voted for a model for secondary education that was demonstrably really cost inefficient and did not support a review to actually even verify the cost effectiveness. So I do find it sticks in the craw a little bit to be told by the both of them that this is the most important thing. Some of us have been trying to pursue cost
730 effectiveness throughout this term. And if only they had supported some of those measures, we might be in a slightly healthier place now.

But I do agree with the sentiment. But more to the point, I think everyone in this Assembly does and I think the Policy & Resources Committee does and I think this Budget does. And of course, the Policy & Resources Committee set up a subcommittee and Deputy Vermeulen was a member of
735 that subcommittee to look at how we can reduce the cost of public services. And that is summarised

in the Budget. And there are some really useful things in there. I think in paragraph 7.83 of the Budget Report, just slightly earlier, it does summarise the savings that form the backdrop, starting with the FTP and going onto further savings in 2017 and 2018 and so on.

740 But anyway, the results of, or the findings of the subcommittee focus on four key areas and I completely agree with these areas. They are digitalisation, focused spend initiatives, operational change initiatives and strategic transformation initiatives. But the latter makes the point that I think carries across all of them to a degree which is these initiatives require resource, time and funding to achieve and need to take place holistically due to their wide-reaching implications.

745 I think what the subcommittee found was that actually a lot of the suggestions that were put forward by the public were already underway in terms of being explored by the Committees. I know certainly that is the case in terms of both of the Committees that I am a member of.

750 But basically, this amendment does not achieve that. I think the really important point is that you do need, if we are looking for significant savings, and I think we are, meaningfully efficiencies, then you have to do things differently. It does require systemic change and that needs to be not just carefully thought through and carefully implemented, but it also needs investment.

755 And actually Deputy Dyke, in trying to make his point, I think, listed probably a collection of some of the worst examples he could have chosen. And one of the worst examples of that was IT. Now, irrespective of how we got to the point where we are today, we absolutely need to be investing in putting ourselves in a better position going forward. We cannot just wave a magic wand, and we certainly cannot do it by just cutting the money.

P&R have already told us, Proposition 28, I think it is, directs the implementation of savings initiatives. And Deputy Soulsby has, just a moment ago, reminded us of the delivery unit, which is part and parcel of trying to achieve some of the things that we struggle to achieve at the moment.

760 But we really do need to be investing in this. And I think I am right in saying that Jersey is investing tens and tens of millions in getting their IT sorted out. So I think the example that Deputy Dyke used is a small drop in the ocean. But it is a great example of absolutely essential investment in order to deliver proper systemic change and deliver proper efficiencies. And actually deliver better public services going forward.

765 So I am wholeheartedly behind the spirit of this amendment, but I think everyone is and I would like to think that all Committees are already in the process of doing exactly that. And P&R is in the process of supporting them to do that. I know with my E&I hat on, we are absolutely chomping at the bit to do things that are suggested by the subcommittee. And, in fact, we were doing them anyway. But we cannot do that until we get, for example, our digital infrastructure in better shape. And in order to do that, we need to invest in it.

770 So while I agree with the sentiment behind this amendment, I do not think it achieves what it sets out to achieve. And, in fact, I think the impacts of it would be disproportionately negative and very inequitable and ultimately self-defeating. So I do not think it is the right way of achieving what Deputies Dyke and Vermeulen actually hoped to achieve. Although, I, like, I think everyone else in the Assembly absolutely share the drive and motivation to deliver public services more effectively and more efficiently and to do that as quickly as possible to deliver savings in the process. But I cannot bring myself to support this amendment.

The Bailiff: Deputy Kazantseva-Miller.

780 **Deputy Kazantseva-Miller:** Sir, I would like to offer a slightly different perspective on this amendment.

785 The total increase in expenditure proposed by this Budget is 6.5%. That is twice the rate of inflation. I repeat, this is an inflation-busting Budget, and the proposal is to double the rate of spending from last year. Just to give you the sense of the magnitude of that. So last year, the original Budget was £610 million, this year's Budget is £650 million. If we assumed the inflation figure, so inflation-adjustment Budget, we would have been at £630 million. It is slightly above Deputy Dyke's

proposal. So we have got, in real terms, a £20 million increase in public spending that is being proposed by this Budget.

790 To put it into the context of how it is going to be funded, because obviously the proposal is to fund it purely through income tax increases which will amount to £27.1 million net. The £20 million real time increases in public spending will basically equate for the huge vast majority, nearly 75% of that Income Tax increase.

795 Just to put into perspective what is being asked from this Budget, is that we are asking for real term public expenditure increases, funded by Income Tax measures which will affect mostly lower, middle, well, actually, will affect all households but especially this proportion here will affect lower end Income Tax households.

800 And just a small precaution. And so I said that the majority of that funding will be through Income Tax. Obviously, we are working on making a forecast of inflation at 3.2%. But what has not been estimated is the effect of the 2% Income Tax increases on GDP growth. What has not been estimated is the effect on the negative impact on collecting other secondary taxes such as alcohol, Document Duty etc. Behavioural changes have not been estimated. It might arise because of the Income Tax charges.

805 The point I am making is that the actual estimate of the Income Tax take is likely, probably, to be smaller than forecasted. But the inflation figures might also be lower because of the impact of Income Tax rises which means the real term growth forecast in public spending will be even higher than the £20 million I am talking about. And pretty much 100% funded by Income Tax.

810 That would all be fine if it, of course, could be demonstrated that this expenditure will achieve economic growth that we all desperately want. However, no forecast for this growth has been provided with this Budget. And, obviously, we have got no independent forecasting that is available to us to give a view about the impact of the Budget.

Obviously, in the UK, they have got the Office of Budget Responsibility, which gives an independent view of the Budget implications, importantly, implications on economic growth. They have got other think tanks and bodies such as the Institute of Fiscal Studies which give you an independent view of what the forecast would be.

815 We *had* the fiscal panel, but they have not been engaged to give us any kind of forecast of the impacts of this Budget on our economy, either in the short term or in the long term. In absence of that independent analysis, we have to come to our own conclusions. I will try to draw some of my own conclusions from the Budget in terms of the economic impact.

820 A 10% Income Tax will not lead to economic growth. In fact, it is the quickest and the fastest, biggest way to slow down the economy because it takes a chunk of disposable income from households immediately, not in two years' time, three years' time. Or they could make decisions on how they spend the money. It will be taken out immediately. So there is not going to be any GDP economic growth from that.

825 But now let's see where the proposed spending growth areas are. If you look at the Budget, the key growth areas are: corporate services, 6.9%; we have got Employment & Social Security 6.5%; P&R core services, 12.3%; Overseas Aid, we talked about, 14%; Health, 4.5%, so not too high above inflation but still obviously proportionately quite a big chunk. We have got E&I with slight growth, but a lot of that is going into doing more for housing which I fully support. I do want to talk about –

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Deputy Inder: Point of order, sir.

The Bailiff: Point of order, Deputy Inder.

835 **Deputy Inder:** Deputy Kazantseva-Miller speaks very well. I know she has done a lot of data but I am just not clear entirely what this section of her speech has got to do with this amendment. It might be for a bigger debate.

The Bailiff: I am not sure that that is a valid point of order, in that you have not identified, Deputy Inder, what, other than possibly Rule 17(6), relevance to the matter that is before the meeting is the breach that is being alleged. However, from what I understand from Deputy Kazantseva-Miller's speech, it is that she is talking to this amendment and, therefore, she can continue.

Deputy Kazantseva-Miller: Thank you, sir.

And I should obviously mention one of the Committees I sit on, Economic Development, which had at the proposed grouping 21% increase to its Budget. And all of the increases that the Committee has asked for are outside of the GWP allocations that were made.

So I do want to make clear my position that my support for some of these increases in the Budget were on the proviso that we would be able to also progress and secure additional revenue generation from the sources where we have, or could have, an influence.

So one of the biggest areas where the Budgets will be allocated for Economic Development is Guernsey Registry, £650,000. Well, yesterday, we had the impassionate speech from Deputy Parkinson saying that we need the corporate to contribute more. So what would happen under these Budget proposals is that we are asking Mrs Le Page in Torteval to continue supporting Guernsey Registry fees without asking them to absorb some of those costs. I think it is, frankly, daylight robbery.

Secondary, we have got proposed increases to the marketing and tourism budget which we are under Resolution to develop and bring a tourism levy. I would be all in support that potentially more funding is unlocked for tourism and marketing, but we have got additional revenue generating sources to support that. **(A Member:** Hear, hear.)

So the Budget rate we seem to have successfully had as Economic Development, I feel a lot of the measures could be supported by other revenue generating measures and not by Income Tax increases which put the burden of taxation on those who are least able to pay.

So just looking at what are some of the measures for economic growth, potentially, that had been included. We have got the Victor Hugo Centre. However, that is unlikely to be operational until at least 2028. We have got Budget Reserve funding for the Development Agency. But again, none of the project will be on board until, we are looking at a five-to-10-year horizon.

So when we say this Budget is for growth, really, this Budget is for real term increases for day-to-day services of public sector. There is very limited, right now, investment, very limited investment. What would be considered that true, longer to medium term –

Deputy Trott: Point of correction, sir.

The Bailiff: Point of correction, Deputy Trott.

Deputy Trott: Sir, I tolerated it initially, but that was a step too far, because Deputy Kazantseva-Miller is misleading the Assembly. Whilst I accept there has not been external analysis by the Fiscal Policy Panel, and there are reasons for that I will deal with later, internal analysis is, as shown, that the consequences of the Income Tax rise will have a negative effect on growth by around 0.1% to 0.2%. But consequently, the absence of the appropriate infrastructure investment which is the first thing that will be sacrificed if the States do not accept this Budget, is materially greater. And that was evidenced quite clearly by the difference in performance in Jersey over Guernsey over the last decade. Very significant infrastructure investment there. Pitiful amounts of investment here, relatively speaking.

So Deputy Kazantseva-Miller has got to be very careful to make sure that the facts are presented rather than what she believes to be the truth.

The Bailiff: Deputy Kazantseva-Miller, I was also getting concerned that your speech was straying away from what Amendment 14 seeks to do which is only to substitute the wording in Proposition 29 relating to ordinary revenue expenditure. So please can you concentrate on that.

Deputy Kazantseva-Miller: Thank you, sir.

I am very much getting to the point of summarising it. But I think I do have to address the comments Deputy Trott has made, because I have referred to the cash limits and revenue budgets that have been presented in this Budget. So £650 million of the budgets for the Committees, those budgets do not include investment capital, routine capital. That is outside. Those kinds of budgets whether it is minor capital, whether it is major capital, sits outside of the revenue expenditure that I have identified. And as I have said, this is a real time increase in Government expenditure which all of that effectively increase will be absorbed through the Income Tax rises if you have to make a direction comparison.

I give way to Deputy Trott.

Deputy Trott: I am grateful. Because, again, what your speech fails to take into account are a number of issues.

I will start, first of all, with pay awards. Pay awards are often agreed in advance. And in a rising inflationary environment, that can often be a good thing. However, in a falling inflationary environment, the consequences are that you get this lag.

Secondly, it is by no means unique to Guernsey, that medical inflation and inflation associated with Health & Social Care is rising at a far greater rate than normal internal inflation.

And thirdly, one economic principle I think that we may be able to agree on is that if you remove or reduce people's spending powers, one of the consequences of that is that it acts as a deflationary pressure. In other words, inflation falls because there is less money chasing a certain number of goods and services. So it is deflationary, it is positive for GDP growth. And the reason why budgets are greater than domestic inflation, I have already explained.

Deputy Kazantseva-Miller: I think I have made the point to this Assembly. And I think in the context of the debate we had yesterday on Deputy Helyar's amendments and also on this amendment is that the amendments were talking about real term reduction. What I am saying is that the Budget is real term increases that are being proposed funded through Income Tax. This is the core of the argument.

And so I think when we will come to the end of debate and the final amendments on other revenue generating measures, we have got to be very careful, because what we are asking, in the short-term to do, is what we are saying is that we are better in spending money than the community. We failed to raise any additional revenue raising measures. We have failed to demonstrate, so far, any significant savings because that is going to be a longer term programme. But in the short-term, we are asking you for 2% Income Tax rises for what are effectively short-term real income increases in Committee budgets. And I think this is a very difficult situation that we are being asked to support.

And the question becomes about if we were to support the proper long-term structural tax reform measures, whether it is GST, whether we get to that this week or not, because it is likely to be the only thing that is really left on the table and will not have the impact that other measures will have on households and low income families.

The question is, can we absorb really, in the short-term, the negative impact the Income Tax proposals will have on our community? And what is being proposed under this Budget, the time of spending that is being proposed was to sacrifice or do we have to make more serious considerations that some of the Budget proposals have to be shaved. Perhaps not to the extent that Deputy Helyar proposed. That was clearly defeated. It is probably unlikely that Deputy Dyke's proposals will be defeated. But at least we may need to consider simply no real term increase in budgets, for example.

I think we have to put into context the final decisions we will have. Unfortunately, as Deputy de Sausmarez said, if we approve this amendment now, we do not have another alternative to approve higher spending. So I am quite concerned that if this is defeated, then effectively, we do not have an option to reduce the Budget unless further amendments are brought through late in debate when the compromised GST amendments are debated. Or we will just have to be left with P&R coming back with revised budgets.

But I just wanted the key of my speech to demonstrate that this Budget is about real term increases which are largely driving day-to-day public spending to be funded through Income Tax. Thank you.

Deputy Inder: Rule 26(1), sir.

The Bailiff: Will those Members who have not yet spoken, who wish to speak in debate on Amendment 14, please stand in their places.

Is it still your wish, Deputy Inder, that I put a motion pursuant to Rule 26(1)? Therefore, if it carries, the consequences will be that only Deputy Trott and Deputy Dyke will be able to speak.

Members voted Contre.

The Bailiff: I will declare that lost. *(Laughter)*
Deputy Helyar.

Deputy Helyar: Thank you, sir.

I was not going to speak in the traditional sense. But I came up with a joke and I did not get a lot of chance to tell jokes in my former role *(Laughter)* because the news was generally bad.

But this amendment, like mine yesterday, as I explained in some detail, will not fix our problems. All it will do is give us a breathing space and not a very pleasant one. I am going to support it because I supported my own yesterday, and I do think we should signal to the public that we are trying to save money. **(A Member:** Hear, hear.)

But the punchline is, if the Assembly does approve this, all we will be doing is sticking our finger in the dike. And Deputy Dyke, as you know *(Laughter)*, is the – So I will certainly support it, but I suspect it may go down in flames as we did yesterday.

Thank you, sir.

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Thank you, sir.

I will be brief. I just want to make a few comments on the back of the things that Deputy Kazantseva-Miller spoke about.

A few comments. I think Deputy Trott has answered some of them already. And I know that he will answer others in his summing up. She talked about there being no allowance for behavioural change in the Budget with the inclusion of Income Tax. That is not correct. There has been a recognition of the risk of behavioural impact and a provision made within the projected additional personal tax revenues to account for the potential for there to be knock-on effects in the limited number of cases where taxpayers have their financial flexibility and sophistication to do this. So that is one example, I think.

I will not go through the pros and cons of Income Tax. That is for another debate. But I did notice her desire that these cuts are essential and we need to show cuts rather than spend more money. But she is wrong in saying that this is an inflation-busting Budget. In terms of real terms increase in expenditure, it is £5 million and most of which is accounted for by demand growth in HSC.

990 I think it is interesting, and bearing in mind we are likely to have a debate in December where Deputy Kazantseva-Miller is asking for us to set up a new Housing Committee, that will not come without cost, so it will be interesting to know where she thinks that money will be coming from. Thank you.

995 **Deputy Trott:** Well said.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

1000 I am going to probably align myself more with Deputy Burford this morning. And I thank Deputy Dyke and Deputy Vermeulen for bringing it, from the point of view that I think we all need to look at savings and where they can be achieved. (**A Member:** Hear, hear.) But computers and AI. I am still in the digital world. Well I am nearly in the digital world; I am still an analogue really with all of my papers and stuff and it works well for me.

1005 But I think Deputy Dudley-Owen mentioned about the sunny uplands of AI. But it is a tough walk to get there, especially with the infrastructure that we find ourselves with here in the States of Guernsey. We have not kept pace with where we need to be and we have got a lot of catching up to do. But not only is it just the infrastructure that you need; the actual hardware and the computers to work. You also need the training, you also need the staff and you also have an opportunity to change how you do things. All of that takes time, money and cost. Although you get the efficiencies, it is quite a tough journey to get there.

1010 Now, these efficiencies also have to be done safely and in the knowledge of consequences of the efficiencies that you have put in place, because sometimes if you cut a corner, you may well find that actually there was a reason why that extra piece of the jigsaw was put in place. You also need resources to undertake these reviews and I think that is something that Deputy Soulsby mentioned. It is alright having the ideas, but we also have to then put the manpower in to actually effect it.

1020 And the irony is, in making cuts, this resource, the other things that you would like to do, get sacrificed on the alter of core services and the day job. Although if you are forced with cuts, all of the luxury of things that you would like to do, and they may not be luxury, but all of the planning that you would like to do to make improvements get put to one side as you firefight and make sure that the frontline services are maintained. That is the sacrifice. You end up sacrificing the very thing that you do not want to on the alter of providing those core services.

1025 And I think that, just touching on slightly what Deputy Moakes said, there efficiencies there, but it not going to be the holy grail. If you are thinking you can tell the public that I voted for efficiencies and therefore we do not need to raise taxes because everything will be well, that does not work. The efficiencies will help. They will stem the tide, but we do need to raise more revenue if we want to revive the services that our Islanders want. If Islanders decide that they do not want those services, yes, happy to reduce them. But at the moment, the demand, I think, from our Islanders are that they want more services and that they want them done efficiently. That is the conundrum we have.

1030 I mean, Health will continue, no matter how many efficiencies we have put in place. It will help to stem the tide slightly and it will make the curve slightly flatter, but with the demographics we have, we will have more people needing hips and knees and whatever. The new procedures will cost more money. It is just the way it is. New drugs are going to be more expensive next year than they were last year.

1035 These are the things that we have to grapple with. Somebody will be writing a bigger cheque for Health, no matter how many efficiencies you put in place. If you want to cut services, that is a real different debate. And, yes, you can. Yes, we can make savings there but I think you will have the Islanders up in arms.

1040 Unfortunately, I am not able to support this because I do not think ... we need to do the efficiencies in a different way than just saying your Budget is cut, get on with it.

Thank you, sir.

The Bailiff: Deputy Meerveld.

1045 **Deputy Meerveld:** Thank you, sir.

It has been an interesting debate so far. Somewhat longer than I would like. I think the chances of us finishing by Friday 5.30 are somewhat diminishing.

1050 But I want to address some of the, well, I cannot put it any better way than saying nonsense that has probably been promulgated so far. Such as the suggestion that this a back door to executive government. What utter nonsense. Committees currently go to P&R as part of the budgetary process and P&R says, 'You want what? No, we are not going to allow you to have that. We are going to put on this amount.' And they negotiate to an amount that P&R are willing to put forward in the Budget. And if Committees do not like that amount, they have the ability to come to this Assembly, join the Budget debate and lay an amendment, asking the Assembly to approve a different amount. That is a normal process. If this amendment is passed, that process will be repeated –

1060 **Deputy Trott:** No. On a point of correction, sir. Absolutely not.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

1065 Proposition 2 says, 'to delete as set out in the table in paragraph 6.17'. And the revenue expenditure budgets as set out in pages 126 to 146 and replace with, 'and to direct Policy & Resources Committee to amend the table in paragraph 6.17 and the revenue expenditure budgets as set out on pages 125 to 146 accordingly'. No direction to return to this Assembly. It will be an autonomous process for the five members of the Policy & Resources Committee.

1070 So with the greatest of respect to my friend, Deputy Meerveld, it will be an executive function. There will be no requirement, as this amendment is drafted, to refer back to this Assembly. And that is patently wrong under our system of government.

Deputy Meerveld: Again, I do not agree.

1075 Yes, P&R will be directed to sort out the numbers. But unless Deputy Trott is saying he is going to set himself up as the executive leader of Guernsey and abuse that power, there will, of course, be a discussion with the Committees regarding what they can cut, what they cannot cut, and P&R would use their discretion to decide – I will not be giving way – will use their discretion to allocate those funds.

1080 Talking to the discussion with the Deputies where cuts might be required and using their judgement in discussion with Committees. I would expect that to be the process. Well, that is the process that is gone through in preparing this Budget. It may not come back to this Assembly for approval but if you remember, Deputy Helyar's amendment yesterday was a salami slice across all Committees. You could go that route as well on this amendment but I actually spoke to Deputy Dyke about it and preferred the idea that P&R would have discretion to discuss with Committees what they could and could not cut and then allocate these cuts as they see fit to do the least harm whilst achieving the cuts that are required.

1085 Deputy Dudley-Owen said it is indiscriminate cuts. Again, nonsense. Committees will have to look at their budgets and have to decide what they have to cut and they will have discussions with P&R about that. It will not be indiscriminate. Again, if we read the definition of indiscriminate, 1090 'doing something at random or without proper consideration'. Well, of course, we expect our

Committees to give proper consideration to where cuts can be achieved with least negative impact.

Deputy Moakes said, 'this is an alternative to tax increases'. Yes, it is, it is absolutely being proposed as an alternative to tax increases. That is exactly what this amendment is about. Some
 1095 Deputies basically want to continue spending with impunity, and increase taxes whenever needed. Other Deputies, like myself, want to see us cut our cloth according to our means. (**A Member:** Hear, hear.) And that means, when you do not have the money, you do not spend it. As Deputy Kazantseva-Miller pointed out, this is above inflation increases in budgets from last year when we do not have the revenue to cover it.

1100 Deputy Brouard said, 'Some people want even more services'. That is right, they do. When are we, as Deputies, going to responsibility for saying that awful word, no? No, you cannot have it, unless you are willing to pay for it.

And there has been discussion about whether we can cut from existing ... just within our efficiencies within the system, you can save £28 million. I do not agree that we can. I think that
 1105 these cuts will require cuts in some services we provide to the public. And in my opinion, it is about time we started having those conversations.

We need to start to saying to people, you cannot have this anymore. And we, as an Assembly, have to start taking responsibility. Virtually every debate we have in this room, we have one or more Deputies or Committees proposing another introduction of a new service because
 1110 somebody else has got it somewhere else. Or we need to do this because there is a vocal minority who are demanding it. And it incurs extra cost and extra civil servants to be employed to deliver it. And we have got to start saying, no.

Now, it may be as Deputy Brouard pointed out that the public will kick off at that and demand, you cannot cut these things. We want them. But guess what? That is when you have the
 1115 conversation about tax increases. That is when you turn round to people and say, that is fine. If all of you do not want these things to be cut, if you do not want to have your services restricted, then you have got to pay higher taxes. (**A Member:** Hear, hear.) If you want the same services that they provide in the UK with bells on, better than the UK, then you have to expect to pay higher than UK taxes. If you do not want an eight-hour wait in an emergency room in the UK in Guernsey, guess
 1120 what? It costs us more. We do not have the efficiency of scale. You have to do that. But you have got to have that conversation with the public about cuts.

What we cannot do is continue reaching into our people's pockets and trying to tax our way to prosperity and happiness by taking our people's money and introducing services and maintaining what we are doing. We are a small jurisdiction. My father, my grandfather never grew up in this
 1125 Island expecting the Government to do everything for you. We have got very entitled generations coming through. When it is all through the western world, who expect the Government to do everything for everybody: 'I have got a headache. The Government should do something about it. I need a service to fix it.'

We have got to start either cutting our cloth according to our means and telling people, 'No, you cannot have it. No, we no longer provide that,' or, 'You will have to contribute towards the cost of it.' Or raise taxes after having that conversation and having the public accepting that they have to pay higher fees for it. There is one alternative of course. We could actually go out and start looking at ways to raise revenue.

Deputy Blin touched on the wind farm project. Next week, we will be hearing the first draft of the Net Present Value (NPV) calculation. And hopefully, in the not-too-distant future, P&R will be able to return to the States with a policy letter, indicating how much money it can potentially bring in for the Island. Those are the kind of things that I would like to explore. I want to explore opportunities to make revenue, to sweat our assets and do other things. Again, this Government, or governments in general, actually, are very bad at doing that.

1140 I supported Deputy Helyar's. I was one of only six Deputies who supported the rather draconian cuts of Deputy Helyar yesterday because I want to cut my cloth according and I want to have that conversation with the public. And if the public go up in arms, as Deputy Brouard said,

and start protesting in the streets: 'You cannot cut this service' or 'You cannot cut that service', that is when you go back to them and say, 'Okay, here is how much it is going to cost you in additional taxes and these are the different tax options we can do.' But I want to have that conversation first.

So, yes, I will be supporting this amendment which simply cut ... but it still results in a net increase in above the budgets from the last term. And I will be supporting this amendment and I encourage others to do so also. Be brave. Have that conversation. Go back to Committees and ask those Committees, right, what in reality would it take to make these savings? Have that conversation in this Assembly with P&R and with the public and then let's see where we go from there. But let's not simply think we can tax our way to prosperity. We can reach into people's pockets. We can carry on putting costs onto the public which inevitably fall on the working middle classes shoulders and think that we can continue doing this with impunity to perpetuate a constantly increasing level of services and benefits that we provide.

Thank you, sir.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

I think we need to make progress in this debate, so I shall be brief.

I do not know if Members have forgotten, but we had a long debate on Amendment 3 yesterday. And, sir, as far as I am concerned, nothing has changed overnight. And nothing in Deputy Dyke's speech has particularly changed that landscape. In that Amendment 3, there were some attractive Propositions in it, and that is what we have dealt with. I think the overwhelming view of this Assembly is that savings are absolutely important and vital to any budget process and that the savings need more emphasis. And I think that that was the message that came out of yesterday's debate. But, sir, for me, Amendment 14 does not do it, because it has not changed the basic principles of making those cuts attractive.

And in reply to Deputy Meerveld's speech, this amendment is not about tax, it is about savings. And that is where we should be concentrating and I go back, where we need to make progress and consider this amendment.

Now, sir, I referred, yesterday, to a letter in response to P&R and I think P&R were entirely responsible to send that message out to all of the Committees, actually, for the reason he has just explained in his point of correction. Because what P&R have done is that they have looked at both Amendments 3 and 14 and said, 'Ah, right, this will have implications for those Committees and whilst this is not precise as to how it would unravel, he sought the views of those Committees. And the Committee *for* Home Affairs have shared our response and nothing has changed my mind in my responses to P&R which I thought were responsible.

This is what this is about. If you are going to make those level of cuts, you are talking about reducing services. Deputy Brouard, in his speech, has outlined that very eloquently and I thank him, and I stand exactly where he does.

There has been mention of a divide in the Assembly. Actually, there are quite a few divides in this Assembly. I will tell you one divide is the divide between the delivery end of Government and those who challenge that and those who do not sit on Committees. (**A Member:** Hear, hear.) Because it is the Committees, whether it is Health & Social Care, whether it is Education, or whether it is Home. The emails I get are complaining about the lack of services: 'Why don't you do this? Why don't you do that? Your laws are inadequate,' and so and so forth. Those are the emails I get.

And when you sit on Committee, you look at your budgets. As I outlined in the letter and I outlined yesterday, there is great scrutiny that goes on at Budget time. The Committee *for* Home Affairs and I am sure the other Committees sat down and agonised over it and Deputy Vermeulen was part of that, he was part of that process, where we sat and we looked line by line around where we could make savings.

1195 So, sir, this amendment will cause that salami slicing. We had a debate yesterday; it was a good debate and I think some important points have come out of that and I am sure P&R will take it onboard.

So, thank you, sir.

1200 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

I was just wondering if you were going to call me or not, for a while. I will be brief because Deputy Prow has stolen some of my thunder.

1205 But I wanted to address some of the things that Deputy Meerveld said in his speech. And I do not want to be too critical because a lot of his language was similar to language I have used and comments that I would make. I am in favour of smaller government. I have often said in this Assembly that my parents brought me up, very much, to not expect living on a rock, the same sorts of services that larger jurisdictions have around and to appreciate the other benefits of living in a smaller community.

1210 So I agree with him on those matters and I am sure that there are many in Guernsey that feel similarly. The difference is, when he talks about what the implications of this amendment would be, and I am firmly of the view that Deputy Trott is right, in terms of giving us on Policy & Resources, the effective, executive decision-making power, because it is very specific about the change in the figure there. And I do not mind that. I have often said to Deputy Roffey, in jest, that I think we should reduce the number of States' Members to one. As long as it is me, that would be fine. *(Laughter)*

1215 But seriously speaking, even if Deputy Meerveld was right. And he has just basically envisaging a rehash of the whole budgetary process, how effective is that? How helpful is that? How many Committees, when they are gathered as Committees are going to say, okay, that is fine, we will take the sorts of cuts that this would envisage. And in any case, we will know, ultimately, to be able to achieve this, we would have to see the biggest cuts, as Deputy Prow has alluded to, in the three biggest spending Committees, one of which, of course, is Deputy Brouard's Committee, Health & Social Care.

1225 Now, I am on record as having voted, I think, on one occasion, certainly, the only one who voted against an increase in NICE drugs and procedures. Because I think we have to cut our cloth effectively. I note, and I have checked, that Deputy Meerveld did not vote that way. (**Deputy Meerveld:** I did.) He voted in favour of it. And that is where the rubber hits the road, sir.

1230 I had to go on some medications after my heart attack a few years ago, and one of them was not on the NICE drug, and so I had to eat my own medication, literally, and pay for it *(Laughter)* as a result of that. But those are the sorts of decisions that will need to be made. And they need to be made by people who recognise that to be the case.

1235 Now, sadly, it is the case that we have many people in our community who think that the solutions are simple. Just cut this expense, don't build that particular thing and you will save loads of money. Some of us even here in this Assembly. I think Deputy de Lisle, yesterday, said that if we had introduced Zero-10 a year early, we would have had that extra £100 million that we are looking for. Well, that would have only been a one-off. That would not have been every year. We are talking about yearly annual budgets here. We have got to be serious. When people out there say, well you should not have this particular thing or that, it is just scratching the surface.

1240 Now, I am all for making savings and we all should focus but we have got to be realistic about how much we can save in the time that we have got. And we are facing something right now. It is not tomorrow, it is now. And it is no longer a case, and you will hear me say this again, of either/or. It is both/and. That is where we are because we have kicked this can way down the end of the road, into the field and on the beach now. And we need desperately to realise that we cannot be messing around with things that will not work. This is the problem with this

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amendment, however well intentioned: it will not achieve what it sets out to achieve. If we want to do that, we have a culture change to deal with. In which case, it will take a lot longer.

Let's solve the issues that are facing us for today, and do that in a way that we are proposing. And I believe that the majority of likeminded people in this Assembly also see as the way forward.

Thank you, sir.

Deputy Trott: Well said.

The Bailiff: Deputy Haskins.

Deputy Haskins: Thank you, sir.

I think, pretty much, most were mentioned either yesterday or today but I absolutely agree with Deputy Le Tocq and Deputy Prow. And Deputy Brouard did mention, he mentioned about the savings. Now I had highlighted Proposition 28 in the policy letter. That one is an important one for what I am hearing as this Assembly is saying, absolutely, yes, those are things that we need to do. And if I draw your attention to it, the wording in it, and Deputy Soulsby did actually mention the very last part, it says, 'or where possible, implement the changes needed'. So I am just highlighting that because I think that is important for this Assembly.

The only two things that I would like to mention are the need to understand the demographic challenges, to understand them, what the impact it. We have recently had population data showing the drop in the birth rate, going down to 451. It is dropping at an alarming rate. What is the impact over time? This is just one year's Budget. But we also need to have an eye on the future.

There are different demands as your demographic changes. One of those is in Health. I am looking at this amendment here, and going, 'Okay, yes, in principle it is just £30 million, yes, fine. I think we can probably do that somehow. I know the way to do that will be unpalatable by most people.' But there is a way, I am sure, I hope.

But when we look at Education Budget, again, this amendment, it is £4 million off Education budget. Health budget is almost £11 million. What are the impacts, what services do we need to cut, because there are cuts, service cuts. Deputy Brouard has mentioned that £11 million.

Anyway, sir, I think you can understand that I am not supportive of these. And I just highlight, it was Deputy Oliver who said vote for it and then vote against it. If we can manage to get the revenue-raising methods that one of those options, we will still be stuck with the Proposition and we would not be able to go back.

So I would strongly suggest that we do not vote for this amendment.

Thank you.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: I thank you, sir.

I fully support this amendment that seeks to reduce the budgeted expenditure of the States by £27.8 million. And seeks to amend the Budget accordingly as it sees fit. So it is not necessarily aimed at one particular department or another, it is a matter of amending the Budget according to the way as it sees fit.

And Deputy Dyke mentioned a number of areas that could receive some attention by P&R. I will not go into all of them, but deferring the £150 million on the Hospital build, for example, bringing it back in line with what we had agreed earlier. He mentioned many other areas.

But in all, this Assembly has to reflect public concern and public concern is with the expenditure, currently, and reducing that expenditure. And when I look at some of the private sector letters to Members, for example, GIBA, they make it very clear that it is essential. And to quote them, 'It is essential for Government to demonstrate that it has made every effort to achieve savings and halt increases in public spending. Public sector payment practises and

pension reforms are obvious areas where more prudent and disciplined financial management and control can be achieved'. So that is their message to the States' Assembly.

1300 Now while I am standing, sir, I think it is important that we understand that it is very different where there is an income stream that comes through our spending. That is a different matter. The Budget of ESC, for example, was critical of support for Herm School and corrections have to be made there to points made, because, as I said at the time, the department, the Committee, made the point very clearly, that it was £87,000 per year compared to cost of educating Herm-based
1305 children at Vauvert School, not £200,000 in terms of keeping the Herm School on Herm. And also, it is important to understand there are benefits derived to the States of Guernsey. Well over £1 million each year. So that well covers that small expenditure on Herm to provide that facility.

And it is important to understand also, sir, that the extension of the Herm lease in 2017 which cost £440,000 – I must correct that number from yesterday – was negotiated in good faith to
1310 secure the future sustainability of Herm as an island community. And in full knowledge that the school played a vital part in the recruitment and retention of staff on Herm.

And I also have to correct the fact that this week there will be two children in school, not just one. We have just lost the CEO in Herm. And as a result, he has taken the two children out of school, this week, I believe it is, because they are going into secondary education, so they no
1315 longer need the primary facility in Herm. So that reduces us to two. But fortunately the CEO is being replaced by another chief chef that has made application for that position in Herm and that particular person has two children; one of six and one of eight, that will actually restore the numbers to eight.

I have to also remind people that there are eight children of pre-school age in that community, currently and one will be joining the school in September 2025. So that is just to clarify those
1320 points. But I think it is awfully important to remember that where there is an income stream, we can well justify our budgetary expenditure. But in other areas, I think we have to make certain changes.

I made the point yesterday about the contraction in the workforce in financial services and also in the retail area in this Island – quite significant reductions actually in the workforce in both areas.
1325 **(A Members:** Hear, hear.) I mentioned about 500 in finance and I mentioned, and this is over the past five years, 400 in the retail/wholesale area.

Now, the States, really, as a result ... and as a result of that I also mention the fact that the public administration had grown to the extent of overtaking the financial services as the biggest
1330 employer in the Island. As a result of all that, we have to be looking, Members, at some new growth sector, and some diversity, if you like, **(Deputy Inder:** Rule 17(6).) within the economy. *(Interjections)* And the most promising, sir, is renewable energy.

Deputy Inder: Forget it.
1335

The Bailiff: Just a minute. Deputy de Lisle.

Deputy de Lisle: I will be finishing in one minute.

The Bailiff: Just a minute, Deputy de Lisle.
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Deputy Inder, if you want to make a point of order, you stand up and say, point of order. You do not say anything else at that point until you are called.

Deputy de Lisle to continue, please.

Deputy de Lisle: Thank you, sir.
1345

I was stating that we have to look for new growth and we have to look for diversity of opportunity to the economy. And I think that was a point that Deputy Kazantseva-Miller made just a few moments back.

1350 As I am saying, the most promising, I think, currently, and it is something that I have been working on for the past couple of years, with other States' Members, is the renewable energy sector, including solar, wind and tidal generation. An area which has been a formidable global growth sector in recent years and where Guernsey has huge potential and where Guernsey has not taken the opportunity to the extent that it may do.

1355 And money due to be expended on a second cable to France, direct, when already we have a cable through Jersey that provides 90% of –

Deputy Haskins: Point of order, sir.

The Bailiff: Point of order, Deputy Haskins.

1360 **Deputy Haskins:** This amendment is about the cash flows, the cash limits and not about cables. So Rule 17(6), sir.

1365 **The Bailiff:** Yes, I am satisfied, Deputy de Lisle, that you are straying away from what this amendment is about which is to substitute a lower figure for that in Proposition 29 and to replace some wording at the end of that. So can you try and focus on that, please, rather than broadening the debate into matters that do not really concern us on this amendment.

Deputy de Lisle: I would do, sir.

1370 My support, then, is to seek to reduce the budgeted expenditure of the States of Guernsey by £27.8 million. And that the Budget is amended accordingly, as it seems fit.

And I will leave it at that for the moment.

Thank you, sir.

1375 **The Bailiff:** Deputy Gollop.

Deputy Gollop: I missed a chance to speak yesterday and I think there are elements of this amendment that are not dissimilar to Deputy Helyar's. But which I suppose we will discuss in the main debate.

1380 I have a bit of a sense of déjà vu here. Not only because we are listening to the same arguments, but we are travelling so widely across the Bailiwick: we have been to Herm; we have visited too many primary schools; we are talking about buses. It is going too broad. We are even talking about the number of States' Members which is a reserve for another day. But Deputy Vermeulen, like many people, were confusing the number of Members with how much they get paid. But that is a different question.

1385 I can only agree with the Policy & Resources colleagues who have spoken earlier or interjected earlier, and indeed, yesterday. Deputy Murray, for example, yesterday, made an excellent case why you cannot actually change the public sector just like that. We are not in North America. They have got a different political culture. I accept Deputy de Lisle's point there.

1390 But I was surprised that some Members, like Deputy Burford said, in a nice way, that they actually supported the sentiment of this. Well, I do not support the sentiment. I think all of this talk about cuts ... Deputy Prow made a brilliant speech yesterday. He said it actually distracts politicians and officers from getting on with other, more necessary jobs, constantly looking at efficiencies that generally speaking are not there.

1395 From my point of view, the efficiency that possibly some members of the public would most like to see – and there is part of me that would – would be a reduction in pay levels for higher level public servants. I will not even say civil servants. But that is not feasible, we have to be competitive in the market and civil servants have contractual arrangements, they have right to negotiation. And since I have taken on the employment role of Policy & Resources, and the very
1400 able Deputy Le Tocq and Deputy Mahoney, I have struggled with the role because my personal

view is on occasions that we really need to value our public employees. We need to understand that we live in a competitive market society where people can and do leave, where we need realistic salaries, where in some cases, we have fallen behind other jurisdictions only 20 miles away and where we do have costs for agency use, consultancy use, recruitment and retention issues.

1405 So I was a little bit chasten, despite having a degree of sympathy with some of the arguments Deputy Helyar made yesterday to see the States approving them at this stage, while we have another vote on them, because they have a massive implication on what we do. And I think we have to be very responsible and appreciate that we cannot just at this late stage in the term go along these lines.

1410 I will not support the Deputy Dyke amendment because it is a sledgehammer. They probably looked at the Deputy Helyar amendment and thought that is a bit over the top and brought this in. The thing is if they really wanted to make change, they need to work harder and longer and produce a whole raft of amendments, micro amendments, on a granular level, picking bits off different budgets.

1415 Now, I think some of those would have a greater chance of winning. Although, I should not suggest them because the other sense of *déjà vu* I get is the amendments we have heard remind me of me. They are the kind of amendments that I used to do to the Budget when I was not on Policy & Resources (*Laughter*) because there are broad brushed, they are not well-researched, (*Laughter*) they do not look at the consequences. They do not have much analysis behind them and they are just out there as grandstanding statements. (*Laughter*) (**A Member:** Hear, hear.) And so that is really where they are at and I do not think that they can be readily done.

1420 Back to my public sector issues. I have seen the odd draft on SACC and P&R of the Machinery of Government that has not happened. Personally, I think we need to reflect more on that because I am beginning to become nostalgic and getting old for the good old days of the Board of Administration, the Civil Service Board, Public Sector Enumeration Committee and Treasury & Resources, because I think they had more people who could focus on recruitment issues.

1425 And though I do have sympathy with the points Deputy Dyke and Deputy Vermeulen and Deputy Helyar have made and Deputy Meerveld in a barnstorming speech, I think we have to have a better balance in the next Assembly of Members having a little bit more say and not just about budgets, about staffing issues, of terms of numbers and roles. Because I think Members are having a disconnect from what is going on, unless they are really on top of their game. But that cannot be done easily, it needs subtlety, it needs thought, it needs negotiation, it needs skill, rather than this, because we will come out of here.

1430 I agree with Deputy Trott, it would be a semi executive system. And I would probably end up in a minority when people say, cut this, and I would say, I do not want to cut that or I would prefer cutting something else. It really would be a bit of a dog's breakfast. And the responsible thing, and I urge Members who are a bit marginal on this, is to throw out this amendment and then listen to the rest of the debates on the compromise amendments and other things that will occur later.

1435 In fact, there are a few amendments that actually raise revenue that we have yet to discuss. And we may have to consider, carefully, our positions on that and not be just dependent on Income Tax. But we really should not run the risk of cutting services.

1440 On final point I would make at this stage is although Deputy Parkinson made a huge impact yesterday, there was one thing he said that bothers me. He talked about the middle class of Guernsey having had enough. We have heard a lot of that, the squeezed middle. Although I can understand that, I believe that if we supported this amendment today, just like that, with the consequences it would have and the confusion it would cause, we would not be hurting the squeezed middle. We would be hurting the less well-off, the working classes, and the pensioners. Because they are the ones who benefit most from Government services, Government expenditure and the support we provide as a State. So be very careful what you wish for, because it will not necessarily be the demographic-type constituency you think you will hit.

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The Bailiff: Deputy Roffey.

1455 **Deputy Roffey:** Thank you, sir.

When we rose last night, you expressed an optimism that we would accelerate from our pace of (*Laughter*) one amendment every half day session. I think your optimism may have fallen at the first hurdle.

1460 I really did not want to get up again today, having spoken on the Deputy Helyar amendment yesterday, but listening to the debate and talk about consequences and consequences do not need to be that bad, they can all be negotiated, I really do need to remind Members of one consequence which will come during the course of this Special Meeting and will be unavoidable if this amendment goes through.

1465 I will come onto that in a second. I think we all want to make ... My Committee wants to make savings. ESS have changed the rules in several ways over the last year in a way to reduce expenditure on benefits. STSB as well. Deputy Blin identified one classic saving that we made by insourcing the project management for the capital works around the Harbour. We have saved significant amounts of money compared with when we used to outsource it to private firms to actually carry that work out.

1470 So we would always look for savings. And Deputy Dyke, at the beginning, rambled through his wish list of possible savings, some of which I sympathise with, some of which I thought, no, that will not work at all. But his wish list does not come into play here. He has said we will cut this amount from Revenue Budgets next year and P&R will decide where the cuts should be made. And we already know on the spending Committees what P&R are going to do with that power, because they have written to us and said, this is the amount that is going to come off your general revenue budget if this amendment goes through.

1480 Now, in the case of ESS that is £3.5 million – it would have been £5 million under the Deputy Helyar one; £3.5 million. And people can say, well, we can decide where best to make those reductions so that it does not hurt anybody. But in ESS's case are overwhelming ... nearly all of our general revenue budget goes on the formula-led non-contributory benefits, like Carer's Allowance, like Severe Disability Allowance, like Income Support for some of the economically weakest members of our community. We will have no choice.

1485 I mean, fine, vote as you like. Well, you will not vote, sir, I know. Members can vote as they like! But be aware that if this goes through, ESS will have no choice but to lay that amendment against their own operating policy because the money will not be there. P&R have told us that if this goes through we will get £3.5 million less. That is the power that Deputy Dyke is giving to them and that is how they are going to use it. And therefore, we will not be able to increase. We would have to reduce, in real terms, by 4.5%, all of those benefits.

1490 Now I have been lectured by Members of this States, particularly about Carer's Allowance over the years. 'Why are you being so negative? Why aren't you putting it up a lot more?' Something I would love to be able to do. But just be aware of the consequences of your vote. And if you are happy with that, fine.

A Member: Hear, hear.

1495

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

1500 I just want to carry on from where Deputy Roffey started, really. We have done three amendments in about nine and half hours, I think. And my calculations will be that we will be here for another nine days if we do not display some discipline. So I just wanted to remind Members of your wise counsel from yesterday. And just to say that I will not be supporting this amendment.

Thank you.

1505 **The Bailiff:** I will turn to Deputy Trott to speak on Amendment 14, please.

Deputy Trott: Sir, I will be brief.

But I will start with a matter which I think has a somewhat sense of irony, bearing in mind some of the people who have spoken most enthusiastically in favour of this amendment.

1510 What is likely to go? Let's just use our judgement here? What is likely to go? Well, the consultants on the wind farm. The cost of those consultants is likely to go. We have already heard from Deputy Dyke, his abhorrence of using external consultants. So taking that in mind, that is likely to go. I think that would be a tragedy, but that is likely to be lower hanging fruit.

1515 We have already talked about the Overseas Aid Committee Budget, almost certain to go because, whilst I absolutely support the work of the Overseas Aid Committee, how can I and anyone else in this Assembly look someone in the eye whose operation has been cancelled at the same time as we are sending huge amounts of money overseas? It is, well ...

1520 No chance whatsoever of the EMAS investment that the movers of the amendment want as a consequence. I am just being realistic. I am not being a prophet of doom. I am just telling you how I see it. Material reductions in the Tourism budget. I talked about that yesterday. That has already been explained to us by the Economic Development Committee. I could go on and on and on. But the reason I am not going to go on and on and on is because I think all of that expenditure is necessary and genuine. But they are the consequences of an amendment that is indiscriminate in this nature – well-intentioned but, in my view, extraordinarily foolish.

1525 Now I will repeat something I said yesterday, sir, because I think in my opening remarks, I said some in this States perpetuate myths and it is a damaging thing to do. Public sector employment is circa around 5,000 full-time equivalents. That is a fact. And it is much smaller than our major economic sector at financial services. Now I did accept yesterday that the way some figures had been presented in the Green Book were unhelpful, but I did make that correction and yet Deputy
1530 de Lisle sought to perpetuate that myth this morning. It is damaging and unhelpful.

What is not damaging and unhelpful is this fact: our public sector is the smallest relative to our economically active workforce of all of the three CDs and that is evidenced by the fact that we spend significantly less on public services per capita than those other jurisdictions. These are facts, not myths.

1535 Now I am going to concentrate for a moment on Deputy Meerveld, for two reasons. One, I think he spoke – I do not agree but he spoke – in a genuine way. He says, 'I accept if this amendment comes through there will be cuts to public services.' He did not explain where he wishes those cuts to come from. I am sure he would have made a strong pitch for the wind farm consultants. But as I have already explained, if you hand the Policy & Resources Committee *carte*
1540 *blanche*, which this amendment does absolutely these are the sorts of things that will be focused on first, not people's operations.

Now he says that we should cut our cloth accordingly and that is really where the comments from Deputy Kazantseva-Miller were quite unhelpful, because the real terms growth in expenditure – the *real* terms growth in expenditure – in this Budget amounts to about £5 million.
1545 Real terms, £5 million – well, these are numbers that have come to me direct from the Treasury and with the greatest of respect, these are the people that have been dealing with this Budget for weeks and know what they are talking about – £5 million and almost all of it is accounted for – almost all of it – in demand and the growth of health services. So our Budgets are being driven in real terms by the fact that we are an ageing community and more and more of our citizens
1550 require care and in a caring society that is entirely appropriate. These are people that have served this Island their whole lives. They deserve this care in their twilight years.

But the difference between me and some other Members of this Assembly is that I am prepared to fund it. In my own personal case, I am prepared to pay quite a lot more tax in order to ensure that those of us who can afford it make the necessary contributions to enable public
1555 services to proceed, to be properly funded.

Now he did make the point around universal benefits – and if he did not, accept my apologies – but the point about universal benefits is really important because that is the consequence of Budget behaviours like this. The universality goes and people have to pay more for services before they are no longer entitled to them in the general course of the delivery of public services. That has a real impact on the upper middle classes. Exactly the type of people that many in this Assembly wish to protect. It is completely counterproductive.

Now Deputy Meerveld made a comment that we cannot tax ourselves to prosperity and I agree with that entirely. But without appropriate levels of public investment we can and are driving ourselves towards economic stagnation. And the comparison with Jersey is a particularly valid one. Our levels of growth over the last few years have been modest. A point that Deputy Parkinson has made on a number of occasions. However, where he and I have disagreed on it is that when we introduced Zero-10 our economy grew stratospherically and Jersey's started to shrink, and Jersey's did shrink for many years thereafter. But we are talking 15 or 16 years ago; I am focusing particularly in on the last decade.

And he also talks, Deputy Meerveld, and many others in this Assembly, like we are at the top of the tax take table. We are not. When you look at our direct competitors with very similar constitutions and with the same level of independent service delivery, like the two other Crown Dependencies, we are at the bottom of that table. Those are the facts. And yet we talk as if we are bloated and wasteful when the facts simply do not support that.

Now Deputy Dyke, I gladly give way.

Deputy Dyke: I thank Deputy Trott for giving way.

I do not speak as though we are at the top of the tax scale, because we are definitely not, but I think one of the points I was trying to make is we have not had the conversation with the public about what can be provided for the tax level we provide. And that is why I would rather see that conversation about what we have to cut to live within our means, and then go back to the public based on that. And say, right, now would you be willing to pay higher taxes, because at the present moment, what we definitely do have is an expectation of Rolls Royce services with the taxation of a Mini.

Thank you, sir.

Deputy Trott: Well, we do not have Rolls Royce services but as I have already explained, this amendment does not give us the luxury of consulting further with the community. We have already explained, and we can seek legal advice if we wish from His Majesty's Procureur, the amendment basically hands, as I have said, *carte blanche* to the Policy & Resources Committee to deal with this matter immediately. And I have explained some of the things that are likely to be sacrificed over essential public services. That is the fact. If that is what you still want then, by all means, vote for this amendment. My view is that is extraordinarily foolish.

Now the reason I have focused in on Deputy Meerveld's comments is that at least he is genuine. He is saying, 'I accept these frontline cuts that will come.' He is effectively telling me he accepts the delay to the wind farm project and all of the other things that I have talked about. That is a legitimate position to hold. But there are consequences and I have highlighted what some of them may be.

Now Deputy Dyke – another man for whom I hold in high regard – laments the use of consultants. And yet, as I have already said, the wind farm project, of which he is a very able member, need significant expenditure on consultancies. But only yesterday, my friend, Deputy Dyke, supported the Deputy Parkinson amendment which called for the use of consultants – UK consultants, almost certainly, and less than one year after the last lot of UK consultants were utilised.

I am highlighting this for no other reason than it is very easy in this Assembly to stand up and make assertive comments like the ones we have heard, but they have got to be backed up.

(**A Member:** Hear, hear.) Unevidenced and ill-advised comments of those types, damage the credibility of this Assembly, not enhance it. (**A Member:** Hear, hear.)

Deputy Burford made the point that she cannot support this amendment because such cuts would be indiscriminate. They absolutely would be, but even worse than that, they would be made by simply five Members of this Assembly. I made the point earlier about executive government via the back door. That is how I view it and it is not welcome, in my view, until this Assembly has determined that is the appropriate way forward, and that will be next time round.

I do though, want to finish off with comments made by Deputy Kazantseva-Miller, because for me this is really the fundamental issue here. And that is that what we are seeking to do is to ensure that not only public services are maintained at the levels that they are at the moment, but that we can maintain the investment into infrastructure that this Assembly has already agreed.

If we do not get this Budget through, we simply cannot do that. And there will be a cascade of decisions that will need to be made which in my view will further inhibit our ability to move forward in the appropriate way as a community.

I really hope that not only do the majority of Members oppose this amendment, but that we place on record, we show by the majority in opposition to this amendment, that we are serious about maintaining public services and we are serious about maintaining public investment in order to ensure that this economy grows and prospers. Because without it, we will not.

The Bailiff: And finally, I will invite the proposer of Amendment 14, Deputy Dyke, to reply to the debate, please.

Deputy Dyke: Thank you, sir.

I have got an entire notebook used up here. So I will skip past things when necessary.

Deputy Burford, and this is an important point, said she supported the sentiment but at the end of the day is not going to vote for the amendment. But the amendment, if you support the sentiment then logically, and Deputy Burford is a very logical person, then you should support the amendment because it is totally flexible. It does not have a table attached to it so it is something one can work with or P&R will work with.

Deputy Dudley-Owen made some interesting points about the use of AI. The possible use of that training necessary and all of that sort of thing that I would not take any issue with. And I do know and talk to her quite often, that Deputy Dudley-Owen and the Committee do a very good job on Education as best they can.

And in the context of that conversation I think the issue of whether leaving this issue if the Assembly sees fit to pass this amendment, it will be left to P&R, presumably in consultation with the Committees, to allocate these savings. I think that seems perfectly reasonable. I am not sure that it serves any purpose to say whether it is executive government via the back door, it is just P&R doing what you would expect it to do. So I do not think that is really a major issue.

Deputy Oliver said that she will vote for it. She made a short and perfect speech and so I thank her for that. Deputy Blin, the context here, we were talking about the nature of this amendment, and this has come up several times: is it a backstop or what is it? Well, there are two issues going on today in principle, aren't there? One is raising taxes, with a whole slew of amendments for that. And then there are the two amendments, Deputy Helyar's and my slightly less ambitious, if you look at it that way, or more caring, sharing version which limits the cost savings to £27.8 million.

Now is it a backstop? Well, I think Deputies have to decide how to handle it. You could vote for this and think it is the right thing to do, then as a consequence of that decide not to vote for the major tax increases. There are some side issues that are coming up as well which are probably a good idea. You could do that or you could be really aggressive if you wanted to and vote for cost savings *and* tax increases, all the tax increases. I think it leaves you options but if you do not vote for this then it will force the tax issue forward. So I would strongly recommend that you vote for this.

Deputy Blin also made some comments about how the private sector copes with increasing costs. It cannot just pass them on to the taxpayer. It has to deal with them within its Budget which it has. Which unfortunately, we do not have to do unless we make ourselves do it. We can just, 'Oh, never mind, it is all going over the top so we will just pass it on to the taxpayer and they can pay.' Private sector, public sector, that is the big different with all of that.

In terms of economic growth, he made an interesting point regarding Bon Viver which is a potential project that we are going to talk to P&R about. But it would be a money spinner, if it gets off the ground. It involves searching around, using computers for abandoned assets within companies and bond issues and all of that sort of thing. There is quite a lot of it out there.

Comments about AI were made in the context of this speech and I have got a note as to how one architect company, that Deputy Vermeulen and I have been talking to on various issues, used to have 30 draftsmen. The whole thing is now done by AI, so there is a pretty empty office with a load of spare desks. And effectively, two or three people running it, down from 30, which is extraordinary in terms of what you can do with AI which I think goes back to Deputy Dudley-Owen's point that we should be looking at that and hopefully using it to make savings, as opposed to paying for it, using it and keeping exactly the same number of staff as we had before which tends to be how things work out.

Deputy Falla mentioned that Deputy Vermeulen was a very smooth talker and pleasant to listen to. (*Interjection*) He did not say that actually. As an aside, one point Deputy Vermeulen was blamed by somebody for an awful lot of Airport reports which he actually had nothing to do with. I thought I would make ... a lot of those came from STSB, not ED. Just to get him off the hook.

Deputy Moakes seems absolutely intent on not doing anything that would avoid us making tax increases. So I just cannot agree with him on that. He is talking about slashing budgets. This is a 4.2% cost cutting. It is below the increase proposed for this year, and I will come to that in a minute – so it is not slashing and burning, it really is not.

Deputy de Sausmarez made some points. She said she agreed with the sentiment. Well, again, if you agree with the sentiment, then there is no reason not to vote for the amendment. She mentioned the primary school review. I honestly cannot remember voting on that but I remember Education saying they could not quite cope with it and the same time as all of the other things.

I will give way.

Deputy de Sausmarez: Thank you for giving way, Deputy Dyke.

Sir, it was actually raised in the GWP that we agreed at the beginning of the term and it was a recognition of the fact that Committees cannot do everything, no matter what other people think their priorities should be and that we do have limited resources.

Thank you.

Deputy Dyke: I thank you for that information.

So that is something that is possibly still there on an ongoing basis to look at when Education can get to it after the current rearrangement. I cannot read my writing, it is terrible! Yes, I think she made the point re IT that we do need to invest in it and we need to get it right. There was some suggestion somewhere that ... I think it was not from her, no. So, yes, I would agree with that.

Oh, yes, the question of spending on IT; should we spend on IT? And am I against spending on IT? No, I am not against spending on IT if it is efficient and saves money. We have spent hundreds of millions on IT (**A Member:** Yes, we have.) and I am not quite sure whether we have had value for money on that. The whole thing is a nightmare and I do not think I am allowed to speak about it. But suffice to say, we have spent money on IT in a big way.

Deputy Kazantseva-Miller made a very interesting speech and I thank her for that. The Budget is actually ahead of inflation, as she said, it is going from £610 million to £650 million. The 4.2% that we have suggested is actually less than that increase, not hugely. But I have gone through a lot of things that we could be looking at.

1710 Deputy Kazantseva-Miller also made a very interesting point. These issues are interrelated, but one tries to keep them separate, about the effect of the introduction of Income Tax itself being an inhibitor of growth. That is a very big point actually because all we have got, going forward, to get us out of the mess, or to keep us out of getting in a deeper mess, is economic growth. So to add Income Tax and depress growth further than it is already depressed into further negative territory is a very big point.

1715 She also made the point that these tax increases are inflationary, both Income Tax and GST. Both very valid points.

Deputy Trott: On a point of correction.

1720

The Bailiff: Point of correction, Deputy Trott.

Deputy Trott: Thank you, sir.

1725 There is no doubt that GST, at the magnitude suggested, is inflationary but the evidence suggests that the introduction of an Income Tax would, in fact, be deflationary – a point I made when responding to Deputy Kazantseva-Miller earlier.

1730 **Deputy Dyke:** I thank Deputy Trott for that, but the Income Tax, in terms of economics, can have mixed effects in terms of pushing up the cost of employing staff in order to get them back to where they were without the tax. So there is a wedge there that causes an inflation in wages. So I think those were some very valid points from Deputy Kazantseva-Miller.

1735 The other point she made about, what are our choices; because we are voting on cost control now and taxes later and we do not know what the net effect is, I suppose there is another possibility of voting for another amendment for a different tax cut ... cost saving Budget. But, yes, that will be for another day.

1740 Deputy Helyar made a point that this arrangement that Deputy Vermeulen and I are proposing just gives us a breathing space, it is not an all-out answer. But if we can have the breathing space and get a grip on what we are doing and get a grip and reorganise our capital spending, there are issues there which I have mentioned and Deputy Trott raised it again; I will deal with that when I get to Deputy Trott.

Oh, Deputy Soulsby made a point about a potential new Housing Committee. That is an interesting point. I actually believe there are ways of handling the housing issue with existing Committees just working together a bit better than we have done. In fact, I have been trying to make that happen with the nursing accommodation which I have been a bit focused on.

1745 Deputy Brouard made the point that the AI will be tough work, not easy for him, or for me either, but there are people who know how to deal with this. He has made the points that have been made about pressure on services, drugs etc. There is one bright spark that requires comment actually. It was not a point he made, but I saw it in one of our press releases that his prescriptions department seems to have done a very good job on keeping a lid on prescriptions. And it looked like some very good work done there which shows you what can be done.

1750 Deputy Meerveld made a very strong speech and he might have gone slightly farther than I would have done. What we are trying to do, my intent behind this amendment, is to make modest cost efficiencies. And I think together with that, we may have to stop doing new things. There is a lot of pressure out there from various pressure groups. We want this, we want that, we want something else. And some of that pressure is going to have to be resisted. They are at us all of the time on all sorts of things. And they are quite noisy. You can get half a dozen people calling themselves a society and making an awful lot of noise.

1760 Deputies of my age may remember Mary Whitehouse and her National Viewers' and Listeners' Association. She used to try and get smutty films and theatre productions banned, and it turned out that her National Viewers' and Listeners' Association had two people in it; her and her friend, and they used to do everything in their sitting room. So we do have to watch that issue.

Deputy Prow made the point that nothing has changed since the discussion on the last amendment from Deputy Helyar. Well, what has changed is that there is a different amendment. It is a considerably lower figure – it is about 30% lower – and it has not imposed a new table so it is much easier to work with, for P&R to work with. So I would make that point.

Yes, I think he made the point that he and probably Deputy Brouard get an awful lot of complaints about services not doing this, services not doing that – all of that sort of thing. I think we all get some of those but we also get an awful lot of correspondence from taxpayers who definitely do not wish for taxes to go up, so it is a balanced thing. At the end of the day, we govern so we decide. We do our best based on what we think is the best for the community. But the pressure I have been receiving is on keeping our hands out of their wallets.

Deputy Le Tocq made the point that solutions are not simple and we need to be realistic about what we can do. He also made the point that we do need a culture change. Well, I think that is right. We do need to focus on, to my mind, and I am not sure if this is exactly what he had in mind ... To my mind, we do need a culture change. We need the emphasis on cost control.

Deputy Haskins did not agree. One point he made, this is Deputy Haskins, was that this only effects one year's Budget. But I am not sure that I totally agree with that, because if we make cost savings, then it sets the scene for the next year and the year after that. So although technically this is only one year's Budget, it does set the scene for future years. So the savings, should we make them, should go on for some time.

Deputy de Lisle made the point that we need cost control to meet extreme public concern, that GIBA had made the point that we must make savings and halt expenditure increases. That is from GIBA. And I have got a quote here from the Chamber of Commerce:

Almost unanimously, 89% of respondents to Chamber of Commerce consultation are of the view that there has to be a clear path for cost reduction. The overwhelming consensus highlights a shared belief in the necessity for financial discipline alongside any tax reforms.

And I think that puts it very well. That is a major business organisation. That reflects their members' views and it reflects the views of ordinary people as well. And I think we should not ignore that. (**A Member:** Hear, hear.)

I have only got 27 pages to go. (*Interjection and laughter*) Only joking. Deputy Gollop mentioned it was déjà vu. I think he is generally in favour of ... I think he has said it before, he thinks taxes should be higher and he has not made any bones about that. Where I will take issue with him is he says this is a sledgehammer. It is not a sledgehammer, it is a very small attempt to keep things under control for the benefit of us all. It is just something we have to do.

Deputy Roffey has said that if we pass this then we have to pass a load of amendments, cutting Carer's Allowance, this, that and the other. To be honest, and with respect, this is a do what I say or I shoot the puppy argument. (*Laughter*) That we have given the modest amount of spending control that we are suggesting does not get to that point. It may require, as the years go by, that we take a harder look at how we apply inflation increases, which years and how they are put together. It may require that.

Deputy Roffey has mentioned, and I give him credit for this, that they have done some technical changes to the calculation of some of the benefits and pensions that have actually saved money. And I particularly refer to the ratchet thing which was quite sophisticated thinking and I credit him for that.

But on the other hand, at the beginning of this term, we did put some quite large inflation-busting increases in some of the benefits. So going forward, we may just need to look at it. But there is no reason, right now, to shoot the puppy. (*Laughter*)

Deputy –

Deputy Roffey: Point of correction.

The Bailiff: Point of correction, Deputy Roffey.

Deputy Roffey: The puppy is absolutely on death row. I am sorry. Most people, most Committees have a budget which is diverse and their general revenue budget covers a whole range of things. ESS does not. Most of the things we do are not funded by general revenue, they are funded by contributions. Overwhelmingly, nearly all of our general revenue budget are spent on exactly this puppy's life. They are spent on exactly the type of benefits I was talking about. If this goes through, we have been told by P&R, £3.5 million off that budget, the puppy gets shot. I do not want to do it; it is the last thing I want to do! So to suggest I am just doing it to be dramatic is absolutely wrong. We will be absolutely forced into doing that and I think it is crucial that people are aware of that.

A Member: Hear, hear.

Deputy Dyke: I thank Deputy Roffey for his intervention and I am glad that he does not want to shoot the puppy! *(Laughter)*

But I would say, even on his ... Well, two points. One, I disagree, the savings can be dealt with differently. Secondly, he has got one thing in his budget that, I think, Deputy Haskins raised which was the quite high level of ... I know it is not a huge point, but quite a high level of increase in administration costs had gone in there. I know it is not –

Deputy Roffey: Point of correction.

The Bailiff: Point of correction, Deputy Roffey.

Deputy Roffey: That issue was raised in relation to the contributory benefits that were discussed at the previous meeting. They are not coming out of our general revenue budget.

Deputy Roffey: Alright. I will take that. *(Interjection)*

Now, Deputy Trott has made the point that we have the smallest proportion of civil servants in the dependent territories, which may be the case but we have the Budget issue right now, we have the growth issue. we have the losing business to Jersey issue which the others probably do not have. We are faced with these issues. And I think it reasonable, in a £650 million Budget, to look at cost control. It is what the people require. It is what the business community is looking for and I do not think that we can just sail on and tell everyone, 'Well, it is just too bad, we cannot do anything about it. Here is a tax bill –'

I will give way to Deputy Trott.

Deputy Trott: I am very grateful to my friend for giving way, because what I would want my friend to tell his constituents is this: cost control has already been exercised to quite a significant degree. Committees wanted £16 million less than this Budget will give them. **(A Member:** No. More.) Sorry, I beg your pardon. The Committees wanted £16 million *more*. So we have already dealt with those expectations in a significant way. So this is a Budget that has had a very conservative approach to it. And that should, I hope, be of some relief and comfort to my friend, Deputy Dyke.

Deputy Dyke: Everything that the Chief Minister says is of some relief and comfort, of course.

But what I would say on that is, for example, and I will pick on Deputy de Sausmarez, E&I have put in a request for six more staff to look at housing issues which is an issue that is much on my mind and I do care about a lot. And you have allowed three, I think. But to be honest, I do not think that is necessary. I think if Deputy de Sausmarez, Deputy Oliver, me and you get together in a room with Deputy Roffey, we could sort out most of these housing issues in a meeting lasting two hours. Oh, and with the Guernsey Housing Association. So that is an appointment. I think I have got to give way, haven't it.

Deputy de Sausmarez: I thank Deputy Dyke for giving way.

1865 E&I made a budget request to P&R, having taken a sounding from this Assembly for a desire to accelerate work on housing. Now, as I made clear in a speech on Deputy Helyar's amendment, yesterday, it is not that that work would not get done, it is just that by bringing more people into what is a very small team doing a very important job, at the moment we would be able to accelerate some very important workstreams.

1870 Now I can give Deputy Dyke the reassurance that the relevant Committees do meet every fortnight to make sure that all of the work that has already been agreed is being done as efficiently as possible and all of the Committees involved are in alignment on the fact that the resource that P&R has allocated to this, which is actually what E&I suggested as one of the optimal ways of doing this, is the best way forward. So that is what P&R have provided. It is a way
1875 of accelerating work that I think the whole Assembly understands to be a priority for the Island because of its ramifications on the economy and on the people in the community. So it is not that that work would not get done. It was just that E&I, in asking P&R for that resource, was responding to something that the Assembly had made very clear.

Thank you.

1880

Deputy Dyke: I thank Deputy de Sausmarez, but I think I still disagree. I think a few more meetings between Members and a lot of these issues can be sorted out around the table.

Deputy Trott mentioned consultants. Well, there are consultants and there are consultants. On the wind farm, we have some very technical staff that you have to bring in from abroad. To be
1885 honest, even there, I think we could have done a bit less with some of the subconsultants we have brought on, so he has got a point. But the big picture, if we are going to do a commercial wind farm, we need to know how to deal with the big players out there that are going to be building it and licensing the seabed. So I would say that there are cases where you need consultants.

There are cases, also, where we have brought them in totally pointlessly.

1890 Oh, I will give way to Deputy Blin.

Deputy Blin: I thank Deputy Dyke for giving way.

In fact, it was that ... I was trying to request a give way before. Each time, and I understand what Deputy Dyke is saying, he is explaining sometimes we need it, sometimes we do not. We are
1895 all a very intelligent Assembly and Government. And the example of the wind farm was, when there is a potential for a huge gain for the benefits of the Island, that is a good investment. If it is, we heard recently on the news and the media spoke about contingency planning and we had to pay some hundreds of thousands or millions or something, that maybe is not so good one. It depends on each situation. So would he agree that it is not only the Budget, it is the clever
1900 allocations and uses of the consultants there. In some cases, not always good, but in other cases, we can read when they will generate a lot of money for us.

Deputy Dyke: I thank Deputy Blin. Yes, I entirely agree. We have got to look at our projects, project by project. And if it is going to bring in net cash to the States and it is economic, then we
1905 do it. If it is not, then we have to look very carefully at the social benefits. And right now, I think our focus has to be on the economics. And it is not being harsh or uncaring, it is actually being caring because at the end of the day, if we undermine our economy with excessive spending, if we slow down growth, then over the long-term, we are doing our society great harm. And the great harm falls on the lowest economic levels of our people. That is what happens. So we have to look
1910 at that long-term.

Cost control and economic growth: our focus right now and for the next few years has got to be there. So part of that is keeping our costs under control. Our people want it, our business associations expect it and I would strongly recommend that Deputies vote for this amendment, because it is simply what we have to do.

1915

Thank you.

1920 **The Bailiff:** Well, Members of the States, it is time to vote on Amendment 14, proposed by Deputy Dyke, seconded by Deputy Vermeulen. And I will invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 14.

Not carried – Pour 11, Contre 25, Ne vote pas 0, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Aldwell, Sue	None	Inder, Neil	Cameron, Andy
De Lisle, David	Brouard, Al			Gabriel, Adrian
Dyke, John	Burford, Yvonne			St Pier, Gavin
Fairclough, Simon	Bury, Tina			
Ferbrache, Peter	De Sausmarez, Lindsay			
Helyar, Mark	Dudley-Owen, Andrea			
Le Tissier, Chris	Falla, Steve			
McKenna, Liam	Gollop, John			
Meerveld, Carl	Haskins, Sam			
Parkinson, Charles	Kazantseva-Miller, Sasha			
Vermeulen, Simon	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Mahoney, David			
	Matthews, Aidan			
	Moakes, Nick			
	Murray, Bob			
	Oliver, Victoria			
	Prow, Robert			
	Queripel, Lester			
	Roberts, Steve			
	Roffey, Peter			
	Snowdon, Alexander			
	Soulsby, Heidi			
	Taylor, Andrew			
	Trott, Lyndon			

1925 **The Bailiff:** On Amendment 14, proposed by Deputy Dyke, seconded by Deputy Vermeulen, there voted in favour 11 Members; 25 Members voted against; no Member abstained; 4 Members did not participate in the vote. And therefore, I will declare Amendment 14 lost.

Procedural – Shorter lunch break

1930 **The Bailiff:** I am still an optimist, (*Laughter*) despite what Deputy Roffey suggested earlier. But I am going to put a motion to you that you have a shorter lunchbreak than would arise with a 2.30 resumption, but allowing for the time we have taken since half past 12. I am simply going to put the motion to you that we resume at 2.15, rather than 2.30. So an extra 15 minutes.

Members voted Contre.

1935 **The Bailiff:** Okay, it will be 2.30, then. We will adjourn until 2.30.

*The Assembly adjourned at 12.51 p.m.
and resumed its sitting at 2.30 p.m.*

POLICY & RESOURCES COMMITTEE

**The States of Guernsey Annual Budget for 2025 –
Debate continued**

[Amendment 22](#)

To delete Proposition 1 and replace with the following Propositions:

"1A. To agree that the finances of the States are in a precarious position requiring immediate action and therefore:-

a) To set the individual standard rate in the Fifth Schedule to the Income Tax (Guernsey) Law, 1975 at 22% for Years of Charge 2025 and 2026, then at 20% for Years of Charge 2027 and onwards, making consequential amendments to other areas of the Law as set out in section 5.30-5.32; and;

b) To endorse that the Policy & Resources Committee should use its delegated authority over the Budget Reserve to authorise expenditure of up to £1.1m during 2025 and 2026 and to prioritise expenditure of up to £1.7m from Routine Capital allocations to develop systems, processes and legislation for the introduction of a Goods and Services Tax, reform of the social security contributions system, and differential rates of income tax in time for the introduction of such a package in 2027; and;

c) To direct the Policy & Resources Committee, as part of the work to prepare for the introduction of a Goods and Services Tax, to thoroughly explore the advantages, disadvantages and impact of applying the tax to or zero-rating food; and;

d) To direct the Policy & Resources Committee to report back to the States with firm proposals for addressing the structural deficit by April 2026, in sufficient time for implementation of a revised structure in January 2027 and rescind Resolution 3 of Billet d'État No XVII dated 2nd October 2023. AND ONLY IF PROPOSITION 1A HAS NOT BEEN APPROVED:-

1B. To direct the Policy & Resources Committee, working with the Committee for Employment & Social Security, to finalise proposals and submit legislation to the States of Deliberation to implement an integrated package of revenue raising measures in time for that package to be operative from the start of 2027, which would include (without limitation) the introduction of an additional 15% lower tax rate band for individuals, a restructure of social security contributions; a broad based Goods and Services Tax of 5%; and other mitigating measures; as described in sections 6-10 of Article V of Billet d'État II, 2023 (Tax Review: Phase 2), with appropriate changes to the monetary thresholds included in that package to account for the effect of inflation in the intervening period."

The Bailiff: Members of the States, the next amendment we are going to take is Amendment 22. I will invite the proposer, Deputy Trott, to move Amendment 22, please.

Deputy Trott: Thank you, sir.

Before I do that, could I ask that the States' Greffier read the amendment?

The Bailiff: Of course you can.

The States' Greffier read out the amendment.

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

As set out in my opening speech, there is a serious shortfall in public finances which needs to be addressed. And those words could just as easily have been coming from Deputy Helyar's mouth or Deputy Ferbrache's mouth than mine.

Given the requirement to fund public services recognised by this Assembly in rejecting Amendments 3 and 14, additional revenue is required. The proposal in this Budget is to temporarily increase Income Tax. Those proposals are not an attempt to decide on our future tax policy, but to address this deficit now so that the next States is in a stable position to be able to look to the longer-term future.

The Income Tax proposal will mean that we have an additional £55 million in the bank over the next two years. That additional income will mean that we can continue to invest in infrastructure as agreed by this Assembly last year.

Again, as I said in my opening speech, not agreeing the additional Income Tax would not stop difficult decisions from having to be made. If we do not have those additional revenues in the bank over the next two years, we cannot continue to invest as planned. We will have to come back early next year with a revised capital portfolio.

That is why I say that the Income Tax increases are 'must do'. It is non-negotiable, surely. But pragmatism is essential in political leadership and politics is the art of the possible. For better or worse, we have a consensus system of government. And no single one of us can dictate how we solve the problems of our immediate financial shortfalls, or our long-term sustainability. We need to work together to find the answers, even if they are imperfect.

Now, sir, I believe that it is the role of all States' Members in our system, that the senior Committee and its President must lead by example; and I know we have done that. We have shown a willingness to compromise in order to address our highest priority when it comes to public finances which is the immediate shortfall we face.

This amendment recognises that some in this Assembly need to see what the longer-term solution might look like before agreeing to that necessary revenue-raising over the next two years. Therefore, we have shown a willingness to work with the GST, which for me and some other Members of my Committee, is far from an ideal situation. It has always been clear to me that our community has felt that the fairer and more acceptable revenue-raising measure is a higher Income Tax rate. That is partly why this Budget has been constructed in the way that it has been and why we have not seen red ribbons, placards and heard *Sweet Caroline* on this occasion. In fact, there have been no organised protests against the Income Tax proposals.

However, the community view is shifting, especially now that Income Tax and GST are being compared. And I do recognise that while for me the priority is the immediate revenue-raising which can only be achieved using our existing tax mechanisms, I also recognise and respect that for others in this Assembly, their priority is deciding now on a solution for longer-term sustainability.

In Proposition 1(a), this amendment puts together a package that, as well as the temporary increase in Income Tax, adds in (b) planning for a GST package by putting systems and processes in place that would enable implementation in 2027. In (c), to properly examine the pros and cons of GST on food so that the next Assembly can make an informed decision on that subject. And in (d), importantly, to recognise that the next Assembly will be those to make the decision as to whether the future looks like GST or Income Tax or something else.

Members, the ultimate goal is to return our public finances, including our existing infrastructure investment and the provision of essential public services from a position of immediate insecurity to a stable footing. Therefore, pragmatism is of the greatest importance.

Sir, I and others in this Chamber could dig our heels in and take the 'over my dead body' approach. We might win the vote and we might not – leaving again with no solution and no clarity on how Guernsey moves forward. That is bad for Islanders, bad for our economy and bad for Guernsey's reputation as the beacon of stability and security it has been for decades. Now, sir, I am

not going to do that because I do not believe that shows leadership which is what we are here to provide. Leadership is finding a way forward. If we cannot move forward, we are not leading anyone anywhere. Leadership is about taking a grown-up approach and showing that we can work together as an Assembly of 40 individuals with 40 different views.

And sometimes leadership is about setting aside our own strongly held personal views, being calm and objective and saying, what is our most important priority here? What do we need to do to achieve it? And to do so, where are we willing to compromise in order to work together?

Now, sir, I opened this debate setting out a vision for a genuinely bright economic future for our Island. And that is what I believe in. I believe we need that economic vision and it is very achievable. But the first step is to ensure we put in place today the financial foundation that allows our successors to develop that vision into a deliverable plan. We cannot leave them to come in on day one after the Election, with this very urgent problem still unresolved. Members, that is our job as leaders. We need to do our job so that the leaders of tomorrow can do theirs.

Thank you, sir.

The Bailiff: Deputy Soulsby, do you formally second Amendment 22?

Deputy Soulsby: I do, sir.

Deputy Le Tissier: Sir, I would like to raise Rule 24(6), in that I believe the GST part of this compromise arrangement goes far beyond the original policy letter.

Thank you.

The Bailiff: Well, I am not persuaded that it does on the basis that it is a Committee amendment to delete Proposition 1 and replace it with another set of Propositions, if it were to be successful. Therefore, I am not going to say that it goes further than the original Propositions.

We will go to the vote, then, shall we? Well, if nobody wants to speak on the amendments at all, I will simply invite the Greffier to open the voting on Amendment 22, proposed by Deputy Trott and seconded by Deputy Soulsby.

There was a recorded vote.

Amendment 22.

Carried – Pour 20, Contre 15, Ne vote pas 0, Did not vote 2, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Blin, Chris	None	McKenna, Liam	Cameron, Andy
Brouard, Al	Burford, Yvonne		Parkinson, Charles	Gabriel, Adrian
Dudley-Owen, Andrea	Bury, Tina			St Pier, Gavin
Fairclough, Simon	De Lisle, David			
Falla, Steve	De Sausmarez, Lindsay			
Gollop, John	Dyke, John			
Haskins, Sam	Ferbrache, Peter			
Helyar, Mark	Le Tissier, Chris			
Inder, Neil	Leadbeater, Marc			
Kazantseva-Miller, Sasha	Mahoney, David			
Le Tocq, Jonathan	Meerveld, Carl			
Matthews, Aidan	Moakes, Nick			
Murray, Bob	Oliver, Victoria			
Queripel, Lester	Prow, Robert			
Roberts, Steve	Vermeulen, Simon			
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
Taylor, Andrew				
Trott, Lyndon				

The Bailiff: In respect of Amendment 22, there voted in favour 20 Members; there voted against 15 Members; no Member abstained; 5 Members did not participate in the vote. And therefore, I will declare Amendment 22 duly carried.

What that means is that when you look at your Propositions, you can now insert Proposition 1A and 1B as alternatives for the original Proposition 1.

The next amendment to take on our list is Amendment 1 which I understand is not going to be laid. Deputy Roffey, is that correct? (**Deputy Roffey:** That is correct.) Do you wish to lay Amendment 2?

Deputy Roffey: No sir, Amendment 2 would be inserting 1A which is already there as 1B, effectively. So it does not need to be laid.

The Bailiff: I am happy with that as well.

So then we move to Amendment 6. Is it your wish, Deputy Prow, to lay Amendment 6 or has that also been superseded?

Deputy Prow: Thank you, sir.

No, I do not wish to lay Amendment 6. I do have a question, but I can raise that in general debate, sir.

Thank you.

The Bailiff: Amendment 6 is not going to be laid. We will move on as swiftly as we can, here to Amendment 7 which takes us back to Proposition 29.

Deputy Roffey, is it your wish to move Amendment 7?

Deputy Roffey: It is, sir.

The Bailiff: Then I invite you to do so, please.

[Amendment 7](#)

1. To amend Proposition 29 by replacing "£650.0m" with "£650.67m".

2. To insert at the end of Proposition 29 ", subject to inserting an additional £670,000 to the 2025 budget for the Committee for Employment & Social Security as set out in Appendix VI on page 132 for the purpose of Social Housing Building Maintenance."

Deputy Roffey: Sir, the States of Guernsey is the Island's biggest landlord by some considerable margin. And ESS believes strongly that we should also be good landlords and as a minimum that requires us to reinvest enough of the incomes from the rents of our States' houses as is needed to maintain our housing stock in good condition. Only after that should we extract profits for use in other ways. Sadly, the Budget allocation for this purpose is wholly insufficient to allow proper maintenance of our estate.

If this Assembly wants to underinvest, and I understand times are tight, I understand that there is not the money around that we would like, if this Assembly wants to underinvest and allow our housing stock to deteriorate, then ESS would be appalled but, of course, we will accept that democratic decision. What we did not feel able to do as a Committee was simply accept that situation without at least asking the States if they agreed with that approach. Hence, this amendment.

Sir, a short bit of history. Until just over 10 years ago, the whole of the rent roll from States' housing which currently stands at about £25 million a year, was retained purely for housing purposes. Either it was ploughed back into maintaining the existing estate or it was put into new housing projects. Then with public finances under stress – it is not just now that they are under stress, they have been under that way for quite a lot of the last decade – with public finances under

2080 stress, the decision was taken to pay the income from States' house rents directly to the Treasury instead, with ESS having to bid to get a bit of that money back in order to maintain our properties in good order.

2085 Actually, these days, quite a lot, a huge chunk in fact, of the States' house rent roll finances healthcare or education or policing or whatever. And more recently, just a few years ago, when the States were really looking to make spending cuts, when they were having real trouble balancing the books, we were asked to consider reducing the amount we spent on States' house maintenance. To put it mildly, we were really reluctant, but being good corporate players, we agreed to do so, but made it crystal clear at the time that this could only be for a limited time span – only for a few years. Because for example, we paint the houses less regularly than we used to in order to try and offer up those savings to the States. But if you carry on doing that for too long, you are just storing up problems. And that was why we insisted that it could only be for a limited period of time, because
2090 maintenance cuts that went on for any longer would be, indeed, storing up major problems for the future.

It now seems like P&R – and I accept it was not the current P&R – took the savings on offer and then quickly forgot about the caveat that went with them. As a result, we are currently spending far less – *far less* – in real terms on maintenance than we were back in 2016. In fact, even if this
2095 amendment succeeds today, in increasing that budget, we will still be spending considerably less today than we were in 2016. And that is just allowing for normal inflation. That is just saying we are spending less in real terms even after this amendment than 2016, inflated by RPI.

But we all know, don't we – it has been a big theme of this Assembly – that building inflation has gone up far faster than normal inflation. So in reality, we are able to buy far less maintenance work than we used to be able to do, given this amount of money in order to keep up. If we keep skimping like that any longer then we are building up massive problems. A classic case of being pennywise and pound-foolish.

One more thing, sir, about being a good landlord. I am personally very ashamed – *very ashamed* – that the States is one of the only landlords to offer properties with bare floors. Just concrete floors, (**A Member:** Hear, hear.) no floor coverings. If the previous tenant left carpets in decent order, they are fine, we retain them. We would pay for them to be cleaned, and the next tenant moves in. But either if they took them with them, which of course, they are entitled to do because we have not provided them with floor coverings, so if they paid for those carpets to go in
2100 they can take them if they want to. Either if they do that or they leave them in such a state that they just cannot be retained, then the new tenant faces bare floors.

And that is particularly problematic given that many of our tenants are amongst the poorest households in Guernsey and therefore, find it the hardest to actually access the money to put down floor coverings. They are often having to lean on the sort of charities that we are asking to do all
2105 sorts of welfare work and should not have to put up these sorts of bills.

I am aware of families with special needs children going in to concrete floors. It really is appalling. So why haven't we done something about it? Well, we have decided to do something about it and we decided earlier, quite a lot earlier this year, that we wanted to change from that point. But we decided, our officer said, 'Well, don't do that until you know you have secured the budget for next year, because we are going to look a bit foolish if we start changing the policy, start putting down floorings for your tenants when it is needed but then you cannot carry on in 2025 because the budget is not there.' Well, that is exactly the position we are going to be in if this amendment is not carried.

Decent private sector landlords do not do that. The GHA do not do that. So people on the joint waiting list, if they go one way into the GHA, they are guaranteed to have floors that have got proper coverings. If they go the other direction into States' housing, it is a lottery on whether or not the previous people have left carpets that can be retained.

Why don't we just prioritise? Well, with our pared down Budget allocation, we just will not be able to because we will have to prioritise basic maintenance that keeps the houses in good condition
2120 over the carpets and floor coverings. But what a position to be in. And it is not just ESS; this Assembly

is the landlord. We are taking £25 million a year off our tenants and we are not willing to either maintain their properties in the state they should be or put down coverings on the floor when there is bare concrete.

2135 I know times are hard. We have been discussing that all day, and yesterday. And I know that we are looking for savings and I know we do not want to put up taxes, but there are some things that are just beyond the pale and you really should not be going there.

Some people might ask, 'Well, where is the compensating amendment, then, to raise more revenues? Why haven't you put another bit of this amendment to raise more tax somewhere?' And my answer to that is even if this amendment is passed, general revenue would receive a net increase
2140 in the income from States' house tenants in 2025 over 2024. How so? Well, because the extra maintenance budget we are asking for is lower than the extra cash that the rental increases approved for next year will bring in.

Sir, I am not going to labour the point. We have got umpteen amendments still to get through. Although, on the basis of the last one, we might rattle through them, who knows. That was the
2145 change of gear. And I suspect most Members already know how they are going to vote on this one. So I am not going to make a lengthy speech. I am just going to leave the decision to the good sense of this Assembly.

The Bailiff: Deputy de Sausmarez, do you formally second Amendment 7?
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Deputy de Sausmarez: I do, sir.

The Bailiff: Thank you very much.
2155 Deputy Queripel.

Deputy Queripel: Sir, thank you.

To state the blatantly obvious, to not spend the amount of money that needs to be spent on maintaining the buildings we own makes no sense at all – completely illogical and also extremely irresponsible, because if buildings are not maintained sufficiently, they fall into disrepair which
2160 means it not only costs a lot more to repair them further down the line, but also results in a lot more disruption for the tenants.

I think it will show this Assembly at its worst if this amendment is rejected. And I ask colleagues who intend voting against this amendment to remember we are talking about people's homes here – homes they want to be proud of, homes they need to be comfortable and safe in for the
2165 sake of their physical and mental wellbeing, homes that provide a sanctuary from the madness that sometimes ensues in the outside world. But I ask colleagues who intend voting against this amendment, sir, to put themselves in the shoes of Islanders who are tenants and need their homes maintained.

Surely, colleagues who intend voting against this amendment would not like it if they lived in a house or flat where some of the windows did not close properly which meant there was a permanent draft coming in at the same time as the heat escaping. Surely, they would not like it if they lived in a property where some of the doors did not close properly. Surely, they would not like it if the property was damp, with that horrible musty smell that pervades throughout a property that is damp. Surely, they would not like it if there was a problem with the plumbing to the point where it
2175 took ages to fill a bath because of faulty taps, or a shower tray that overflows because there is a problem with the drains.

Surely, they would not like it if the toilet did not flush properly. Surely, they would not like it if they had to put up with a boiler that did not work properly and malfunctioned on a regular basis, causing the fuses to blow. Surely, they would not like it if there were other problems with the electrics such as sockets becoming unusable due to a fault. Surely, they would not like it if their
2180 radiators were faulty and simply did not supply enough heat any time throughout the winter. Surely, they would not like it if they had loose slates on the roof which rattled in the wind and kept them

awake at night. Not only that, but water was getting into the cracks and dripping, either into the attic and then through the bedroom ceiling, to the extent that the tenant had to put a bucket in the bedroom to catch the water.

Sir, not only does the tenant have to put up with slates rattling on the roof all night, but they also have to put with the sound of the water dripping into the bucket in their bedroom all night as well. Surely, they would not like it if the gutters on their house were so full of weeds and moss that whenever they went in and out of their front and back doors, water dripped on them, even when it was not raining because the moss and weeds retain water. It cannot go down the downpipes where it is supposed to go down, due to the fact that there are so many weeds and so much moss in the gutter.

Sir, I have a long list. I could go on and on supplying examples of what I am talking about. I am not even half-way through that list but I will stop there at this point. Except to say if any of my colleagues think that I am over-egging the pudding, I have actually seen all of those – Deputy Gollop says him; I am surprised he says that. I have seen all of the things on the list that I have just mentioned. I have visited dozens of homes of fellow Islanders in the last twelve-and-a-half-years I have been a Deputy. Either in my capacity as the Chairman of the Age Concern fuel fund, or as in my capacity as a Deputy, when I have been asked to help Islanders to enquire whether or not they qualify for Income Support which, as we know, was Supplementary Benefit, prior to becoming known as Income Support.

Any of my colleagues in the Assembly who intend voting against this amendment really do need to be made aware that there are thousands of your fellow Islanders desperately in need of your support at this very moment, via this amendment. And if you vote against it, then you will be voting against an amendment that seeks to improve the quality of life of your fellow Islanders.

Now I am sure I do not need to remind my colleagues, that is the number one objective of the States: to improve the quality of life of Islanders. And we certainly will not be doing that if we reject this amendment. The list of properties that need maintenance in the ESS office is endless. It is never ending; there is always something that needs to be done.

Sir, this amendment being rejected would mean that Islanders who live in social housing would be living in substandard conditions, should they be in a position where their property is desperately in need of maintenance. Now the money that ESS are left with to spend on maintenance will soon be spent, due to the fact there is so much maintenance that needs to be done. As a result of that, our tenants will be completely demoralised, when they really need to be in a position where they are (a) safe and secure and proud of their houses, and (b) safe in the knowledge that should they find themselves in the position where work needs to be undertaken on their property, they can rely on their landlord, namely the States, to ensure the work is done.

Sir, if this amendment is rejected, colleagues need to bear in mind they will then be condemning tenants of social housing to conditions that they themselves surely would not be prepared to live in and they will then be asking their fellow Islanders to put up with conditions that they themselves would not accept.

One thing I should have mentioned early on, sir, but surely it is never too late to focus on a crucial point, is the issue of broken glass. Broken glass in a front door or back door or a window is a major health hazard, and it needs to be rectified asap. It means that if we do not get the money we need to ensure that that broken glass is replaced asap, it could easily result in accidents happening which will result in tenants of our properties suffering major injuries, causing them and their families major duress which could well result in the States being sued for thousands of pounds because of the neglect to maintain properties.

Whilst I am on the subject of maintenance, I want to commend HSC for repairing a rotten fascia board at Le Vauquiedor property which badly needed repairing because there was a danger of it falling on someone's head. And I know they are now desperately trying to get all of the moss off the roof at A&E, but I believe resources are again the problem. How many times have we heard that? Sir, I will remind colleagues that I will be looking for a new job next July. I have got 29 years' experience of running my own business in construction and well over 30 years working in it.

2235 Sir, I was not allowed to speak on the Deputy Helyar and Mahoney amendment yesterday because the debate was guillotined. Something I would have said in my speech on that amendment is relevant to this amendment. And it is this: I was talking to a well-known BBC journalist recently who I will not name but his initials are JF and we were talking about the morale of our fellow
2240 Islanders. And he said something that I wish that I had thought of, which nails the whole issue. He said, 'If you make too many cuts to services, you risk becoming the Government of the miserable.' And that nails the whole issue. If you make too many cuts to services, you risk becoming the Government of the miserable. And I am sure there is not a single Member of this Assembly, sir, who wants to be in the Government of the miserable. But I am sure that the message that comes out of that terminology is perfectly clear.

2245 Sir, I want to put my personal thanks to JF on record. Actually, he has inspired me to write a poem entitled 'The Government of the Miserable', which I will be putting in my next book which I hope to be published before Christmas. The proceeds of which I will be donating to a local charity. I thought I would get that one in, sir!

2250 Sir, moving towards a close, I ask colleagues to seriously consider the consequences of voting against this amendment and ESS not getting the funding they need in an attempt to ensure our fellow Islanders in social housing are safe and secure in homes they can be proud of. And I know, we all sincerely want to see that the number one objective of the States, to improve the quality of life of Islanders, is attained.

2255 Here is an opportunity for us to take another step in that direction, to improve the quality of life of our fellow Islanders. Obviously, ESS would not be asking for the money unless we knew we really needed it. And our fellow Islanders who live in social housing will be living in fear of something going horribly wrong in their home and not being able to get it fixed unless we do get that money we know we so desperately need.

2260 As I touched on a moment ago, colleagues know that I spent well over 30 years working in construction after serving an apprenticeship, 29 years of running my own business. I have got a lot of experience where properties just get patched up which cost more to repair properly in the long-term; and also, of properties being completely neglected which also costs a lot more to repair in the long-term and causes a lot more disruption. I see, looking around the Chamber, a lot of my colleagues are working on their laptops; I get that, trying to multi-task, but I only hope they are
2265 taking on board what I am saying here. This is a crucial message.

But sir, you do not need to have worked in the construction industry, you do not need all of that experience, because surely logic tells anyone. If a property is not maintained, it stands to reason it falls into disrepair and costs a lot more to put right in the future.

2270 Sir, before I sit down, I just want to remind colleagues, we are talking about people's homes here – homes they want to be proud of, homes where they need to feel safe and secure for the sake of their wellbeing. And we will be condemning them to lives of misery if we do not get the money we desperately need for maintaining our social housing properties.

2275 Once again, if any of my colleagues think I am over-egging the pudding ... Those who are mumbling that I am, sir, I suggest they listen back to an interview on *Radio Guernsey* this morning. It took place around 8.15 a.m. A tenant interviewed was actually so traumatised by the conditions she is living in, she started crying during the interview. She said she wished she had not ever taken the tenancy. She could not paint the walls of her children's bedrooms or put carpets on their floors because water was running down the walls.

2280 I ask colleagues in the Assembly who are intending to vote against this amendment, are you going to be able to live with your conscience, knowing that that is just one of many tenants? Listen back to that interview, about quarter past eight this morning, with a tenant. She could not paint the walls in her children's bedroom, and she could not put carpets on the floor because the walls were dripping with water and damp.

2285 I do not think I am over-egging the pudding. Colleagues can ridicule me if they want to but it is a fact, there are tenants of our properties, right now, living in those conditions and if we do not get

the money we need they will be forced to carry on living in those conditions. Appalling. If this amendment is rejected we will be the Government of the miserable.

Sir, if there is not a lot of money in the pot now to carry out essential maintenance there will be even less if our funding is reduced. I hope Members have at least taken on board some of the points I have made on behalf of our tenants, and if they were considering voting against this amendment, hopefully, maybe persuaded to change their mind.

Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

The emotive humanitarian arguments have been put forward at length by Deputy Queripel, so I will not go there. But we have heard several references in the debate so far this week about how we failed to invest adequately in the Island's infrastructure over past years and there is really no value in repeating that time and time again if we are not going to do something about it. This is an opportunity, in a small way, to maintain infrastructure, to maintain the value of what we have and what we are custodians of on behalf of the people of this Island.

Leaving the humanitarian piece aside, this is not an entirely philanthropic amendment. It is common sense – (**A Member:** Hear, hear.) I nearly used unparliamentary language. It is essential maintenance requirement, not gold-plating, not thick pile carpet. I think it would be very irresponsible of us to allow the family silver to tarnish any more than it already has done.

When, earlier this term, the possibility of transferring the housing stock to the GHA was considered, some of us were surprised at the relatively low value of the portfolio. We need to maintain that portfolio. It is part of what we are charged with looking after on behalf of the Island. So, I would say, please, let's be responsible landlords, responsible property owners, responsible custodians and vote for this amendment. (**A Member:** Hear, hear.)

Thank you.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

I am all for maintaining States' properties, I really am, but I am not going to support this amendment.

I just want to look at what the explanatory note tells us. It talks about how much the budget has not increased or it has been cut etc. and it says:

Significant savings have been achieved by working differently and using alternative materials.

I would like to know what is meant by that because I have no idea because States' houses are still being fixed in exactly the same way as States' houses have always been fixed, using the same materials. Unless somebody is going to tell me something I do not know.

Cuts have been achieved through a variety of measures that have resulted in the condition of properties deteriorating more than would have previously been the case before doing work. For example, the frequency of exterior painting has been reduced, and more work has been allocated to cheaper contractors, which results in the work taking longer to complete.

Again, 'cheaper contractors take longer to do the job'. I really do not get that. This explanatory note is not making any sense. And the point about repainting estates, last term, the day before the estates meeting, I was driving down past the police station and Maison Celine, next door to it, had a scaffold going up around it and it looked pristine. And I thought, 'Well, that is odd. What is the scaffold for?' And I knew a couple of the lads that were putting the scaffold up, so I asked them what they were putting it up for and they said they are putting it up for redecoration. It certainly does not need redecoration, so I walked right around the building, and it looked absolutely fine. I

took photos of it, and I sent the photos to Deputy Michelle Le Clerc who was the President of ESS at the time, and said, 'Surely this building is not being redecorated because it does not need redecorating. There are countless other States properties around the Island that need redecorating but not this one.'

2335 Anyway, she went off and spoke to her officers and came back to me, saying, 'Well, actually it is not just redecorating this. There is some water ingress and some render repairs that need to be done as well so this is why we need to put the scaffold up. And because we are putting the scaffold up because we need to do these important render repairs, we thought it was prudent to redecorate it, so we did not need to put the scaffold up in a couple of years to redecorate it.'

2340 I thought, well, that is odd. Anyway, lunchtime, I was walking down from here to go to, I cannot remember where we were going, and I walked past, and I saw the contractor had started. He is friend of mine. So, I said, 'Where is this render works then?' He said, 'What render works are you talking about?' And I said, 'Well, there is moisture ingress, so there is render works which is why the scaffold is up in the first place. And then that is why you are going to redecorate the building.' He said, 'No, there is no render works to be done. It is just a standard redecoration. It is the five-yearly redecoration,' or whatever it was. It did not need to be done.

2345 There are so many inefficiencies in this department of the States, I cannot tell you. It has been a mismanagement, I think, of the maintenance budget. I mean, this building, I know it is in the heart of St Peter Port, it is right next to the police station, but you could have walked up to the Old Mill or the Le Hurel Estate next door and looked around and you could see mess that has not even been power washed in years, let alone had a lick of paint on it.

2350 It is really disproportionate, targeting these buildings and then coming back and saying, 'Oh, our estate is falling into complete disrepair.' Because we are not managing it correctly! (**A Member:** Hear, hear.) We have got some very good contractors that work for us, but we have got some terrible ones as well from my experience. My son lives in States' property, so I know far more than probably a lot of the people in this room, the condition of States' houses. I have lived, the majority of this year, on Le Hurel estate. Every single night, probably, for the last six months I have lived there, up until this week.

2355 Now there is some work that has been needing to be done on my son's house. He has got a lovely little bungalow up there – a lovely place, only built in the 1990s. There was a load of moss from overhanging trees that I kept having to clear the gutters out and stuff so the States said that they would get a contractor up to clear the moss off the roof. The first thing they did was clear the gutters and then start scraping the moss down into the gutters they had just cleared. Okay. (*Laughter*)

2365 But anyway, I have got CCTV outside my son's house because I like to keep an eye on things that go on and make sure that he is safe. I turned up there at lunchtime and there was no one there so I phoned the contractor and I said, 'There is no one here today.' 'Oh, yes, we have just left.' I thought, alright, okay. 'Yes, one of my lads had a medical emergency, his wife had a medical emergency and had to take her to hospital, so we have had to leave site.' I said, 'Okay, what time was that?' He came back, he said, 'It was 11.07.' I said, 'Well, I have gone back on my CCTV, and no one has been there at all.' There was radio silence, because he was lying to me. And if I had not have pulled him up on that, the States of Guernsey would have been billed for that time. I passed this information across to the inspector that was dealing with this. It was excuses.

2375 Anyway, after about three or four attempts to get these people back, they came back. In the end, they actually stood on the roof and power-washed it all down. Mess everywhere. They took the stop ends off the gutters so that all of the moss and everything came off the end of the gutters and went onto the lawns, okay. So they left just this mess of moss and stuff on the front and the back lawns. I got hold of the inspector and I said, 'Well, surely this cannot be left like that. There is no stopping on the gutters, so when it rains, the water is just pouring off. And I cannot cut the grass because it is covered in moss and stuff.'

2380 So instead of sending the contractor back to scrape all of the stuff off the lawn, they sent a job sheet to a gardening company to come and dig up the lawn and put a new one down (*Laughter*) in

the front and the back. This is crazy, right. And the job sheet went out in December last year. Now, my son has moved out of that place and moved into the place next door. I had a phone call from the contractor about five weeks ago. 'Right, I am ready to come and do your lawn now.' 'I don't live there anymore, mate. My son has moved. These are the details of the people that live there.' Nobody comes to site to see this. Nobody checked it out.

A friend of mine worked for States' housing maintenance for 13, 14, 15 years and he was brilliant, his estates were spotless and he had respect from the tenants that lived on these estates. They respected him, they knew that they could not muck him around. Then, if somebody had tom bags lying outside of their house, they would get a letter. They have got two weeks to clear this mess or it would get cleared by the States and they would get billed for it, and they would have to pay for it. And this is how it operated and this is why our States used to be in decent condition, but they are not anymore because this does not happen. And I know this first hand, because of the experience that I shared with you before.

I have reported abandoned cars, cars with no insurance discs. To be fair to the inspector, the inspector says to me, 'I have passed this on to Law Enforcement and they have done nothing about it.' I have no idea if that is the case or not.

The story that Deputy Queripel told completely reinforces the point that I am making because there is no way that people should be living in those conditions. And we should not have some housing in those really poor conditions and some that are okay. Clearly, the inspector in that situation is not on top of it. We have got three inspectors for 1,500 houses. I think the GHA have got one inspector for 1,100 houses. The GHA properties, clearly, they are far newer and they are easier to maintain but the condition of the communal areas etc. is far better. The inspector is doing a very good job. I know they have CCTV. This is something that I have suggested to the officers at ESS. I think CCTV should be installed. Members will remember all of the images that I sent around about the rubbish in Le Hurel estate. I used to bore everyone senseless with those. It actually got the job done. Now we have curb side collection and we do not have that problem anymore. But somebody needs to do that.

If my son had not moved to that estate that would still be a mess now. It still would be. And there may be other estates around the Island that I have not been to that are in similar conditions. I know that this was probably one of the only ones where we had a communal pickup point for the rubbish but I think my point is still important. For me, it is the management, the organisation and the oversight of the works that need fixing first. **(A Member: Hear, hear.)** And until we can fix that we are chucking money, we are completely chucking money away.

The contractor that I told you about, that in my opinion was going to book hours against the States of Guernsey and did a terrible job, is still working on States' properties and will still continue to work on States' properties. There has been no attempt whatsoever to try and encourage them to do a better job because I have watched them doing exactly the same thing on another property down the road.

I am not going to support this amendment. I am really not because we need to get our house in order before chucking more money at this. **(Several Members: Hear, hear.)** And until it can be demonstrated that that is what we are going to do, I am not going to support any extra money going towards the States' housing maintenance

Thank you, sir.

The Bailiff: Deputy Inder.

Deputy Inder: I think that was a very good speech by Deputy Leadbeater, but I think I have heard him say the same thing before and I have supported him. The difference between me and Deputy Leadbeater and lots of other Members of the States are, you guys know people in high places and we know people in low places. We know what goes on on the estates and I think, personally, our States' housing – in fact, a lot of properties, well it is not just ours – has just been

2435 badly managed with no oversight and is entirely a lunch ticket for, I would suggest, some Spanish practises going on. No two ways about it.

I have sat around the previous La Mare de Carteret site complaining about gutters. The first thing you do is clean your gutters on every building because if you do not clean your gutters, you get water ingress and if you do not clean the rooves and gutters, that entirely screws your ... Well, it starts potentially the rot all down La Mare de Carteret. I am, effectively, a countryman. I smelt, effectively, rat wee in the buildings behind and it cost us a million quid to change those units at the back. And the way this Island maintains its properties, its public assets paid for by our taxpayer, is absolutely disgraceful. And I would ask Scrutiny to look at that, really look at the way maintenance works in this Island because it is absolutely disgraceful.

2445 It actually gets worse than that, because Deputy Falla makes an emotional thing that we need to be good landlords and it is in here. Well, what have you been doing for the past 10 years? What has ESS been actually doing for the past four years? When has this just suddenly occurred? Deputy Queripel was talking about water running down the wall from a tenant. Well, when did that start? That cannot have started a week ago before they laid that. This must have been going on for ages. Mould does not grow in 10 minutes. It takes time. It is badly maintained houses with no ventilation.

2450 And like Deputy Leadbeater, I will not support this. And Deputy Queripel will say we are all going to be evil, because I think there is something crucially wrong in maintenance and across property services – no disrespect, Deputy Murray – because I think there are Spanish practises going on here. I think it is a place where – Spanish practises, I said, Deputy Vermeulen. And from what I have seen and what Deputy Leadbeater has experienced, he is absolutely spot on, and it is really up to ESS to maintain their properties within the budget they have got with the right people doing it. It is ridiculous to be lied to, to be told by politicians via their officers that it is being rendered and when you actually talk to the guy who is doing it, they are not doing the rendering, they have scaffolded something just to repaint it.

2460 We as politicians have a responsibility. We cannot be lied to by officers covering their derrières because they cannot be bothered to go down and check the work. And it happens time and time again over a property. And I, myself, have had enough of it. I will not be blackmailed by emotion. I simply will not support this. This needs to be done by ESS. They need to get out there, get their boots on and see what is going on, because Deputy Leadbeater knows what is going on, I know what is going on and it is wrong.

2465

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

An interesting little debate so far, sir.

2470 I did hear Deputy Roffey this morning on the radio, quite early on. And I initially thought, well, this is interesting: we have not got enough money to maintain our portfolio of properties. And as I was thinking, well, why doesn't Deputy Roffey put the rent up to cover the maintenance, that is what would happen in a normal world, he explained that he had put the rents up, he had increased the rents and he had an extra one million pounds but it goes to general revenue.

2475 He also, I think he went on to explain that he had asked for this sum of money and I think P&R had offered him half of what he felt he needed. I thought, well, if that is the case, I can understand that. The budget is only so big. And the money, perhaps that programme of maintenance works can be completed over two years instead of one.

2480 I will listen to the rest of the debate, if there is any, but there have been some good speeches. But just thinking about it, if Deputy Roffey does not do all the maintenance in this year, it is going to be considerably more expensive in the future with Income Tax and GST. So is construction, if we are going to be building any more houses; before we even get onto the maintenance, that is going to be considerably more expensive. But I will listen to the rest of the debate, sir.

2485 **The Bailiff:** Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

I just wanted to rise after Deputy Leadbeater's really very charismatic and entertaining delivery around his experience which we know, on a professional basis, he has got an awful lot of sincerity there in what he is saying. But then it was followed by Deputy Inder which I felt quite uncomfortable listening to the narrative there and I felt that I had to rise in order to give some balance to this. Given that on Education, Sport & Culture, the property maintenance part of the budget moved to the hub and spoke or centralised management of Policy & Resources at the second year of this term, I think it was accompanied by a £7 million finance bill which followed it as well. So that has gone into property services and I understand the same is true for ESS. That the maintenance of these particular properties sits within States' Property Unit and therefore this is the new way –

Deputy Murray: Sorry, point of correction, sir.

The Bailiff: Deputy Murray.

Deputy Murray: I am afraid the States' Property Unit (SPU) is not responsible for ESS maintenance.

Deputy Dudley-Owen: Thank you to Deputy Murray. I am really pleased that you said that because I was going to ask that ... Sorry, sir, through you, I was going to ask that Deputy Roffey speak to that around the relationship now with States' Property Unit etc. But if it is not being done in that way, it would, I think, be helpful to be describing, two Members in summing up, or maybe another Member of ESS, about how the relationship actually works.

Because this is a highly operational area and I am not doubting ... I could not dare to speak about the credibility of what you are saying. I am sure that it is true, Deputy Leadbeater, what your reporting is, but sometimes we are not given the whole story. So it is really difficult, on these highly operational matters, to be getting the full picture when you are speaking to the person who is delivering the operation, especially if they have been contracted to do works by an officer.

But certainly, I think that, Deputy Inder, if we are talking about officers misleading or lying, there is a Code of Conduct that officers have to abide by. And if any members of Government or the parliament, States of Guernsey, or even the members of the public are concerned about that, they need to hold members of the Civil Service to account. And I would hope that is what would be done in terms of getting the best delivery of service from those individuals.

It does worry me when we are perpetrating the narrative, because, again, Deputy Trott and others have done quite a lot of heavy lifting this debate, as have others over time. And even Deputy Inder himself, talking about this concept of a bloated Civil Service with individuals who are not talented, is just so untrue and far away from the daily experience that most of us have. And I am fearful that we are moving that over to some of the more operational side and I think we have just got to be very careful with that narrative.

And also, in response to what Deputy Inder was saying, 'Well, why hasn't this been done?' in the explanatory note the Committee have said, 'In considering the reasonableness of this request, it is important to note that the revenue budget for social housing and building maintenance for 2024 is £242,000 less than was spent on maintenance in 2016.' There is the explaining that they have been underfunded for quite some years (**A Member:** Hear, hear.) and hence the reason for them coming back to ask for this now to try and remedy some of it.

But that all said, I wanted to rise to try and put some balance in, because I felt that we were going down a little bit of a cul-de-sac, based on the anecdotes that Deputy Leadbeater had said, followed by Deputy Inder, where to try and get some balance back, that there is a Code of Conduct, if ... We have got proper channels if we do not think that things are being delivered. But you are absolutely right, we must hold people to account and I would like to hear from Deputy Roffey about how his Committee are holding their maintenance managers to account to ensure that the work is done properly.

And at this time, I do not know whether I am going to be supporting the amendment.

2540 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Sir, the best speeches that are given are not those from wordsmiths, from the written with cultured over the ... they are given by people with experience, with passion and with knowledge. We have heard one of those today from Deputy Leadbeater. An absolutely
2545 outstanding speech, I must say.

I am going to vote differently to him on the amendment. (*Laughter*) Not because I doubt a word that he says. He is right. The management is – I will not use the word that we would use if we were in St Jack's Tavern. The management is poor. Poor in the extreme.

Deputy Murray has made the point about the difference between ESS and other States' properties. When we were in P&R, we gave the very lucky Deputy Mahoney some lovely tasks. He had to deal with the unions and he had to deal with property. The management of property was
2550 abysmal – abysmal! He improved it greatly during his tenure. But even at the end, it still was not good. And when we, collectively at P&R, complained about it, we received no support at all from those that should have been helping us. No support at all. It was abysmal. That is the balance that
2555 Deputy Dudley-Owen may not want to hear, but that is the truth of the position.

But against that, a penny saved is a pound wasted. Because if you do not maintain your property, it is just going to get worse and worse and worse. And the States has never, whether it is this department, that department or some other department, never spent enough on maintenance, never had a proper maintenance budget. (**A Member:** Hear, hear.)

2560 Now, I do not know of any person that owns any number of properties, (???) 15:37:24 properties that do not actually provide decent maintenance for their property. We never have. I can remember walking round in my first term as a States' Member between 1994 and 1997, when I was a Deputy for the parish of the Castel, with two excellent States' Members that we all respect, those of us that know them, all respect and admire, which was Conseiller Walters and Deputy Langlois. We walked
2565 round all of the schools in the Castel parish. The level of maintenance was dreadful – *dreadful*, dreadful, dreadful. That was somewhere between 1994 and 1997. I think probably 1994-95. It was dreadful.

Deputy Queripel will relay when he and I had been to some presentation at the PEH. He walked out and with his 30-odd years, 40 years, whatever it is, experience in the building industry and said,
2570 'Look! Look at this roof.' There was a bush, and it was not just a baby bush growing from the roof. Where is the management in relation to that? Non-existent! It is pathetic. And I think the politicians should be calling in their civil servants and saying, you have got to do a lot better. If your inspector is not inspecting, sack him. (**A Member:** Hear, hear.) Do not give another increment because he has got three to go up the grade! (*Laughter*) Sack him, get rid of him and get somebody who could do
2575 the job properly.

I think I know – I am not going to name them because he was very judicial in his remarks – who some of these pathetic contractors are that the States employ. I know who they are. I may not carry my working-class badge like some people do, but I actually know the ordinary people as well, because I am one and I have been one and I came from that background. We know who these
2580 people are, but the management do not.

We all know Deputy Michelle Le Clerc, she would not tell a lie. She is not capable of telling a lie. But she was obviously lied to by her civil servants, by her manager. She was lied to. Because Deputy Leadbeater, I would have liked him to finish his story by saying, 'Well, I went back to them after I spoke to the building contractor and say that, in fact, they were not doing any rendering etc.' I do
2585 not think he did that. I may be wrong. I am not inviting him to jump up.

But that is what should have happened. And then, what should have happened, the civil servant should have been called in and said, 'How on earth did you tell me that? Why on earth did you tell me that? Unless you have got a good explanation your career as a civil servant, as a manager, ends here. This second.' That is what I would do in any of my businesses if somebody lied to me. They

2590 would be out the door in a second. No second chance. They go. If they want to take me to an employment tribunal because I have not followed the proper procedure, let them. Let them.

But all of that said, we have got to maintain our properties. Hopefully, Deputy Roffey will speak to those concerns that he has heard about from Deputy Leadbeater and make sure that that does not happen again. But we have got to spend the money. If you do not maintain it, instead of it being
2595 X hundred thousand pounds this year, it will be double X hundred thousand pounds the year after and millions of pounds the year after.

It was a brilliant speech. I believed every second of it, every word of it, every syllable of it. And I hope that those who are in here do not just say just do not speak to their civil servants and necessarily accept what they say, they question it and they say, 'I am sure Deputy Leadbeater would
2600 give them the information as to who he thinks was responsible etc.' because he is not a shrinking violet, 'And then I would like somebody to take some action.'

But I am going to support the amendment.

The Bailiff: Deputy Gollop.

2605 **Deputy Gollop:** Thank you.

Deputy Roffey said that he thought the debate might be short because we all know which way we are going to vote at the end. And I thought, I do not. Well, Policy & Resources are not keen on this amendment because I think, it has to be said, we went through all of this, almost political
2610 rhetorical torture the last two days so far and I think Deputy Trott and others made the point very well that far from saying, yes, like Churchill, the nodding dog, to every Committee that came through the door, we were very critical and we rejected at least 40% of the cash claims.

So far from it being an easy ride, it certainly was not. It was like a star chamber. And the truth is, this was one that did not make the cut. Or at least it did, to the extent that we did recommend a
2615 £370,000 increase in the cash limit for social housing building maintenance, but not what they entirely wanted which was £1.04 million. Now, that is an increase in what they have already got. It is not a quota. The costs were going up really high.

I might have appeared to react a bit to what Deputy Queripel was saying – (*Interjection*) Yes. I do not disbelieve him, but the beginning, and in fact, his points were borne out by other speakers.
2620 And my attention has been drawn, I was listening, I think, to the American election, but a young lady who lives in States' housing who was upset, her kids cannot worry about plants growing through their walls or sharing rooms with woodlice. 'I do not want to live like this. I do not like having people around and questioning about the landlords.' She said there was salting on the walls, wet floors, a lot of the windows and doors were leaking. But we should have the right relationship
2625 with the tenants and the right working relationship with maintenance.

Now I was on ESS and Housing for at least 10 years, and I thought we had a very good relationship with the housing manager. And indeed, he regularly took us around in a minibus to look at the sites, some of which were being redeveloped. I remember on one occasion, I got locked
2630 in one of the houses because they had moved on somewhere else. And when Deputy Queripel went through a long list of all of the things you can get like rising damp and potential for rodents and plumbing that does not work and heating that does not work, I thought I have experienced that – and I have been living in my own flat or house. (*Laughter*) And when I did leave a place I was renting, they would not allow me to take the carpet but they were not keeping the carpet either because it was wrecked. Too many smoke burns, I do not know. The issues Deputy Queripel rightly raised are,
2635 of course, possibly as prevalent in the private sector, but they do not have the benefit, necessarily, of an inhouse maintenance team.

Now, yes, I kind of agree with Deputy Dudley-Owen. We cannot have too many operational stories of where things have gone array. Somebody told me themselves of an estate that was being done and they said, 'Wasn't it disgraceful because it was being spray-cleaned and painted and the
2640 old paint was not being taken off.' So he said, 'By next year, it will all crack up again.' Well, I do not

know if that was true or not and I do not understand the building techniques behind it, unlike Deputy Leadbeater or probably Deputy Inder.

But, nevertheless, I was interested to hear the pragmatic and, I think, quite sympathetic speech from Deputy Vermeulen who kind of said it makes sense to invest in property and infrastructure, especially if you have got an income stream. But that income was, to a certain extent, being redirected elsewhere. Well, yes, he is right but we have been told that we have to restrict spending. Some Members here think that despite sharpening our pencil on maintenance, we could do even better deals. Well, good luck to them, because we all know how building cost inflation has increased by 28% to 37.5% and all of the rest of it.

And I suppose the reason why, at the time of the debate went before P&R, I was content with leaving it was not just because we have to be tough with the expenditure and also draw the line and the fact that we had already given a substantial budget to ESS including an upfit, it was also the feeling that Deputy Trott, in a much earlier age, when we have heard about Deputy Walters and Deputy Langlois who went around the schools' hubs ... I have just remembered, by the way, Deputy Queripel volunteered to do the maintenance on those schools then, to clear them down.

We heard earlier about those venerable Deputies going around. But in those days, we not only had a corporate housing programme and a different culture and a different way of accounting for housing, but we did not necessarily have the shortfall of money that we have. We also had rent rebates which made a difference.

And I think the Committee lost an opportunity in not rebalancing the way that housing was done. Deputy Falla has alluded to the fact that in the event Deputy Helyar's suggestion, Deputy Ferbrache, of transferring the houses, did not take effect, partly because they had such a low capital value. I think if we had approached it in a different way, perhaps guaranteeing the cohesiveness of a housing unit and accepted a relatively low figure for the transfer, it may in the long-term have proved beneficial. But that is not what we decided at the time and the package on the table was not good.

But the thing is Deputy Trott, as I said, back in the day suggested the economic model and sometimes, as we have seen with Hospital, Education and other costs, the cost of building is actually greater than the cost of land. Deputy Dyke made that point earlier.

We can only moderate the cost of building by restraining States' activity and so I also saw a logic in it not necessarily hyping up the bonfire of expenditure by putting even more money into it, because we are putting so much money into it, then we are putting £370,000 increase and then we are being requested for another £670,000. Well, this is an amendment, perhaps where my heart says yes and my head says no.

I just think, that if Members want to show a little bit of spending restraint today and support for what we on Policy & Resources have been doing, we should vote against this amendment.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Thank you, sir.

I think this is a good example, the way we manage stock housing and how we accrue the revenue into the centre, how some of the services that are also provided into the centre and how that mismatch exists with the then requirement to ask for routine capital maintenance etc. shows exactly why how we manage some of the cost centres within the States is not appropriate and we have to look differently at how we manage cost centres like that.

Another example is Guernsey Registry. Exactly the same situation. Revenue goes into the centre and then the Committee for Economic Development has to ask for additional revenue expenditure, fees are set not in a way to capture the operational costs. Complete mismatch, lack of culpability and accountability and understanding what other costs ... the true costs of running that cost centre. And I think there are really wider problems about how we look at cost centres like this, as I said.

And I think the Committee's view, explanation, that the rationale for asking for more is that because the rental levels are going up by 4.5%, then technically, there is a justification that all of

that budget should be transferred back to the Committee to fund building maintenance. But I think that is the whole point. It misses the point that there are other costs that have to be covered from the centre, for example, corporate services. So that the maintenance and tenancy team will have corporate services provided to them. It will be IT, it will be legal, it will be rental space. Those costs amount to £90 million. They have to be cost apportioned back to the centre. The central budgets allow, in the budget reserve to take into account potential pay awards that have to be allocated back to also the maintenance and tenancy team.

The point is that you cannot just say, we are going to increase the rental levels by 4.5%, so that should justify the increase in our budgets. Because those increases have to take into account, have to pay for the stuff that is required to maintain that cost centre. And without us having much better clarity of that cost apportionment back to the cost centres, we just do not know what the cost of providing services at that cost centre level is.

This is exactly the exercise we have been trying to establish and promote through the Savings subcommittee and it has originated through some of the discussions we have had with the Development & Planning Authority. And it is really key that, because of the strategy of significant centralisation of costs into the centre and at P&R and the corporate services and other parts, if we do not reflect those costs back, then we do not have the right sense of how much things cost at the cost centre committee levels. And until we do this exercise, I think it is misleading to be presenting this argument in this way, just saying, well, rental costs have gone up by 4.5%, then we should receive this.

Having said that, I think the figures you have indicated in terms of the spend in 2026 versus the total spend today, there seems to be a mismatch, but there is wider work to be done here about how we look at cost centres, how we make sure that we accrue all of the relevant costs, that they do not sit somewhere else funded by the taxpayer. I think there still remains the wider question about the stock transfer and methods around it. I understand that is a foregone conclusion this politic term, but the Assembly has not seen the work done and it certainly makes sense to transfer the stock, but the mechanics and how it is done and whether there is any increment to be accrued back to the States, I do not know.

But unfortunately, I would not be supporting it because I think there is a wider piece of work that needs to be done that actually gives you a true reflection of what the cost of running the maintenance and tenancy team and programme is and a wider question about in cases where we generate revenue back to the centre, what is their correct approach in capturing that routine capital.

I would like to see a bigger piece of work that the Committee does to ensure we have more detail, and it is a more sustainable piece of work going forward. Given the fiscal positions we have got, I would not be able to support this amendment in the first case. But I think there is really good rationale for looking back more into this.

Thank you.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I was so shocked by that last vote we have just had, I wondered if I would get up again this afternoon.

Anyway, I do have a couple of points to make which I thought might be slightly helpful. I agree with Deputy Kazantseva-Miller in terms of the points that she has just made.

What has occurred to me on my work on Planning in meetings with the Guernsey Housing Association is that organisation does seem to be an awful lot more business-like than the rest of the States. So moving more properties to them, subject to them wanting to take them on, might be something to think about in that it brings the whole project of building houses, running houses together under a board that is responsible for the economics of the whole palaver. So that might be something to think about.

2745 The other thing that occurs to me from Deputy Queripel's speech is that the division of responsibility in terms of what the tenants should look after in the internals of the house and what the States or the Guernsey Housing Association should look after in terms of the structure of the property, the roof, the leaking gutters and that sort of thing. So I do not know whether the leases need working out, some work in terms of those responsibilities between the tenant and the States.

I suppose this whole nonsense that Deputy Leadbeater has described illustrates why I guess it is good to try and get as many people into private housing as possible where they can take responsibility for their own place and look after it.

2750 We had a curious incident at my house a few years ago. We had a painter/carpenter in fixing some things in our kitchen and he was late arriving. And he said, 'Oh sorry I am so late. I had to fix a States' house. Somebody had smashed up their kitchen and I had to go and fix it.' So I said, 'Oh, right. That is alright. If you could just get on and get it done.' And then he was a couple of days in, he said, 'They have asked for me to go back because they have smashed it up again and they want me to fix it again.' And I said, 'Oh no.' He said, 'Don't worry, I will sort you out first.' But I do not know what goes on in some of these places and whether people, there is a bit too much indulgence going on there. So clearly the whole thing needs sharpening up a bit.

2760 Thank you.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

2765 When I first, sir, saw this amendment when it came to us a week or two weeks, whatever it was, ago, it really did not trigger much pain for me at all, to be honest.

I agree with Deputy Ferbrache, that is the best speech I have heard from Deputy Leadbeater this term. And that did actually, it was one of those speeches that makes you think, should I be changing my mind on this or not. I have not but we will see. Because it was such heartfelt and genuine in what he spoke about and, unfortunately, did not paint a very good picture of where we are in terms of waste and inefficiencies and those kind of things.

2770 And in fact, it triggered a memory from very early on in the term, when P&R were presented with a request for some new kitchens on an estate, I cannot remember which, for which they were only a number of years old – certainly not as old as my kitchen was at the time. And I remember asking at the time, why are we replacing kitchens this frequently on certain States' buildings? I am afraid I just cannot remember the number of years. But anyway, I digress slightly.

What it really triggered with me was, is it necessary, do we need it? I accept if a genuine request has been put in, something must not be right. But then that, I am afraid, that has triggered a, well, hang on a second, ESS are asking for this and despite repeated attempts at fundraising over the last few years, four out of the five ESS Members have voted against all of those revenue measures.

2780 I think, in the round, coming back round to it, I am probably minded that I will accept this amendment and put it into the general Propositions, but then watch very carefully how the four other Members – Deputy Roffey excepted, of course, because he has always voted in that way to raise additional revenue – vote on this; whether they actually want to raise additional revenue or not. And if they cannot be bothered to raise revenue, then I plan to vote that down, once we get to the general debate stage.

The Bailiff: Deputy Brouard.

2790 **Deputy Brouard:** Thank you, sir.

There used to be a convention, I think it still exists, that if you want to add something to the Budget, you need to find the funds to actually pay for it.

Now I appreciate the rather tenuous way of doing it by saying, well, it is the tenants' rents from the States housing or social housing, goes into the P&R pot, so therefore we want to take a bigger

2795 chunk of it back out. But I do not think that really works because the Budget has already been balanced and those monies, the £670,000 has already been allocated elsewhere.

It is a bit difficult for me to try and, now give Social Security back that money when it has already been allocated elsewhere so it has to be found from somewhere else again. I think that is one of the difficulties I am having with this.

2800 If they said that they are going to raise, I do not know, some particular tax or alcohol in particular by enough to pay for it, I would be all for it. But I am a bit vexed that you have done one half of the side of the equation, but you have not actually done the finding bit which is the usual convention with the Budget.

2805 I am going to listen very carefully to what Deputy Roffey has to say when he sums up but I am very minded, and Deputy Queripel reminds me all of the time, we really are appalling at doing maintenance. It is woeful. I mean, I have just got photographs on my phone just from this last week which I have taken around the Hospital site and sent into the team at P&R to say, 'I am really getting fed up. I need this gutter cleared now before the winter, before we get a leak into the building.'

2810 I am very supportive of doing the maintenance. I am just not so sure it works for me with regard to, 'I will take money out, but I will not put anything in.'

Thank you, sir.

The Bailiff: Deputy de Lisle.

2815 **Deputy de Lisle:** Thank you, sir.

I think it is common sense, to quote the end of this explanatory note to this policy letter, 'That all responsible landlords should, as a minimum, reinvest sufficient sums in their property portfolios to maintain those properties to a decent standard.' And that applies to the States of Guernsey, surely. The STSB need to be reminded of the real cost of renting property in the private sector and the taxes laid on those properties.

2820 I have always thought, sir, that TRP rates would not be as high as they are, currently, if the States had to pay the sums that private landlords are faced with, and with an income of £25 million – £25 million! – surely to goodness, that is sufficient. And the fact that there are not paying TRP, surely that is sufficient to actually look after property and provide from that money sufficient funds to maintain those properties. I think it is a core duty of the States to use more of the £25 million income coming in, in terms of maintenance and not coming back to the taxpayer and asking them to fork out more.

Thank you, sir.

2830 **The Bailiff:** Well, I am going to invite the Vice-President, Deputy Soulsby, to speak on this Amendment 7, please.

Deputy Soulsby: Thank you, sir.

2835 Clearly, I do not ... [*Inaudible*] but I will anyway because if this amendment is supported it will worsen the deficit next year by £670,000. Now Members might ... as do the Committee and Deputy Gollop has made his clear in his speech, that the Committee has some sympathy with it. And indeed, there is a long explanatory note accompanying it that sets out a strong case. However, not all is as it seems, and I do feel Members have been rather misled by certain comments from Members of the Committee for Employment & Social Security. Deputy Leadbeater has given some insight on that, but I will add more and focus on the facts and matters that have not come up in debate. But it is understandable, referencing comments made by Deputy Dudley-Owen, Members will not know. But I think it is important to give a fuller picture of the situation.

2840 Firstly, I would like to respond to some of the comments made by Deputy Roffey in opening and say there is no recollection from the Treasury team at all of any requests for ESS to offer up savings and certainly no deal for any savings to be temporary. Deputy Roffey is also not necessarily giving a true picture by suggesting that they used to keep all of the rents and then it was changed, so

some went to general revenue. The whole system was changed, so instead of rent rebate, tenants received Income Support to fund rent. An adjustment was made but ESS was no worse off.

2850 Now reference was made in the explanatory note and by Deputy Roffey to the fact that the budget for maintenance is £242,000 less than was spent in 2016. However, that year experienced the highest expenditure on social housing maintenance in the last 10 years. Indeed, what was spent was above that year's budget. However, speaking to Deputy Inder's point, bar one year, the ESS Committee has spent under its budget since that date.

2855 Now Members should be aware that the original request by that Committee comprised £1.04 million, above – *above* – its indicative cash limit for housing maintenance. Now this was represented by what we were told was £740,000 to cover the substantial increase in building costs, as alluded to in the explanatory note and £300,000 of routine capital as a result of change in that Committee's policy in respect of floor coverings for social housing tenants. So instead of tenants having to pay for their own floor coverings, these will be provided by the States. Now this is nothing
2860 to do with what Deputy Queripel was saying about sorting out broken windows. He is not only over-egging the pudding but burning it as well.

The Committee agreed to half the general revenue of budget increase. However, it is wrong to say that we rejected the floor covering elements of £300,000. That comes from routine capital. And Members will see, if they look at pages 78 and 79 of the Budget, that there is, aside from £10 million
2865 for property maintenance and minor works and £30 million for housing, £25 million unallocated for the next four years. Floor coverings, by their very nature, represent minor, or as we now call it, routine capital, and that is what should be used, not general revenue.

No Principal Committee has received what it has wanted. The Committee rejected half of the requests above the indicative cash limits and this amendment could be seen as just a reflection of
2870 what every Committee has had to suck up. But it is actually not that situation at all. Because we have rejected half of the general revenue element, but we said the routine capital is there and it is for the Committee to seek the funding from routine capital where we have already given allocation. We talk about infrastructure and that is what we mean.

And as I said at the start, this just adds to our deficit, but actually more than is necessary. The
2875 Committee is actually applying for more than it should need in general revenue. Members need to be aware of that. It feels like they are trying to grab more than they actually need so it does feel that ESS are trying it on a bit as this amendment would effectively give them more than they requested in the first place from general revenue.

Policy & Resources, whilst having sympathy with this amendment, cannot support it.

2880

The Bailiff: And finally, I will invite Deputy Roffey as the proposer of Amendment 7, to reply to the debate, please.

2885 **Deputy Roffey:** I think the first thing I want to say is that I rather feel that the States' house maintenance team and its leadership has been subjected to something of a kangaroo court here today. I want to put it on record that I think we have an absolutely excellent house maintenance team and one that is brilliantly led.

I know that Deputy Leadbeater has been usually critical of those individuals a number of times over recent years. It is not just me ... I am not denying his anecdotes; I do not know about the
2890 individual anecdotes about the gutters with the end taken off and pressure washed. I am sure some ghastly things go on occasionally.

What I can say is we have had the work of the States' house maintenance team audited over a number of occasions and it has always come out extremely well. But actually it has been more recently than that, and Deputy Ferbrache will know about this, a massive audit in the sense that
2895 when we were going to transfer the stock across to the GHA, Saville's did a condition survey of all of our housing. And their conclusion was that our maintenance was of a very high order, but we just were not doing enough of it, but it was absolutely no criticism of the maintenance that was done. And therefore, we do have to be careful about trial by anecdote here, I really do. Particularly

when people who are almost being accused of being liars at times, are not in this Assembly and able to answer back.

I want to put on record the fact that I have seen that team has enormous strengths, and its leadership as well. I am not going to mention who the leaders are but a very good civil servant indeed. I have got that off my chest, I hope.

The Treasury, I am sorry they have forgotten when all Committees were asked to make economies some years back, but I remember it very well. We were asked, is there any way that you can tighten up on your budgets because there was a real difficulty balancing the books. We said one way we could do it was things like painting the houses less often etc. but that would not be able to be maintained in the long-term. It was supposed to be trying to get us over a hump. And it is because we did that, that our budget now for maintenance is lower in real terms than it used to be.

Deputy Soulsby said, 'Oh, that year, 2016, was the most that was spent.' Yes, but if you read the rest of the explanatory note, it refers to what has happened to the actual budget, not just what was spent. The budget has gone down in real terms over the years, and I do not think that is an acceptable approach for States' housing.

What other points were there that needed to be made, really? Floor coverings, should they apply to the minor capital fund? We are not convinced that it should, to be honest. This is going to be an annual cost that is going to roll on year after year and therefore, we think it really is ... You say a general revenue cost. I would regard it as a retention of slightly more of the rent roll cost. It means that general revenue only benefits from what is left over. And there have been comparisons with the GHA; do not forget ... I mean, yes, they have to use some of their rent roll to service loans that they have taken out but they do not have to hand anything back to the States. Beyond servicing their homes, they can keep everything that they generate from rents and use it as they see fit, and a lot of it is on maintenance. And in fact, they are doing quite a big catch-up programme at the moment.

It is a question ... I started by saying it really is a ... Oh, no, I am going to talk about Maison Celine for a second which is that property next to the police station. It used to be the nurse's accommodation when it was the St Peter Port Hospital. And the reason ... May I just divert for a second, sorry. I know we have not got much time. But the reason it is called Maison Celine is that we really wanted to honour the last matron, the really formidable matron of the St Peter Port Hospital. And we had called Edward T Wheadon House, Edward T Wheadon House and what is the one up in St Martin's? Raymond Falla House and everything. But somehow, Bones House did not really hack it. And that was the name of the Matron, was Celine Bones. So hence, Maison Celine instead.

Nobody was lying. I was not there at the time. I do not know the details but I have checked up. My understanding and I am assured, unless I am being lied to as well and I do not believe I am, is that there was a problem with water ingress and investigations into what was going on in the roof was absolutely a part of the reason that the scaffolding was put up. The fact that no rendering went on is neither here nor there.

Sir, I think it is unfortunate that it has morphed into, as I say, a kangaroo court on our house and maintenance team that external experts have backed up considerably over recent years in the work that they do. This is about *how much* maintenance we do. We now do significantly less maintenance than we used to. That was just about able to be sucked up on a temporary basis. We believe that in the longer term, it is highly irresponsible. Whether Members agree with us or not, we will find out when we come to the vote.

The Bailiff: Well, Members of the States, it is now time to vote on Amendment 7, proposed by Deputy Roffey, seconded by Deputy de Sausmarez. And I will invite the Greffier to open the voting on Amendment 7, please.

There was a recorded vote.

Amendment 7.

Not carried – Pour 12, Contre 21, Ne vote pas 3, Did not vote 1, Absent 4

Pour	Contre	Ne vote pas	Did not vote	Absent
Brouard, Al	Aldwell, Sue	Moakes, Nick	McKenna, Liam	Cameron, Andy
Burford, Yvonne	Blin, Chris	Roberts, Steve		Gabriel, Adrian
Bury, Tina	De Lisle, David	Snowdon, Alexander		St Pier, Gavin
De Sausmarez, Lindsay	Dudley-Owen, Andrea			
Fairclough, Simon	Dyke, John			
Falla, Steve	Gollop, John			
Ferbrache, Peter	Haskins, Sam			
Mahoney, David	Helyar, Mark			
Prow, Robert	Inder, Neil			
Queripel, Lester	Kazantseva-Miller, Sasha			
Roffey, Peter	Le Tissier, Chris			
Taylor, Andrew	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Matthews, Aidan			
	Meerveld, Carl			
	Murray, Bob			
	Oliver, Victoria			
	Parkinson, Charles			
	Soulsby, Heidi			
	Trott, Lyndon			
	Vermeulen, Simon			

2955 **The Bailiff:** In respect of Amendment 7, proposed by Deputy Roffey and seconded by Deputy de Sausmarez, there voted in favour 12 Members; there voted against 21 Members; 3 Members abstained; 4 Members did not participate in that vote. And, therefore, I will declare Amendment 7 lost.

The next amendment is Amendment 16. Deputy Dudley-Owen, do you wish to move Amendment 16?

2960

Deputy Dudley-Owen: No, sir.

The Bailiff: Alright. So that will not be laid.

2965 We will go to Amendment 19 next which is on a different topic. And I will invite Deputy Prow, if he wishes to do so, to lay Amendment 19, please.

[Amendment 19](#)

At the end of proposition 10, add "subject to the following amendments:

(a) after section 1(c), insert the following subsection:

"(d) ""independent small distiller of spirits" means a distiller of spirits, wherever located, in respect of which the Chief Officer of Customs and Excise is satisfied that –

(a) it does not manufacture or produce more than 20,000 litres of pure alcohol per year,

(b) it is legally and economically independent of any other distiller of spirits,

(c) it uses premises physically separate from those of any other distiller of spirits, and

(d) it does not operate under licence,

provided that where two or more distillers co-operate and their combined annual production of spirits does not exceed 20,000 litres of pure alcohol, those distillers may be treated as a single independent small distiller of spirits, and for these purposes a "distiller of spirits" means a person who manufactures spirits by the distillation of a fermented liquor or a person who produces spirits by the redistillation of a distilled spirit,"", and

(b) in section 3, for paragraph 5, substitute the following paragraph:

"5. Spirits –

(a) Spirits produced by an independent small distiller - £23.62 per litre of alcohol contained in the liquor, calculated in accordance with section 23D

(b) Spirits, other than spirits produced by an independent small distiller - £47.24 per litre of alcohol contained in the liquor, calculated in accordance with section 23D"

Deputy Prow: Yes, please, sir. Thank you, sir.

2970 In speaking to this amendment, I need to refer Members to section 550 to section 555 on page 47 of the Budget. These sections deal with a successful amendment to last year's Budget which led to Resolution 16A to the 2024 Budget Report.

2975 Sir, I am very pleased, therefore, that following the consultation directed, this Budget proposes an increase in the discount in small brewery and small cider makers to 60% lower rate for those very small, independent alcohol producers, now defined at 50,000 litres which is drastically reduced down.

In particular, I note the comment within section 5.53. and this is important to the amendment, sir, 'It is anticipated this will not cause a significant impact on overall revenue income.' And I will ask Members to bear that in mind as I progress.

2980 This is, in my view, and I understand the view within Economic Development, very welcome indeed. (**A Member:** Hear, hear.) It is very important that economic enablers, and we have discussed them already in this debate, are in place to allow Guernsey-based industries who produce these local artisan and excellent products to compete against big corporate brewers and cider-makers and that we can keep them viable, sustain them and export them to Jersey and the UK.

2985 Sir, I believe His Majesty, King Charles, on his visit, enjoyed a local beer taster before being given a golden Guernsey goat. I, therefore, thank Policy & Resources for this inclusion.

I note that Policy & Resources had deferred – *had deferred* – any decision within this Budget for very small distillers. And I quote, 'So that changes can be considered for inclusion in a future budget.' However, sir, I am happy to report, following considerable work now undertaken, that P&R do now support this amendment, and I am extremely grateful for that.

2990 Sir, all the economic enablers apply to that industry, too. What is good for the beer and cider goose is good for the small distiller gander. Our small local industry has to compete with the UK big boys, extensively branded products. It also has to compete with Jersey. And their excise regime has been and continues to cater for this industry, similar to the way recommended in this amendment. Sadly, this is where our industry is likely to go, unless we put in place similar enablers in our industry. (**A Member:** Hear, hear.)

3000 I am very grateful to officers of both Economic Development and Treasury for the advice on this amendment, particularly around the restricted volume of only 20,000 litres and the rate arrived at. Paragraph 5.4 of the full Budget proposals notes the absence of the definition of the small distillers and the rate at which the discount would apply. This amendment addresses previous concerns by providing a definition for independent small distillers and a recommended, in this case, 50% discount rates. Only independent small distillers producing less than 20,000 litres of pure alcohol per year would be eligible for this discount rate. A volume which limits the duty revenue reduction while still providing opportunities for independent small distillers.

3005 Paragraph 5.55 of the Budget proposals queries the potential health concerns which could be caused by a lower rate of duty for small distillers. Sir, despite the duty reduction, it is expected that the sale price for spirits from small producers eligible for the discount would remain higher than that of products from a larger scale distillers, making it unlikely that the amendment will encourage greater consumption.

3010 Sir, I want to refer to something that Deputy Bury drew attention to a year ago when this was discussed when she spoke to the previous amendment. And I agree with her: I believe that a much more effective method of managing the health concerns surrounding low-cost alcohol would be through a minimum unit pricing regime. And I am very supportive of further research by the Committee for Health & Social Care in this area.

3015 Thank you, sir.

The Bailiff: Deputy Inder, do you formally second Amendment 19?

Deputy Inder: I do, sir. Thank you.

The Bailiff: Thank you very much.
Deputy Trott.

Deputy Trott: Sir, I rise, hopefully, to be helpful.

The Policy & Resources Committee does not oppose this amendment. In fact, it supports it and I would encourage the States to move to a vote on it expeditiously.

A Member: Hear, hear.

Deputy Inder: Rule 26(1), sir.

The Bailiff: Can I invite those Members who wish to speak on Amendment 19 to stand in their places? Deputy Inder, is it still your wish (**Deputy Inder:** Yes, sir.) that I put the motion pursuant to Rule 26(1)? So the motion is that there be no further debate. The President of Policy & Resources has already spoken, and therefore, it would only be Deputy Prow who would be able to reply to anything. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that carried. Yes, we will have a procedural motion up, please. I will invite the Greffier to open the voting because there has been a request for a recorded vote on the procedural motion, pursuant to Rule 26(1), proposed by Deputy Inder.

There was a recorded vote.

Rule 26(1).

Carried – Pour 19, Contre 14, Ne vote pas 2, Did not vote 2, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Brouard, Al	Burford, Yvonne	McKenna, Liam	Cameron, Andy
Blin, Chris	Bury, Tina	Roberts, Steve	Taylor, Andrew	Gabriel, Adrian
Dudley-Owen, Andrea	De Lisle, David			St Pier, Gavin
Falla, Steve	De Sausmarez, Lindsay			
Ferbrache, Peter	Dyke, John			
Haskins, Sam	Fairclough, Simon			
Helyar, Mark	Gollop, John			
Inder, Neil	Kazantseva-Miller, Sasha			
Le Tissier, Chris	Leadbeater, Marc			
Le Tocq, Jonathan	Matthews, Aidan			
Mahoney, David	Oliver, Victoria			
Meerveld, Carl	Roffey, Peter			
Moakes, Nick	Snowdon, Alexander			
Murray, Bob	Vermeulen, Simon			
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Soulsby, Heidi				
Trott, Lyndon				

The Bailiff: On the guillotine motion pursuant to Rule 26(1) proposed by Deputy Inder, there voted in favour 19 Members; 14 Members voted against; 2 Members abstained; 5 Members did not participate in the vote. And that is why it is carried.

Deputy Prow, is there anything you wish to say as the proposer in response to what Deputy Trott said?

Deputy Prow: No, thank you, sir.

The Bailiff: Well, in that case, Members of the States, we will move to the vote on Amendment 19, proposed by Deputy Prow and seconded by Deputy Inder. And I will invite the Greffier to open the voting on Amendment 19, please.

There was a recorded vote.

Amendment 19.

Carried – Pour 33, Contre 1, Ne vote pas 2, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Brouard, Al	Aldwell, Sue	McKenna, Liam	Cameron, Andy
Burford, Yvonne		Leadbeater, Marc		Gabriel, Adrian
Bury, Tina				St Pier, Gavin
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Mahoney, David				
Matthews, Aidan				
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: In respect of Amendment 19, proposed by Deputy Prow, seconded by Deputy Inder, there voted in favour 33 Members; 1 Member voted against; 2 Members abstained; 4 Members did not participate in the vote. I will declare Amendment 19 duly carried. So that will affect Proposition 10.

And we move next to Amendment 15. Deputy Haskins, do you wish to lay Amendment 15?

Deputy Haskins: No, sir, I do not.

The Bailiff: Thank you very much. So that is not laid.

We will pause and come back to Amendment 21 on the basis that the Procureur is not here. And she needs to explain why it is that Amendment needs to be pursued which means that we will switch topic again and I will turn to Amendment 17 which is to be proposed by Deputy de Sausmarez, if she wishes to lay that one.

3075 Deputy de Sausmarez, please, on Amendment 17.

[Amendment 17](#)

To agree to remove the 2% uplift on document duty for non-PPR (principal private residence) residential properties, so that the same rate of document duty is applied to transactions irrespective of whether the property will be the buyer's principal private residence or not, and therefore to agree:

In proposition 14, at the end, insert:

", subject to the following amendment –

For clause 2, substitute –

"2. Section 1A of the Ordinance is repealed.", and

And in proposition 15, at the end, insert:

", subject to the following amendment –

For clause 2 substitute –

"2. Section 1A of the Ordinance is repealed."

Deputy de Sausmarez: Thank you, sir.

3080 As the pace seems to have accelerated, I will try and keep up and I will try and make this as concise as possible.

It is a relatively straightforward amendment. What this amendment asks of Members is to agree to remove the 2% uplift on Document Duty for non-principal private residence properties so that the same rate of Document Duty is applied to transactions, irrespective of whether the property will be the buyer's principal private residence or not.

3085 And the techy bit that follows is really just the legal bit that brings that into effect. So do not worry too much about that. Basically, the core of the amendment is included in that wording at the top there.

To provide a little bit of background, this time, two years ago, in November 2022 when we were debating the Budget Report for 2023, it was proposed, and the States subsequently supported, to
3090 introduce a supplementary additional charge or uplift of 2% on Document Duty for non-principal private residence which is named as PPR properties. And actually having gone back through the Budget Report for that year and having scrolled through *Hansard*, I could not actually find any particular explanation of why. The context is interesting; it was a very different scenario two years ago. The housing market, certainly in terms of the value of transactions at that time had been very
3095 strong, there had been a real surge and I think that the main rationale behind introducing this 2% uplift was really to get a bit more revenue, which might have seemed sensible at the time. I certainly, I think I supported it myself. I think everyone probably did. But in hindsight, it looks a little bit different because the scenario has changed quite dramatically.

3100 We have, since then, had a really significant increase in interest rates which has very much changed the dynamics in terms of investor interest in the buy-to-let market which is really what this is about.

3105 More than a quarter of Guernsey's housing stock is in the private rental sector. It is a really important sector for us. It is home to a very significant proportion of our community, including many of the most vulnerable. And that is because we have got a relatively small affordable housing sector. It is the private rental sector which picks up the slack. It is also a sector that is largely unregulated at the moment.

3110 Now as Members will be aware, that situation is changing. We are very conscious of the need to improve the quality, make sure that the private rental sector does adhere to some basic minimum standards that we do put some safeguards in. We are working towards making the private rental sector much more a tenure of choice. But we do need investment, and that investment has really fallen off a cliff. And the feedback that I have got, loud and clear, over some months – and I know Deputy Oliver has had the same feedback – is that this 2% uplift has had a significant bearing on the appetite to actually invest in our buy-to-let sector and it is so important that we do, because

we know that there are many landlords who are looking to leave the sector. And we need to be able to encourage more investment into that, especially as we are bringing standards up to a minimum acceptable standard which is long overdue.

In terms of the fiscal impact, we cannot really make a clear comparison for several reasons. We never really measured the buy-to-let, the non-PPR transactions prior to the introduction of this supplementary charge so we do not know to what extent it has been affected in isolation so we have to go on feedback that we have had from the industry.

One such piece of anecdotal feedback is, and this is from a local developer who reports a 300% reduction in sales of properties to let, relative to private unit sales, over the last two years, compared with the two years immediately prior.

So we do not have any empirical evidence because we never collected this data States' side. But we do have some indications from industry. That was one; Deputy Oliver may well be able to augment that but certainly the feedback that we have had is that it has had a significantly negative impact.

And really, when we look at the bigger picture, it is a question of, if we were starting, we used to apply the same rate of Document Duty, irrespective of whether a property was going to be a PPR or not. This supplementary uplift came in a couple of years ago. I think an interesting way to look at this is, if we were still at the point that we were for most part of 2022 and there was still that even playing field between PPRs and non-PPR properties, would we be looking to introduce an additional charge, given that the dynamics are so much more challenging now, because it is just so much more difficult to be able to get a yield from that investment, especially when you compare it with the yield that you would have if that money were just sitting in a bank instead?

If we were starting with an even playing field, would we be looking to introduce something that effectively forms a barrier to investment in the buy-to-let market and when we know that actually there is proportionately more pressure on that private rental sector compared with the private sales sector? And we know that because prices have really come off the boil in terms of the private sale in real terms but rents have stayed very high, so there is continuing upward pressure on rents which, if I can remind Members, includes some of the people who are least able to afford that upward pressure on their rents.

And so that is why we are proposing to, once again, even the playing field and just make it the same level. Although, it would be very useful if Treasury could still gather the data for whether it was being used as a principal private residence or not, so that we have got that data going forward to inform any future decisions.

It is very difficult to estimate the financial impact of this, not least, because we do not have a comparator before it was introduced but also because Document Duty is such a variable thing and it is very difficult to predict with any degree of accuracy. But it is reasonable to assume that there will be at least some offsetting, if not a complete offsetting, of any loss in income to Treasury from increased numbers of transactions that this will enable, because, at the moment, the 2% uplift is acting as a barrier. We are not suggesting that it is taken down to zero, we are just suggesting that it is an even playing field with other properties so that there is no longer that distinction made.

And so that is what this amendment seeks to do, and I hope Members will support it in order to support our private rental sector.

Thank you.

The Bailiff: Deputy Oliver, do you formally second the Amendment 17, please?

Deputy Oliver: Yes, sir, I do.

The Bailiff: Thank you very much.
Deputy Inder.

Deputy Inder: Just briefly, sir.

Normally, at this point, we get an indication whether Policy & Resources support the amendment and we have not at the moment. But there are a couple of questions that I would like to ask Deputy de Sausmarez.

3170 Deputy de Sausmarez does not normally do anecdotal feedback. She normally wants evidence before she makes any decisions so it is a bit odd to see something which is based on anecdotes. But I wonder, with the greatest respect, if the whole picture is being told here and people who are in the property market might know more than I do.

3175 A second house or a second home is not always bought with a mortgage. Sometimes, sir, it is bought with cash. A lot of people that would have a second house to rent out immediately can buy it with cash through inheritance or just general wealth. And secondly, a second home could actually be wrapped up in a holding company, I would suspect and that would be removed as a second ...
[Inaudible] So I kind of understand the buy-to-let piece, but I do not have an awful lot of sympathy for it. But the part of the story that does not appear to be being told is the portion where you get a 2% Document Duty benefit from having money in the bank and buying something with cash. And
3180 the other way of avoiding it, I suppose, would be putting it into some kind of holding company.

Without the evidence which we are always very keen to have, before we cannot make any decisions, I am just not clear what entirely the problem is we are trying to solve here. Because it is not that they are not building houses, it is that the houses are just not being used in someone else's portfolio to rent out. The houses do not disappear, they probably get bought by someone else, I
3185 would suggest.

But those are just general questions that I would like to hear some kind of response to later on.

The Bailiff: Deputy Bury.

3190 **Deputy Bury:** Thank you, sir.

It is actually really just a genuine question around the context of ... I know Deputy de Sausmarez said that she could not really find a rationale and I am wondering if it was seen as a lever for people who struggle to buy, so let's favour or make it harder for the buy-to-lets so that people who are maybe first-time buyers are in a better position.

3195 And I find myself with a foot in both camps. On a personal level, I live in a private rental, and I am glad I do because otherwise I would not be living anywhere else, and I am also a person that does not have a snowball's chance of buying a house. So the private rental market is important to me, but also anything that helps first-time buyers to buy is important to me as well. And considering I had an over hour-long conversation with Deputy de Sausmarez about this debate, I should have
3200 asked at the time, but here we are.

I just wanted to ask – it is really a genuine question rather than a challenge – around the rationale and theory here. Because, while the buy-to-let investment is really important, so is also lifting up other people that are struggling to buy.

Thank you.

3205

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: The last great – and I have got no political affiliation to the Conservative Party – but the last great Prime Minister in England was Margaret Thatcher and she brought in the
3210 opportunity for people to buy their own properties. Effectively, two years ago – Deputy de Sausmarez has referred to it – there was this, you pay an extra 2% if it is a second property. Now I wonder who the great leader of P&R was at that particular time when that came through.

But in connection with that policy, certainly my idea was not revenue – it did bring in revenue and, of course, that is very welcome – it was that it gave the type of person that Deputy Bury is
3215 talking about an advantage over a private landlord. Because that person had the opportunity, because they were paying 2% less Document Duty, to buy a property; it gave them an advantage. And if you are talking about, say, a £500,000 property, that is £10,000. It is a heck of a lot of money.

Over the years, both individually and until about two months ago, three months ago, I have owned private residential properties, so I know the market, I have been involved in it for a long time. I have not got any ... I do not think I have got any at the moment.

But in relation to where we are, the position is that I cannot see the advantage of this amendment at all. I think it is flawed, because I have learned there may be anecdotal evidence that, well, I would not buy this because I have to pay 2%. Because when you buy a property as an investment rather than as a home, you are looking at the long-term capital growth, you are looking at your returns. And if, again, using the example I have just given in answer to Deputy Bury's point, you have got to pay an extra £10,000 you factor that in. You think, rather than this property costing me X, it is going to cost me X plus Document Duty plus another £10,000.

I cannot speak, and I am sure there are lots of good honest landlords that say that would put them off, but I think they would be very much in the minority. This gives, it is only a little advantage, but it gives an advantage to those people who want to get on the housing ladder. And again, you are connected to your society if you have got the opportunity to buy a property. There are lots of people in the position that Deputy Bury is in. That, to use her phrase, she has not got a snowball's chance of buying a property. Well, I hope the snowball melts and in the years to come she has got the opportunity, and there are a lot of people who live in social housing that have got no chance to buy a property.

But there are lots of other people that, they could just about do it. If they suddenly have to compete with a private landlord – who are good people; most landlords are good people; there are some awful ones but most are good people – this is a disadvantage if you take this away.

So I would urge States' Members to think of the first-time buyer rather than the extra revenue. We do get extra revenue. Whatever that sum is, I am not sure. The Treasury might know; I do not think it is particularly relevant to the point I am making. It is something that we should do to help the people who want to buy a property to live in.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

I entirely agree with Deputy Ferbrache. In fact, he has pre-empted a lot of what I was going to say myself. The charge really is there to help owner/occupiers – that is, people who want to go and buy and live in their own homes – by giving them an advantage, by tilting it towards people who want to live in their own homes, buy their own home and live that dream of homeownership, away from either second homeowners or buy-to-let landlords or also investment funds from buying residential property.

The UK has a similar surcharge. In fact, their surcharge on their Stamp Duty Land Tax, which is the equivalent of our Document Duty here, is considerably more. Well, it was 3%; it has been moved up to 5% in the last UK Budget. And they have an additional 2% which you pay if you are a non-resident of the UK buying property in the UK.

And a lot of countries have introduced these types of surcharges because there is a concern, in some quarters, that the amount of money that can be invested by people who have wealth and also by investment funds, can buy up a lot of units and can compete with people who, owner/occupiers who want to buy their own homes. And so these surcharges tilt the playfield in favour of the ordinary Guernsey citizen wanting to buy their own home.

For that reason, I would not support this amendment. I think it is useful for us as a States to support people who want to buy their own homes and so, for that reason, I would urge people not to vote for this amendment.

Thank you, sir.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

3270 I have been contacted by a number of estate agents, saying that the rental, the property to buy rental market has just fallen off a cliff.

As we know, some of the most vulnerable people actually are in the rental market. They do not quite qualify for GHA housing, they definitely cannot buy, but they are on this rental market and this rental market is being squeezed a lot.

3275 The 2% of the rental price increase, as I have been told, has had a real effect on those desperately trying to afford to get onto the rental market and it has had a really adverse effect on the rental market. We have seen rents increase something chronic over the last two years, over the last five years. It has been really bad, but particularly over the last two years where we have seen this market squeezed and squeezed and squeezed.

3280 Now I am not saying it is all for this 2%; a lot of them just see this additional Document Duty as a hassle. It is just another regulation that is being added to an already very difficult market.

I just want to answer some of the questions to Deputy Inder. The Document Duty still applies, whether you have a mortgage or cash. It is still there. First-time buyers, I do have a lot of sympathy for first-time buyers, and I want to do, as a Government, everything we can. But you could lower the Document Duty for first-time buyers if you really wanted to help them. You could get rid of the bond if you really wanted to help them. We are one of the most expensive jurisdictions to try and purchase a house with all of the other added costs.

3285 Deputy Ferbrache said, 'If you are buying a £500,000, you would get an extra £10,000 of Document Duty.' That goes to the bottom yield. And developers and landlords cannot give these houses away for free for rental. They need a yield. Yes, you could argue, well, if does not matter, you get more in the bank but we need these landlords to rent out houses and properties to people because we need that rental market.

3295 Guernsey has an incredibly big rental market in Guernsey. It is similar to Spain and Europe, rather than England. Just please, this might not be a big thing in the eyes of the Deputies here, but if something has an adverse effect you generally want to change that effect and you want to make it into a positive effect. The rental market is squeezed. It looks after some of the most vulnerable people in Guernsey. They pay a huge amount in their wage packet to go onto rental. Let's actually try and do something positive.

3300 **The Bailiff:** Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

I just want to start by asking if anybody operating in the private rental industry needs to declare an interest. I think that they probably do. And I will declare an interest because I am a tenant in the private rental sector myself.

3305 I am not going to repeat what Deputy Bury has pointed out and what Deputy Ferbrache pointed out because that was the first thing I wrote down. We have got lots of people looking out for Local Market properties to buy and we have got lots of people looking for Local Market properties to rent so if one slips off the rental market it gets added on to the Local Market purchase market so those looking for their first property can buy.

3310 Deputy Oliver has just talked about vulnerable people living in the private rental market but a friend of mine has just moved out of his one-bedroom flat and he was paying £1,250 a month, and the rent has now gone up to £1,650 a month. That is a £400 increase. It is about a 30% increase, something like that. This was the landlord's choice to put this up. A one-bedroom property, one fairly small bedroom property with one parking space. I know it well. I do not think we can say poor landlords, blah, blah, blah etc. as Deputy Oliver, I think that she operates in the private rental market herself, has just said to us.

I am in Deputy Ferbrache's camp. I think this is a helpful introduction –

I will give way to Deputy Oliver.

3320

Deputy Oliver: Point of correction.

The Bailiff: Point of correction, Deputy Oliver.

Deputy Oliver: I, myself, do not have any rental properties in Guernsey.

Deputy Leadbeater: I apologise to Deputy Oliver. I was sure that she was a director of a property company that rents ... Is that correct?

Deputy Oliver: Yes, I am but I do not get anything from it. *(Laughter)*

Deputy Leadbeater: I am sorry. I will leave it there anyway. I am certainly not going to support this amendment, let me put it that way.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I think I am going to support this amendment. Deputy Oliver is a professional in the surveying field and I think that she and Deputy de Sausmarez are correct.

Where this additional 2% is going to come in and could actually affect the development of properties, a clos, that sort of thing ... As we have discussed before, and I have mentioned it before, for the builders to make these projects viable, at the moment, is incredibly difficult. If you have put an extra tax on of £10,000 when they sell all of the properties onto anyone coming in as a proposed buy-to-renter, then you are going to make them slightly more difficult to sell and that goes to the viability of the development. So what you have slightly done is make the project less viable, which is not what we want to do.

I think, on balance, I can see the point that Deputy Bury and Deputy Ferbrache and Deputy Leadbeater have made, and I can see the way they have got to that, but I think the other view of Deputy de Sausmarez and Deputy Oliver is probably the better one.

Of course, the other thing that is hanging over the market at the moment is, one, the deductibility of expenses which is restricted. This was done a few years ago. There is that issue that is out there. And the other issue, I think, hanging over them is the idea of this registration of landlords and, potentially, even some sort of rent control. I think that is out there and people do not like the idea. So I think that is probably depressing the incentive to buy-to-let. I think that issue needs to be watched as well.

I just have one question for Deputy de Sausmarez. Just in the third paragraph, it says that one local developer reports a 300% reduction in sales; was that meant to be to 30%? How do you have a 300% reduction? You can have a 100% reduction?

Deputy Oliver: It is 300%.

Deputy Dyke: Is it? Well, 300% reduction, but the most reduction you could have is 100%, surely? *(Interjection)* Is it? Well, okay. Well, that may need to be clarified. I can see the point, anyway. That is all if have to say. Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, I think we are in an interesting dilemma here, because on the one side, we want to ensure that we have removed constraints from the housing market as much as possible, because there are all sorts of bottle necks everywhere. And I think Deputy Dyke spoke to if there are additional costs, it potentially affects the rental income costs, it raises questions etc. It does put a little barrier to potential investors doing buy-to-let.

On the other hand, we have got the issue of many Islanders not able to jump on the housing ladder. And I think one of the problems I have got right now is that in absence of any first-time

3375 buyer support schemes which we do not have right now ... They are part of the Housing Action Plan that will be delivered at some point but we do not have anything today to support first-time buyers.

In that situation, and also, let's not forget, that the Budget Proposition 4 is proposing to halt ... I am just reading:

To set the amount of tax relief in respect of interest paid on money borrowed for the acquisition, construction, reconstruction or repair of a domestic residential dwelling,

It is basically giving a 50% relief on interest paid. We are actually trying to, already through this Budget, incentivise buy-to-let mortgages.

3380 This Budget is not currently proposing to hold the relief of interest rate paid on PPRs on primary residences. Unless, Deputy Matthews' amendment will become successful. But right now, the Budget is already prioritising incentivising buy-to-let versus PPR properties.

3385 I think it is quite a tricky situation that, I think, on balance, in absence of any first-time buyer schemes, whether it would be appropriate for us to remove this slide. But even slide, it does make a difference. I would probably rather have first-time buyers acquire those properties. Because this all about the new properties, this is all about the new rental properties being developed – or buying into existing stock. Fair enough. But whether it is better to give a slight incentive for first-time buyers to jump on the ladder, rather than, effectively, make it a level playing field for investors.

3390 I think it is an interesting question. But I think in absence of first-time buyer schemes, this is likely skewing me to probably not support this amendment. But I am happy to listen to Deputy de Sausmarez's summing up.

Thank you.

The Bailiff: Deputy Haskins.

3395 **Deputy Haskins:** Thank you, sir.

Just one question, really. It is my understanding that a non-local person can come over and buy a non-PPR resident, and that is why the Open Market fee uplift of 2% is in there, coupled with trying to help first-time buyers. A non-local resident, Deputy de Sausmarez. That is the question? My question is whether non-local purchases can benefit from this 2% reduction in the uplift.

Thank you, sir.

The Bailiff: Deputy Vermeulen.

3405 **Deputy Vermeulen:** Thank you, sir.

3410 I suppose people who make a business out of the buy-to-let market can invest in Guernsey if they are inclined to or they can invest elsewhere in the world. I just wonder whether GHA fall into this, if they were to buy, say, 100 houses at Lille's Yard, if it was built, would they have to pay the extra if they were intending to rent those properties out? Or any other landlord that wanted to acquire a block of 50. Say, if Home department decided they wanted to buy for some of their workforce, some accommodation, would they have to pay the extra?

The Bailiff: Well, as I do not see anyone else rising, I will turn to the Vice-President, Deputy Soulsby, to speak to Amendment 17, please.

3415 **Deputy Soulsby:** Thank you, sir.

3420 Again, this is an amendment that will worsen our deficit. Now, the Rule 4(1)(d) disclosure states, 'It is impossible to accurately predict the financial impact of this amendment,' and that, 'The lost income might be made up for an increased number of transactions.' Well, now, as we cannot predict the future, between November 2022 and June 2024, a total of 1,229 properties were conveyed, excluding gifts and other transactions of emotional value, boundary transactions and transactions of land or other non-domestic property. Of these, 135, that is 11%, were subject to the 2% premium

rate as it excludes transactions exempt from duty, raising £1.6 million in additional revenue over a 20-month period. To cover this cost will require an extra 93 sales based on the average property price which would represent a 69% increase in the number of buy-to-let properties. Well, if Members think that is achievable, well, great.

But this amendment, were it to pass, is highly unlikely to be cost-free. So I am astonished to hear Deputy Dyke, who, just this morning, led an amendment to cut the costs of the States, quite happy to increase it by up to £1.6 million.

The question Members need to ask themselves is –
I will not give –

Deputy Dyke: Point of correction.
It is not an expense. It is a –

The Bailiff: Point of correction, Deputy Dyke.

Deputy Dyke: Thank you, sir.

It is not an expense to the States as such. It is a tax reduction with a point to it.
Thank you.

Deputy Soulsby: Well, sir, that demonstrates the difference between being a lawyer and an accountant! (*Laughter*) That still impacts the bottom line, Deputy Dyke.

The question Members need to ask themselves is can we justify it? Where is the evidence that this policy is a problem? Remember, this is a policy that covers non-principal private residence, which could be buy-to-let, it could be second homes.

Now I was grateful to Deputies de Sausmarez and Oliver for agreeing to come in on Friday and to enable us to have an interesting conversation about this matter. However, the Committee came away from that meeting with the view that we should retain the current policy, and there is a number of reasons for that.

Firstly, there is no direct evidence that the 2% premium for those buying to let has been an issue. Yes, it means that the cost of buying is more expensive than for someone buying their own home to live in, but it does not think that would be a reason, necessarily, to put off buyers. While it is a one-off cost on an average property the extra is around £7,000 and it should be seen in the context of over 10 or 25 years or so – however long the person wishes to keep the property. Now we need to look at this in the context of Guernsey also having a much higher proportion of private rental properties in England and Jersey and the Isle of Man.

I do understand the argument that this is just one barrier, but there are other factors that have had a far more material reason for the fact that the private rental market might be reducing – not the least of which has to be the surge in interest rates over the last few years which have made borrowing very expensive. And that is not a one-off cost and perhaps the start of the withdrawal of interest relief on residential let property might have had more of an affect.

Anyway, just as a matter of interest and not to persuade Members otherwise, and I doubt whether it will, but it is interesting to note that the UK government has just announced in its Budget last week to increase the premium for second homes and buy-to-let property purchases to be from 3%, which was set up in the last Tory government, to 5%. And it has explicitly stated that it was designed to support first-time buyers and homeownership which, as Deputy Ferbrache said, was very much the view of the previous P&R. And I think at the time we were all united on that one.

So it is up to Members, but the Committee believe that without anything to go on other than anecdotal evidence, and the cost implications of ending this policy, that it should be rejected.

A Member: Hear, hear.

3475 **The Bailiff:** Well, finally, I will turn to the proposer of the Amendment 17, Deputy de Sausmarez, to reply to the debate, please.

Deputy de Sausmarez: Thank you, sir.

3480 I think there is one core theme. I am going to try, in the interests of time, not to go through every single speaker. But if anyone does have a question that I have not answered I hope they feel free to jump to their feet and ask me.

3485 The core area of confusion, I think, is this. This is creating a barrier for homes being transacted in the way that they will go into, add to or remain stable in the private rental sector. Now, many people have argued – I am not going through all of the names – that these houses do not just disappear off the face of the Island. Quite right. If it is an existing home. I mean, if it is a newly developed property, that is one thing. If it is an existing home that is being transacted and it is not being used as a principal private residence, then absolutely, it is not disappearing off the face of the Island.

3490 But because we have put in a barrier for it to be used in the rental sector, effectively – that is the sum total of what this doing; it is adding in an additional barrier, irrespective of other measures that are designed to support the sector which this is more of a barrier than they are help – what it is doing is it means that we are losing stock from the private rental sector into the private residence sector. Now, that would be fine if we did not have the people who live in the private rental sector, if it were not the case that they have got less choice than people looking to buy in the private sales sector.

3495 Now let's not delude ourselves that this is doing anything to help first-time buyers. It is absolutely not. To help first-time buyers, we need really specifically targeted measures. And, as Deputy Kazantseva-Miller pointed out, that is the piece of work that will be done as and when. Because if it is not specifically targeted, what happens is that you just inflate the market.

3500 What is happening is that we are shrinking the private rental stock at precisely the right – I am not giving way. We are shrinking the private rental stock which is having an impact on the people in the sector. We know that it is affecting the rents that they are having to pay, because when you compare the rental prices (**Deputy Kazantseva-Miller:** Point of correction.) and the sales prices –

3505 **The Bailiff:** Point of correction, Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, I think there is no evidence, as indicated in this amendment, to show what the problem is. So I think Deputy de Sausmarez, unfortunately, does not have any evidence to demonstrate that this specific tax is having the impact that she is currently describing.

3510 **The Bailiff:** That is not a valid point of correction, on the basis that there was no identification of any inaccurate or misleading statement. And by referring to evidence, that does not really make what Deputy de Sausmarez is saying inaccurate or misleading.

Deputy de Sausmarez.

3515 **Deputy de Sausmarez:** Thank you. I agree it was not a valid point of correction but I will come on and address that.

3520 We know that this is having a disproportionate impact on people who live in the private rental sector: the tenants who have to pay the rents. We know that this is having upward pressure on the rental sector. This is something that is drawn out in the Budget Report itself. It is also drawn out in the Guernsey Housing Plan update in 2024 and it is also drawn out in the Housing bulletin that was circulated a couple of days ago. So we know that rents have remained stubbornly high, and we know they are absolutely systemically unaffordable, whereas we have seen a really very significant drop in the value of homes for sale.

3525 We know that this is affecting ... I am not standing here asking for sympathy for landlords; I am asking people to have a think about the people who are living in private rental accommodation.

Because, yes, there are some people who choose to live in the private rental sector, and they probably could choose to live in an owner-occupied home instead, but there is a disproportionately high number of people who actually have no choice about that and they do not have anywhere to go when rents become really unaffordable. Because we do not have the slack in the affordable housing sector to accommodate them at the moment.

So that is the core problem that we are trying to fix. The inflated costs ... so this is adding a barrier to investment in the buy-to-let market. And that is in turn meaning that the private rental sector is shrinking, compared with the owner-occupied sector. And that is putting upward pressure on rents and those rents are having to be paid by people who have ... many of those people will have no choice about which sector they live in, because we cannot accommodate them at the moment in the affordable housing sector, and they may not have the means to buy. This is not helping first-time buyers, because they need targeted measures to help specifically them. I hope that helps explain the problem that we are trying to fix.

To address Deputy Kazantseva-Miller's point, I have got an email here from – I mean, I have had many representations but I have got an email here – from someone who is a director of a property agency. And they have confirmed that because it is just no longer ... This is one of the things that has not helped but because it is no longer an attractive proposition to invest in buy-to-let property, people are selling out of that sector and that is resulting in rental stock decreasing. Now this something that we are hearing on the ground from property agents; it is something that we have observed in the empirical data that we have also collected; it is something that you can see in the metrics; so this is having a real-life effect.

As Deputy Oliver said, it is probably not all attributable to the 2% uplift but it is reasonable to assume that an additional barrier is really not helping. And that is because, to come back to a point that Deputy Inder raised, it does not matter whether you have got cash or whether it is a mortgage, it is not about that because actually if you have enough cash to buy a property, you have got a choice: you can invest in a buy-to-let property and you can get some return on that investment in the form of rents ... However, the yield is such, because of the economic dynamics, you would actually get a better return just leaving that cash sitting in a bank. That is what we are being told. And that is what –

Deputy Matthews: Point of correction, sir.

The Bailiff: Point of correction, Deputy Matthews.

Deputy Matthews: Sir, it is often compared that you would get a better return on bank interest versus the yields that you would get from properties, and that may well be true if you are only looking at the gross yield or the net yield but it does not take into account the capital appreciation that you would normally get from a property which landlords and second homeowners – because this does not discriminate actually between just private rental landlords, it includes second homeowners, people buying holiday homes etc. as well and they would also benefit from capital appreciation as well, sir.

Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: I give way to Deputy Oliver.

Deputy Oliver: That would be correct, but the capital appreciation does not always go up. It does also go down ... *(Interjections and laughter)*

Deputy de Sausmarez: Right, anyway.

The fundamental problem is that we are losing property out of the private rental sector at exactly the time that we cannot afford to lose property out of the private rental sector. This is one of the factors – and I appreciate P&R, in their Budget, have included other measures which I am very supportive of, but this is one of the measures – that is having a negative impact in terms of that, it is having a negative impact on the rents that people are having to pay. This is all eminently observable through the empirical data that we all have access to.

So this amendment simply asks that we level the playing field and once again encourage investment in a very important part of our housing market that could really do with not being disadvantaged at this point because it has a very real impact on the people who live in it.

That is the effect of this amendment and I encourage people to support it.

Thank you.

The Bailiff: Well, Members of the States, it is time now to vote on Amendment 17, proposed by Deputy de Sausmarez, seconded by Deputy Oliver. And I will invite the Greffier to open the voting on Amendment 17, please.

There was a recorded vote.

Amendment 17.

Not carried – Pour 6, Contre 27, Ne vote pas 3, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
De Sausmarez, Lindsay	Aldwell, Sue	Burford, Yvonne	McKenna, Liam	Cameron, Andy
Dyke, John	Blin, Chris	Roberts, Steve		Gabriel, Adrian
Meerveld, Carl	Brouard, Al	Snowdon, Alexander		St Pier, Gavin
Oliver, Victoria	Bury, Tina			
Queripel, Lester	De Lisle, David			
Vermeulen, Simon	Dudley-Owen, Andrea			
	Fairclough, Simon			
	Falla, Steve			
	Ferbrache, Peter			
	Gollop, John			
	Haskins, Sam			
	Helyar, Mark			
	Inder, Neil			
	Kazantseva-Miller, Sasha			
	Le Tissier, Chris			
	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Mahoney, David			
	Matthews, Aidan			
	Moakes, Nick			
	Murray, Bob			
	Parkinson, Charles			
	Prow, Robert			
	Roffey, Peter			
	Soulsby, Heidi			
	Taylor, Andrew			
	Trott, Lyndon			

The Bailiff: In respect of Amendment 17, proposed by Deputy de Sausmarez and seconded by Deputy Oliver, there voted in favour, 6 Members; there voted against, 27 Members; 3 Members abstained; 4 Members did not participate in the vote. And, therefore, I will declare Amendment 17 lost.

We will now go back to Amendment 21 on a slightly different topic again. Madam Procureur, is it your wish to move Amendment 21?

[Amendment 21](#)

At the end of proposition 10, add "and subject to the following amendments:

In clause 1 of the Ordinance –

(a) in paragraph (b), for "in paragraph (a)" substitute "wherever it appears", and

(b) in paragraph (c), for "in paragraph (a)" substitute "wherever it appears".

The Procureur: Yes, it is, please, sir.

The Bailiff: Thank you very much. What do you want to say in relation to it?

The Procureur: Hopefully, sir, it is fairly self-explanatory but in case it assists Members, it is simply a technical amendment. It is to ensure consistency of the definitions in relation to independent small brewery and cider makers. That is all that it seeks to achieve and Deputy Trott has kindly agreed to second it for me, sir.

The Bailiff: Deputy Trott, do you formally second Amendment 21?

Deputy Trott: I do with thanks, sir.

The Bailiff: Thank you very much.

I do not see anyone rising to say anything in respect of that. And therefore, I will invite the Greffier to open the voting, please, on Amendment 21, proposed by His Majesty's Procureur and seconded by Deputy Trott.

There was a recorded vote.

Amendment 21.

Carried – Pour 36, Contre 0, Ne vote pas 0, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	None	None	McKenna, Liam	Cameron, Andy
Blin, Chris				Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Bury, Tina				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
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

3630 **The Bailiff:** In respect of Amendment 21, proposed by His Majesty's Procureur, seconded by Deputy Trott, to affect Proposition 10, there voted in favour, 36 Members; no Member voted against; no Member abstained; 4 Members did not participate in the vote. And therefore, I will declare Amendment 21 duly carried.

We will now to Amendment 18, if Deputy Haskins wishes to lay Amendment 18, please.

[Amendment 18](#)

1. At the end of proposition 14, add "subject to the amendments indicated below:-

(a) For section 3, substitute the following section: "

3. Section 1B of the Ordinance is repealed.", and

(b) For section 8, substitute the following section:

"8. (1) This Ordinance, except for section 3, shall come into force on the day on which it is made.

(2) Section 3 shall come into force on 1st January 2025."

AND

2. At the end of proposition 15, add "subject to the amendments indicated below:-

(a) For section 3, substitute the following section:

"3. Section 1B of the Ordinance is repealed.", and

(b) "8. (1) This Ordinance, except for section 3, shall come into force on the day on which it is made.

(2) Section 3 shall come into force on 1st January 2025."

3635

Deputy Haskins: Yes, please, sir.

Now, I am aware I am on very much the graveyard shift, so I will keep my comments brief.

3640 Sir, this is a simple amendment. As part of the 2023 Budget, a scheme was introduced to incentivise property owners to downsize by over 25% of their TRP. There are other conditions; they are all in footnote 21 on page 57 in the Budget. So if they satisfied all of those conditions, then they would benefit from having relief on the first £400,000 of Document Duty. It is equated to £10,875 – up to.

3645 The policy letter states that 56 owners benefited from the scheme. It is not clear, however, how many of those owners sold their property because of the incentive. Sir, anecdotally, I know of three parties that have benefited but they had no idea of the scheme and it was just a welcome bonus, 'That is great, thanks very much. I didn't know about that.'

3650 Clearly, though, this scheme has resulted in, I was going to say less income, but I am not sure whether Deputy Dyke or Deputy Soulsby would have an argument about which one is income or expenditure or revenue. In my mind, it is lost income for the States. Given our financial state of affairs, I am suggesting that we do not continue this scheme until it is at least known that there is a tangible positive effect and that the scheme is worth the lost income.

3655 As mentioned in the explanatory note, it is likely that there are also secondary effects of this scheme, putting more pressure on the market for the smaller properties by increasing demand, making it harder and more expensive for those who are wanting to move up the ladder or perhaps buy their first home. Those downsizing have the advantage of having more equity because they are selling their larger home. But they also have the document relief to put towards their new house, meaning that they can pay more.

3660 Sir, the suggestion that I am putting forward is to at least pause the scheme while we gather more evidence as to the success of the scheme. The question I am trying to answer is, is this scheme worth it? For almost £600,000 of lost income, we may – may – have persuaded a few people to

downsize their home by at least 25%. There *may* have been some people who were going to downsize by 20%, saw the relief was only for 25% and thought, okay, I will not buy that house, I will buy this house. I do not think we have any numbers on those. Who knows. Who knows what the impact is?

3665 Sir, what I am suggesting is that this scheme is a high risk one, where it is probable that most people are selling their larger houses and downsizing because of all of the normal benefits of downsizing: cheaper TRP, cheaper bills, releasing equity and the property becoming too much for them to handle.

3670 Sir, by pausing this scheme, we can carry on collecting the data. We can wait, we can wait for work to be carried out by Environment & Infrastructure and look at how many homeowners downsized next year, comparing to the numbers from last year. And if there is a demonstrable decrease in the number of property owners who decreased by 25%, then it might be, we would have to take into account inflation and interest but it could be right. We know that now, instead of 56, there are only 20. Therefore, yes, maybe the scheme did work. If at that point, though, that point
3675 in time, if that happened, we or the next Assembly could simply reintroduce the scheme. It was very quick to introduce. It can be very quick to take away.

Sir, Members, it is a simple amendment, a simple question, should we pause the scheme until we know the effects of the scheme, what they are, if they are working and whether or not this scheme is actually worth carrying on. That is the question I am putting forward to Members.

3680 Thank you.

The Bailiff: Deputy Kazantseva-Miller, do you formally second Amendment 18?

Deputy Kazantseva-Miller: Yes, sir.

3685

The Bailiff: Thank you very much.
Deputy Mahoney.

Deputy Mahoney: Yes, just very quickly.

3690 I have no issue with this at all. It seems eminently sensible to me. It does seem to be that it is one of those unintended consequences of things that we passed. Of course, all it has done really is add pressure onto the market sector which is already buoyant anyway, but with those people trying to upsize and meeting those people trying to downsize. But of course, the advantage those downsizers have is that they are very cash rich having just sold their larger property. And even more
3695 so, because they have got some cash given to them as a gift from the States of Guernsey with the current scheme that is in place.

So I have no issue with this and will be supporting it.

Deputy de Sausmarez: Thank you, sir.

3700 Fundamentally, we are trying to encourage people or more people who might be considering to downsize to do so for some very good reasons. There are the social reasons that Deputy Haskins alluded to. It is a problem particularly as people get older that they find that the home that they might have lived in for however long up to then is becoming increasingly unmanageable for them and unaffordable etc. and not meeting their needs as they get older.

3705 There are some social reasons, but there are significant barriers to downsizing which is why we are carrying out the downsizing review and we had really good engagement with that from the public. We think there is significant appetite to downsize but we know that there are also very significant barriers to doing so. So every little helps.

3710 And the reason it is important that we do enable downsizing or support it where people are keen to downsize is, generally, or one of the most important reasons, is because it makes much more efficient use of the Island's housing stock. We have very high rates of underoccupancy. However, we also have many families and households in the Island who are living in overcrowded

conditions, who need to find a larger home, and they cannot do that if people are not able to downsize, for whatever the barriers are, because it is gumming up the whole market.

3715 So by supporting people who want to downsize to do so more easily, and this is exactly that kind of measure, then we are actually supporting the whole market to work more efficiently and more dynamically, which incidentally, generates more income for the States because the more transactions there are, the more income we will receive in the form of Document Duty. And it means more households will be better able to meet their housing needs because they will not be living in
3720 a home that they feel is too large for them, or alternatively, too small for them.

The argument about putting more pressure on the smaller units, there is an important factor that should be taken into consideration, which is the vast majority of units coming forward through the planning system now, are indeed smaller one- and two-bed units.

3725 So the system is working in that respect. When we published the SSHI, one of the things that we do highlight is the fact that we need more of the smaller units. That is to help guide the market and better match supplier need and that is, indeed, happening. The majority of units that are going through the planning system, are indeed for one- and two-bed properties so it is not just a case of there being a static number of homes and just putting disproportionate pressure on smaller units; the new units that are coming onto the market are, indeed, the type that support that system to
3730 work more effectively and generate more income. So I am supportive of continuing with this. I think it would be a mistake to take away a measure that encourages something that, generally speaking, we know we want to encourage.

And just going back to the point of using our housing stock more efficiently, we know that if we carry on using our housing stock as inefficiently as it is currently being used, then that actually puts
3735 far more pressure on more of our land to be developed for larger homes. So it is really important that we support people who are keen to downsize for whatever personal reasons they might have to do so. We know that there are significant barriers, some relating to just the cost of moving house, and that even if you are moving from a larger home to a smaller home, it absolutely is not the case that you are going to end up with cash in hand. I have spoken to so many people for whom that
3740 has been their personal experience.

So we do know that there are significant barriers. I think it would be premature to remove this when we are looking into ways to better support people to be able to downsize. This is a measure that will do so, and I do encourage Members to reject this amendment in order to fulfil that objective.

3745

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

3750 I am afraid I will not be supporting Deputy Haskins' amendment, but I do see an awful lot of the logic behind what he is saying, and it does create something of an uneven playing field between people who are downsizing and, for example, first-time buyers.

I did originally have, or I certainly started preparing, an amendment for Document Duty to look at Document Duty and include creating a first-time buyer's rate, although I have not been able to get that amendment to this Budget and that is partly because it was too complicated for Treasury
3755 to be able to make the legislative changes in time for the Budget to be able to introduce a first-time buyer's rate.

But I did get some commentary back and some analysis from P&R; actually about that amendment but I will read it out because it has some relevance. It says:

Generally, Document Duty is considered a relatively inefficient form of tax because it creates a friction on market transactions. This, combined with its volatility, make it a poor candidate for sustainable revenue raising to a significant extent. The preference amongst economists is to apply recurring annual taxes on properties. But almost all jurisdictions apply some form of transaction tax. And transaction taxes for higher value properties are often higher than the additional rate presented in the 2025 Budget.

3760

And the reason why I mentioned that was two-fold which was to support the idea that, which I think everybody knows anyway, Document Duty adds friction to transactions, and it prevents them from happening. Now that in many ways, that works on both sides of Deputy Haskins' argument because the point of this measure is to reduce that friction for people downsizing. But comparatively, for people who are not downsizing, it adds something in. So in many ways, it would be more useful, I think, to have added in a first-time buyers zero rate, as the UK has, rather than get rid of this one. But I think the question would be, you are almost asking, do two wrongs make a right? And my preference certainly would be to not support this amendment in order to allow downsizing to happen more easily.

But one other point that Deputy Haskins made in his speech was he asked for this to be repealed for a period of time so that we could gather some statistics and do some analysis on whether it was successful or not. I just think that is completely impossible. The reason is, the other thing, and it is mentioned in the other part of that analysis, sir, the volatility of the housing market is so jumpy – it is affected by some many things, by interest rates – it would just be impossible to look at one year's worth of data with this measure in and one year's worth of data without it in and see if it made any difference. Because I just think the volumes and the volatility would mean it would just be almost impossible to draw any conclusions from the data that you have got there.

I do not think, if you are hoping to suspend this to gather some data, you will never really know why somebody downsized, what was in their mind when they made that decision, whether a tax break was part of that decision or not. It is very difficult to understand that.

But I am afraid ... I have an awful lot of sympathy with the point, and I do see the point that Deputy Haskins is making that it does create an inequality with, certainly, with first-time buyers but I would not support this amendment because I think downsizing is a really important feature that we ought to support.

Thank you, sir.

The Bailiff: Can I have an indication, please, from those Members who want to speak on Amendment 18.

I am going to put a motion to you, then, Members, that we continue sitting to conclude Amendment 18. We might also do Amendment 20, if you will bear with us, because that is just another technical amendment. And then we will adjourn until tomorrow.

Those in favour; those against.

Members voted Pour.

The Bailiff: I will declare that carried.
Deputy Roffey.

Deputy Roffey: Thank you, sir.

This is entirely anecdotal, but I believe there are basically three reasons, three blockers, or have been, to downsize here in Guernsey. Or three main ones. One is emotional attachment to your oversized home. That is the reason that I am not looking to downsize, even though I could easily live in a smaller unit. The second one has been the lack of suitable properties when you are actually looking for them. But the third one, certainly before this scheme came in, I know a number of people who really looked into it and said, 'By the time I have paid legal fees, by the time I have paid Document Duty, by the time I have paid for the movers and everything else, I am not really going to gain from this so why should I go through this hassle?'

I think that this scheme was a very good thing. Now, is it working? Well, why don't we find out? We do not find out by suspending it. How on earth can you gather more data on the effectiveness of this scheme by not operating it? Why don't we just go and survey the people who have benefited from it? After all, they have got no vested interest anymore. They have had their discounted Document Duty. You can ask them whether or not it was a factor and if so, how big in their decision

to downsize. And if all of them says that it did not feature whatsoever, it did not have any impact, then I would have more sympathy with Deputy Haskins' view. But if even some of them say that it was a factor, then I think it is worth maintaining. But the idea that you actually get empirical data by suspending the scheme is looking at it in a very cockeyed way. I think, just do the research.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, I think we have to speak about this in the rounds of the fiscal situation we have got. And the fiscal situation we have got is we are about to potentially put Income Tax which will affect lower and middle and everyone in Guernsey in the next couple of years versus making evidence-based decisions that we know actually make a difference.

And the problem with this incentive that we have got is that we have got absolutely no evidence, as Deputy Haskins said. Whether it helps. And when we say it helps, it helps to bring out transactions that otherwise would not have happened. And I think that is the key question. And in absence of that, we are potentially giving some free money which is always nice and well-received. But it is basically free money that we do not have and if we had to use those £600 over the last ... that we have foregone through this scheme, on other schemes, which I am sure we can all find many worthwhile schemes, this is money we could spend.

This is why I think when we establish incentives we have got to gather data, information, whether they are working or not. And this is the reason, for example, when the Committee for Economic Development has launched, again, the Enterprise Investment Scheme, we did not want to launch it as part of the Budget, we launched it as a trial and through that programme and scheme, we are collecting all sorts of data to understand whether it is working and working on a number of different parameters.

And this is the issue of just bringing quick propositions and incentives through Budget, is that if we do not gather this data then we are literally just operating in a vacuum; and we are continuing to operate in a vacuum and potentially foregoing revenue that we really desperately otherwise need.

So I am sympathetic to the suggestion that, well, let's start gathering data, but obviously, because we have got a complete lack of resources across the board, we have so many other priorities, I am not sure that this work would just be quickly picked up. So I would be very keen to wait for the outcomes of the downsizing review. I think the absolute core of the problem remains that we have got a shortage of supplier homes. That is fundamentally why the market is constrained across the board for everyone.

But the key to this, which is similar to the previous amendment, is it creates a disadvantage against people, buyers, first-time buyers potentially, who are looking to move into similar types of properties. It lays a financial disadvantage against those people for whom we still have no support. It is very similar in that to the previous amendment.

So I think in absence of any evidence about whether this scheme has made any difference, I think, and this financial circumstance we are finding, I think we have got to be very prudent where we spend our money, and I would continue to support this amendment.

Thank you.

The Bailiff: Well, as I do not see anyone else rising on this occasion, I am going to turn to Deputy Le Tocq who is going to reply on behalf of the Committee.

Deputy Le Tocq: Thank you, sir.

I will not take very long. The Committee, first of all, opposes this amendment. I think we can understand where it has come from but, as Deputy Roffey has said, one of Deputy Haskins' main arguments was, we do not have sufficient data so we should pause the scheme until we do have sufficient data. But if we pause the scheme, bearing in mind we only introduced it less than a year ago, we will not really be able to find that sort of data.

3865 We have a housing crisis, sir, and we are dealing with a Budget and obviously that is are primary
and first focus. But we are looking to spend money to build more houses and to encourage the
building of houses and that is part of the solution. But we also have people living in the wrong size
of house and because of our suboptimal amount of housing and variety of housing, it is actually
3870 very difficult for some people to find the right sort of property, whether that is moving up or moving
down.

So I think the incentive, the idea behind this incentive in the scheme was to remove one of the
obstacles or at least alleviate it so that there could be some movement in the housing situation
which would enable and free up some properties at the lower end as well as provide some
properties for families that are growing who otherwise might end up extending smaller houses and
3875 taking them out of that particular market.

Guernsey has significant housing issues. And some stats, if we are looking for some data, we
estimate that 33% of households have at least two unoccupied bedrooms. Sixty-one percent have
at least one spare bedroom, and this increases to 56% amongst pensioners. Eighty-two percent
have at least one spare bedroom. This is certainly a massive difference from in the 1980s when I
3880 was a teenager, and I looked at some of the changes that have happened then.

Supporting people, therefore, to 'right-size', if we can use that word, and move to more
accessible accommodation in their later years, means that they can choose a home where they face
few risks, less stairs to have to go up and down, an accessible bathroom etc. as their physical health
becomes more delicate. And that makes it easier as well for us and for carers to look after those
3885 who need that sort of attention.

Downsizing can also reduce the maintenance and utility costs for older people on fixed income.
And there is some potential, I think, here for us to continue the scheme until we have some evidence
in the manner in which Deputy Roffey was referring to. We cannot and we obviously should not
compel people to move if they do not want to but encouraging people to do so and to make more
3890 efficient use of the housing resources we have in the limited space on this rock is the right thing to
do.

The existence of the discount is as much about the message that the Government supports the
principle of downsizing as the actual unknown achieved number of people who have moved. And I
am sure, like others, I have got anecdotal knowledge of people who have done that. In one case, a
3895 couple were able to downsize and two groups who were in smaller housing, a family that were
growing, and a parent that they wanted to look after were able to move into that house, therefore,
freeing two properties for us.

We just do not know the exact data, but it is certainly not something we want to take away when
we have only introduced it last year.

3900 **The Bailiff:** I will turn finally to the proposer of Amendment 18, Deputy Haskins, to reply to the
debate, please.

Deputy Haskins: Thank you, sir. And thank you, Members, for the short debate.

3905 Deputy Mahoney, thank you for the support. We had Deputy de Sausmarez who said, yes, there
are social reasons to downsize. Yes, I have mentioned many people downsize, it is not just old
people. It is anyone – *anyone*! There are some very rich people who downsize who just happen to
have an extraordinarily large house who downsize to a slightly smaller house, still 25% that benefit
somewhat to a scheme.

3910 **Deputy Soulsby:** Point of correction.

The Bailiff: Point of correction, Deputy Soulsby.

3915 **Deputy Soulsby:** It does not apply. Downsizing only applies up to a certain cost of a property.
You can only benefit from it for houses up to a certain size. Half a million of something?

Deputy Haskins: Yes, the conditions are on 21.

Deputy de Sausmarez also said there are barriers to downsizing. We know that. And again, Deputy Le Tocq said in his speech, it is about the evidence. This is what I am asking for.

3920 Deputy de Sausmarez also said, well there are lots of overcrowded houses because they cannot
find larger properties. Well, there are lots of larger properties if you look on the market. You can go
to Saville's or something and look for the smaller properties, say, under £500,000. You cannot find
them; there are two, but for the larger ones, sure, 84. In my mind, the problem is the 14-15 times
3925 your salary and the interest rates; the cost of money, that is more the problem; downsizing, that is
not the issue.

She also mentioned there is demand for the smaller units and do not worry we have got the
SSHI so that is all going to be fine. Well, certainly if we think that there are some units that, if there
are more in the affordable market then that might release some from the private market. I think I
seem to remember that the last update that Deputy de Sausmarez did for Environment &
3930 Infrastructure, I asked the question, how many houses by the end of term will have been built by
us? I think the answer was 33. I think it is only one that has been built so far. I could be incorrect.
Deputy de Sausmarez is shaking her head, so I know that figure is incorrect but it was meant to be
33 by the end of this term. That is not enough.

And actually, one more point: on the SSHI, there were a larger number of units for one-bed and
3935 two-beds, but again, without the data we do not know. But I doubt there are many people selling a
five-bed and moving to a one-bed.

Deputy Matthews, he said, yes, I can understand, there is an uneven playing field so that is
regrettable. He also said that you cannot see the data so whether it is there or not, you cannot see
the data because the property markets fluctuate so much. And Deputy Roffey then said, I tell you
3940 what, we need to find out and then we can get the data. But Deputy Matthews said, you cannot get
the data. So again, that is why I said it is a high-risk scheme. We know that we are giving this to
some people who do not need it, did not want it and it is lost revenue. And that is the point that
Deputy Kazantseva-Miller was mentioning. We have to look at this in the rounds of our financial
landscape. She also mentioned this £600,000 or would be more, why would we be spending it on
3945 this scheme and not a different scheme. And I think she is right. Why is it set at £400,000? Why isn't
it the first £200,000 or £800,000? We do not know.

Deputy Le Tocq said, again, about the, well, if we pause then we will not know but again, Deputy
Matthews is saying, you will not know anyway, we can just survey them like Deputy Roffey said.
Well, we could try that. I hope that Deputy de Sausmarez's downsizing report is going to involve
3950 some of this information so that we can make an evidence-based decision, or at least, as much of
an evidence-based decision as we can, because Deputy Matthews tells us we will never be able to
get the data.

Deputy Le Tocq also tried to give us some statistics on 33% of houses have two-bedrooms so
there are too many houses out there underoccupied, which I do not think people are denying, they
3955 are not denying those facts. But what you can do is understand, those two-bedrooms, how many
of them are, I am living in a five-bedroom, and I have got two spare? Or actually, there are three
bedrooms and two of them are spare? How many of those bedrooms are studies? How many of
them are there for their kids to come over because their child has left the Island because it is too
expensive over here?

3960 Sir, as I started I said it is a very simple amendment. It is £600,000 worth of lost revenue that we
know we are giving some – we do not know the quantum, some, probably most if you ask me – to
people who do not need, did not need it. And I am asking Members, do we really think that is worth
it? That is the question that I am putting forward.

And I hope you support this amendment.

3965 Thanks.

The Bailiff: Well, Members of the States, it is now time to vote on Amendment 18, proposed by Deputy Haskins, seconded by Deputy Kazantseva-Miller. And I will ask the Greffier, please, to open the voting on Amendment 18.

There was a recorded vote.

Amendment 18.

Not carried – Pour 15, Contre 18, Ne vote pas 3, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Blin, Chris	Roberts, Steve	McKenna, Liam	Cameron, Andy
De Lisle, David	Brouard, Al	Snowdon, Alexander		Gabriel, Adrian
Dudley-Owen, Andrea	Burford, Yvonne	Taylor, Andrew		St Pier, Gavin
Dyke, John	Bury, Tina			
Ferbrache, Peter	De Sausmarez, Lindsay			
Gollop, John	Fairclough, Simon			
Haskins, Sam	Falla, Steve			
Helyar, Mark	Le Tissier, Chris			
Inder, Neil	Le Tocq, Jonathan			
Kazantseva-Miller, Sasha	Matthews, Aidan			
Leadbeater, Marc	Moakes, Nick			
Mahoney, David	Murray, Bob			
Meerveld, Carl	Oliver, Victoria			
Prow, Robert	Parkinson, Charles			
Vermeulen, Simon	Queripel, Lester			
	Roffey, Peter			
	Soulsby, Heidi			
	Trott, Lyndon			

The Bailiff: In respect of Amendment 18, proposed by Deputy Haskins, seconded by Deputy Kazantseva-Miller, there voted in favour, 15 Members; 18 Members voted against; 3 Members abstained; 4 Members did not participate in the vote. And therefore, I will declare Amendment 18 lost.

Just to complete the amendments to Propositions 14 and 15, Madam Procureur, do you want to move Amendment 20, please?

[Amendment 20](#)

1. At the end of proposition 14, add "subject to the amendments indicated below:-

In clause 8, for "1st January, 2025", substitute "day on which it is made",

AND

2. At the end of proposition 15, add "subject to the amendments indicated below:-

In clause 8, for "1st January, 2025", substitute "day on which it is made".

The Procureur: Yes, please, sir, and I can be very brief.

Sir, this amendment relates to the Document Duty (Rates) Ordinance. All it seeks to achieve is to amend the commencement date by substituting the daily ordinances made rather than the January date that is put in there and that is consistent with what we would normally do. It should be made, hopefully, tomorrow or Friday, depending on what the States wish to do. (**The Bailiff:** Whenever.)

Thank you, sir.

The Bailiff: And Deputy Trott, do you formally second Amendment 20?

Deputy Trott: I do, sir. And again, with thanks.

The Bailiff: Thank you very much.

I do not see anyone rising to debate Amendment 20, so I will ask the Greffier to open the voting on Amendment 20, please.

There was a recorded vote.

4000

Amendment 20.

Carried – Pour 35, Contre 0, Ne vote pas 0, Did not vote 2, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	None	None	Brouard, Al	Cameron, Andy
Blin, Chris			McKenna, Liam	Gabriel, Adrian
Burford, Yvonne				St Pier, Gavin
Bury, Tina				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
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				

4005

The Bailiff: In respect of Amendment 20, there voted in favour, 35 Members; no Member voted against; no Member abstained; 5 Members did not participate in the vote. And therefore, I will declare Amendment 20 also duly carried.

We will resume in the morning at 9.30 a.m. when we will turn to Amendment 11 as the first item. Close the Meeting for the day, please.

The Assembly adjourned at 5.52 p.m.