



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Thursday, 7th November 2024

*All published Official Reports can be found on the
official States of Guernsey website www.gov.gg*

Volume 13, No. 23

ISSN 2049-8284

*Published by the States' Greffier, The Royal Court House,
St Peter Port, GY1 2NZ. © States of Guernsey, 2024*

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S. P. Haskins	H. J. R. Soulsby
M. A. J. Helyar	L. S. Trott
N. R. Inder	S. P. J. Vermeulen
A. Kazantseva-Miller	

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 H. L. de Sausmarez (*relevée à 9h 34*); Deputies A. Gabriel (*absent de l'île*);
M. P. Leadbeater (*relevé à 10h*); 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

Billet d'État XIX

POLICY & RESOURCES COMMITTEE

1. States of Guernsey Annual Budget 2025 – Debate continued

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

5 **The Bailiff:** Deputy Prow, there is an important lesson there, which is pay attention when the roll call is being called, for your name! It is that sound of footsteps that is so familiar. Deputy de Sausmarez, is it your wish now to be relevéed?

10 **Deputy de Sausmarez:** Yes please, sir.

The Bailiff: Right.

[Amendment 11](#)

To delete Proposition 7 and substitute:

"7. To exempt from income tax rental payments made to private householders by lodgers up to a maximum of £10,000 per room, and two rooms per property, subject to the following conditions:

The tenant must be over 18 and not a family member;

The room must be in the taxpayer's principal private residence;

The room must be furnished and cannot be a self-contained unit in that property;

The room cannot be part of a guest house or bed and breakfast business;

Eligibility is restricted to those properties where one or two rooms only are let;"

If the maximum gross rental income per room exceeds £10,000 per annum, the excess would be taxable; and

If a property is jointly owned/rented, the exemption would be halved for each individual and any unused allowance would not be transferable."

The Bailiff: Members of the States, we will continue with the order of amendments and the next one is going to be Amendment 11, if Deputy Haskins wishes to lay that one.

Deputy Haskins.

Deputy Haskins: Yes please, sir.

I had the graveyard shift last night and now the early bird shift. As much as I was surprised that Members voted to continue a scheme losing a large amount of revenue because of a hope that they may have added a large Local or Open Market house on the market for high-net-worths from the UK to come up and buy, at least it is reassuring, from this amendment's point of view, that Members are happy to spend, or reduce revenue, when it comes to housing.

Like my last amendment, sir, this is also a very simple amendment. The explanatory note covers the gist of the question that I am putting forward to this Assembly, so I do not feel the need to delve too deep into the merits of this amendment. Before I do, sir, I do need to declare an interest. I own a small house and could benefit from this scheme, amended or otherwise.

The current Proposition is to implement a rent-a-room scheme, but only allow homeowners to benefit from the scheme if they charge less than £834 a month. Members, the average two-bedroom flat has an average monthly rental of over £2,000 a month, or £1,000 per month per room; £1,000, not £833. You see very few rooms for under £850 a month.

If the purpose of this scheme is to incentivise people to rent a room in their underutilised house, maximising the number of units that are available on Island, then Members should support this amendment. If, however, Members want to softly manipulate or implement a kind of soft rent control in the market, by only allowing homeowners to benefit from the scheme if they charge less than £834 a month per room, then Members should vote against this amendment.

Simply put, there would be more units of accommodation, more rooms available for key workers, more rooms for people to take up a job here, in the Island, where there would also be an increase in revenue from people paying personal Income Tax. So more accommodation, helping more people with the cost-of-living crisis, by removing the cliff edge that is currently being suggested.

I am sure I do not need to remind Members of our need for housing. As mentioned in the explanatory note, Jersey's scheme is similar to what is being proposed. Similar, but different. Different because they have greater exemptions of 25% and 50% for certain conditions, if owners receive more than £10,000 gross income.

The United Kingdom, however, already has a rent-a-room scheme and has done so for many years. They allow for the first £7,500 to be tax-free. Anything after that is then taxable. So this amendment is seeking to bring the scheme more in line with the UK. So instead of being £7,500 tax-free – you can think of it as the Guernsey factor – it is £10,000 tax-free and then the rest of it is then taxable. All of the other conditions on page 41, paragraph 5.29, remain the same. It is only to remove the cliff edge and to make the first £10,000 tax-free. Everything after is taxable.

So again, sir, a simple choice for Members: do Members want more housing made available? If so, please vote for this amendment.

Thank you.

The Bailiff: Deputy Mahoney, do you formally second Amendment 11?

Deputy Mahoney: Yes, sir.

The Bailiff: Thank you.
Deputy Burford.

Deputy Burford: Thank you, sir.

I thank Deputy Haskins for his opening speech, in which he has very helpfully described the changes in his amendment to that that was proposed in the Budget. I am not going to be able to support this amendment. I think Deputy Haskins' comparison of a two-bedroom flat and equating

65 it to two bedrooms in a house is not accurate. You are not going to have sole use of your kitchen and living space and bathroom, so I really do not think that counts. Of course, this current scheme in the Budget, it is not stopping anyone from charging more than £10,000, should they so wish, it just means that they do not get the tax benefit.

He also said this is a kind of form of soft rent control. Actually, given the state of our rental market, I am not sure I am against that. So for those reasons I will not be supporting this amendment.

70 Thank you.

The Bailiff: Deputy Gollop.

75 **Deputy Gollop:** I have chatted to Deputy Haskins and reflected on the amendment. I am not entirely unsupportive of it. But we on Policy & Resources and the process we adopted opposed it and I would say there are still two issues where I think we should be cautious with this one.

I did break ranks yesterday on one amendment, because I thought it raised more revenue. But this of course potentially costs the Island revenue and I would agree with Deputy Burford's line that this does not necessarily tick the box of restraining rents to an affordable level, which I think is contained within the Budget's proposal and Deputy Soulsby's vision. That is why I think we should vote against this amendment.

80 The other reason is almost more evidence based; it is pragmatic. We sometimes are accused of not necessarily measuring or evidencing changes we make. Perhaps that happened a bit yesterday. Okay, we have not got a huge army of statisticians and economists. As Deputy Trott reminds us, we are the slimmest Civil Service, really, in the western world.

My point is we have done a lot of work – Deputy Soulsby, in particular, has done political work – on getting to the point of the Budget proposal for tax relief under £10,000. I do not like cliff edges but I think we should see what occurs, to see if it works, this policy, and see both the successes and perhaps issues that arise from it. Then we can, especially if we have got a better funding strategy, look again in a year or two, at Deputy Haskins' positive suggestion.

90 I would say be bold, be wise, and make haste slowly. So, with reluctance, I do not think we should support the well-meaning amendment here.

95 **The Bailiff:** Deputy Matthews.

Deputy Matthews: Thank you, sir.

I am going to support this amendment. In general, I do not like the idea of cliff edges in tax policy. I think they should always be structured in such a way that you do not change behaviour or you do not get sudden change in a tax due to making something £20 more expensive. I support that idea. Actually, some of the arguments about whether it would encourage or discourage, I think it would possibly encourage more people to let out rooms.

100 I should potentially declare an interest. I could potentially let a room out at my house. I am not thinking of doing so, but certainly in the past it was something that I could have thought of doing. I think that any encouragement for people to let a room out in this housing market is a good thing, because it would increase the density of housing and free up places somewhere else. I think that is to be encouraged and the small differences in States' revenue, I am sure, would be more than made up for by the benefits in the economy of having a greater housing capacity. For those reasons, I intend to support the amendment.

110 Thank you, sir.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, if I can refer Members to 5.29, which is on page 41. I am boarding permit-holder. I am the holder of four boarding permits. Running through 5.29, page 41 on income proposals. These are the eligibility for the relief.

- The tenant must be over 18 and not a family member;
- The room must be in the taxpayer's principal private residence;

That is interesting. It is perfectly possible under our system of Government, for people to actually rent their private residence out for three or four months of the year. They can apply to Visit Guernsey, decide to go off to Australia for three months, and rent their houses out, and effectively benefit from this. That is my reading of it. You can effectively benefit from this because it does not say you have to be living in your private residence, it says it has to be your private residence.

So effectively anyone here can, after the election and we have all done so miserably, decide to take their final trip to Australia, three or four months, and my reading of it is that effectively you would immediately benefit from the relief. Because you could, for some of us, rent our houses out for that amount of money, over a three- or four-month period and benefit from that.

I find that a little bit strange and would like to seek some clarity from P&R if that is my understanding.

- The room must be furnished and cannot be a self-contained unit in that property;

Fantastic. I am still in with the relief.

- The room cannot be part of a guest house or bed and breakfast business; ...

It does not use the word boarding permit and it does not mention self-catering either. Again, one of my properties, it is the principal private residence, it looks like it has got a self-contained unit, but it is not. It is actually part of the main residence. So if I am reading this correctly, as a boarding permit-holder, who makes the family business, which is in hospitality, if I am reading that correctly, a portion of my residence can be rented out, benefit from tourism and then still, effectively, part of the portion of the business which would be the £10,000, would benefit from that relief.

It does not specifically say boarding permit holders. My home is exactly like that and as I read that right now, it looks to me that I can benefit from the £10,000 relief, even though I am renting it out to people, all of which are 18 years old, because my unit attached to my house is not self-contained. I think this can be gamed and I would like to seek a little bit of clarity, because I might have got this wrong, but that is where I am at the moment.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I think Deputy Gollop raised exactly the point that was raised yesterday about how will we know if this scheme is effective? If this scheme is effective and people are indeed renting rooms out and taking advantage of the relief, how would we know that that is actually happening? Will they still have to declare something on their tax form to say that, 'I've rented a room, it was under £10,000, so I'm allowed to make ...' or will there be no way to capture that information?

If we do not have any way to capture this information and I assume what I just said would require a change to the tax form, which as I understand takes years to do, so I would not be surprised if this is not in place for next year's Budget. So how would we know that this scheme is successful or how would we know that Deputy Haskins' proposals might be successful?

I would like to get some clarity from P&R in this debate – because I think this is where it is being drawn out – whether there will be any kind of data capture to actually understand whether this scheme is effective and how, exactly, that is going to happen. Because otherwise neither the original

Proposition ... we will know whether it is working or we will not know whether Deputy Haskins' Proposition is working. So it is just a bit of a guess and a gamble.

160 **The Bailiff:** Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

 I am driven out of my seat by Deputy Inder and Deputy Kazantseva-Miller. Deputy Inder's point: if he rented out his house, it has a kitchen in it. Therefore it would not qualify under these rules.
165 And Deputy Kazantseva-Miller, the £10,000 or whatever rent there was received, would be in income, therefore it would be declared as part of your income and presumably you would then have to separate out that income and claim the tax back on it. So if you want to capture the data, simply Income Tax could report to us how many people had claimed that tax back.

 I am going to support this amendment on the basis I do not like Government interventions.
170 I think the point Deputy Matthews made, Government intervention in markets, trying to create artificial caps, at the end of the day, we need more people to rent out rooms to help improve our housing situation. I am quite happy to have a cap at £10,000, but not to put an amount of rent by which things have to be limited.

 Again, if we introduced the existing Proposition, are we going to be going back at each Budget and increasing that by inflation or is that soon going to be, even if it was viable to rent out at that level now ... Would the market very quickly exceed that amount and therefore units start falling out of the incentive to rent units disappearing, because the market rental had exceeded through inflation or market forces the amount specified? I will be supporting this amendment and I encourage other Members to do so as well.

180 Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

185 I would just like to put the counterpoint, really, to Deputy Meerveld's argument, which is ... I will wait to hear what P&R have to say, obviously, but I think probably the reason why the scheme was designed as it is, is because actually anything more than £833 for one room in a house that you are sharing with the person who owns it is an awful lot of money.

 It risks incentivising people to put rents, which is one of the key pressures that our housing market is experiencing, the affordability aspect ... it would still incentivise, under this amendment, people to go above that and that would concern me. Because it would still be, as I read this amendment, very much worth their while to charge, say, £1,000 for one room in your house – I have nothing to declare, I do not have any rooms in my house that I could rent out and no one would want to rent them anyway, even if I could – because you would still have a very significant tax advantage in doing so.
195

 So I think that actually the original proposals are quite sensible and do give a genuine incentive for people to use their homes more effectively, in terms of filling them, but without opening the door to potentially worsening the problem of unaffordable rents. For that reason, I will not be supporting this.

200

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

205 I was happy to second this amendment from Deputy Haskins, for all the reasons that have already been highlighted by him and other people. Deputy de Sausmarez countered Deputy Meerveld, so I will counter her: the market rate is the market rate. Just because I choose £900, if that is the rate, and I say I will charge £1,100, if the market does not support, the market

does not support it and I will end up not renting my room out. The market tends to sort itself out unless Government starts getting in the way. That is, to my mind, exactly what this is trying to do.

210 Deputy Haskins mentioned it, I think. I do not know if he used the word social engineering. If he did not, I will. This smacks of that to me. And it does not *smack* of market interference, it is *totally* market interference. I cannot support that. It is a simple amendment, it just removes the cliff edge, as described by Deputy Matthews. I just do not believe that, if we start going down this road ... that we are starting down that road of rent controls, and we will control what you can rent your room
215 out or your house out or your flat out for, and I think that is a slippery slope. So I thoroughly endorse this amendment.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

220 **Deputy Ferbrache:** I find myself ... I am shaking my head. I find myself agreeing with Deputy Meerveld again in relation to certain matters. He is absolutely right. You would have to declare it on your tax return and then you would say, 'I am exempt up to £10,000 because ...' So the measure of control is there, in relation to where we are.

225 Again, this artificial cap of, if you have got over a certain figure, you cannot get at it, is ridiculous. I can recall the provision about downsizing, where a particular client of my law firm was 0.2% the wrong side of the equation. Genuinely had wished to downsize, there was no other concern, there was no other thing, genuinely wished to downsize, but because it had to go to a bureaucrat, because it was 0.2% the wrong way, it did not happen.

230 Here, Deputy Haskins is seeking to free that concern and, if you rent a room therefore for £12,000, you are going to get £10,000 exempt and you pay tax on £2,000. It is dead easy. For the States to again seek to control something when it has absolutely no right to do so morally, it is nonsense. Deputy Matthews is exactly right, and Deputy Meerveld made a similar point, it helps out the housing position for people to be encouraged in their own homes, to take in – we used to call
235 them lodgers – a lodger or two, an occupant of a room or two.

I know they will not have exclusive use of a kitchen or a bathroom – well, they might exclusive use of a bathroom – but so what? They will have the opportunity to live somewhere. Even if it only creates 10 extra units of accommodation, if I can say that, isn't that something? So I am wholly in support of this amendment.

240

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I have been listening carefully to the debate on this and I am going to support this amendment
245 having listened to in particular Deputy Ferbrache and Deputy Haskins explaining it. So I am in favour. I just want to pick on something that Deputy Kazantseva-Miller said, which you might think was ridiculous, but it is not, the point about how difficult it is for the Income Tax Department to change its forms. Having looking into some of this through one of our reviews on Scrutiny, it is extraordinary how long this takes for them to change a form and how much costs. It is just ridiculous. That was
250 just a side point. But I am going to support this amendment.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

255 I am admittedly torn by this amendment. I have got an anecdote about this because for 20 years I used to run a language school, we used to bring about 150, 160 students from all over France, Spain, Germany, Switzerland, to Guernsey, run the summer schools at Elizabeth College. It was brilliant. We had activities, visit the Island, etc. The key for this operation was finding places for students to stay. All those years ago, this would have been the best thing ever, because most of the

260 families would struggle, as much as they liked doing all the things and they were getting income, they would struggle because they would say, 'Oh, the cost, etc., the tax, etc., etc.' So this would have been great.

Also, it follows on with the fact that we see a shortage of places here. But my questions – and I am hoping they can be answered during debate and maybe when also P&R make their points on
265 this amendment – right now, there could be situations where there are people already staying in people's houses, through a friend of something. We do not define the exact type of lodger and the Government should not define that. But if they are in that property and they have been there for the last three years of something and they have got this understanding of £150 per week, etc., is there not a kind of a risk they will just say that person is paying £1,000, so they immediately get this
270 tax-free income coming in?

Those are for the existing ones. I am just putting a scenario to that. Those are the sorts of things that worry me. If I go back to this summer school that we used to run for years, what was the way they would do it? They would receive income and then they would actually put the expenses of all the things they did. And that can be done today by anyone; you expense all the items of certain
275 things, which can be put as expenses and tax deducted. So there is that kind of format already.

Then of course the other side is we know we need accommodation. But having again run this for years and years, it is really hard to have people tenanting in your house, unless you do not know them. You could end up in situations where I could send my son to Deputy Inder's house and his daughter to my house and I could start taking £10,000 off. There are all these sorts of areas.

I just get nervous when we have this Government point, because then what will happen, if this were to be a success, then we are going to have a situation where all these people there are all getting their tax-exempt amounts and then Government is saying, hang on a minute, because the Government has proposed this, now we are going to have to have the health and safety checks on the rooms, all the things there. We are going to build something up into another, not a business,
285 but a business blocker, almost, because it will get harder and harder.

In effect, I very much appreciate the sentiment of this. Those questions of how it could be, I will use the term loosely – used and abused – I just would like to make sure, if it is for the purpose of helping, against ending up in a situation where we are going to lose lots of tax income because it has been exempted by people using it in different manners.

290 Thank you, sir.

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

Deputy Leadbeater: Yes please, sir.
295

The Bailiff: Okay, we will mark you present.

Well, as no one else is rising to speak on Amendment 11, I will turn to the Vice-President, Deputy Soulsby, to give the view of the Policy & Resources Committee, please.

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

There just seems to have been a bit of misinformation, both in the explanatory note and in some of the comments made in the debate, so I will seek to put that right.

Deputy Haskins has made it clear why he thinks that there should be a tax break, whatever someone charges for a room. Why should there be a cliff edge? This is intentional. Limiting eligibility
305 to the scheme to arrangements that do not exceed a maximum gross rental income per room aims to restrict the tax incentive to lodger arrangements and not encourage higher charges being applied to such rental agreements. In other words, to stop exploitation. Deputy Mahoney talks about market forces. Market forces have got us in the mess we are in. And in any event this is not price control, which seems to have been implied.

310 But I think it is important to have some facts here. In quarter 1 this year, the average single lower quartile income person would have needed to spend 78% of their income on rent. So that is the

current position when it comes to market forces. It is not working. That is what we are trying to do here.

315 Comments from Deputy Inder: it is letting out one room in a private home. It is not part of a guest house or bed-and-breakfast business. We understand that legislation will make it clear it is not for boarding permit-holders and it is not for people wanting to make a business out of this.

I think Deputy Meerveld clarified the other point about letting out the whole house when you are away. I do think it is also important to clarify, actually to correct, what is in the explanatory note. What we have done is actually take the scheme in Jersey and tinkered little bits here and there, but
320 it is effectively the same scheme in Jersey. But the explanatory note implies, by saying that ... that this is not the case. It says Jersey has:

... implemented a similar scheme [but] if exceeded then there is a flat rate deduction of 25% if "sleeping only" and 50% if "Meals supplied".

We have been advised by the Director of Income Tax that such opportunities are available in separate legislation in our tax legislation. So Members are aware those opportunities are already in our legislation. So it need not necessarily be a cliff edge.

325 Deputy Kazantseva-Miller, this will be effective for next year, yes, but returns will not be required from 1st January next year obviously. There will be time to put the necessary changes in place. Yes, it is likely to lead to a reduction in income. Well, it might do; it might not. Because the whole point of this is we get people to let out rooms they are not currently letting. That has been the whole point of this in the first place.

330 We believe this is a good reason, particularly when it comes to the issue of exploitation, particularly the problem for people on very low incomes to actually find anywhere affordable at the moment, that we should have the scheme as it currently is and that is why the Committee opposes this amendment.

335 **The Bailiff:** And finally, I will invite the proposer of Amendment 11, Deputy Haskins, to reply to the debate.

Deputy Haskins: Thank you for the short debate.

340 I will go through them as each Member stood up. So we had Deputy Burford, who said that the comparison between the two-bedroom flat and a room in a house is not the same, it is not a fair comparison. In some ways she is right. But the point that I was making is that if you are looking for a room to rent, you will not find them, you will find very few, at under £850. I am sorry for that being the reality, I really am. I wish it was lower.

345 I do not think that we should be manipulating the market or doing the soft rent, but that is an ideological point of view. Should we put in a rent control, however soft/hard it is? That is for Members to decide. I think Deputy Burford wanted to see that and I am saying, a bit like other Members here, market forces will do the same.

350 There is an important point to add here, which is if there are more rooms coming on the market, it is simple supply and demand. There is more supply, but there is the same demand, then that is going to reduce to cost of them because people would want to have their room let out, benefiting from the income.

Deputy Gollop was ambivalent, sees some advantages, but is part of P&R, so it sounded like he is toeing the party line. He also said he did not want unevidenced decisions. It is interesting how he voted on the last amendment, which also cost us revenue, but still voted against it.

355 Deputy Matthews, he supported any encouragement so is happy to support this and I thank him for it.

Deputy Inder, his question was more for P&R and was relating to his own boarding permits. I think there are definitions of self-contained units in the Law now and I doubt that he would be able to benefit from.

360 Deputy Kazantseva-Miller asked how we will know. Deputy Soulsby did reply. There is actually a section in the tax form that is for lodger income. So this information can be told to us, whichever way, whether it is £10,000 as a cap, but Deputy Blin did understand that actually what people can do is say, 'Right, I will only get £833 and this one goes into a joint account and that is the bills for it.' That is why Jersey introduced their 25% sleeping only, because you will only get charged on 75% of the tax, because the rest of it is bills, etc. It is much simpler. What I am saying is it is much simpler to do exactly the same as the UK, that just says this is the first tax-free allowance.

365 Deputy Meerveld does not like the rent control part and will support the amendment, so I am very happy about that and thank him.

I am not sure Deputy de Sausmarez has her pulse on the room prices of the market. It is expensive and I understand that. You do find some people who rent rooms out cheaper, but the going rate is like £900 for a room and it is expensive. And I am saying if we are encouraging people to rent their rooms out, there will be more supply.

370 It also sounded as though Deputy de Sausmarez was more than happy with rent control. Again, that is a decision for each one of us –

375 **Deputy Soulsby:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Soulsby.

380 **Deputy Soulsby:** The proposals do not set rent control. They are saying that you get tax incentives up to £10,000 and there are also benefits, as I said, that are similar to Jersey. But we are not saying that rent can only be up to £10,000. Up to £10,000 you will get a tax incentive. Above £10,000, you will not.

385 **The Bailiff:** Deputy Haskins.

Deputy Haskins: That was not a valid point of correction, because that is not what I was saying. What I was saying is that it sounded to me that Deputy de Sausmarez was supporting rent control –

390 **Deputy de Sausmarez:** Point of correction, in that case.

The Bailiff: Point of correction, Deputy de Sausmarez.

Deputy de Sausmarez: That is definitely not what I said.

395 **The Bailiff:** Deputy Haskins, please continue.

Deputy Haskins: Again, not a valid point of correction. It sounded to me, as in my own personal opinion. You cannot correct my own personal opinion, because I am the one who has it. *(Laughter and interjection)*

400 Deputy Ferbrache does not like to interfere in the market. I completely understand. This is part of the decision that we are making here today. I thank him for the support.

Deputy Dyke, thank you for the support.

405 Deputy Blin is torn. He has highlighted and said, yes, there could be lost income, some people might already be benefiting, might already be having a lodger and then will benefit. It is a valid point. But if there are more people in the market there are more people paying tax, for which there are many jobs out here that people cannot find rooms. This is encouraging that –

I give way to Deputy Blin.

410 **Deputy Blin:** I really appreciate Deputy Haskins giving way. It is just to add, to clarify, in the working and preparing this amendment, do you envisage a figure of how effective this could be?

That would also be helpful; if this is speculative, 'Do this and they will come' or is it calculated on other statistics?

Thank you.

Deputy Haskins: Much like it says in the policy letter, in the Budget, there is no real data. Much like the last amendment, when it was 56, we have got no data as to how many of those were incentivised by the scheme. It is quite clear that this will result in more units in the market –

I give way to Deputy Dyke.

Deputy Dyke: Thank you.

Can I just attempt to be helpful? The point of your amendment simply takes away the cliff edge that would otherwise put people off, so it enables people to continue over the £10,000 and all they do is they lose the tax relief over the £10,000. So it takes away a cliff edge. Cliff edges are generally very bad things.

Deputy Haskins: I thank Deputy Dyke for his intervention.

That is the point. This is the decision put before Members. The cliff edge or not. The first £10,000 rent tax free. That is the question, it is quite simple. I will leave it there and I hope people can support the amendment.

Thank you.

The Bailiff: Well, Members of the States, we come to the vote on Amendment 11, proposed by Deputy Haskins, seconded by Deputy Mahoney, to substitute Proposition 7.

I will invite the Greffier to open the voting on Amendment 11, please.

There was a recorded vote.

Amendment 11.

Carried – Pour 27, Contre 11, Ne vote pas 0, Did not vote 0, Absent 2

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

*denotes Member who voted by proxy

The Bailiff: In respect of Amendment 11, proposed by Deputy Haskins, seconded by Deputy Mahoney, there voted in favour, 27 Members; 11 Members voted against; no Member abstained; 2 Members were not participating in the vote; and therefore I will declare Amendment 11 duly carried, which means we have a slightly different Proposition 7.

Now, Members of the States, the next amendment to which I was going to turn was going to be Amendment 4, proposed by Deputy Taylor and seconded by Deputy Matthews. That cannot be laid by Deputy Taylor because he is not here, but he has been given, as you are aware, a proxy vote, in accordance with Rule 26A(1), because I was satisfied that he was eligible to ask for that proxy vote and be given it.

Therefore there is a replacement amendment to Amendment 4, which is in the same terms, and is Amendment 23, but it does involve there being a motion under Article 7(1) of the Reform (Guernsey) Law, 1948, as amended, and I will invite Deputy Matthews to explain why the Rules need to be suspended to enable this amendment now to come forward.

Deputy Matthews: Thank you, sir.

This is a replacement amendment to Amendment 4, which was originally proposed by Deputy Taylor and seconded by me. I am wanting to present this replacement amendment because Deputy Taylor has been called away from this Meeting to the Loveridge Ward at the PEH to await delivery of the Taylors' second child. I am informed that he has now returned how and baby is doing well, but he is not able to attend the Meeting.

So I would ask Members to vote for the change in Rules, so that I can present the amendment in Deputy Taylor's place.

Thank you, sir.

The Bailiff: And Deputy Ferbrache, do you formally second the motion? Thank you very much. Does anyone wish to speak on the motion?

Deputy Trott.

Deputy Trott: Sir, the Policy & Resources Committee does not oppose the suspension of the Rules in this case, specifically in order to allow a different proposer and consequently a different seconder, due to the absence of the original proposer from physical attendance this morning. *(Interjections)*

The Bailiff: In those circumstances, I do not think there is any need for Deputy Matthews to reply to that comment. I will simply put the motion to suspend Rule 24(2) of the Rules to enable an amendment in the same terms as Amendment 4, as Amendment 23, to be put. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried and now invite Deputy Matthews to open on Amendment 23.

[Amendment 23](#)

To delete Proposition 22 and insert a new proposition: "22. To approve that projects to build temporary housing villages are added to the Major Projects Portfolio."

Deputy Matthews: Thank you, sir. I might start by congratulating Deputy Taylor on the new arrival. **(A Member:** Hear, hear.)

When Deputy Taylor and I first heard the Budget presentation, our discussion afterwards turned towards the Budget's proposed development of temporary construction villages to house

construction workers and also the potential for temporary homes for key workers. The first idea was why limit this to workers from outside the Island?

We know we have a housing crisis of the Island. The idea of temporary housing to help alleviate that crisis, by housing construction workers to help build homes and our key workers who might otherwise be housed in accommodation that locals could make use of, is a good one. But I think that limiting it to off-Island workers seems overly restrictive. It does seem unfair to have a housing proposal that would exclude locals.

We know that one of the areas in which the housing crisis is felt most sharply is in the private rental market. Rents have increased enormously in recent years, coupled with real shortages in availability. This means that some local people find themselves in a difficult situation. If, for example, the rental home they live in comes to an end and they have to find an alternative. Many will find an alternative, but for a few there may be a concerning time when there just is not anything available.

So the idea of this amendment is to change the Proposition in the Budget such that temporary housing is not limited just to those from off Island. It does not suggest the type of housing that might be provided. Members will know that there is an enormous range of these types of modular homes, from the very basic portacabin-type unit, but at the other end of the scale, there is a whole tiny-house movement for small, but very desirable, homes that exist. And there is everything in between as well.

In all cases, for somebody facing a situation where they have nowhere to go, any accommodation would be better than nothing at all. For many people, who have deep connections in the local Island community, finding themselves without a roof over their head, would mean turning to friends or family for a room, perhaps a rented room from Deputy Haskins' previous amendment or even a sofa or somebody's bed until something better turns up. But not everyone has that option.

To my mind, it would be unacceptable for the States to be providing temporary accommodation to off-Island workers and excluding locals who might need the same provision. Of course, this is no replacement for building enough housing. The Island desperately needs more housing, but we know that housing development does not happen overnight. So for this reason, I urge Members to support the amendment to allow consideration of temporary accommodation for locals as well as off-Island workers.

Thank you, sir.

The Bailiff: Deputy Ferbrache, do you formally second Amendment 23?

Deputy Ferbrache: I do, sir.

The Bailiff: Thank you very much.
Deputy Aldwell.

Deputy Aldwell: Thank you, sir.

I have a question, really, Deputy Matthews. I was just a bit worried, a bit concerned, because the accommodation which was given to the Lagan staff up at the Airport was really basic. The thought that that accommodation was only going to be there for a short time, so it could be basic, my worry is that we would have accommodation for builders to come and work in and that accommodation would then be kept on and kept on and it might be extremely substandard if this was to happen.

That is my worry, really. The housing that we put in for builders is just for the short term. Are we going to end up with something like a ghetto because we have allowed everyone to move in and we cannot move them out because we have not got the housing? I am not negative on this, I just need to understand your thoughts on it, please.

Thank you.

The Bailiff: Deputy Roffey.

Deputy Roffey: My fears about this are similar to Deputy Aldwell's, although they maybe go a bit further. That is the definition of what we mean by temporary, when we talk about temporary housing villages. Because to me that can be three things. It could mean that housing villages that people are expecting to go in temporarily because they have accommodation you would want to move on to somewhere else.

It could mean, as Deputy Matthews has hinted, that the type of accommodation is a sort of modular one that is not necessarily going to be permanently on there for 50 years and could move somewhere else. Or it could be, which is what I understood with the Lagan proposal, and what I thought was the proposal here, was that, under Planning Law, this was going to be a temporary arrangement. Lagan had a field, didn't they? There was no way that that would be allowed to be a permanent residential development, but because it was for a particular project, the field could go and it could come back again at the end.

I just need to understand, is it going to be a temporary planning permission? If it is, I do not see a problem with that with construction workers, because their project is over, they could be moved out. That is fine. But if it is filled up with local people and suddenly these units have to be removed because the two-year temporary planning permission has come to an end, then we are actually creating homelessness. A whole load of local people, living in whatever they are, portacabins, temporary homes, tiny homes, suddenly they cannot live there anymore, because the temporary planning permission has been exhausted.

I am not trying to be negative here. I do think there is a role for innovative housing solutions for temporary housing for locals, but I think it needs to be on sites where that can be a fairly long-term arrangement of temporary housing, i.e. the people may be temporary there, but you can be there maybe for 10 years or whatever. And that is mixing two things up, because I do not think that is what – maybe I am wrong – P&R were talking about. I think they were talking about constructing villages where people came in, stayed a year or two, then that site reverted to something entirely different.

So I need to listen to the debate, because I have an idea we might shoot ourselves in the foot, if we have 40 local families living in, I will call them portacabins – they may be rather more sophisticated than that – and suddenly the planning permission for the use of that field, that they are sitting on, has come to an end. Yes, ideally, we should have lots of local homes for them to move on to, but then there is the issue of how the people who have moved into those get preference on the housing list over people who are perhaps living in overcrowded accommodation out in the private sector.

I really want to understand exactly what is meant by this before I can put my vote in favour of it, because I think we may be accidentally creating a significant problem.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

I have really mixed views about this amendment. After the War, we built lots and lots of temporary accommodation, 'Let's get our people in, we need houses.' And, especially in England, a lot of those houses are still there today and a lot of them are really, actually, substandard for what actually we should be providing.

It is not just for construction workers, I have noticed. It is also for key workers as well. The other thing that just worries me is that it does not actually say where this is going to go. We had the field up next to the Airport, which was used for construction workers because it was convenient. It was next to the Airport. Is this going to go in the same place? Is it going to go somewhere else?

Is it actually going to be using land up, where we could be building permanent homes, which might actually be better to build permanent homes? Whenever we have any accommodation, it will get filled up and then what happens to those people when the planning application says it is only

for three years, they have got to get out? Do you extend it because there is nowhere else for them to go, in which case, it is no longer temporary, or do you say, no, that is it, it was only for three years, you have to find somewhere else to go to?

I think as with all really good ... Sometimes you look at it on the face of it and go, yes, that is a really good amendment, that will actually solve a problem. Is it actually creating more problems in the long term and also, what type of temporary accommodation housing are we going to be using? Are we going to be using those very small pods? Are we going to be using caravans? They are temporary and very quick to put down. We just need to be really careful when we look at these things.

Also, the other thing that slightly worries me is I keep being told by Deputy Trott, previously by Deputy Helyar, there is no money for things like that. So should we actually, rather than temporary accommodation – which can cost the same as just building something properly – just be building something properly in the first place?

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

I am going to be supporting this amendment. It is very high level. I think the detail that Deputy Oliver talked about, the type of accommodation, that is clearly to follow. But the Proposition as it stands is:

To approve that projects to build a construction village and temporary key worker housing are added to the Major Projects Portfolio.

And this one is just saying to build temporary housing villages. So this just opens it up for people who are not in the construction industry or are the key workers, but we do have key workers who are local people as well.

The Proposition as it stands is saying to the people out there that have not got accommodation, we are saying, 'Okay, we are going to support, we need to build things, we need to build a hospital, we need to build the schools, let us get people in from probably the UK, we will house them, they can come here for a year or so and help build these projects and any other key workers that may want to come and work for Education or Health & Social Care, or Law Enforcement, but local people, you can sofa-surf or sleep in your car.' (*Interjection*) The message that that sends out is really poor, I think. (*Interjection*) It is discriminate, Deputy Vermeulen.

Deputy Aldwell talked of creating ghettos and stuff, but I think you can put safeguards in place, bearing in mind this will give us a kick in the rear end to try and get some accommodation actually built for local people. But it gives us a safety net, so we are not seeing people sleeping in cars. If we have this temporary accommodation that we can put people in, I am sure it is going to be suitable accommodation, not just a container with a sleeping bag in the corner. It is going to take a considerable amount of thought, this is. It really is.

Thinking about these construction villages, you cannot just have one big village and say, okay, every building contractor, Rihoy, Breton, whoever it is, you can bring people over. You cannot do that. It has to be project-specific. For example, like the Lagan one was that was highlighted by Deputy Aldwell. When the Hospital project goes on, there is a perfect space up there that we could have a construction village for the people working on that project.

I do not really envisage this amendment, I do not think the spirit in this amendment is trying to lump a big village, a ghetto of people together, be it construction workers, key workers and local people as well. I really do not think that is the thrust of it –

I will give way to Deputy Oliver.

Deputy Oliver: On the site-specific places, already, in the IDP, you can already do that. So if ROK for the school wanted to say they need some temporary workers on their site, they can already do that. That is already within the planning application.

Deputy Leadbeater: Yes, but we are talking about adding this to the capital portfolio, we are not talking about planning here.

635 Anyway, I think there is no harm in this amendment, because it is all very high level. I think this is a sensible addition to include this within it, I do not think this will cause any harm and I would encourage everybody to support it.

Thank you.

The Bailiff: Deputy Soulsby.

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Deputy Soulsby: Thank you, sir.

I just thought I would advise Members, I think Deputy Trott gave the game away when he was supporting the motion to debate. Policy & Resources Committee are supportive of this amendment and sympathetic to what the proposer and seconder are trying to do. We have considered those issues. Deputy Aldwell made some good points and Deputy Roffey. But we think on balance we should be supporting this amendment, very much along the lines of Deputy Leadbeater.

645 We did, as a Committee, focus on the construction villages and temporary key worker accommodation, because we can see that unlocking the ability to actually be able to build in quantity and at the same time take agency staff out permanent accommodation, which could then be used for locals.

650 There is an issue in terms of could this temporary accommodation for more general housing become permanent rather than just remain temporary? So we have got to be very wary of that. We do think there is merit in further work being carried out, especially when it comes to homelessness.

We know that there is a growing problem, a hidden problem we have got now. We know a lot of people are sofa-surfing. The problem is only getting worse. We have seen in parts of the UK, in Cornwall, a successful plan to bring in some really good temporary accommodation, I think SoloHaus. If you look at those, they are brilliant accommodation. Fantastic for people for a short time. But we do think that there is merit in following this up. We know we have got a real housing crisis at the moment and I think any opportunity to make things better, we should be grabbing.

660 Thank you.

The Bailiff: Deputy Inder.

665 **Deputy Inder:** Sir, I will be supporting this. Deputy Leadbeater, again, I agree with him entirely. It is basically high level, it will not be sorted by this Assembly, it will be something that will be done by a future Assembly. It says, I think it is the penultimate paragraph of the explanatory notes:

The budget proposals do not give any detail or commitments to a particular site, style or method of development ...

– so there is flexibility –

... leaving the Policy & Resources Committee a large degree of flexibility in bringing forward proposals. This amendment, if adopted, would retain the committee's flexibility in developing these proposals.

670 I think that has been backed up by Deputy Soulsby. The only word in there which I personally would not have put in is the word 'village'. That suggests there is some sort of permanence to that. It is clearly not permanent. If we are going to use that general word, village, it will be up to a future DPA, a future Policy & Resources and a future Assembly to sort out. But I fully support this.

Thank you.

The Bailiff: Deputy Helyar.

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Deputy Helyar: Just very quickly, sir, it was helpful to hear the words of Policy & Resources on this. Of course, when Policy & Resources considers these matters, as I have been through several

years now, it looks at it in the context of all of the Propositions in the Budget. Deputy Oliver quite rightly pointed out that when these conversations have happened in the past, the answer has been there is no money. So I assume that the view of Policy & Resources would be different if Members vote against the introduction of Income Tax. It is just a reminder that those in favour of this may have to hold their noses and vote for Income Tax if they wish to spend this money.

Thank you.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, I ... *[Inaudible]* going to hold my nose and vote in favour of Income Tax. That would be a disaster. But there we are, that is for a debate later in this Assembly.

What I am going to say is, for the second day running – he may get a hattrick tomorrow – the best speech so far has been made by Deputy Leadbeater when he talks about this is high level. Because that is what it is. When I heard Deputy Oliver say these problems, that problem, and Deputy Roffey, temporary can be defined in due course. The locations can be defined in due course and the Laws can be defined in due course.

Somebody mentioned discriminatory. We used to have, many iterations ago, a Housing Law, which said if you owned Open Market property and you were local –because a lot of Local Market people owned Open Market property – and you sold it, you could not live on the Local Market for a time. That rule changed many times ago. It would not sustain nowadays all the discriminatory legislation, and quite rightly, that we brought in in connection with this.

I would rather have somebody in a temporary village or whatever it may be than sleeping in a motorcar. I am sure that rules and regulations can be brought in to make sure that temporary accommodation is decent. They are more than that. Perhaps I can say to the planners that one of the sites, if they were looking for where the location is – which is one of the things I think Deputy Oliver said – the Castel Hospital, which of course should have been knocked down rather than listed as a ... *[Inaudible]*

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Sir, I can understand people, planners, being a little concerned about villages springing up all over the place in the Island, because what are we talking about here in terms of a village? It is a small settlement, I understand, in a rural setting generally. It is generally larger than a hamlet and it is not as big as a town. So you can see how the size of these things springing up all over the Island, particularly locating in the western parishes, I would be a little concerned!

Anyway, geographers generally define a village as being between 500 and 2,500 inhabitants. Just watch this space as to what is going to spring up around the Island if that definition is applied. So I would like to know what is intended here.

Thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

Yes, Deputy Roffey has already articulated my primary question, which was around the wording, which is what does temporary actually mean? Does it refer to temporary as in the buildings, the structures, or does it refer to temporary as in the use, which Deputy Soulsby alluded to, suggesting emergency housing, etc.? I think some clarification on that would be helpful.

But, in response to a couple of other of the points that have been raised in debate, Deputy Helyar talked about where the money is going to come from. Obviously I think it is reasonable to assume that this housing would actually have a revenue stream associated with it and it is also possible that it could, depending on its use, if it falls into an affordable housing category, it is also possible that it would be eligible for the £150 million loan that was agreed previously, I think in last year's Budget.

730 In terms of Deputy de Lisle's concerns, my understanding was this does not give it a *carte blanche* in terms of planning. It would obviously still need to go through the planning process and conform with the planning regulations there. But certainly there would be a lot of detail that would need to be thought through. I am sure the relevant people in bringing forward proposals would be doing that.

735 So I am supportive of this, but I think it would be helpful, when Deputy Matthews replies to the debate, to provide a little bit more clarity for the record in the wording, especially around the word 'temporary'.

Thank you.

740 **The Bailiff:** Deputy Queripel.

Deputy Queripel: Sir, I usually have a prepared speech, but I am going to wing it on this occasion. I wholeheartedly applaud the intention in this amendment, but I think it conflates and confuses two separate issues. I know Deputy Leadbeater has already said this is high level but
745 providing temporary housing for Islanders does not have to be in a temporary village. In fact, it would be much better if it is in a property already established, already in place.

I am struggling, like Deputy Aldwell, wondering where this is going to all end up, because temporary village means the village will be removed at some stage. We are always going to have people in need of emergency housing. So the temporary village will never be a temporary village,
750 it will be a permanent village. So why not just buy a property, a guesthouse, a property with six or seven bedrooms, and house people who desperately need accommodation? The building would be permanent and the residents would be temporary. That would make more sense to me.

I am not going to vote against this amendment, I applaud the intention of it, but I am really struggling with the idea of a temporary village for people who are desperate for accommodation.
755 I am going to use the dreaded word, 'maintenance'. How is this village going to be maintained? Because we cannot even maintain the properties we have got now. A temporary village would need a lot more maintenance than a property that is already established, surely?

You are going to have to have proper pathways put in. You cannot just expect people with families and young children to walk to their property across mud. We expect, as was with the Lagan
760 temporary village, the guys up there put up with substandard conditions. But we did not have children there. You cannot expect children to live in substandard conditions, whereby you do not have proper pathways and proper infrastructure put in place.

And that brings me on to the issue of infrastructure. To put infrastructure in for a temporary village, it is going to cause a lot of disruption. And it is all going to be removed. The intention is
765 that for temporary, if you think about simply the definition of the word temporary is we all understand that it is going to be removed. But it is not going to be removed. How can it be removed when we are always going to have people need in of temporary accommodation because they are desperate for housing.

Temporary village, you need to find the site, you need to get planning permission, you need to
770 put infrastructure in place, you need to build it, and you need to maintain it. That is what I am struggling with. I know it is high level, but I would urge P&R to take all that on board, please, if this goes through, as I hope it does. You do not need a temporary village. It does not make sense. You need a permanent building with temporary residents to pass through it when they no longer need it.

Yes, I could have laid another amendment, but I just have not got my head around it because
775 there have been other things going on, I am afraid. But I would just like some comment, please, on Deputy Matthews, when he responds to that. I know the explanatory note lays it out quite simply:

The amended proposition ensures that local residents would also be able to benefit from temporary housing opportunities rather than such housing being prioritised only for off-island construction ... workers.
The budget proposals do not give any detail ...

– I get that –

... or commitments to a particular site, style or method of development, leaving the Policy and Resources Committee a large degree of flexibility in bringing forward proposals. This amendment, if adopted, would retain the committee's flexibility in developing these proposals.

I would urge P&R to extend this flexibility to a permanent property, to already built property. Brockside is for sale, at the top of the Grange. That could be used for single people. We could buy another property with a lot more bedrooms and with a garden for children to play in. You cannot expect children to just run around in mud in a field, although I know it is fun running around in mud when you are a kid. We have all done it.

But we are not talking about ideal weather here, we are talking about the middle of winter. So a temporary village in the middle of winter, I do not see how that is going to work. So I would urge P&R to take all that on board, please, and then broaden out their flexible approach. Not a temporary village but a permanent building where people in desperate need, with families, can go temporarily.

Thank you, sir.

The Bailiff: Deputy Falla.

Deputy Falla: Sir, I think we might be getting stuck in the mud a bit on this! The Proposition is:

To approve that projects to build temporary housing villages are added to the Major Projects Portfolio.

There is relatively little commitment in that. It is really an exploratory type of device and I think we are all for that. In fact, I would go further and say that in parts of the UK, there are shipping containers and other structures that are actually quite funky and are attractive to young people and just perhaps, if we were to allow something of that sort, we might retain some of the young people who are having to leave because they have got nowhere to live. They would be affordable.

There was even a guy, an artist in London, who made a virtue out of living in a skip, because he made a very nice, some of you may have seen, he built upwards above the skip and it became a tourist attraction. He obviously had to live extremely tidily in a compact area, but that is a bit facetious. I think the point is this is only asking P&R to add it to the projects portfolio at this point. One's imagination could run wild. Things do not happen very quickly but let us at least put it on the table and vote for this amendment.

Thank you.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

We have gone off *piste* a little bit here. Temporary construction village, call it what you will, I understood that was going to be provided by a third, or it might well be provided by somebody else other than the States and that would be recuperated in the cost of the wages to the people that were put there. But I do not think we should discriminate against the Guernsey men and Guernsey women that could well make use of that accommodation as well. So I am going to be supporting this and that is that.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

This is a pretty vague proposal. It is difficult to object terribly. It is a pity the word temporary is in there. I have lived in a temporary house when I was about six, in the early 1960s. It was made of asbestos. They built them after the War, by the hundreds, made of asbestos sheeting, with no insulation, and they were supposed to be temporary and, as I say, a load of these were built after the War but well into the 1960s and 1970s they were still there. As I say, I have lived in one. It was intended to be temporary but became permanent.

I am not quite sure what this is intending. It is quite vague. It gives P&R some power. I will not vote against it. But what I think Deputy Taylor, we have spoken about this on Planning and possibly the answer is going to have to come from the Planning Committee in terms of how we do this, Deputy Taylor has brought through suggestions to our Committee, which I quite agree with, actually, regarding modular, tiny housing, which can become quite permanent. You ship them in, in a shipping container, sometimes they expand, sometimes they are not much bigger than the shipping container they came in. They are quite efficient, they are quite quick and if you look online, some of them are actually extremely sharp. They are not rubbish projects.

I think the answer to this point that we have been talking about is not really this, it is for Planning to come up with working our way through the IDP, which is a bit of a nightmare but I am sure we can try and do it, to allow these modular, tiny housing arrangements to be built. I think that is the actual answer. But I would not object to this, so I will probably vote for it.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: I do not see anyone but I am going to ask for Rule 26(1) please, sir, just in case anyone else does stand up.

The Bailiff: Can I invite those Members who wish to speak on Amendment 23, who have not yet done so, to stand in their places? On that basis, I doubt there is any need for that because I can turn, on the basis that the Vice-President of the Policy & Resources Committee has already spoken, to Deputy Matthews as the proposer of Amendment 23 to reply to the debate, please.

Deputy Matthews: Thank you, sir.

I will try and get through the responses fairly quickly because I think we can see that there is a fair degree of support for this. I just wanted to start off by echoing really, and Deputy Leadbeater put it best, this amendment does not specify and it does not instruct P&R about what type of accommodation to provide or where to provide it or how many or how much it should cost.

It is just enabling that accommodation to be used for the provision of accommodation to local people and there could be more than one. I understand P&R have more than one idea and proposal at different stages, so one of them is for a construction village to help with construction workers and there is also, separately, an idea to look at key workers as well and I think they are at different stages. Each one could have its own benefits.

Turning to the debate, Deputy Aldwell started off by having some concerns, which I think are valid concerns, that the type of very basic construction that was provided to Lagan might not be suitable for a broad range of accommodation for locals and I think that is entirely right. But it could still be useful in some narrow circumstances. That could be one use and for some people who are facing homelessness and that was their only option, it would be better than a park bench. In some cases even that type of very basic accommodation can have some use for providing accommodation for locals as well.

Deputy Aldwell also expressed a concern, which I think a number of speakers have had, a concern that it might turn into a shanty town and a lot of people have said, could you end up with a trailer park or a ghetto or something like that. I think it was ghetto, actually, that Deputy Aldwell talked about.

The answer to that is really that the States would be in control of this. If this were granting *carte blanche* permission for villages to spring up all across the Island, then yes, I am sure that would be a concern. But if this was something that was under the control of the States, then the States has the ability to move it into more permanent accommodation.

I, for one, am very hopeful that we will be building a lot more accommodation and that it will not be needed for years and years. I think that also speaks to Deputy Roffey's concerns, as well, about the temporary nature of it. It is just to bridge a gap for people or for the Island, where there is not any, or there is a real shortage of accommodation and I would hope very much that this would

not turn into a permanent solution but that is down to the future P&R, future States to make sure that sufficient accommodation is built and that this is able to be moved on from.

Deputy Oliver said she had mixed views and she had concerns about substandard accommodation, such as the post-War type of accommodation that quite a few people are familiar with, including Deputy Dyke, having lived in one. Yes, of course, if you provide that sort of substandard accommodation and you then subsequently allow it to be used for years and years then you do create a problem but I think I am hopeful and I am sure we are all hopeful that the States will do a better job than it has done in the past, providing much more accommodation in the future and for that reason, the type of post-War accommodation will not be so much what we are looking at here.

We have also moved on in terms of construction standards as well. There is a huge range of variety of types of accommodation that is available. I do not think we will be building the types of asbestos post-war constructions that we had done in the past, which Deputy Dyke will be very familiar with.

So I thank Deputy Leadbeater, I think, for really doing a very good job of explaining that this is not here to be prescriptive and to draw areas on maps and to say this is where it will go and this is the type of accommodation that will be provided.

I thank Deputy Soulsby for suggesting that P&R are supporting this and Deputy Soulsby also mentioned that there is a hidden problem of homelessness. We do not see it all, we do not know it all. On E&I, we are trying to get better statistics on what homelessness is but we know that there is a problem and it is actually very difficult to count homelessness as well because it might be that people are living in people's houses, in their parents' home, but the other issue is that people might just leave.

So when people cannot find somewhere to live on the Island, they will go and live in the UK and there is nothing to count because they have gone. What I would like to do, I am sure that the States would like to do, is try and prevent that and try and provide accommodation here as much as we possibly can.

Deputy Inder, I thank as well and Deputy Inder also mentioned that this is a very high-level proposal, it is not prescriptive, the way that this would be provided. I thank Deputy Helyar for his support. Yes, all these sorts of things cost money and it is a job for P&R to try and find how to do that best and it is a job for us to approve the way that that can be provided but I think this is one of the things that I think is really worthwhile for us to provide if we can.

I thank Deputy Ferbrache for seconding this at the last minute, standing in. I agree with him that we should not really be discriminatory in any proposal that we put forward, we should always include people from the Island, as well, wherever we can.

I thank Deputy de Lisle for his concern about the use of the word 'village' in it. I think that a village really is a metaphor here. I do not think that we are likely to be seeing villages that are literal villages springing up with a village green and a pub and a post office in the west of the Island. I think that is very unlikely. It is just a case that the word village is used to mean that there are a few together. It is not quite as drastic as Deputy de Lisle may be concerned about.

Deputy de Sausmarez, when Deputy de Sausmarez shared the same concerns about the temporary nature, I think the answer to all of these concerns about temporary nature of the accommodation is that this will be under the control of P&R. This will be for this Assembly to, in the case of the construction villages, be the landlord, is my understanding, so would be able to have an awful lot of control over what actually happens on those types of accommodation that are provided.

I think, also, I hope Deputy Queripel, I have answered your concerns about the type of accommodation that is provided. Not all types. It would be foolish to try and suggest that families would live in portacabins that would be suitable for construction workers. There might be people where that would be useful on a temporary basis but I do not think any department would be foolish enough to try and put families into that type of accommodation, where it clearly was not suitable, walking through the mud and things. But it might still have some use. I would hope that we can just be very flexible about the type of accommodation that could be provided.

But Deputy Queripel did mention something that I thought was quite useful, about providing infrastructure, and if we are creating construction villages, we are also creating the infrastructure, which could have another use. That is part of the point, really, you need to provide the infrastructure for these as well as the actual units themselves.

But Deputy Queripel also asked why don't we just buy a guest house and use that? I think that the Committee for ESS has gone to great lengths to provide as much accommodation as they can but there is just a limit to what can be provided and what can be built. This gives another option that might add another option.

I thank Deputy Falla. I agree the debate did get a little stuck in the mud, talking about what types of provision there might be. That is really with P&R. I thank Deputies Vermeulen and Dyke for their support. Yes, I share Deputy Dyke's consternation at post-War accommodation that had been provided but I am sure that we will be looking at a variety of accommodation and I am sure that input of the DPA would be useful in terms of what types of accommodation would be suitable.

I would ask everyone to support this amendment. Thank you, sir.

The Bailiff: Members of the States, it is time to vote on Amendment 23, proposed by Deputy Matthews, seconded now by Deputy Ferbrache, which will substitute Proposition 22.

I will invite the Greffier to open the voting on Amendment 23, please.

There was a recorded vote.

Amendment 23.

Carried – Pour 33, Contre 2, Ne vote pas 3, Did not vote 0, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	De Lisle, David	Blin, Chris	None	Blin, Chris
Brouard, Al	Helyar, Mark	Roberts, Steve		Roberts, Steve
Burford, Yvonne		Snowdon,		
Bury, Tina		Alexander		
Cameron, Andy				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gollop, John				
Haskins, Sam				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tissier, Chris				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				
Roffey, Peter				
Soulsby, Heidi				
Taylor, Andrew*				
Trott, Lyndon				
Vermeulen, Simon				

*denotes Member who voted by proxy

The Bailiff: In respect of Amendment 23, proposed by Deputy Matthews, seconded by Deputy Ferbrache, there voted in favour, 33 Members; 2 Members voted against; 3 Members abstained and 2 Members did not participate in the vote and therefore I will declare Amendment 23 carried.

The next amendment on our list is Amendment 13, to be proposed by Deputy Dyke if he wishes to lay Amendment 13. So, Deputy Dyke.

Amendment 13.

1 To insert a new Proposition as follows:

"32. To direct the Policy & Resources Committee, in exercising its functions on behalf of the States as an employer of public sector employees, to put in place arrangements with effect from 1st January 2025 to cap the FTE headcount as at the date hereof to its current level subject to a net increase of 20 FTE headcount for technical specialist roles."

2 To insert a new Proposition as follows:

"33. To direct the Policy & Resources Committee, in exercising its functions on behalf of the States as an employer of public sector employees, to put in place arrangements, with effect from 1st January 2025, for the Policy & Resources Committee to provide consent for the creation and renewal of all Established Staff position which are grade SO1 or higher."

3 To insert a new Proposition as follows:

"34. To direct the Policy & Resources Committee to put in place arrangements for all proposed consultancy agreements proposed by any Committee to be referred to the Policy & Resources Committee for approval prior to execution and delivery."

4. To insert a new Proposition as follows:

"35. To amend Annex Two to the Mandates of the Committees of the States Schedule of Committees' Operational Functions as may be necessary to give effect to the above decisions."

Deputy Dyke: Thank you, sir. Yes, I would like to lay Amendment 13.

I had hoped not to have to lay this amendment; if the earlier one I had presented had found favour, then this would have been unnecessary. It is slightly a second-best approach to the issue of cost control, which I pointed out is a serious issue. But it is not as crisp. I have discussed it with Treasury and the Law Officers and you can find cute ways around it if you really want to but I do not think our Government should be doing that.

It comes in three parts. The most substantial one is to maintain our head count, our FTE, at current levels, rather than increasing them, as contemplated, by a further 80 this year. But with a slightly soft cap allowing an increase of 20 for more high-level, technical employees that might be needed in, for example, IT, on the basis that we are building up our IT department, following the slight problems we have been having with Agilisys in our IT delivery.

So it does not go very far. It is not the proposal five years ago, which was a 200 cut. This is intended just to limit the increase. It really should be more ambitious but I did not think I could try and be more ambitious, otherwise I would have done. Over the past five years, we have not been starved of new positions. We have had an extra 374. The proposal is for another 80, which I am trying to limit down to 20.

We must look at all of this in the context of our finances and our lack of growth. We had a lack of growth; we had negative growth last year. Our finances are in a problematic state, to a point. I will not overstate it but they are problematic. We also have another problem with the number of people coming to the Island. It was over 900 last year. The more staff we employ as the States, the more we add to that number, the more family they bring into the Island and put that in the context of our capacity to build.

The private sector last year managed to finish about 95 houses. Having talked to the builders, the capacity if they work at full capacity might be 140 to 160. They are unlikely to get to that because

we have got other projects going on in the Island. So if the private sector continues to produce around 100 a year, that does not measure up very well against 900.

For those reasons, I do think we must keep the head count under control. And I would also point out how this has to be read against what our private sector is doing. Over the last five years, the core finance sector has dropped in numbers from around 6,297 to 5,745, whilst our FTE has gone from 5,548 to something in the vicinity of 5,900. They have flipped over. Before Deputy Trott directs me, yes there is another section of the finance sector, the professional section, which has gone up very slightly, from 3,000 to 3,300. That does not make up for the loss in the core financial sector by any means.

It is derivative. The core of our business is in the finance sector. The professional section, lawyers and accountants, kind of flow around that. The more the finance sector itself falls, the more it will. It seems to be relatively flat at the moment. But in total both figures are going the wrong way. The finance sector this way, our staff this way. So this is a modest proposal to try and keep a lid on it.

One thing I did check with Treasury, before anyone needs to ask, is that the agency staff, for example, mostly applies to nursing, fall within that on the basis that they are taking places that are not otherwise filled by nurses. We are having problems filling all those places, which is why we are going onto agency nursing.

So, it is a fairly modest proposal to cap the FTE. As I say, if people are going to be very clever, they can do things, in fact as we did with Agilisys, we can put a load of staff, it was either 50 or 80, out of the States into a private company so they no longer count and then fiddle figures that way. But we should not be doing things like that.

The second Proposition – they are all standalone – is to provide that P&R should give consent for staff with a position of Grade SO1 or higher, which I think it picks up from what the previous P&R actually had in place, and it seems to make sense, as a matter of discipline, and the third Proposition, again a standalone Proposition, is that consultancy agreements should be approved by P&R. There are reasons for that. A second set of intelligent eyes on these proposals might veto some of them.

We have conflicting, for example, consultancy arrangements taken out by ED and then STSB want a different result so they get different consultants, so we are multiplying up too many times. Sometimes there is a lack of co-ordination actually between Planning and E&I, so that sort of central control might help avoid waste.

Those are the Propositions. In terms of actually controlling the head count, people can move around within the States and that gives a flexibility there. People leave. It really is a very modest attempt to keep a lid on it and, on reflection, I think it should have been a bit sharper but there we go. I hope Deputies will consider this as a good idea.

Thank you.

The Bailiff: Deputy Blin, do you formally second Amendment 13?

Deputy Blin: Yes, sir.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir.

Yesterday, or it could have been Tuesday, I am losing track now, we had the debate on consultants and these general comments seem to be along the lines of, I do not agree with consultants unless they are consultants looking into the sort of things I am really interested in. I think today we have a little bit more of that, insofar as we should not have any new staff unless they are new staff in an area that I have identified needs new staff, in terms of Deputy Dyke's reference to IT staff.

This is the problem. It is the not understanding what goes on in other Committees and other areas. I remember when the States did have some kind of cap on recruitment, a freeze of the

numbers, and what happened then is that things started getting outsourced a lot because that did not count as an increase in the States and I think, to be fair, Deputy Dyke did mention that. This is again the law of unintended consequences.

I understand some of the sentiment behind what Deputy Dyke is trying to do here but my problem with this is the same as it was with his previous amendment, namely it is just not a considered way of doing this. I do hope, when our new Head of Public Service starts, that a lot of these matters are going to be things that he starts to look at, together with whoever is on P&R next term. But I just do not think this is the way to go about it. It is just insufficiently considered.

On that basis, I just will not be able to support any of this amendment or any of the Propositions should they get through. I think also Deputy Dyke may have said – and please do correct me if I am wrong – that we are pushing up towards 5,900 FTE in the public sector and Deputy Trott is not here to jump up but he did say that the figure for FTE still remains, I think, at 5,058.

Thank you.

Deputy Soulsby: Yes, Deputy Burford is correct, it is certainly not 5,900.

The Bailiff: Thank you, Deputy Soulsby.
Deputy Brouard.

Deputy Brouard: Thank you, sir.

Much as I said yesterday, I am following behind Deputy Burford. I also agree with her comments as well. We are struggling in some of our departments to get staff and I am not sure what the staffing ratio is in Planning at the moment but we certainly do struggle to get staff.

Sometimes, rather than employing staff, a short-term consultancy does work for us and for the States. It means we can use the expertise where we need to use it and when we need to use it. All these amendments added together just add a large dollop of treacle on an already struggling process. If you want to add more red tape in your manifesto, this is it. Well done, but I will not be able to support it.

Thank you, sir.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

Hot on the heels of Deputy Brouard and continuing his theme, my problem with this amendment is exactly that. I think this is absolutely the opposite of good management. This, to me, reads like micro-management and bureaucracy. One of the main problems that we have in recruiting good people to come and work in our public sector is that the process is already very cumbersome. I understand the reasons that we have got an already very bureaucratic process because we are working with taxpayers' money, we do have to be very cautious.

But there are an unbelievable number of steps to take before you can even replace, like for like, a really obviously necessary role on exactly the same pay and terms and conditions as the person who has left it, and that is why, unlike the private sector, where they have the luxury of these handovers, where information can be passed from the person leaving the role to the person coming into the role, we often have this tumbleweed where a person has long left the role and it takes so long to recruit and it is just so blindingly inefficient and we lose so many good candidates because our process is already so clunky and so unwieldy and so bureaucratic and these Propositions variously will add to that exact problem.

I think the answer is as Deputy Burford has already alluded to. I think actually the way to improve the system is to make people more accountable. P&R absolutely of course, I would not want to think that they have to add to their already very hefty workload by trying to get their heads into the reasons why specific roles in other Committees' areas are necessary. That is just a whole load of

duplication for a whole load of people. It adds time, it adds money, it adds cost inefficiency into the process.

1085 Ultimately, I think we need to be a bit more like the private sector, here. We know what the Budget is, we know what the constraints are and we know that we need to just give people more accountability. I think the problem is that we do not. We try and micromanage everything and we shoot ourselves in the foot in doing so.

1090 However well-intentioned these are, I think they will achieve the precise opposite of what Deputy Dyke actually hopes that they would achieve and for that reason I am certainly not going to support them and I hope other Members reject them as well.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

1095 Very briefly, I agree entirely with Deputy Brouard and Deputy de Sausmarez and Deputy Ferbrache.

Thank you, sir.

The Bailiff: Deputy Blin.

1100

Deputy Blin: Thank you, sir.

1105 So I do support Deputy Dyke's amendment, because I am seconding it. It is basically to ensure a more stable and fiscally responsible approach for our Government. We all recognise the increasing pressures on our budgets and this amendment provides a pragmatic approach to controlling our costs while trying to maintain the same high standards.

1110 First, the amendment proposes actually a sensible cap on the full-time equivalent head count in the sector. In the past five years we have seen significant growth in FTE positions, especially in essential areas, health and social care. However, this expansion comes with high financial demands that left unchecked can strain our budgets to unsustainable levels and hence we are in this position of looking at options of tax.

By setting a cap with a modest allowance for critical and technical roles, we are in effect taking an essential step towards this fiscal responsibility. The aspect of the SO1, just basically undergoes additional scrutiny, like I remember in the previous P&R with Deputy Mahoney, and these target measures keep us on track financially, allowing for strategic highs where they are fully needed.

1115 Deputy de Sausmarez, who just concluded her speech, spoke about being like a private practice. Well if a business was in a situation where it does not have the funding and money, it does not continue on growth; if we go back to the amendment of Deputy Helyar yesterday, this one was based on a freezing, limiting increments, I can see how immediately that is going to cause difficulty. It shows again putting a responsibility on limitation but I can see the consequence of that is that if
1120 the public sector is used to these increments, they are going to find it very difficult to continue without them. So there will probably be a lot of pushback.

1125 I have already been contacted – I will not give way for the time being – there has been a lot of comment. I have received and I have read the letter from the union saying this will be disastrous. But measures have to be taken because of the situation we are in. Here with Deputy Dyke's amendment, in effect it is a freeze for business. If a business cannot grow, it stops growing, if anything it should reduce. We have these 21 levers of things we have to support and do.

1130 This is a more pragmatic approach, taking into account normal business would not keep growing if it does not have the money, so why should this one? I appreciate the sentiments of the Presidents of some of the larger Committees, particularly with HSC, but when we are in this situation, at least this is in effect keeping us where we are and not allowing for added continuous growth. Surely, we should be able to at some point maintain the services as we are, rather than saying, no we must continually grow and then we do not have the money to do so.

So in comparison with the Deputy Helyar amendment yesterday, this really just gives another angle to it, another area, and it still allows business as usual but not including all the growth.

1135 Thank you, sir.

The Bailiff: Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

1140 I was not going to speak – famous adage – but seeing the other Presidents have had their say, I thought it would be remiss for me not to say that I agree pretty much with every speaker who is opposing this amendment so far. I wanted to make a few more comments, really.

1145 A lot of criticism that is levied at the States is about the lack of adaptability, the lack of flexibility. Our inability to be fleet of foot and to react and this is why. Because we are constantly seeking to constrain, restrain and we are not willing to empower our leaders to give them the autonomy that they need in order to make the decisions that they have been employed to make.

1150 It may not be known, but the States does work on a basis of subsidiarity. For people who do not know what that phrase means, it means for decision making to be made at the appropriate level. That means that if someone has been employed to undertake a particular task that they are empowered to make decisions relating to that particular task.

1155 It often feels to me that this micromanaging that Deputy de Sausmarez spoke of, because there is a lack of trust, there is a lack of confidence – and possibly that relates to us and our job role – our role is to hold those senior leaders to account. It is for us to sit and to challenge them. For us to understand in a really comprehensive way what has led to the decisions that they are making, how they are appending the taxpayers' money, that fits in with the direction of travel that we have set as the politicians.

1160 We should be doing that job, so I have got sympathy with Proposition 2, where it is asking Policy & Resources, in exercising its functions, to put in place arrangements to provide consent for creation and renewal of all established staff who are above Grade SO1 or higher. But they should be having that function already, within their governance arrangements that they have with HR and senior leaders of each of the departments, who need to be held to account for this.

1165 So the disconnect here is that all of this should actually be happening anyway, by dint of us doing our job properly. Deputy Vermeulen, if it is not happening properly, then make it happen. Really, Deputy Dyke, make it happen. Hold the senior leaders to account, get them to tell you exactly why these extra employees are needed and if you are not satisfied with the answer go back in again. Ask again and again.

1170 There needs to be something to remedy this disconnect, this lack of trust – sorry, I am not going to give way, Deputy de Sausmarez, I just do not want to prolong this debate any longer. I would just suggest it is our role to challenge our senior leaders and to support them with the decision-making that they need to make. Otherwise, if we do not like it, we are in the wrong job; apply for a job as a civil servant yourself at the next election.

The Bailiff: Deputy Mahoney.

1175 **Deputy Mahoney:** Thank you, sir. Just very brief. Just a couple of points.

Deputy Blin noted the letter that we had all received, email rather, from the unions, which kind of surprised me because it is talking as if we are trying to change current terms and conditions for those who are working in the States already. We are not. We have the unions now speaking for people as yet unknown and unnamed, that do not work for the States, which frankly is ridiculous.

1180 In response to Deputy Dudley-Owen's comments, if our leaders were making the difficult decisions then I would entirely agree with that. But they are not. They are shirking those. There is no accountability, as I have said many times. And as for telling Deputy Dyke and others if they are not then sort it out, we have tried and you cannot. It is the Civil Service that needs to sort that out not us. There is no accountability that we can force on that.

1185 I will be supporting number 2, the SO1, because that is what I used to do, of course, until that
was removed. When I first asked for that, there was a lot of opposition in this Assembly to that. I
understand that. I had asked – probably someone from HR – is now going to be on the phone to
say that is nonsense like they did the other day, incorrectly – but I asked, prove this works, prove
there is challenge to these positions. I beg your pardon I cannot remember what it was, but the
1190 period they were talking about there were 120 requests for new SO1s and 119 of them were
approved under the previous system. Tell me that is challenge. It is not. That is just ridiculous that
one out 120 was actually refused. That does not sound like much challenge to me.

I still believe that does need challenge, so I will be supporting that Proposition. But again,
nothing else other than that just to say I cannot support some of the others but I will support that
1195 one.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, on 20th January next year, the 47th President of the United States,
1200 Donald Trump, will be sworn in. He was also the 45th. In fact he will be the 45th person because for
1885-1889 and then from 1893-1897, Grosvenor Cleveland was President, so he got two ticks as
well. But in relation to that, already the commentators are saying that President is likely to torpedo,
that is the word they used, the OECD tax harmonisation, which will severely impact Pillar Two. A
significant figure, I will be referring to it later when we come to debate the general proposals. Pillar
1205 Two we said we are going to receive £60 million over the next two years, even though we are not
actually going to get the money yet.

Let us factor that in. World events have to be taken into account by little Guernsey because
others are making decisions that will directly impact upon our situation. I, like Deputy Mahoney, will
be voting for part of this amendment, if it is going to be put as individual Propositions and it may
1210 well be, then I will be voting like him for number 2.

Deputy Dyke is right to try. He has jumped up and down, not literally but figuratively, trying to
say to the States, listen, we are running out of money and we have got to do something. We have
had so many, all very good, speeches, all well-intentioned, all absolutely correct, saying, yes, I agree
but not me because we are doing valuable work, we are under-resourced and we need the money.
1215 All of that is true and I know it is true. Therefore we have got to make some difficult decisions.

As President of P&R for three-and-a-bit years, we approved quite a lot. Deputy Mahoney was a
tough taskmaster but we had to approve quite a lot of proposals and the explanatory note says
over the last five years full-time equivalent positions have increased by 374, of which 341 were in
health and social care. It is only 33 elsewhere, which is not actually a lot over a five-year period with
1220 a dynamic group of employees, as we have got.

I would have approved all of those. I look at my friend Deputy Brouard, I would have approved
all of those. I probably would have approved the 80 that are covered in the present Budget
proposals. But it has got to be paid for some way and we have got to be realistic as to where we
are going to go.

1225 We cannot, cannot, cannot – I do not know why I said it three times because it is going to be
ignored anyway; we cannot, I have said it a fourth time now, carry on with the proposals and the
way that we are acting. We are little Guernsey, 64,000, 65,000 people with our good friends from
Alderney, 67,000 people and we have got to listen to react to what the world says out of here.

So well done Deputy Dyke, I am not going to vote for all your proposals but thank you for
1230 bringing them.

The Bailiff: Deputy Roffey.

Deputy Roffey: Yes, sir.

1235 Listening to Deputy Ferbrache, there, it was a little bit of the old adage of something must be done and this is something so we must do this. And he is right. I fear about how we are going to finance what we aspire to do going forward.

1240 But I do not know if Einstein really said it, but the thing that is always ascribed to him about if you keep doing the same thing and are expecting a different outcome then you are going a bit doolally. I have done my tour of duty on nearly every Committee in this Assembly and I did quite a long tour of duty on the Civil Service Board and we were responsible for administering what was known as the staff number limitation policy.

1245 The reason it was scrapped is because it was driving up costs because people were outsourcing because they were hitting a numbers cap and, therefore, they would buy in the service. Yes, it was the private sector and people in the private sector, who were uber efficient but they also have a profit motive as well. It was actually driving up costs. So we got rid of it and said actually, let us limit the budgets of Committees and let them use their creativity to use that to best effect.

1250 This is going full loop back the other way. As for the other two items, this is not asking for officers at Policy & Resources, this is demanding, as I read it, that the politicians at Policy & Resources scrutinise – let us think about it – every single consultancy. I remember when I was at Health, we probably had about six a week. We would bring in the Royal College of whatever to review this department to see how it was working, we would have some technical lot coming to look at our radiography equipment to make sure that it was fine for this job. These are all consultancies.

1255 I want P&R to be looking at the big strategic stuff, the Members, and actually trying to find a possible way forward, not spending their day in conclaves looking at SO1 and above replacement and every different consultancy that is being looked at. As for the numbers, I understand the theory. We cannot afford to keep employing more people and therefore they have said no due to cutting down on money in the two amendments on Tuesday and Wednesday, so let us do it this way instead. I understand the concept but I have been there, been around the block, tried to do it that way, it had absolutely the opposite effect.

1260 Do we want a staff number limitation policy mark two because it will fail like the first one did and I say we do not.

1265 **The Bailiff:** Deputy Vermeulen.

1270 **Deputy Vermeulen:** Thank you, sir.

1275 This debate has been quite interesting, hasn't it, really? Yesterday and the day before. We heard Deputy Parkinson's territorial tax amendment. Although many Members accepted that is the way it is going to go, they just felt that Deputy Parkinson was too far ahead of everyone else, we were not quite at that level. I think that is right. I think we are behind the curve of where we should be.

1280 I think too easily we have given in to the, 'Yes, you need more staff. Just get them in. We will put taxes up, we can always do GST or better still, what about we adopt both?' It does not matter. They have got no choice. They just up, Guernsey people, the hard-working people, we are just going to do it.

1285 The rest of the debate had been quietly getting more and more resistant to making any cost savings or efficiencies and that really is very sad. There are opportunities, there are other alternatives besides GST and besides increasing Income Tax. Looking at some of the comments, which I have seen overnight in social media, it really is a wake-up call. It should be a wake-up call to this Assembly. People are struggling out there –

1290 I will give way to Deputy Trott.

1295 **Deputy Trott:** I am very grateful to my friend for giving way because he and others have fought valiantly over the last several hours of debate to increase or to put forward greater focus on reductions. But this Assembly has rejected those proposals and we are where we are. It is now essential that we deal with the revenue side of things. I completely understand what Deputy

Vermeulen is saying but he must not lose sight of the fact that those proposals have been rejected by this Assembly and the problem has not gone away.

Thank you.

1290 **Deputy Vermeulen:** Well, there you go, the problem has not gone away and it almost reminds me, this Assembly almost reminds me of a business that has lost control of its finances and I know what that can look like so I can recognise it.

There has to be some control and this amendment has not been lost. This amendment is still in play. I think there might be one or two still left which could, one is a form of taxation, it would be
1295 taxing company registration fees, that would fix the problem where certain businesses are not paying tax.

So yes, I pointed this out, the average working person on whose back this economy, this Island has been built, is just getting it more and more all the time. So we must look at our costs and we must spend money more wisely and we are not doing that. We are spending money as if there is
1300 no tomorrow, there is no restraint on any of it. It saddens me, sir. It does sadden me that we have not taken it seriously enough to control our costs.

What we are talking about is £650 million, the Budget in total, for next year. This year it was £610 million. Before we started, 2019, I think it was circa £408 million. That is a massive increase and here we all are saying, no Deputy Dyke, how dare you even suggest we make savings and
1305 efficiencies or introduce a cap on the numbers of people employed.

Deputy de Sausmarez, who I have got a lot of time for, suggested we looked more at how the corporate sector does things. Well, I can tell you, front and centre on any corporate budget is head count. What you are doing, what you are bringing in, and if you are making less and less, you are not allowed, you are not going to increase more and more staff. But, hey, that is what we have done.
1310 We need to make the right decisions, cut costs and make savings.

I did mention the average wage. With these amendments going through, if they do get voted through, GST and tax, with insurance, the average wage of a person, the average worker, on £45,000 *per annum* will now be 10% more than the UK. Now just a short time ago, in 2008, the average wage was £28,000, tax and insurance, and they were paying 20% less than the UK. Now that is what we
1315 have done. That is what previous Assemblies, this Assembly, Social Security has been going up like Billy-Oh, now we are going to lump on tax. More tax. I am afraid it will force people away from working on-Island.

One of the comments I read, which really touched me, they said, increased mortgage, reduced allowances, no benefits at all, utility bills going up and an awful Aurigny. The Government, for a
1320 young family, now an increase in tax and GST. For a young family it is just kick after kick. That is what we are doing.

A visitor levy was suggested –

1325 **Deputy Bury:** Point of order, sir.

The Bailiff: Point of order, Deputy Bury.

Deputy Bury Rule 17(6). I think this is a bit tenuous and does relate to the main debate.

1330 **The Bailiff:** Can I encourage you, Deputy Vermeulen, to concentrate on what is being proposed in Amendment 13.

Deputy Vermeulen: Absolutely, sir.

1335 **The Bailiff:** Whether you do it by reference to each of the Propositions, and I can confirm that I will allow separate votes on each of the three Propositions, as I indicated when Deputy Ferbrache was speaking, take each of them in turn or whatever order you want to but just talk about whether

or not it is a good idea to insert the Proposition and then if they are inserted there will be a general debate on any of those that have been inserted.

1340

Deputy Vermeulen: Absolutely, sir, and I do hope there is a separate vote on Catch 22, or Amendment 22, the combination of tax and insurance, I would like to vote on that separately.

So, yes, we should be looking to make savings overall across our organisation, on the head count, and I have no hesitation, at all, in saying that I will be supporting these amendments –

1345

I will give way to Deputy Brouard. He has already spoken briefly but I am sure he has got something interesting to say.

Deputy Brouard: I will probably regret doing this. Deputy Vermeulen, I can understand very much that he wants to cut costs and save money and make sure that the Committees that he is on are as efficient as possible but what I am struggling with is the Committee for Economic Development, the budget for 2024 was just over £10 million but the budget for 2025 is £12 million.

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Then, if you go to Home Affairs, the budget for 2024 was £40 million and it is now going up to £41 million. It is what we used to call, in banking in terms, words and figures differ, and I am struggling to understand how those Committees are going so much up in budget when those Committees want to be cost cutting and saving and I am struggling with that dilemma. I appreciate you probably wished you had not asked me now.

1355

Thank you.

Deputy Vermeulen: I welcome the interruption, the intervention. I welcome it. It is probably going off topic of this amendment but yes, if you want to talk, and it has been mentioned by the Chief Minister, about the tourism projects, I think the previous year, Economic Development made significant cuts to their budget, something that other Committees struggled to do.

1360

But I think the long-term view, just like many other countries in the world, industry in Guernsey would like to see an arm's length organisation. But of course they feel they can spend money, they have got ideas, they can generate a visitor levy and generate extra cash in and do it a different way to the way that we have always done it.

1365

Across Europe, there are visitor levies. In the UK, councillors are looking at it because they are short of cash, and they are doing it in a different way. And that is what we should be doing.

I think on health with 2,000 workers, is a huge thing. We passed something just before. It might be nothing but it might be something. Temporary homes. Temporary accommodation for key workers. Now that could be a solution to significant savings, possibly at the Hospital –

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The Bailiff: Just a minute, Deputy Vermeulen, what has that got to do with Amendment 13?

Deputy Vermeulen: It has got absolutely very little (*Laughter*) but I am responding to Deputy Brouard, sir. I did say it would probably go off topic and there it is. There is an opportunity.

1375

We can have a laugh but this really is very serious. We are in shark-infested custard now! We have really got to do something and here is another iron that you can stick in the fire. It has been tried and tested before, a cap on employment. The States have tried it. I am not saying keep it on for 100 years but you can certainly keep it on. I wish we had done it four years ago and I urge people to support this amendment.

1380

Deputy Le Tissier: Thank you, sir.

I am not going to speak for very long because I know we have probably all made up our minds. But Deputy Brouard made me smile about 'words and figures differ'. Well, I do not want to get in a position where we have to drawer on the cheques. This is something that goes in the right direction.

1385

I do not think anyone would deny that the public want the States to try and curb their spending before imposing increases in taxes. But other amendments earlier, where we have been trying to save money, have all been thrown out. Amazing.

1390 Now, I know all the Presidents have spoken against this and I understand why; I am not surprised. They want to protect their services. But I think the States collectively we are in reality denial. We cannot just keep increasing our spending. At some point we have got to make a stand and this is just a baby step in the right direction. I thank Deputy Dyke for bringing this and I fully intend to support him.

1395 Thank you, sir.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

1400 Like Deputy Roffey, I remember the days of the staff number limitation policy and like him I do not remember that period with any great fondness. The States of 2008-12 was, I think, very good at containing public expenditure and that is reflected in the annual accounts for those years. We were the States, after all, which launched the Financial Transformation Programme, which was, to date, the only serious attempt to try and drive down costs in the public sector.

1405 But we were also the States that abandoned the staff number limitation policy because we saw it as being ineffective and Committees were quite good at working their way around it by various methods and it was just a blunt weapon, which did not allow for public services to evolve and develop to meet emerging demand.

1410 We concluded that it was much better overall to simply impose cash limits on Committees and leave them to make decisions about where money was spent in their areas of responsibility. Now, this amendment proposes to give P&R tools to micromanage the spending of various Committees and, frankly, I do not think P&R are qualified to do that and in the course of this term of the States, when they have tried to do it, I do not think they did it very well.

1415 So, much though I am sympathetic to the motives behind Deputy Dyke's amendment and, while I am very concerned about the growth in public expenditure, I do not think it makes sense to give powers to micromanage Committees to P&R when, frankly, I do not think they are capable of discharging those functions.

1420 We need to just get stronger on cash limits and we need to get the Committees serious about looking for savings. The good thing about the Financial Transformation Programme, which has been criticised in this Assembly and I totally understand that criticism, was that it forced Committees to focus on cost savings and efficiencies. We had better co-operation from some Committees than others. I have mentioned in an earlier debate, the least co-operative Committee was the Committee *for* Education, but across the States as a whole, some serious thinking went into: how could we do this more efficiently?

1425 I think the better approach is to encourage Committees through the Budget process to become more efficient but also to assist them. Committees on their own probably do not have the resources to work out how, for example, Artificial Intelligence, might help them. But if the role of P&R was to provide the support to Committees that are seriously looking for cost savings and efficiencies and if the Committees themselves share the ambition to reduce costs where they can, then I think we
1430 will make more progress.

We need to work together and there needs to be buy-in to the process from spending Committees. Unfortunately, that buy-in will be variable and that is certainly our experience from all those years ago. But, nevertheless, it is a collaborative approach where P&R assists Committees and encourages and leads them to an extent towards the right direction. I think it is much better than a
1435 blunt instrument like resurrecting the staff number limitation policy.

Thank you, sir.

The Bailiff: Deputy Haskins.

1440 **Deputy Haskins:** Thank you, sir, and I really do agree with Deputy Parkinson there and I would also remind Members about Proposition 28, regarding the savings.

Two things, really, I would like to add or highlight. The first one is just my surprise at Deputy Le Tissier being so surprised about spending cuts when he himself voted against a spending cut last night, for £600,000. It really is surprising to me too.

1445 The main point I would like to add here is really relating to Proposition 1 in this amendment, really, I think I said it on day one, Tuesday, Members here really need to understand the impact of the ageing demographic. It is really important to understand. Understand what it is going to mean from an Income Tax point of view in the future because, again, I have mentioned this, the birth rate is going down each year. Members need to understand the long-term implications of all of this.

1450 In the meantime last year we did have an increase in population of 910 people. Members need to understand the impact of that on services too. If they do, you could understand why I am not going to support number 1. I am minded to support number 2 but again, for many of the reasons that have already been covered I do not think I can support 3, either.

Thank you.

1455 **The Bailiff:** Deputy Trott.

Deputy Trott: Sir, I rise very briefly because I think there are two points that need to be addressed. The first is that the explanatory note in this amendment is misleading and I hope most Members, if not all, agree. We had the debate yesterday over States' FTE head count relative to those working in the finance sector, but I accept that this explanatory note was written before that debate. I would be surprised if either the proposer or seconder would not concede that point when they respond to this debate later.

1460 But I rise primarily because here we go again with the myth about States' spending. Because one of the recent speakers, two of the recent speakers have used words along these lines: we cannot keep increasing our spending. A throwaway line that has no argument developed underneath it. So I will just remind Members that the primary, real terms spending increase, i.e. a rate that is greater than domestic retail inflation, is in healthcare. In fact, the amendment itself draws our attention to that. Deputy Haskins did something similar a moment ago.

1470 Over the past five years, full-time equivalent positions have increased by 374 – 350 of those 374 positions were approved and agreed by the previous Policy & Resources Committee. As I said yesterday, I offer no criticism of that. We have got to look after our old and sick. It is as simple as that. But that is where the growth has been. It has been in healthcare.

1475 What we do not get, and this is why I challenge people like my good friend Deputy Vermeulen and others, is it is all well and good to say, I want this, I want that, in terms of cuts, but where? States spending is only rising in line with inflation. One of the reasons it is rising in line with inflation, is because our largest individual cost is the cost of the 5,058, or thereabouts, full-time equivalents that we employ.

1480 These are people, many of whom have genuine transferable skills and they have genuine transferable skills, which means they can work anywhere they wish and, in fact, as we all know, we struggle to recruit sufficient healthcare workers from within the Island or even from within the UK, which is why I am so grateful to the guest workers who come, particularly from places like Africa, and other places, but there are a large number from Africa, in order to populate our essential health services.

1485 What we cannot have is this constant revision of the facts. The facts are that public spending is pretty much keeping pace with inflation, as it must, people's real-terms earnings within the public sector cannot and should not, in my view, fall in real terms. The focus, the issue is in healthcare and that is rising above inflation. This year alone, it is £5 million. But be clear, when you are making these comments what you are saying is you want fewer nurses, you want fewer doctors, you want a worsening healthcare system.

1490 Because otherwise it is a myth and it is disingenuous – absolutely disingenuous – to tell our community otherwise.

Thank you, sir.

The Bailiff: Deputy de Lisle.

1495

Deputy de Lisle: Thank you, sir.

Deputy Trott has just spoken and he has been talking a lot about the structural deficit and also the operating deficit. He is constantly making these points and it would be totally folly to not listen to the public and listen to GIBA and the Chamber of Commerce when they come in and say, listen, it is very essential, given the situation with the deficit, to show restraint, to make every effort to achieve savings and halt increases in public spending.

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1505

Now Deputy Trott, surely, understands there has to be some effort there and there has to be an effort made in that direction. It has already been stated that the Government, the States of Guernsey, have been very concerned in this area right through this five-year term. Control over staff establishment is important in maintaining discipline and control and oversight over the number and cost of public sector workers.

1510

As has been related here, and as I have mentioned earlier in these days of Budget debate, we previously had a staff number limitation policy, which sought to co-ordinate control. But that was taken away and what was it replaced by? It was replaced with devolved controls at the Committee level. Now that has not worked. We have seen that it has not worked in terms of controlling expenditure and the growth in Civil Service posts.

1515

What is the answer? Well, it could well be what Deputy Parkinson has been suggesting, but it could also be, it also does not go against taking some measures, measures for example, capping the public service head count, which is the first Proposition that Deputy Dyke brings forward. Another one, of course, is consent for the creation and renewal of established staff positions, which can be done through the centre, through P&R. That Committee is also taking over a second or even a third look at consultancy agreements as they come through to try again and rationalise and gain some control over public spending.

1520

So we have a problem of how to contain the spending in the public sector and I think that any measures that are provided and proposed to control and to provide discipline should be looked at very favourably and I think we have got a few here that have been brought forward in this amendment that we can surely subscribe to and I call on Members to support the amendment.

The Bailiff: Deputy Le Tocq.

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Deputy Le Tocq: Thank you, sir.

1530

Propositions such as these and debates such as this often remind me of a conversation that I had a number of years ago in Brussels, with a politician, I think he was an MEP for the Czech Republic or Slovakia, but he had been a Member of his national government. He once told me that the best and most efficient cost savings that his government had made was when they closed the department for government cost savings!

1535

We fool ourselves if we think that micromanaging in this way can actually save money. It perhaps waves a flag to the popular gallery but actually it has been proven, because as many have said, this is not a lot different from the staff number limitation policy, which I am old enough to remember as well, and that was not effective. Everyone, I think, who has spoken and mentioned that has said that.

1540

What we have got at the moment, and attempts to do that through budgetary constraints, is certainly better, it certainly could be improved, I think. But effectively what Members such as Deputy de Lisle and others who have spoken in support of this are arguing for is cabinet government, really. Ultimately that is the only way in which you could centralise that sort of discipline and I do not think they want that. So, really, they are shooting themselves in the foot.

When, in the previous P&R, of which I was a Member, we had Deputy Mahoney, looking in more granular detail at new posts. I actually do not think he did that bad a job of it, certainly better than I anticipated. However, monies were not really saved through that process and it took a considerable

1545 amount of his time. It was effective because he was a one-man Committee doing it. It was a bit like a sort of executive role.

But I do not think, with the amount of work that we have to deal with on P&R, that we ought to be getting into these sorts of things at all. What we want is greater self-discipline all around, including by those who have spoken in support of this amendment, who are Members of Committees themselves, who need to take that seriously when they are discussing the budget that they are going to approach P&R for. Do not blame P&R, take the responsibility first yourself and come to us with a budget that does not increase, with fewer requests for staff and everybody will be happy.

1555 **The Bailiff:** On this occasion, I understand that it is going to be Deputy Murray who is going to respond on behalf of the Policy & Resources Committee.

Deputy Murray: Thank you, sir.

1560 I will give P&R's response in just a moment but I clearly should respond to some of the comments that have been made this morning. I am going to be gentle, because I get very frustrated by the viewpoint of some individuals who clearly do not completely comprehend the way that Government functions.

1565 I have been very lucky in respect of being able to be on P&R and also on ESC, which is a Principal Committee, and obviously DPA. Because I have seen quite a breadth of how Government functions and coming in as a newbie, I have learned quite a lot. It does not function quite the way that I presumed when I came in.

So I can understand why some Members perhaps who are either on a Committee or a Principal Committee, suggest perhaps solutions that they feel are perfectly suitable, perfectly adequate, why cannot we do them?

1570 I also come from a business background and I had presumed that a more businesslike approach would actually solve Government's problems as well. The trouble is, Government does not function like that. I have made the point, particularly to Deputy Vermeulen before, when we were talking about savings, because he was on that subcommittee that came to P&R, the problem that we have got trying to run Government as a business is that we cannot just switch off the customers that do not pay. They do not make us any money. We actually have to put provisions in for the vulnerable in our society.

1580 So you have to take a more balanced view as to how you deal with that. Particularly in health, of course, and I defer to Deputy Haskins, the demographic has been driving this for years now and we were warned about it and warned about it and we did not really take it on board and now we are actually in a crisis position and it is going to get a heck of a lot worse, obviously. That is the nature of the beast.

1585 So a lot of this employment and growth in what people sometimes think are Civil Service positions is actually in health and we cannot avoid it and we are still not meeting the demand at the moment. And we are doing our best but we are not even meeting the demand that is going to come down the line.

With that in mind, I have to look at this amendment, well-meaning though it is, and I think we all understand the rationale behind trying to bring some control over the growth in public services. We certainly understand that. But as has happened before, an amendment gets brought that is not actually sufficiently detailed or thought through for us to be directed to take any action.

1590 At the start of his introduction, Deputy Dyke said this was primarily brought because of the increase of 80 FTEs in the current Budget. I understand that. However, it does not put any brake on when that would stop. It basically gives P&R a directive, *ad infinitum*, to actually restrict to 20 technical posts.

1595 I think if you have not sat perhaps from the position of that more helicopter view where P&R sits and I think Deputy Parkinson referred to this, there have been various approaches tried before to try to get a grip on public sector growth. But some of it is inevitable and I am going to explain, I

am going to give you some examples of why that is inevitable and why we cannot have a head count. Because this is a dynamic situation that we are in.

1600 Broadly speaking, P&R finds itself challenging three elements of this amendment. Firstly, the rationale for what appears to be the quantum and description of pertinent FTE positions, secondly the real-world ramifications of carrying it into effect and, thirdly, the practicality of involving itself in day-to-day operational issues. Notwithstanding proposing changes to the mandates of Committees, which is also in here, without the Assembly being sighted on the full ramifications on of such changes.

1605 Let me start with rationale and quantum. I do accept that this is meant in all sincerity by the proposer and seconder but what is not so clear is the rationale they have adopted in what has been proposed in this Proposition 1. How, for example, is an FTE increase of 20 arrived at? Should it be 30, should it be 10? It does not tell us. Just 20.

1610 What constitutes technical specialist roles? I do not think we have actually got that written down anywhere at this point. I think I understand the general thrust of what it is supposed to mean but it covers a lot more than perhaps people understand.

1615 In the public sector we employ a plethora of skilled roles and arguably a technical specialist would as easily describe a motor mechanic as it would a tax inspector. Furthermore, what if we need to respond to an emerging need, which takes beyond that proposed 20 limit? Let me give you some examples. Preparation for the recent Moneyval inspection is definitely a case in point. We literally had to throw money and resources at ensuring we gave ourselves every opportunity for a successful outcome.

1620 If we did not have the flexibility to respond dynamically, would we have had to make an architect redundant, or a dental officer, just to ensure we stayed within the net increase of 20 posts? Another example is the very regrettable IT outage nearly two years ago. It meant again putting more money and resources in very short order behind securing a robust solution. Needing the flexibility to respond to a dynamic technical situation.

1625 Let us not forget that HSC reported to the Assembly very recently that delivering the much-needed EPR programme, designed to save us money in the long run, will now require outside assistance, since we do not have sufficient technical resources to deliver it. At a cost of maybe up to £5 million. That will likely mean a number of individual contracts, or alternatively the management of one or more additional partner organisations, beyond those we already have contracted for this project.

1630 The point I am making is that the business of Government is not static. It is constantly evolving. Responding to new threats or expanding to deal with new regulatory standards. P&R's view is that Proposition 1 is entirely arbitrary in its scope, its definition and its rationale. It is a very blunt instrument, as a direction. I would ask the Assembly not to endorse Proposition 1.

1635 In respect of carrying Proposition 2 into effect, there are real world practical consequences. P&R are indeed responsible on behalf of the States for employment issues. But there is an extensive HR department of qualified professionals who manage the day-to-day needs of Committees and their associated responsibilities. The subsidiarity that Deputy Dudley-Owen referred to before.

1640 Also, whilst SO1 is quoted, we have a number of pay scales, which might reflect SO1 but are titled otherwise. They are bespoke, such as front-line education staff, or police officers and in the health arena. SO1 would directly be attributable to jobs as diverse as psychologists, justice and probation roles, revenue roles, speech and language therapists and many more.

1645 There are a considerable number of SO1 or equivalent posts in Government. I can see a rationale for expecting P&R to be consulted on the other end of the scale, the most expensive roles, for example, but we already do that. It is actually the Head of the Public Service, who is accountable for safe and effective staffing levels. It is not a day-to-day political responsibility and we can choose to do it if we want, but that is not our responsibility. It would be entirely impractical for P&R to administer Proposition 2 as currently described in this amendment.

Impracticality also applies to Proposition 3, in respect of requiring P&R to be involved in all consultancy agreements. Now let me qualify that. There are literally hundreds of contractual

relationships from minor to major that could be described as consultancy. Backfilling existing posts, for example, or assisting with specific projects like the dairy sector review or seabed leasing.

Many are Committee specific and if of particular significance, they will already be brought to P&R as part of a business case. But all consultancy or contractual appointments have to be signed off by a number of relevant, senior, responsible officers already. There is a necessary hierarchy in an organisation of this size, over 5,000 people, to deal efficiently with the relationships with third parties, which yet again are often dynamic in nature. They come; they go. We might have somebody for a month, we might have somebody for 12 months.

The checks and balances already exist with P&R rightly signing off on significant proposals. To become responsible for all consultancy agreements would be impractical and very inefficient. I would therefore ask this Assembly not to support this amendment as it is arbitrary in both construction and rationale and impractical to bring into effect as described.

Thank you, sir.

The Bailiff: And the proposer of the Amendment 13, Deputy Dyke, to reply to the debate, please.

Deputy Dyke: Thank you, sir. I thank my colleagues for their comments.

I am going to go through a bit quicker than I did yesterday. I thank Deputy Burford for her comments. I think she is not in favour. Deputy Dudley-Owen was also not in favour. To be honest, I am feeling when I look at our esteemed top table that I am really attempting to push a herd of elephants backwards through treacle. I think a lot of them are not in favour of this. Deputy Dudley-Owen was not in favour.

Deputy Mahoney, I think, was content with Proposition 2 and in favour of that, for which I thank him, on the basis that is something they had been doing before in the previous States. So I thank him for that. Deputy Ferbrache congratulated President Trump on his election. I am sure everyone is pleased about that! He mentioned an interesting point, actually, so I will dwell on interesting points, regarding Pillar Two.

Yes, his point that it may fall apart because America will not join. I have been reading up a bit about this, the Americans have been playing games with it. They are saying that they will join it but on special terms for America. So it may well be that it will go through but with the Americans having a special arrangement designed by them for their benefit. We probably do not know where that is going.

He did make the point that we are little Guernsey facing our future as such, and I agree with that. Part of that future involves where we stand in terms of the solvency of our economy, I would submit and that is quite an important point.

Deputy Roffey mentioned that we keep doing the same thing, expecting a different outcome and indeed we do and that is indeed the definition of madness. The madness of our Budget and our spending plans is that it goes on and on with no attempt at control, it would appear, and where does that lead us in the future?

All of you heads of the major Committees –

Deputy Trott: On a point of correction.

The Bailiff: Point of correction, Deputy Trott.

Deputy Trott: How can that assertion possibly be correct when Deputy Dyke and other Members are being advised repetitively that we declined as a Committee approaching £16 million worth of additional expenditure? How does that resonate with no attempt to limit expenditure? It is simply not true, sir.

Deputy Dyke: With respect, it is possibly to contrive an application for money on the basis that you put in for £30 million and get £15 million. Or you put in for 60 and get 30. The figures are still

going up. That is the issue. I appreciate the sincerity of all the Presidents of the major Committees but the fact of the matter is that we do not seem to have, the thinking does not include sufficient respect for what we have to do to save money and not impose more taxes and costs on our Committees.

1705 We have had comments in from the Chamber of Commerce and the Guernsey Business Association, asking us to do something about spending, and we seem to be ignoring that. In fact, I think it was Deputy Burford who made a comment about what have we done on Planning? Well we have kept our head count under control. I think we have got two empty spots that we have kept.
1710 We have tried to slim down our procedures, we have given a lot of exemptions so that we have fewer applications. We have kept the two spares, in case our computerisation takes us belly up when we put that in and we will need more staff, only for that purpose. But we have been quite tight on that.

Deputy Parkinson made the comment that these proposals were a very blunt instrument and I agree with him. I knew that when I put them. I discussed them with Treasury and with the Law
1715 Officers and we did not think, well, what was clear was that the cash limit arrangement was the most efficient, crisp and sensible thing to do. But that failed. This is a second best to try, in my view, and get some control over our overall head count.

Deputy Parkinson also made suggestions around using AI, which I think is perfectly possible for us to look at and that is something. Deputy Dudley-Owen raised that yesterday. That is something
1720 that could be looked at to try and keep head count under control. I am not sure how far AI will help with general positions. It is probably most likely to come forward in the health area for scanning and screening and that sort of thing, in an efficient way.

Deputy Trott spoke about the myth about States' spending, Well, the increases are not a myth, they come home to roost in serious reality when we impose more taxes on our people. Even
1725 indirectly, our tax savings committee, insofar as Planning is concerned, has brilliantly come up with the suggestion that we should increase a lot of our fees by about 21% to cover central costing. So 21% onto fees, it might not turn out quite as badly as that but where does that all go? Straight into the price of housing. If you put up planning application fees, housing is more expensive. We add on GST, housing is more expensive again. Nobody can afford it already.

1730 Deputy de Lisle and Deputy Vermeulen, I thank them, and Deputy Le Tissier for their support. Deputy Murray was thoroughly against this. He asked broadly how it was thought through, how did we get to the figure of 20? Well it was to give some flexibility. In past States they have set a target to reduce head count by 200, nothing much came of that. We came in and the whole thing seemed to be abandoned.

1735 So I did not try anything quite as aggressive as that, even if that was aggressive. The suggestion is to keep it flat with some flexibility for these technical staff. As to whether that is a perfect definition that we have used, possibly not, we did discuss it with Law Officers and we did note the slight fluffiness of it but we thought it was the best we could do at the time.

Deputy Murray also mentioned the fact that, with regard to our Proposition 2, this is all under
1740 the control of the HR department and that is all just fine. I am just not sure that it is with results we are getting. I am not sure what to suggest. Obviously, health is one of our most problematic areas, where we need more and more staff but cannot accommodate them.

No doubt possibly it has already been considered, we could outsource more of our operations to Southampton or London, if that is easier and cheaper to do. But at the end of the day, all these
1745 things have to be addressed and our final costs, which this year are going from £610 million to £650 million, are becoming increasingly untenable.

If we take some small steps now, going forward, we set the tone for keeping our costs down somewhat. But at the moment, nothing that has been suggested suggests that anyone thinks anything is anything but perfect and we will plod on and on. I think it was Deputy Burford – was it
1750 Deputy Burford, no it was Deputy de Sausmarez – who suggested we should be more like the private sector. Well the private sector would have an awful lot more control than this, taking into account I know we have issues, the private sector does not have, such as looking after the poor and

vulnerable. But, at the end of the day, reality on our tiny little Island will impose itself in terms of what we can afford and I do think we need to just pay more attention to that.

1755 Thank you –
I give way to Deputy Trott.

Deputy Trott: I am sincerely grateful to Deputy Dyke because he knows I am going to challenge him so I think the giving way is even more laudable.

1760 In the private sector, the private sector, when it looked at its costs, would also look at the performance of its clients and it would often seek to jettison those clients who were not adding to the bottom line to the extent that was required. The public services we provide cannot do that. We have an obligation to look after our sick and our elderly and those who require our help, which is why constant comparisons to business are, in my view, unwelcome unless those points are made.

1765 In my businesses we produced a very significant positive effect to EBITDA by doing precisely what I have described. We do not have the luxury in the public sector of doing that, we have a set of obligations and those obligations are expected in a caring community.

Deputy Dyke: I thank Deputy Trott. I had acknowledged that before.

1770 So I would suggest respectfully that Deputies might consider that these rather modest measures are appropriate to try to keep a lid on some level of our head count, whilst acknowledging that this is not as crisp and necessarily as sharp and effective as cash limits would be. But we did not vote for those yesterday.

Thank you.

1775 **The Bailiff:** Members of the States, we come to the vote on Amendment 13, proposed by Deputy Dyke, seconded by Deputy Blin. As I have indicated, I am going to take each of the Propositions within Amendment 13 discreetly to allow separate votes on them. Depending on what happens with Propositions 1, 2 and 3, there might not need to be a Proposition 4.

1780 I will invite the Greffier to open the voting on Proposition 1 in Amendment 13, please.

There was a recorded vote.

Amendment 13, Proposition 1.

Not carried – Pour 7, Contre 30, Ne vote pas 1, Did not vote 0, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	Ferbrache, Peter	None	Blin, Chris
De Lisle, David	Brouard, Al			Roberts, Steve
Dyke, John	Burford, Yvonne			
Helyar, Mark	Bury, Tina			
Le Tissier, Chris	Cameron, Andy			
Meerveld, Carl	De Sausmarez, Lindsay			
Vermeulen, Simon	Dudley-Owen, Andrea			
	Fairclough, Simon			
	Falla, Steve			
	Gollop, John			
	Haskins, Sam			
	Inder, Neil			
	Kazantseva-Miller, Sasha			
	Le Tocq, Jonathan			
	Leadbeater, Marc			
	Mahoney, David			
	Matthews, Aidan			
	McKenna, Liam			
	Moakes, Nick			
	Murray, Bob			
	Oliver, Victoria			
	Parkinson, Charles			

Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 Taylor, Andrew*
 Trott, Lyndon

*denotes Member who voted by proxy

1785 **The Bailiff:** In respect of Proposition 1, there voted in favour, 7 Members; there voted against, 30 Members; 1 Member abstained; 2 Members are not participating in the votes and therefore I will declare Proposition 1 of Amendment 13 duly lost.

Now, I will invite the Greffier to open the voting on Proposition 2 from Amendment 13.

There was a recorded vote.

Amendment 13, Proposition 2.

Not carried – Pour 18, Contre19, Ne vote pas 1, Did not vote 0, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	Matthews, Aidan	None	Blin, Chris
De Lisle, David	Brouard, Al			Roberts, Steve
Dyke, John	Burford, Yvonne			
Ferbrache, Peter	Bury, Tina			
Gollop, John	Cameron, Andy			
Haskins, Sam	De Sausmarez, Lindsay			
Helyar, Mark	Dudley-Owen, Andrea			
Le Tissier, Chris	Fairclough, Simon			
Leadbeater, Marc	Falla, Steve			
Mahoney, David	Inder, Neil			
McKenna, Liam	Kazantseva-Miller, Sasha			
Meerveld, Carl	Le Tocq, Jonathan			
Moakes, Nick	Murray, Bob			
Oliver, Victoria	Parkinson, Charles			
Queripel, Lester	Prow, Robert			
Roberts, Steve	Roffey, Peter			
Snowdon, Alexander	Soulsby, Heidi			
Vermeulen, Simon	Taylor, Andrew*			
	Trott, Lyndon			

*denotes Member who voted by proxy

1790 **The Bailiff:** In respect of Proposition 2, from Amendment 13, there voted in favour, 18 Members; there voted against, 19 Members; 1 Member abstained; 2 Members not participating. So I will similarly declare Proposition 2 from Amendment 13 lost.

And now I will invite the Greffier to open the voting on Proposition 3 from Amendment 13, about consultants.

There was a recorded vote.

1795

Amendment 13, Proposition 3.

Not carried – Pour 10, Contre28, Ne vote pas 0, Did not vote 0, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Blin, Chris	Aldwell, Sue	None	None	Blin, Chris
De Lisle, David	Brouard, Al			Roberts, Steve
Dyke, John	Burford, Yvonne			

Helyar, Mark	Bury, Tina
Inder, Neil	Cameron, Andy
Le Tissier, Chris	De Sausmarez, Lindsay
McKenna, Liam	Dudley-Owen, Andrea
Meerveld, Carl	Fairclough, Simon
Queripel, Lester	Falla, Steve
Vermeulen, Simon	Ferbrache, Peter
	Gollop, John
	Haskins, Sam
	Kazantseva-Miller, Sasha
	Le Tocq, Jonathan
	Leadbeater, Marc
	Mahoney, David
	Matthews, Aidan
	Moakes, Nick
	Murray, Bob
	Oliver, Victoria
	Parkinson, Charles
	Prow, Robert
	Roberts, Steve
	Roffey, Peter
	Snowdon, Alexander
	Soulsby, Heidi
	Taylor, Andrew*
	Trott, Lyndon

*denotes Member who voted by proxy

The Bailiff: In respect of Proposition 3, there voted in favour, 10 Members; there voted against, 28 Members; no Member abstained; 2 Members not participating. So I will similarly declare Proposition 3 from Amendment 13 lost and as a result of those votes, there is no need for a vote on Proposition 4, because there are no decisions to effect.

Now, Members of the States, my level of optimism is reducing, but it is still there. Bearing in mind there are still some amendments to do before we even get to general debate, what I am going to propose to you is that you shorten the lunch break and that you resume at two o'clock, rather than 2.30.

Deputy Prow.

Deputy Prow: Thank you, sir.

It is just to notify that there is a presentation to some States' Members over lunch time. It is the ones that are unable to attend a presentation next week. It does not involve all States' Members but it does involve some States' Members.

The Bailiff: And when will it conclude?

Deputy Prow: I think it would be realistic to say we could be back in the Assembly by 2.15, sir.

The Bailiff: Let me try two o'clock first. Those in favour; those against?

Some Members voted Pour; some Members voted Contre.

The Bailiff: Okay, let me see if there is more support for 2.15, then. Those in favour; those against?

Members voted Contre.

The Bailiff: Okay. *(Laughter)* I do not really want to waste your time by having a recorded vote on the first of those. Let us try and resume at two o'clock. Make the presentation as quickly as possible, Deputy Prow.

1825 So we will adjourn until two o'clock.

*The Assembly adjourned at 12.36 p.m.
and resumed its sitting at 2.02 p.m.*

POLICY & RESOURCES COMMITTEE

States of Guernsey Annual Budget 2025 – Debate continued

[Amendment 8.](#)

To insert the following proposition after Proposition 29:

"32. To vary Resolution 3 of Billet XVII dated 2nd October 2023 as follows:

"To direct the Policy & Resources Committee to return to the States by March 2026 with proposals for addressing the deficit and putting the finances of the States into a sustainable position."

The Bailiff: The next amendment to which we are going to turn is Amendment 8, if Deputy Burford wishes to lay Amendment 8.

Deputy Burford: Yes, sir.

1830 I was rather hoping for a larger audience, but off we go. I will not take up much of the Assembly's time. This is a very straight forward amendment that simply seeks to vary the extant Resolution from 2023, directing the Policy & Resources Committee to return to the Assembly by 2026, with proposals to put public finances on a sustainable footing. Voting for this amendment would see that deadline change to March 2026. In other words, nine months after the next election, instead of 15, as in the
1835 current Resolution.

The fact is, during this term, much of the groundwork on a wide variety of potential methods of balancing the books has been done and, while that would need a little updating, the next Assembly will be not starting from scratch or anything like it.

1840 Of course, such a deadline does nothing to prevent it being exceeded. Events happen but at least we could start with the ambition of achieving it in a timely manner. Most importantly, such a timescale would allow for changes made next term to income to be consulted on, agreed, implemented and bedded in, all in a single term.

1845 I thank P&R for their consultation with me on this and the agreement reached with them, which has led to them incorporating a date change in Proposition 1A, of their compromise amendment. However, given the uncertainty as to whether Proposition 1A will carry, I am asking Members to support this amendment as a back-up because, whatever the outcome of this week, we cannot afford to waste any time in the new Assembly getting long-term finances in order by whatever method. Leaving things until 15 full months after the next election is simply irresponsible, especially when most of the work has already been done.

1850 So I would ask Members to support this amendment. It will sit in the Propositions as a back-up in case Amendment 1A does not pass.

Thank you.

The Bailiff: Deputy de Sausmarez, do you formally second Amendment 8?

1855

Deputy de Sausmarez: I do, sir.

The Bailiff: Thank you very much.
Deputy Soulsby.

1860 **Deputy Soulsby:** Just to say that P&R support the amendment. It is the back-up to Propositions 1A and 1B if not passed and I fully accept the reasoning for it. *[Inaudible]* ... in revised 1A. I think what is in the amendment will be very tight but I think the importance is getting it ... *[Inaudible]*

Deputy Inder: Rule 26(1), sir.

1865 **A Member:** I have not put my –

The Bailiff: Can I invite those Members who wish to speak in debate on Amendment 8 to stand in their places?

1870 On that basis, Deputy Inder, I do not really think there is any need to put a motion pursuant to Rule 26(1) and I will simply invite Deputy Burford, if she so wishes, as the proposer of this amendment, to reply.

1875 **Deputy Burford:** Yes, sir. Simply to thank P&R for their support and ask people to vote for the amendment.
Thank you.

1880 **The Bailiff:** Well, Members of the States, we come to the vote on Amendment 8, which will insert an additional Proposition. Do not worry about the numbering at the moment. It will not be 32. Proposed by Deputy Burford, seconded by Deputy de Sausmarez, and I will invite the Greffier to open the voting on Amendment 8, please.

There was a recorded vote.

Amendment 8.

Carried – Pour 29, Contre 0, Ne vote pas 2, Did not vote 7, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	None	Dyke, John	Blin, Chris	Blin, Chris
Burford, Yvonne		Vermeulen, Simon	Brouard, Al	Roberts, Steve
Bury, Tina			Cameron, Andy	
De Lisle, David			Leadbeater, Marc	
De Sausmarez, Lindsay			Murray, Bob	
Dudley-Owen, Andrea			Roberts, Steve	
Fairclough, Simon			Roffey, Peter	
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				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Queripel, Lester				

Snowdon, Alexander
Soulsby, Heidi
Taylor, Andrew*
Trott, Lyndon

*denotes Member who voted by proxy

The Bailiff: In respect of Amendment 8, proposed by Deputy Burford, seconded by Deputy de Sausmarez, there voted in favour, 29 Members; no Member voted against; 2 Members abstained and 9 Members did not participate in the vote. Therefore I will declare Amendment 8 carried and we will give it a number in due course.

Moving swiftly on, Amendment 12 is next on the list and that is to be proposed by Deputy Kazantseva-Miller, if she wishes to lay Amendment 12, please.

[Amendment 12.](#)

1. To insert an additional Proposition to read:

"To request the Registrar of Companies, in exercise of the powers conferred on the Registrar by sections 501 of the Companies (Guernsey) Law, 2008, to give consideration to making regulations increasing the revenue generated by Guernsey Registry by up to 20% from the 1st January 2026, taking into account the work to restructure its fees and charges and the outcome of the Registry governance review".

Deputy Kazantseva-Miller: Thank you, sir.

First of all, I wanted to say that the inspiration for this amendment came from Deputy Dyke. He asked me to second an amendment and I proposed some suggestions and he was very happy to volunteer me to be the proposer for my suggested amended amendment!

In introduction to this amendment, I think a lot of the rationale for bringing this back in the context of this debate on the Budget and Income Tax rises, was actually laid out by Deputy Parkinson in his opening speech for the rationale for transforming our corporate taxation and I think he explained to us again very well that black hole that was created after Zero-10 and the effects of that that we are still feeling structurally today.

Just taking us back a little bit, to 2007, and then 2008, this was the time when the Guernsey Registry, in the shape we know, was effectively launched and some of the products and services we see there were launched then. The way that these were structured was to take into account that opportunity to recoup a little bit of that revenue that has been lost through corporate taxation. The rationale for setting the fees was so that the Government, in addition to covering the Registry operational costs, would also be able to earn a profit that would go to General Revenue.

So after Zero-10 was introduced, those fees were set up, the revenue generated by Registry immediately after Zero-10 was about £7 million. That revenue has increased slightly over the years. A lot of that was driven by the fact that being an international services centre, we have got lots of companies, lots of structures, lots of companies using the Registry. So that revenue stabilised around 2012/2013/2014 where it has been at about £10 million, £11 million. It has not changed in the last 10 years. Those fees, the core of the fees revenue generated by the Registry are through annual validation fees. They have never been changed since they were set up in 2007. Never been adjusted for inflation.

However, over the last couple of years, especially, and this is very much Moneyval driven, the importance of digitisation and modern systems, its operating costs have increased significantly. In fact, there are further requests for expenditure submitted as part of this Budget, equivalent to £650,000.

So the concept of charging more through the Guernsey Registry, either by increasing its fees or restructuring its fees and having the Government levy have been now in discussion in this Assembly for the last couple of years. Most recently, we pretty much unanimously, as far as I can recall,

approved them in the core package of measures that was approved during the Funding & Investment Plan debate last year.

To be specific, that involved further measures to increase the revenues from the corporate sector through a levy or other measures, totalling an estimated £5 million. So as a reminder, the States is under the Resolution, through the core package approved during the Funding & Investment Plan debate to bring these measures forward. Unfortunately, there is no mention of this work or this levy or any indication as to when this type of work might come through in the future in this Budget policy letter.

Following the Budget presentation we had about a couple of weeks ago, a number of us asked for an update on a number of workstreams that were actually approved through the Funding & Investment Plan debate, levy being one, motor taxation being another and there were other workstreams that we sought information from Treasury and P&R.

Clearly some work has been done but there has also been a slightly wider piece of work done in relation to Registry, which looks potentially at amending its governance so it becomes a standalone cost centre and restructuring its fees so in fact it sets fees to recover its costs and provide for capital expenditure and then potentially having that additional levy. The scope for short-term revenue generating measures to be achieved through this workstream up to £2 million.

So basically this work is kind of in train and the revenue potential for the short-term is very much in scope of what I am trying to propose in this amendment. Just again, in the context of this Budget, this Budget is seeking to generate net revenue-raising measures of £27.1 million of taxes on households, all of which is achievable through real-term increases in Income Tax.

So all of that expenditure to fall on households who, as we know through the debate on the corporate tax, have borne the vast majority of taxation since Zero-10 and have borne that even though employers have paid the Social Security element of taxation but I think there is a very strong rationale to say this would have translated into lower wages over that period of time to households as well.

So currently all of the burden of the real term increases and the full Budget expenditure, is proposed to be covered through Income Tax and this also includes the elements, for example, of the Registry additional funding that has been requested, rather than companies and users that use the Registry.

This amendment is not prescriptive. Deputy Dyke's former amendment was trying to be more prescriptive and was suggesting specific increases to specific charges. This amendment is quite generic. It is not giving a direction. What it is asking is the Registrar to give consideration to making regulations to increase the revenue generated by the Guernsey Registry by up to 20%.

This was the wording that was recommended to me by H.M. Comptroller. I went with this wording. So again we are not absolutely making a prescription that this has to happen. We are trying to say, please, can we start, by nudging forward these measures that we have already approved to make sure that they hopefully start materialising and giving hopefully a little bit more certainty that we would be very keen to see them start happening by 2026.

If this amendment is successful, it will be the only additional revenue generating measure in this Budget, albeit from 2026 and obviously not guaranteeing this will happen but, again, nudging that this revenue generation will be put in place from 2026. This will be the only revenue generating measure and I remind Members that we could end tomorrow, or wherever we finish this debate, with no revenue generating measures approved. Please remember this could be £2 million that we are nudging through, hopefully, some point in the future, 2026 that might help the Exchequer.

Just to give you the volume of what up to 20% increase in revenues could look like for the Registry and assuming the build of that increase will fall on the annual validation fees that companies pay, the vast majority of companies, more than 50% are trading businesses. They pay £250 annual validation fee. So an up to 20% increase will be £50. About 21% of entities registered on Guernsey Registry are companies administered by fiduciaries, for example trusts. They pay £500. So an up to 20% increase would be £100. And as a reminder, under the Budget proposals and the

Income Tax increases, households from pretty much the 25th/30th percentile will effectively pay more than what this Budget is proposing that companies should start paying a little bit more.

1975 An average family of two, with two children, will be expected, under these Budget proposals, to pay £1,140. I will challenge any business on this Island or beyond to contact me and really look in my face that £50 or £100 will either make them, Guernsey or whoever, uncompetitive, especially in the context of this Budget when, as I said, an average family with two children will be expected to pay £1,140 more under the Income Tax proposals.

1980 What I am saying is that we could be coming out with no revenue generating measures at the end of this debate. We could be bringing different temporary solutions. So when and if other longer term solutions, whether it is GST, whether it is permanent Income Tax or whatever else we decide, hopefully in March 2026 following Deputy Burford's amendment, we could amend these levers.

1985 If we do not feel that the Registry fees should be at that level or potentially could be increased, we could be varying those kinds of levers. This could always be a temporary back stop, that starts helping us in trying to generate a little bit more of the revenue we desperately need and to generate it from the resources, which should be bearing these slight revenue increases.

I want to end on a quote that I have discovered has been attributed to Victor Hugo, he said that:

The paradise of the rich is made out of the hell of the poor.

1990 I would wonder what he would think that a cultural centre to celebrate his legacy could effectively be in part supported by Government funding derived through Income Tax measures, which will affect those who are kind of least able to shoulder that and who have been shouldering those for the last 15 years, since Zero-10. I just wonder what kind of legacy he would think we will be leaving.

1995 I urge Members to look at it in the context of the debate we have had on Income Tax, the context of putting the burden of taxation equivalent to £27 million and finally trying to help match forward those inflation increases of the Registry fees that are long overdue.

Thank you.

The Bailiff: Deputy Dyke, do you formally second Amendment 12?

2000 **Deputy Dyke:** Yes, sir. Can I speak now?

The Bailiff: Just pause briefly.

2005 I was only pausing to see if there was any procedural motion. There is not, so Deputy Dyke, if you want to speak, you can speak.

Deputy Dyke: Thank you, sir.

2010 I am very pleased to support this amendment from Deputy Kazantseva-Miller. Broadly, I see this as housekeeping on the basis that most of our basic Registry fees, including the annual fee, have not been changed since 2007. It is something we should really have been doing annually as we go along. The proposal is to suggest a *circa* 20% increase in fees over the corporate registry sector, which should raise, according to the information we have been given by Treasury, roughly £2.1 million a year, which is worth having.

2015 As I say, it is something we should have really done many years ago. It should be read in the context of the fact there has been a proposal out there to generally restructure fees and potentially put in a corporate levy and as a technical reason between the Registry fees and the corporate levy, which we probably do not need to go into, to take that up to £1,000. That did go out to consultation and the increase to £1,000 was surveyed by the Institute of Directors to their members and about two thirds seemed to be content with doing it.

So that is something that needs to be picked up on again but it is not what we are bringing in here. Ours is just to deal with the registry fees to do a general increase of around 20%, not on each fee, but overall, to get an overall 20%, so there is some flexibility.

In terms of comparisons, there are a lot of different Registry fees but our base company currently has an annual fee of £250. So if that went up by the 20%, as I said, that would take it to £300. The current fee for a base company, again there are a lot of complexities, in the Cayman Islands, is £770; more to the point in Jersey, there are two base-type of companies, one has a current fee of £155 plus a Government levy, which gives you £330 and one has a fee of £75 plus a Government levy, taking it to £220. But the bulk of those would be on the £330 level.

So we are not taking ourselves out of competitiveness. There is another proposal out there, as I say, which has gone out to consultation and has not been totally kicked back from the finance sector but needs more research, so we have not gone into that, deliberately. We decided to be quite careful and just stick with the housekeeping and I think this is a sensible thing to do. It will raise approximately £2.1 million *per annum*. Unfortunately, it is too late, for various reasons, to bring it in 1st January 2025, (a) for technical reasons and (b) because some of the industry have already started sending out bills for next year. So it would mess them up. The suggestion is it should start from 2026.

I strongly support this amendment from Deputy Kazantseva-Miller to increase the fees and deal with this housekeeping. Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, thank you.

Members, Victor Hugo's paradise was not too shabby. He had a great house up the hill, a load of staff, a floozy up the road and he spent most of his money on prostitutes around St Peter Port. But anyway! No consultation, exercise powers and who cares what the industry thinks? That is effectively what this amendment is about. The Registrar –

Deputy Dyke: Point of correction, sir.

The Bailiff: Point of correction, Deputy Dyke.

Deputy Dyke: These are increases at less than inflation since 2007 and, as I say, there has been consultation with the industry on a related point, which I described, which we had not gone into sufficiently to go into that but there had been broad support, at least, from the Institute of Directors, for a much bigger proposal. These proposals are less than inflation increases.

Deputy Inder: No consultation. Exercise powers and who cares what the industry thinks? The Registrar does have powers to make changes by regulation and I will just read what the thoughts are of the team there: Our fees are already at the edge of being market competitive. We have not measured potential elasticity in the market for any increases. Consultation would be strongly advisable to obtain their buy-in and support and consider their views on that market elasticity, taking into account other economic influences that are of concern to them. However, this is unlikely to result in them supporting a fee increase at this time.

This is not a politician who thinks it is a good idea. This is the regulator, who works in the industry day after day and has been working there for years and years. Highly regarded. Understands sentiment from the industry. Has delivered the grit and the Moneyval, I think it is IO5, I believe it was and works this on a day-to-day basis. There are no politics in this. There are no failings from her team from not being able to deliver housing or a fiscal policy. She is not scrabbling around looking for work, she is delivering something touching £9 million to General Revenue every year and there is a real risk that this could be jeopardised on the floor of this Assembly, because it is only

2070 innocuous, it is only 20% it does not really matter, it is only 50 quid. Well, let us do some real comparisons, not ones that we just pick and choose. Real comparisons between our competitors.

Jersey, current fees, regulated company annual fee is £300. That includes £150 fee plus £175 government levy. So that is £330. Isle of Man, standard company, £380. So Isle of Man is more expensive than Jersey. Regulated company in Guernsey, £500 to £1,000. We are already higher than our competitors. Already higher.

2075 Non-regulated company annual fee, this is Jersey, of £220. That is made up of £75 fee plus £145 government levy; £220, non-regulated company annual fee, Jersey, £220. Guernsey, £250. You add 20% to that across the board, that becomes £300. And that again makes us competitively different, certainly visibly different.

2080 Also of course on top of this, it is worth mentioning, Members, we know there has been some contraction in the amount of registrations but this does something else. This is the danger of some of the things that we do in this Assembly, we signal what we are going to do. By adopting this, we are signalling that we are going to put 20% on fees on this time last year and it affects businesses staying in Guernsey, onboarding in Guernsey and deciding whether they are going to do any business with Guernsey.

2085 I am not particularly going to overplay it but this is the consequence of these little things that we do by amendment coming from –

Deputy Kazantseva-Miller: Point of correction, sir.

2090

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

Deputy Kazantseva-Miller: Sir, I am not signalling anything. I am acting on the Resolution that I believe Deputy Inder approved, because it was, I believe, unanimously or with one vote abstention, approved the four measures that include this Resolution. The States is under the Resolution to increase contributions from the corporate sector for up to £5 million.

2095

Thank you.

The Bailiff: Deputy Inder.

2100

Deputy Inder: Anyway, the signalling is exactly what we will do. We will be telling the clients of the Registry that by this time next year we potentially will put 20% up on your fees. A great message for business.

2105 Given the financial situation we find ourselves in, on the face of it, increasing Registry fees might seem appropriate. But there are a number of reasons why this amendment should not be supported and I do not believe it is supported by Policy & Resources and they are shaking their heads in furious agreement with me.

2110 It refers to this increase of 20% to be introduced by this time next year. This message would be received very negatively by industry, as I have already stated, and already expressed, which would assume that this will result in it being more expensive to do business in Guernsey from 2026 onwards. This may lead to some businesses looking at where they register companies and undertake other business in their future.

2115 I was not here in 2007 and I think Deputy Kazantseva-Miller and Deputy Dyke have said that they have not gone up but they must have been pretty high already, back then. So I have shown and demonstrated what the differences are between our main competitors and they are significant. Let us be clear, it is one thing increasing fees because we are offering a better or different service. But increasing fees just to fill the bucket for Committees to spend more, not less, money, is not a good reason to do it. It really is not.

2120 The amendment implies a one-size-fits-all approach to fee increases, which is simply not appropriate –

Deputy Dyke: Point of correction, sir.

The Bailiff: Point of correction, Deputy Dyke.

2125 **Deputy Dyke:** It proposes a 20% rise in income. It does not specify how precisely they should be allocated to the specific charges, which are all different for different things. If I could just mention, I have been –

The Bailiff: Deputy Inder.

2130

Deputy Inder: Actually I think it probably makes it worse, then. It is not just 20% across the board, it could be 100% somewhere else and nothing in other areas.

2135 The amendment applies a one-size-fits-all approach to fee increases. The number of companies registered in Guernsey has been static or potentially reducing, actually, for some years. Corporate and fund structures, a thrive industry in our finance sector, which pays revenue to Guernsey's Government.

2140 If you actually wanted to stimulate growth or to raise tax, there is a strong argument to actually reduce company levies and fees. That is what you do. You would actually go out and look at the market and say, where can I improve this and where is my advantage? The advantage might actually be reducing them. And that may attract more business. Doing it this way, almost certainly, will make people think more and this from Members of our States who want to go for growth.

2145 Reducing some administrative fees at a time burdensome on industry would be very well received by the industry. No two ways about that. Whereas any increase in fees is very likely to cause a very short-term increase in fee revenue, no doubt, and potentially a significant decline as business leaves the Island.

2150 We should not be tinkering with applying a short-term cost to the price of a company without understanding the full, long-term effect, when it has a driver to our economy. Businesses may well pay an initial 20% this year, or rather net year, but what about in five years' time? Charging more without doing more will lead to systematic decline because this Island just wants to go for a cash grab where it can. It is entirely a cash grab on businesses. Business and the public, generally, are getting exhausted with the short-term focus on Government, which takes resources away from the effective long-term progress of the Island.

2155 I am not ruling out some fee increase in the future. But only if the quality of service and overall ease of doing business is also increased and it has been explained, Members, one of the reasons why we have not gone through the full contagion, but I do not know if anyone noticed but in the past year the Registry has been through a fairly significant transformation of its IT system and through Moneyval. It is true we could have been faster but things have occurred, massive change in their software system, massive amounts of training involved and facing Moneyval.

2160 That is not a failing of the Registrar, that is not a failing of the Committee. It is prioritisation. Industry would rightly be very vocal about such a proposal and it is already in the process of charging clients for the upcoming AV period, which I accept, I think, the proposer and seconder has bumped it to 2026 for that reason.

2165 Obviously, there will be other costs associated with doing business in those jurisdictions as there are here, which need to be taken into account in any fee comparisons. It is too simplistic just to look at the fee comparisons and say, 'This is good; this is bad.' So on that basis I ask States' Members to reject this amendment and focus on reducing the cost and size of the Government, not on squeezing business for more.

Thank you.

2170 **The Bailiff:** Deputy Bury.

Deputy Bury: Thank you, sir.

I was not going to speak but I thought I would, so that I could say that I was not going to speak! I was brought to my feet by Deputy Inder who, on a regular basis, sets off my irony meter but has just done so again. During the course of his speech, talking about the cash grab and the squeeze of 20% on business – I bet some people can see where I am going – and nodded to P&R, who agreed with him furiously, so when we hear from P&R, I would really like to hear why 20% on business is a no and 20% on earners is a yes.

Thank you, sir.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

I was going to speak anyway so I cannot say that. But probably not the same things that I was going to say, having heard Deputy Inder. I do support this amendment. I am in the industry. I have been for 40 years. It seeks to raise some income, which we all know we need. There is almost a generation of people that have come into the industry that have not known any fee other than £250/£500 for the various types of company and without giving any secrets away, everyone in the industry cannot imagine why these raises have not been brought before now.

I think just using the States' inflation calculator, which is helpfully online, it says between 2007 and 2024, inflation has been 69%. That would relate to £250 becoming £423 and £500 becoming actually double that, £846, if we just followed inflation over that period. So this is still way below inflation rises.

Two of the speakers so far have read out what the fees are in competing jurisdictions and I do not doubt they are correct but companies do not locate somewhere based on the annual validation fee, for want of a better phrase. It is called various things in different jurisdictions. That might be one minor consideration of why you pick Guernsey, Jersey, Cayman, Isle of Man, wherever. When I came into this in the mid-1980s, the companies were all in Liberia and Panama, that is how old I am.

They quickly gave way to the BVI, which very cleverly set up a really quick registry process and also 300 dollars fee for a registered office and £300 for a filing fee. So that actually trumped Guernsey by quite a long way at that time. So everybody naturally went there, partly because of the cost but partly because of the ease and the administration involved in it, not solely based on the cost.

Of course, Guernsey smartened up its act and suddenly got in on that game and we started getting more. Likewise Isle of Man and Jersey. It was not based on 300 bucks for a company. There is that issue to take into account.

The other thing, of course, Jersey may be, I think someone said £375, sorry I was not listening properly, for their cost of a corporate entity. But that pales into insignificance. The Jersey administration is because it is a higher cost jurisdiction, if you are now charging me £1,000 for a registered office and it is only £500 in Guernsey – I am just making those things up – the fact that I have saved £150, £200 on my corporate validation fees is kind of irrelevant because I am paying more than that in the extra registered office fees, etc.

There is a bit of a misunderstanding about why do I choose this jurisdiction. Also, I think Deputy Inder noted that the current fee of £250 would be £300 and will see people, most of those are domestic companies. I have got a very tiny coffee company and I am probably not going to locate that in Jersey if this goes up to 300 quid. I am probably just going to pay it and keep my coffee company going and that, I suspect, will be the same with the butchers, the bakers and the candlestick makers, that will have to – perhaps not, given some of the speeches we have had – have their annual validation fee go up to 300 quid from £250.

So there are a whole host of reasons why people decide to locate somewhere, have their companies located somewhere and most trust companies will in fact have a huge array of different jurisdictions that they deal with. The last place was the Bahamas and Cayman and Bermuda and all sorts of jurisdictions and a lot of that is just based on client choice.

2225 So this is not just about if we stick this up by 50 quid or 100 quid that people will see them flooding out of the door. If it has been stagnant, that was partly the industry. That is not as a result of these fees or any potential fee increases. I think we just need to be a little bit careful before we get carried away in terms of this will set horses running.

2230 I have been in the industry 40 years; this has been expected for a very long time and not that I want to pay any more money but it is coming. In terms of other charges, regularly now, on bills that go out, we now see 50 quid, 100 quid charge for the new Data Protection Office fees all the requirements that companies have to go through there it gets added onto the bill. There is often a charge for a CRS report now that the companies have to do. These things just get added onto the bill, it is 50 quid, 100 quid, depending where you are, and there is no, 'I am not paying that, I am out of here; if you guys have got a data protection officer now, I am not paying for it I am moving to Jersey.' It just gets added to the bill.

2235 That is the cost, the increased cost of doing business in today's world, where compliance is king and everyone is scared of everyone. So, let us not get carried away, 'Oh my God, it has gone up 50 quid, Guernsey is going to shut.' That I am afraid is just not true.

2240 **The Bailiff:** Deputy Helyar.

Deputy Helyar: Thank you, sir.

2245 We are all obliged to declare our directorships of companies as part of our role and to the extent that I would take that as guidance in the declaration, I am a director of a number of Guernsey companies.

Thank you, sir.

The Bailiff: Deputy Dudley-Owen,

2250 **Deputy Dudley-Owen:** Thank you, sir. I am not a director of any companies but I will declare an interest in having spent a decade in the industry and certainly I absolutely concur with everything that Deputy Mahoney has said that the fee that is charged on an annual basis has very little to do with where clients and their advisors are choosing to put these companies. There is a whole lot more, probably integral and serious considerations that come before whether this jurisdiction is £10 or 20 dollars cheaper than another jurisdiction.

2255 But I will just mention, really, about the disconnect here that I think is playing out. Deputy Bury has pointed out some irony there but furthermore than that is that we had a conversation earlier in the week and we considered the Deputy Parkinson and Deputy McKenna amendment here and they touched on the chord that the fairness of companies not paying any tax and now is the time to consider, now is the time to change. I have got a great deal of sympathy with what they were saying. I did not vote with it – I gave my reasons at the time – but actually we are continuing that disconnect here.

2260 A lot of Guernsey people feel left behind by the success of the finance sector and constant Government support that they perceive going towards the finance sector that they do not feel is coming their way. We are now going to be, we are asked by P&R to consider an Income Tax raise of two pence in the pound for hard-working people, middle and lower income earners, who will be more affected than any other earners, yet we are quibbling about many international companies or international clients who have got their business here who do not pay any tax.

2270 Come on, this is the halfway house here. If we are not going to put tax on, territorial tax on these businesses, yet we are asking hard-working people, who are going to be asked to consider putting employment costs up so to speak, especially with Social Security hikes as well, there has got to be some give here. There has got to be some latitude.

2275 This is not the first time it has come to this Assembly. I am sure that it has been raised within Economic Development before, by Members, and it is a shame that it is getting a push back now. I understand that. Deputy Inder is doing his job and I think he has done it well today, in terms of

giving the balance, but I for one will be supporting this amendment and I do seek to persuade others as well, because this is where it counts.

2280 This is where we show Guernsey people that actually we do care because we are trying to achieve that balance in what we are doing and I think personally we should be looking long-term, strategically and not hurting people really in their pockets. But we will come to that debate and these are the type of revenue-raising initiatives that they want to see.

Thank you.

2285 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you. I would just like to raise a special interest; I am director of a company.

2290 I just also would like to say and I am not saying that I disagree with this amendment at all but what I am saying is those really hard-working people that we could potentially be hitting with the 2% could also be the owner of a small plumbing firm, a small electrician firm, small builders, coffee shop and everything like that. It is not just that.

But one thing I would ... and I know it cannot be done, it is a shame it cannot be split in between smaller businesses and big businesses and fiduciary and –

2295 **Deputy Kazantseva-Miller:** Point of correction.

The Bailiff: Deputy Kazantseva-Miller.

2300 **Deputy Kazantseva-Miller:** This is not a prescriptive amendment. It is just saying to consider raising overall revenues. How that is structured will be up to the proposals. It could very much be that local trading companies you have a lower increase, fiduciary companies will have a higher increase. So there is absolutely no restriction here. I hope that addresses Deputy Oliver's comment.

Deputy Oliver: I did say I was supporting it but I just said that.

2305 Thank you.

Deputy de Lisle: Yes, sir.

2310 I consider this is a cash grab on businesses, just as my colleague here has stated. Particularly as a director of a small business. It is just that much more pain. When you see the way TRP has gone up on small business in Town, it is just absolutely incredible and this is just a little more. As has been stated, we are not competitive, we are losing our competitive edge as well, against Jersey, and I would like to know actually who has brought this forward? Surely to goodness it is not the Guernsey Registry?

2315 When I was in the Department, I think they were up over £10 million that they were drawing in and the costs were about £1 million or £2 million, somewhere around there. So a lot of money is going into General Revenue. So they are not hurting, let us put it that way. So why the increase?

For a small company, £250 every year as an annual validation fee is quite a lot of money. I am very concerned by this for small business. If this goes through, there should be some concession and some exception for small business.

2320 Then I hear from the proposer, this can be amended later through some levers as a back stop. What is all that about? You are putting something in and then you are saying there will be levers because we will take it off later on if it hurts anybody. Let me tell you, it is going to hurt before it starts.

Thank you, sir.

2325

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

I will start by declaring an interest as a director of a Guernsey company.

2330 I will be supporting this amendment. Deputy Mahoney, I think, really set out, and I have heard people in the industry say they do not understand why we do not just put the fees up a small amount. I do not think it is going to hurt competitiveness. I think it is a sensible measure to do and I will be voting for it and I ask others to do as well.

Thank you, sir.

2335

The Bailiff: Deputy Trott.

Deputy Trott: Thank you, sir.

2340 Just a couple of comments from me. The first of all is to raise this document up. This is the *States of Guernsey Annual Budget for 2025*. That is next year and that is the Budget that we are discussing. Of course, this amendment does not propose the introduction of fees until 1st January 2026. So even if Members do decide to vote for that, do not get too warm a feeling because any revenue that will derive from this is still some time away.

2345 It is to request the Registrar of Companies, in exercise of her powers, to increase revenue by up to 20%. So if they decided to raise revenue by 0.5%, let us say, that would be in the spirit of the amendment. So do not get too carried away with this because it does not raise a row of additional beans next year and it is, as I have mentioned, the 2025 Budget we are primarily concerned with, but it could raise virtually zilch and this amendment, if approved, would have been adhered to.

The devil is often in the detail. I hope I have helped.

2350

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Sir, Deputy Trott really has helped me there!

2355 It really has. On the other hand, of course, you could raise £20 million by reviewing. That is on the other hand.

2360 Why are we debating this here today? Well company registration fees is something that ED review every year. Probably about three years ago, I looked at the IoD suggestion in their report, about putting fees up to just under £1,000 for a Guernsey company. They said that it could generate this amount of revenue. When I saw the headline, I thought, £20 million – wow, I have got to take this to P&R. And I did take it to P&R and the officers there, I sent a full copy of the report, the correspondence, especially when I read that two thirds of their members had said, fine, do it. It will not touch the sides. It is under £1,000. Not a problem.

2365 I also contacted our Registrar, a delightful lady. Yes, here is a full report here again, which I duly passed onto P&R as well. She said, 'We have had some pushback in the past, though. It has been brought before, suggestions have been brought before but here is the number of companies, Deputy Vermeulen,' and here is what we have got.

2370 I got knocked back a little bit by P&R on that. I brought it up again the following year, at ED. That is what I thought we should be doing, and I got the support of another Member, which I was delighted that they decided to kind of agree with it. I then joined the Savings Committee and one of the suggestions that was very wisely put in was that we review just that with a look to generating £20 million for the States, which we needed the money. I know that because it might very well have been my own suggestion.

2375 It was put in and then it was taken out and I said, hang on, it generates extra revenue, why is it? Well, it is a tax, so it is being taken out. It has gone to the Tax Review Committee. I said, it is an annual validation fee, it is not really a tax, is it? I used to have three companies; we used to giggle when it was time to renew because it was so low.

2380 That is where it ended up and we have not heard anything more of it since. Unless an amendment like this is passed, I do not think fees will go up but I am grateful for Deputy Mahoney pointing out what the inflation rate was over those 17 years, on average probably about 4% and this is well below it.

The other thing I would say is that Guernsey is a very good jurisdiction. Our Registrar, the computer systems, the staff that work there, are absolutely fantastic. There are two prices I want you to remember, sir, there is reassuringly expensive, and there is suspiciously cheap. I will probably be voting to support this amendment. I look forward to hearing the rest of the debate.

2385 Thank you, sir.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

2390 Like others, I have to declare an interest as a director of Guernsey companies. I am fed up with the business community, or some of them, cherry picking tax elements across the offshore world to try and minimise increases in Guernsey. They simply say, such and such a jurisdiction is cheaper than Guernsey on this point and another jurisdiction is cheaper than Guernsey on that point. We want to be cheaper than everyone else on all points.

2395 The proposed increase in fees is trivial in the revenue budget of any successful company. Indeed, the clients of the people who own these companies are probably paying as much for somebody to fill in the forms and submit them as they are in terms of the fees. The increase might be about one return air fare to London, or the cost of a business lunch for the travelling executive and any client that he may meet when he gets there. If he gets there. *(Interjection)* If he gets there – thank you, helpful interjection!

2400 As Deputy Mahoney says, businesses have been expecting this increase for years. I think it is absolutely nonsense to suggest that companies will leave if this increase is imposed. That is what some in the business community keep telling us, that is their constant mantra and I just think it is nonsense. So I will be supporting this amendment, sir.

2405

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: So will I, sir, and I declare an interest.

2410 But before then, just picking up on a comment made by Deputy Parkinson about cheaper than anybody else, I can say value for money, my legal fees have always been cheaper than anybody else's over there! *(Laughter)* In relation to this, I am with Deputy Bury. They generally only own one property and some are trading companies, I have probably got a beneficial address – personally, I am talking about, not in my professional career doing other things – in about a dozen Guernsey companies. So this might cost me £600 a year.

2415 If I cannot afford to use the services of the Registry to the value of £600 a year then I should not be in those businesses. Of course I should make that contribution. Whether it makes me warm or not, it does not matter, because I could always buy an overcoat if I want to be warm. It is the right thing to do.

2420 The way it is phrased I understand from Deputy Kazantseva-Miller but I would expect, if the amendment is passed, that from 1st January 2026, these figures go up by £50, £100, as Deputy Mahoney. That is the easy way to do it. It raises £2.1 million or thereabouts, I think is what the amendment said. Actually I wish it had been slightly more uplifting and doubled it a bit but I think probably Deputy Kazantseva-Miller has erred on the side of caution so she could have less criticism from people like Deputy Trott and others and Deputy de Lisle, who does not want to put any prices up. I wonder when he last did not put a price up in his shop –

2425

Deputy Trott: A point of correction, sir.

The Bailiff: Point of correction, Deputy Trott.

2430

Deputy Trott: I was not critical. I was just making the point this does not move the dial in the 2026 Budget. It was a point of correction, so you do not need to give way.

I will repeat the point just in case it is missed. This does not move the dial for the 2026 Budget one iota (*Interjection*) – 2025 Budget, one iota. Please bear that in mind.

2435

The Bailiff: Deputy Ferbrache.

Deputy Trott: He said he has finished.

2440

The Bailiff: You have finished have you, Deputy Ferbrache? Right.
Deputy Blin.

Deputy Blin: Thank you, sir.

2445

Mine is very quick. It is almost a summary of these points. We have already agreed that we are going to increase the cost in registries, so that was agreed. This is actually looking into it, etc. Sorry, I will declare that I am a director of Guernsey companies, but I have also got an interest in a fiduciary company and, like Deputy Mahoney talking about the number of companies we have, we send out invoices and updates to our clients with the additional costs.

2450

This also means there is a side that I know the companies will see, that will say, do you know what, they are contributing to their society and their community at the same time. This is a way of doing that.

2455

The other point is this is a minimal impact relative to the overall business costs. Just this part here. So I must admit I am very surprised with some of my esteemed colleagues saying this will not work or this is bad, or something, because actually this is a really positive one. We need to raise it and not one company, I believe, especially taking account of Deputy Ferbrache's comment, if you cannot afford to pay those fees, you should be thinking very carefully about the business itself. So I very much support this and hope that it is going to pass unanimously in the Assembly.

Thank you.

2460

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

2465

I agree with quite a lot of what people have said today and I particularly want to just go back to what Deputy Trott was doing. We are talking about the 2025 Budget. This does not touch the 2025 Budget, so it is kind of like the discussion we were having yesterday when I said somebody, I think it was Deputy Blin, said something actually that was not relevant to the 2025 Budget.

2470

In terms of this particular one, I would like just to recognise the staff of the Guernsey Registry for all the incredibly hard work they have done, always, but actually particularly so well over the last two years, with things like Moneyval, upgrading the IT system. I forgive them for focusing on those incredibly important projects and perhaps not focusing on increasing their revenues, which of course is something that they would look at. But always to ensure they are charging the correct fees.

2475

We are all experts, though, and so we think they should be doing it now, even though perhaps how much they should be doing it for. But again I go back to a comment from Deputy Trott, which was this work is underway anyway and they will come back and they will tell the Committee what they think the right fees are and why.

So I will not vote against this because it says 'up to', it does not say it has to be that amount. It could be less. It could be more. Who knows? But it is happening anyway. This is a bit of virtue signalling in certain ways, I think.

2480

Thank you.

The Bailiff: As no one else wishes to speak, I will turn to Deputy Le Tocq on this Amendment 12, please, to give the Committee's view.

2485 **Deputy Le Tocq:** Thank you.

I think, so we have heard all the various arguments about the difference in fee levels in our competitive jurisdictions and we already know that we are more expensive than some of them. As other Members have said, the annual validation fees are not a major part of a company's consideration when it comes to expenses here.

2490 However, I would say the Guernsey set up is unusual in that company fees are used to generate revenue for the Exchequer as well as to cover operating costs to the Registry and this may well need to change after the Moneyval review is concluded. The current status of the work in this area is that the review of Registry governance should be completed before any significant increase in fees is considered further.

2495 Furthermore, as Deputy Trott and others have alluded to, this does not affect our situation in 2025 and we can vote for it today but it might be changed in next year's Budget and, as I have said already, it may well be that increases in fees in any case, do not come to the Exchequer in due course.

2500 So from that point of view, the Committee really does not feel that it makes a lot of difference which way we vote on this one because what we should be concentrating on now is our immediate needs.

Several Members: Hear, hear.

2505 **The Bailiff:** I will invite the proposer of Amendment 12, Deputy Kazantseva-Miller, to reply to the debate, please.

Deputy Kazantseva-Miller: Thank you, sir.

2510 I have enjoyed this debate because, as Deputy Bury said, my irony meter has completely gone off scale based on several, mainly my dear President Deputy Inder. So I will start with him. No consultation, exercising powers, in his classic way. As I said, we are under the Resolution to do so. We have been dragging, frankly, our feet to do so. How does 22% Income Tax look like compared to Jersey? That is a question I would like to pose to him. Versus a £50 or £100 increase in annual validation fees? *(Interjection)* That is the question, Deputy Inder. That is one of the choices we have got to be making.

2515 He has been the defender of middle Guernsey for a long time and I just wonder again how we could be defending middle Guernsey and asking an average family of two with two children to pay £1,150 –

2520 **Deputy Soulsby:** Point of correction, sir.

The Bailiff: Point of correction, Deputy Soulsby.

2525 **Deputy Soulsby:** I think it is important, because Deputy Kazantseva-Miller gave the impression that corporate taxes were going to be increased but they are not going to be any different. There is no desire to change corporate taxes, that we are aware of.

The Bailiff: Deputy Kazantseva-Miller.

2530 **Deputy Kazantseva-Miller:** I am not sure I mentioned corporate tax. I think I am clearly talking about Income Tax of 22% that is in the P&R Budget proposals.

2535 I think Deputy Inder made a good point. Should we just be asking the Registry users to pay more when they do not get a better service? Actually, the Registry has gone through a significant transformation, about £5 million-plus has been, over the last two years, spent on, partly driven by Moneyval, but completely reforming their IT systems.

So if anything, actually, there is a completely new, different product, new portal. There is going to be more features, there is functionality published. Hopefully, we will have APIs on the back of this. Hopefully, we will be able to connect all sorts of third party platforms, so if anything, to justify the multi-million investment the taxpayer has funded out of Budget Reserve, because none of this has been budgeted for, we should be asking them to pay a little bit. Just for that, so retrospectively.

I think, really, I do not know who wrote Deputy Inder's speech because the one thing that caught my attention was that at the end of it, he said instead of increasing taxes, we should be reducing the cost of Government and its costs. I do not think he voted for any of the amendments that have been laid by Deputy Helyar, by Deputy Dyke, etc. As a reminder, his Committee, my Committee, is also the Committee that –

Deputy Inder: Point of correction, Deputy Kazantseva-Miller I voted –

The Bailiff: Point of correction, Deputy Inder.

Deputy Inder: I voted for three and four of the Helyar amendment. Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: – that the Committee for Economic Development will receive the largest Budget increase if the expenditure proposals are approved. So the irony meter has gone through the roof because he did make it sound like it will be the collapse of our whole financial system and I do really, this is an open invitation to any business, anyone in the community who can come and look me in the face and say that £50, £100 will damage them and they are going to move away from Guernsey.

Deputy Mahoney, I think, has summed it up. He has been in this business, not only in Guernsey, internationally, he has been in the financial services for 40 years. As he said, it has been expected for a long time and if not, businesses are asking why are you not putting these fees up. It is a cost of doing business. It is a minor cost of doing business, compared with all the other costs businesses have to incur.

Deputy Helyar made a declaration. I also need to make a declaration. I am a director for a local business. Deputy Dudley-Owen hit the nail on the head, to say this is about fairness. This feels like we are getting out of touch with the community. There is a real perception of unfairness in the way our tax system is done and I think there is a lot of sentiment in supporting what Deputy Parkinson was saying, absolutely.

This is just a tiny, tiny nudge towards getting corporates to contribute a little bit more, especially in the big scheme of things, of households potentially paying £27 million next year, from their disposable income.

Deputy de Lisle in his unique style, engaged in the de Lisle-onomics. He was yesterday one of the biggest advocates of corporate tax reform but obviously today 'this was a raid on businesses and it will hurt before it even starts.' That was definitely interesting.

I thank Deputy Matthews. Again, his experience in the corporate sector, being a director, again he shows this is a no-brainer. Deputy Trott talked about this is the Budget for 2025 but the very first Proposition in his own Budget talks about years of charge, 2025 and 2026. So in his own 2025 Budget he is putting provisions in place for Budget 2026. So I thought it would not be amiss for me to do the same.

In fact, I wish this could have come quicker. Maybe someone could lay an amendment to pick the piece up from 2025, January 2025. The reason I put 2026 was because I knew it was going to, 'Oh, too quickly, blah blah.' I was expecting this work to come through. I would have expected the new P&R to look at the Resolutions we all approved last year, the core measures, and progress them as a priority.

Motor taxation, corporate levy, all the other stuff, they have not been progressed. They are not even mentioned in this Budget. So I would have expected these kinds of increases, that have absolutely zero effect on our competitiveness to be progressed asap and I actually would put a challenge to the Assembly that perhaps someone bring another amendment to put these charges up from 2025.

As Deputy Inder said, those fees have not yet been set, so perhaps there is still a window of opportunity to actually progress this earlier than later. Eagle-eyed Deputy Trott was correct to say that the amendment is a little bit late, because it is giving a request to the Registrar to consider. As I said before, that was the advice given to me in drafting that amendment. It was not felt appropriate to give them a direction to increase the fees. They had to consider it because they have got statutory powers.

But I would hope that directions of the States to consider are taken quite seriously because, as I said, we are under the Resolution to bring additional income through a corporate levy, so I would very seriously hope that the Registrar would consider it seriously and this would go to the next Committee for Economic Development at the time when the fees have to be approved.

While Deputy Trott said this could bring nothing, absolutely, but so could Pillar Two, if Donald Trump decides to completely derail the whole system so maybe we will be millions and millions in zilch. Deputy Vermeulen, to his credit, he has been pushing the Registry fees pretty much from the beginning of this political term. Likewise, because I just think it is an easy area to do so he is very persistent in that, as well as with the runway. Maybe, hopefully, we will get there at some point.

Deputy Parkinson was absolutely right to say we hear from businesses sometimes cherry picking, 'We want this, we want this,' but where this is trivial, businesses are expecting it. It is absolute nonsense that anyone says businesses will leave Guernsey or not come to Guernsey based on that.

Deputy Ferbrache, again, businesses that cannot afford to pay, and again the Registrar could structure the fee increases that finance companies could pay maybe a bit more of that 20%. I do not know, those proposals can come forward. Some of the smaller local trading businesses could carry a smaller increase.

Likewise with Deputy Blin, very experienced as well with various companies. Deputy Moakes, again, just to finish on this point, yes, no impact next year unless we have another amendment but this piece should have come forward sooner. This should have been prioritised and this actually should have been actioned as a priority by the tax subcommittee, as a deliverable measure.

Deputy Le Tocq summarised on behalf of P&R. I thank him for that. We might be slightly more expensive but I just wonder whether 22% Income Tax, versus 20% Income Tax, how that would look. Slightly more expensive? Maybe slightly more expensive.

But what I did not understand was that P&R came out opposing the amendment. I really do not see strong reasons given why they should oppose the amendment. While it may not bring the revenue in the 2025 Budget, there is nothing in it that is detrimental, that could not happen. So I really urge P&R to change their position and actually support this amendment.

Thank you.

The Bailiff: Is there anyone rising to declare an interest, who has already spoken?
Deputy Moakes.

Deputy Moakes: Yes, apologies, I do have an interest. I am a director of a company. I meant to declare it earlier and got so excited in my speech I completely forgot!

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Yes, I am a director of a number of companies.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: I assumed by saying that I had a coffee company, people would assume that I was a director of it, sir.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: I have a couple of directorships, sir.

The Bailiff: Deputy Trott.

Deputy Trott: I fall into that category, sir. But on the grounds that I may not be a Member of this Assembly by 1st January 2026, I am not sure whether a declaration is appropriate!

The Bailiff: Anyone else before we deal with the voting?

Members of the States, it is now time to vote on Amendment 12, proposed by Deputy Kazantseva-Miller, seconded by Deputy Dyke, which will insert a Proposition, if it is carried, which will be given a number in due course. I will invite the Greffier to open the voting on Amendment 12 please.

There was a recorded vote.

Amendment 12.

Carried – Pour 34, Contre 2, Ne vote pas 2, Did not vote 0, Absent 2

POUR

Aldwell, Sue
Blin, Chris
Brouard, Al
Burford, Yvonne
Bury, Tina
Cameron, Andy
De Sausmarez, Lindsay
Dudley-Owen, Andrea
Dyke, John
Fairclough, Simon
Falla, Steve
Ferbrache, Peter
Gollop, John
Haskins, Sam
Helyar, Mark
Kazantseva-Miller, Sasha
Le Tissier, Chris
Leadbeater, Marc
Mahoney, David
Matthews, Aidan
McKenna, Liam
Meerveld, Carl
Moakes, Nick
Murray, Bob
Oliver, Victoria
Parkinson, Charles
Prow, Robert
Queripel, Lester
Roberts, Steve
Roffey, Peter
Soulsby, Heidi
Taylor, Andrew*
Trott, Lyndon
Vermeulen, Simon

CONTRE

De Lisle, David
Inder, Neil

NE VOTE PAS

Le Tocq, Jonathan
Snowdon, Alexander

DID NOT VOTE

None

ABSENT

Gabriel, Adrian
St Pier, Gavin

*denotes Member who voted by proxy

The Bailiff: The voting on Amendment 12 was that there voted in favour, 34 Members; 2 Members voted against; 2 Members abstained, 2 Members did not participate in the vote. So we will insert an additional Proposition.

2660 Now Deputy Matthews have you got a substitute seconder for Amendment 10?

Deputy Matthews: I believe Deputy Gollop will second the amendment, sir.

Deputy Gollop: Sir, in an individual capacity.

2665

The Bailiff: Right, in that case, I invite Deputy Matthews to lay Amendment 10, please.

[Amendment 10.](#)

To insert a new Proposition as follows:

"To extend the period for the withdrawal of mortgage interest relief on a Principal Private Residence so that relief will be available for an individual on interest not exceeding the following amounts:

2025– £3,500;

2026 – £3,500;

2027 –£2,000;

2028. – £1,000;

2029 and subsequent years of charge – £nil"

Deputy Matthews Thank you, sir.

2670

When I first saw that the Budget recommended a 2p rise in the rate of Income Tax, I was surprised to see that it also recommended a withdrawal of the relief from mortgage interest to coincide at the same time. This would mean that mortgage payers, almost all of whom will be employed and working, would see a double whammy, with increases in tax due to the rate rise and at the same time, increases due to the withdrawal of the relief.

2675

In fact, for many, it could be a triple whammy. This is because many mortgages are fixed rate, with a five-year fix being a popular choice. Since interest rates shot up in 2022, renewals have been at much higher rates, and considerable extra monthly cost. Interest rates are forecast to come down but available interest rates to customers usually lag behind base rates by some considerable amount and the timing by which base rates come down is far from certain. It is very unlikely that available mortgage rates will return to the low rates that were seen at the beginning of 2022.

2680

So anyone with a renewal that falls during 2025 or 2026 could be in for quite a shock, as they are unprepared. This amendment is proposing pausing the withdrawal of mortgage interest relief for the two-year period when the 2p increase in the rate of Income Tax is active. The relief only applies to a principal private residence. That is, people's homes. So not holiday homes or investment properties.

2685

The withdrawal had already been paused in 2023 and 2024 to provide support to Islanders during a period of high inflation and rising interest rates. This is expected to impact around 6,000 individuals, reducing revenues by about £1 million annually, which would be added to the deficit position, such that the 2p Income Tax rate raises less than the proposed amount.

2690

Now I know in some previous amendments, some Members have asked why amendments now do not propose both an increase and a decrease, such that they are balanced. I know Deputy Brouard asked that question for a previous amendment. It was actually a Treasury suggestion to make this a standalone change so that people would have to add up the debits and credits themselves about what is happening rather than have a counterpart.

2695

I did originally have a counterpart amendment, which would have raised a similar amount from Document Duty by raising the Document Duty rates on higher value home purchases but it was not possible to lay that amendment in time for this Budget, although it could still be laid as a late amendment. So this amendment, this part of the amendment, is one that increases the deficit position or, as I think of it, reduces the amounts that the 2p Income Tax raise would raise.

2700 To some that may seem like an unnecessary expense but I would suggest the overall cost of our Island of allowing relief to be withdrawn during this time could be even higher. Mortgage holders are the backbone of our Island economy. Often parents and hard-working families who have not benefited from inheritances or other capital to be able to buy their homes outright.

2705 The impact would be disproportionately felt by new householders who have recently purchased a home because both the purchase price would in most cases have been higher, compared to people who had bought their houses some time ago, and the proportion of interest payment paid, as opposed to the repayment of capital, is also higher at the beginning of a mortgage than towards the end of a mortgage.

2710 Withdrawal of the relief would also negatively affect affordability for prospective home buyers, especially first-time buyers looking to make their first purchase. This is at a time when we all acknowledge our housing market is particularly challenging and this States has set housing as its number one priority. Affordability is a key part of that. We want to improve affordability, not make it worse.

2715 We do not want this to be a further pressure of reducing affordability, that drives people away from the Island. That would end up, this is why I say it may end up, it could end up costing us far more. In the last amendment, people queried whether a rise in the amount paid by companies for their annual validation fee could cause any companies to leave and I think most people concluded it would not.

2720 But a decrease in the affordability of mortgage payments is absolutely certainly the sort of thing that would cause people to leave. That is exactly the sort of thing that people will be looking at and thinking, is Guernsey really affordable for me? Is it just too expensive to live in this Island and should I consider moving to somewhere where housing is cheaper and I could make more of a life for myself than I can here? I would balance the debits and credits myself.

2725 A pause in the withdrawal of the support, which this amendment proposes, is during the period when mortgage rates remain higher than they have been. The pause will allow the States a further period to consider the overall impact of the withdrawal, alongside expected reductions in interest rates and further clarity over the States' long-term revenue collection requirements and other measures that are in the pipeline to approve affordability. At that time, the States could then make a decision about whether to continue pausing it or to allow it to phase down, which is what would happen by default if no change is made.

2730 I think that supporting mortgage holders, who are often hard-working families, often people who have contributed a lot and will continue to contribute a lot, is very worthwhile, so I ask Members to support this amendment.

Thank you, sir.

2735 **The Bailiff:** Deputy Gollop, do you formally second Amendment 10?

Deputy Gollop: Yes, sir.

2740 **The Bailiff:** Thank you.
Deputy Parkinson.

Deputy Parkinson: Sir, I rise firstly to ask whether Members who have mortgages need to declare an interest?

2745 **The Bailiff:** We might do it collectively at the end. If you want to speak, then you have done so already.

2750 **Deputy Parkinson:** Well, I will anticipate that by saying I do have a mortgage but other than that I wholeheartedly agree with what Deputy Matthews has said and will be supporting this amendment.

The Bailiff: Deputy Gollop.

2755 **Deputy Gollop:** I hasten to add that I am not doing this in the context of Policy & Resources, although I believe we support the amendment in its form. I am doing it because I am filling in for Deputy Taylor is unavoidably elsewhere today. But I do support the amendment, with an important reservation.

2760 This amendment tallies in very well with the integrated approach of Policy & Resources, looking for example at the 2% tax rise and it also is a hit for Middle Guernsey. We have heard a lot the last few days about the squeezed middle, about difficult times and, as Deputy Matthews has outlined, this very much extends a provision, this impact will be proportionately more for newer householders who have recently purchased a home.

2765 Withdrawal of the relief will also negatively affect affordability in respect of home buyers. I will say I have had a mortgage in the past, but not at the moment. It will allow a further period for the States to consider the impact of the withdrawal of the relief, possibly my instincts would be to go on with the relief but we have to have a measured approach there.

2770 It is not an amendment without its downsides, though, and I think that is important. Because we have always believed in the Assembly, Deputy Trott will remember great politicians of the past, like Deputy Bury, for example, and the titans of the 1980s and 1990s were very much, in a way, although they would not like the term, they were not only great Guernseymen but they were social engineers in that they wanted to see a home-owning democracy. They were not necessarily particularly encouraging of a kind of European style inner city rental type society.

2775 We have already had debates on whether we are doing enough to encourage first-time buyers and new housing and so on and this very much, I think, works within that idea of encouraging people to stay on the Island and build their future or come here if they are needed for professions and jobs and this, frankly, will help.

2780 But there is a downside and I will mention the downside, which is pretty obvious. Initially I was sympathetic to the amendment from the start but I did not want to get involved with it because sometimes between my own views and the P&R view and the balances in Government you have to shape, but what is the major downside of this? I will read it from the explanatory note, although I will support it and I urge people to support it. But listen to what I say: 'This is expected to impact around 6,000 individuals,' – that is 10% of our population, more of adults – 'reducing revenues by £1 million.'

2785 I think maybe that was the primary reason it did not appear in the original Budget because we have had lots of Member saying we need financial curbs, we need to restrict the Budget, we need to reduce, we need to cut our cloth according to it. This increases the burden on the overall revenue and tax.

2790 It is doing a great thing. It is working exactly for the people we want to support but there is a cost involved and so where I am coming from is this: I will support it, but I urge Members to be sensible and vote for the compromise amendment when it becomes substantive Propositions. Because we cannot be inconsistent and support all these niches in society, without the commitment to go for tax increases, generally, in order to support the people we most want to support.

The Bailiff: Deputy Aldwell.

2795

Deputy Aldwell: I just wanted to say thank you for bringing this. I do not have a mortgage. Only this year I do not have one. But my daughter has an enormous mortgage and I know how really difficult it is for the young people. She has only got into this debt this year and anything to help – I want her to stay here, I want her to prosper here – so I am really pleased. Thank you for bringing it.

2800 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Could I just declare that I do have a mortgage but I do know that this will help a lot of people. So thank you for bringing it.

2805 **The Bailiff:** Deputy Murray, I think, is going to give the Committee's view on this occasion.

Deputy Murray: Thank you, sir.

I think probably Deputy Gollop has summed up to a very large extent. We had some initial concern over the potential £1 million loss here but in retrospect it is certainly clear that this could do a lot of good for a lot of people in Guernsey and obviously we base it on the assumption that we will get our proposals through at the end of the day. But we will just have to take that risk because we think it is a very sensible amendment.

Thank you.

2815 **The Bailiff:** I will turn back to the proposer of Amendment 10, Deputy Matthews, to reply to that short debate.

Deputy Matthews: Thank you, sir, and it was a much shorter debate than I thought it might be!

I would like to thank Deputy Parkinson for his support and Deputy Gollop for his support. And Deputy Gollop raised, I think, an important point, which is that in the past this Assembly has supported the idea of owner-occupiers owning their own homes. I think Deputy Ferbrache mentioned that was a key feature of Margaret Thatcher's policy in the UK in the 1980s. It is something that, personally, I think the States always ought to try and support where it can do.

Deputy Aldwell, thank you for your support. I am grateful for that. And thank you, Deputy Oliver and Deputy Murray. Deputy Murray mentioned a question which Deputy Burford had also approached me about outside of the Assembly, which is what happens if the 22% does not go through? If that does happen and Proposition 1 – it is 1A, B and C now – if that fails, this amendment inserts a new Proposition.

I would still vote for this Proposition anyway because I think we should keep mortgage interest rate relief but if you felt that, without the additional revenue raising, you did not want to make that, then you could vote against this newly inserted Proposition after the first Proposition had been voted on. I do not think there is a need to be concerned about what would happen if none of the revenue raising comes in and you then wanted to vote against it.

For that reason, I would ask Members to support the amendment, thank you, sir.

2835 **The Bailiff:** Members, it is time to vote on Amendment 10, proposed by Deputy Matthews and now seconded by Deputy Gollop, and I will invite the Greffier to open the voting on Amendment 10, please. Shall we do a collective stand-up and I will just run around the ring for those who have the misfortune to have a mortgage!

2840 Deputy Le Tocq, Deputy Blin, Deputy Oliver, Deputy Kazantseva-Miller, Deputy Parkinson has already done his, Deputy Matthews should have done his already, Deputy Haskins, Deputy Helyar, Deputy Burford and Deputy de Sausmarez.

Now I will invite the Greffier to open the voting on Amendment 10.

There was a recorded vote.

2845

Amendment 10.

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

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Brouard, Al	Burford, Yvonne	Dudley-Owen, Andrea	Gabriel, Adrian
Blin, Chris		De Sausmarez, Lindsay	Queripel, Lester	St Pier, Gavin
Bury, Tina				
Cameron, Andy				
De Lisle, David				
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				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Parkinson, Charles				
Prow, Robert				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
Taylor, Andrew*				
Trott, Lyndon				
Vermeulen, Simon				

*denotes Member who voted by proxy

The Bailiff: In respect of Amendment 10, proposed by Deputy Matthews, seconded by Deputy Gollop, there voted in favour, 33 Members; 1 Member voted against; 2 Members abstained; 4 Members did not participate in the vote and therefore I will declare Amendment 10 also duly carried. We will try and work out what number that is going to get at some point. I am still not convinced I know whether that requires any legislation or not, in which case we might put it in a little bit earlier, subject to getting some advice from H.M. Procureur, perhaps.

Amendment 9 is next, the last one on our original list. Deputy de Sausmarez, is it your wish to move Amendment 9?

Deputy de Sausmarez: Yes please, sir.

The Bailiff: Please do so.

[Amendment 9.](#)

To insert the following proposition:

"To direct the Policy & Resources Committee to work jointly with the Committee for the Environment & Infrastructure to progress without delay the work to reduce the States' overreliance on fuel duty and bring back to the States proposals that address the fiscal unsustainability and

social inequity of the current fuel duty policy, ahead of any broader work on transport taxes more generally that is to be included in the next Tax Review."

2860 **Deputy de Sausmarez:** Thank you.

Deputy Fairclough and I are bringing this amendment forward with the support of the Committee for the Environment & Infrastructure and I hope the Policy & Resources Committee as well. In fact, it was Deputy Brouard who first encouraged me to come forward with it, so I would like to give him particular credit!

2865 Essentially this amendment seeks to insert a new Proposition, which directs the relevant Committees to crack on with a specific bit of work that they are already under direction to do and which indeed is already underway. So Members may be wondering why on earth we are bothering to bring an amendment at all, so I will explain.

2870 In paragraphs 5.71 to 5.73 of the Budget Report, it refers to a range of transport taxes that P&R and E&I are jointly under Resolution to explore and explains that P&R believes that they should be considered as part of the long-term arrangements to tackle the deficit and we are happy to support that approach with respect to the wider package and some of the measures that are mentioned but there is one particular aspect which we believe could and indeed should be tackled much sooner than that and that relates to the aspect of Fuel Duty.

2875 Like Amendment 12, the amendment that Deputy Kazantseva-Miller has recently addressed, this was part of the core package of measures. It is something that the States has already supported and as I have mentioned there has already been quite a lot of work on it. Like that, again, it is something that does have levers or the potential to bring in revenue much sooner than some of the longer term measures that have been discussed or we are being asked to vote on when it comes to substantive Propositions.

2880 Anyway, this particular issue is something the States has long recognised as problematic and in fact just for a bit of fun I decided to go back down memory lane to this time in 2016, the first Budget debate that I was involved in and the very first amendment of that very first Budget that I was involved in was an amendment brought by Deputy Roffey. It was tackling exactly this issue.

2885 Yes, it was seconded by the late Deputy Kuttelwascher. The amendment did not actually carry at the time but that was more to do with the specific wording that I think had been written in a little bit of a hurry but there was actually strong sentiment, very strong acknowledgement of the problem, and actually I sensed quite a desire to do something about it. And then it became something of a recurring theme through the years.

2890 Actually, this Assembly has supported it. We have got multiple Resolutions to tackle this problem and, as I have mentioned previously, we have actually started the work to do exactly that. But to remind Members briefly, because I am aware of the time constraints, the core issue is this. Fuel Duty, when we put all our fiscal eggs in terms of motor taxation into the one basket of Fuel Duty, it created something of a fiscal conundrum because year on year, if we keep the value where it is in real terms, then the amount of revenue it can bring in drops. That is because there are significant generational efficiencies, in terms of fuel efficiencies, roughly to the tune of about 30% more efficient per decade.

2895 So a new car that is created this year is likely to be 30% more fuel efficient than a similar car a decade before. That means that actually, because we are putting the duty on the fuel, the more efficient cars are using less fuel and we are bringing in less revenue. So the Treasury has an already unenviable task because it has either got to put Fuel Duty up by more than the rate of inflation in order to maintain revenue where they want it to be, or they cannot do that and take a hit on the income.

2900 It has also got a particular social inequity aspect to it as well. I mentioned fuel efficiency, of course the most fuel efficient are of course EVs, which use no fuel that attracts this kind of duty, and hybrid vehicles as well. They are something that are becoming increasingly popular. When I wrote the explanatory note, I said more than a quarter. That is right, but actually having checked the most recent data, it is now actually more than a third of all newly registered vehicles in Guernsey this year are either EVs or hybrids and about 15% are EVs.

2910 So obviously we can see that this is a very much declining tax base. We know this is likely to continue to be a trend that increases and so Treasury is going to have to run faster and faster in order to stand still if they want to maintain that revenue where it is, or they are going to have to be resigned to significantly decreased revenue from that source.

But it does also create a social inequity conundrum because the people that are least able to afford to upgrade to a more fuel-efficient vehicle are also the people that are left carrying the can, carrying the heaviest tax burden in terms of having to pay disproportionately more in Fuel Duty.

2915 So it is becoming increasingly inequitable and the longer we fail to tackle this, the worse that becomes. I think a significant majority back in 2016 agreed that this was something we should tackle. We are still here, 2025 looking down the barrel and we still have not managed to do it. We have done a lot of work.

2920 I would like to stress that this debate, this is simply to insert a Proposition to really give confidence that this is a piece of work that should be continued. We do not think that it should be reviewed as part of the broader Tax Review because frankly I think it would get lost in the weeds there and I think it would be an additional bit of work then. It would probably not be addressed as part of that bigger tax restructure, should that materialise, and I am concerned that actually, with that in mind, this increasingly inequitable situation and this increasingly fiscally unsustainable situation will persist for even longer. It could be many more years before we actually tackle this.

2925 That is why we are asking the Assembly to really just give a bit of confidence to accelerate this bit of work. We think we can bring it back really quite quickly. This debate is not the time to debate what those proposals might look like. The Assembly will get the opportunity when this policy letter will come back, so please let us not go down that rabbit hole today. This is just to do that work to bring back proposals so that we have got something available to us to address this issue more immediately than would otherwise be the case.

2930 Hopefully, that summarises it. I am just going to check that I have made all of the points that I need to make. It is a similar point to one that Deputy Kazantseva-Miller made. I am not sure everyone understood, given one of the questions that came up in that debate on Amendment 12, but if people do have concerns that this is just going to be another cumulative tax, I can reassure Members this is a lever that can go either way.

2940 We do need to address this and put it on a more equitable footing. If, in the fullness of time, there is a tax restructure and other measures come forward to effectively replace it, absolutely this could be knocked back or removed or whatever. But it is an inequitable situation at the moment. It is fiscally unsustainable. I would argue it is unsustainable from a social equity perspective. It is something we are very keen to crack on with and really that is all the amendment is asking for the Assembly to do, to back that.

2945 Thank you.

The Bailiff: Deputy Fairclough, do you formally second Amendment 9?

Deputy Fairclough: I do, sir.

2950 **The Bailiff:** Thank you very much.
Deputy Soulsby.

2955 **Deputy Soulsby:** I thought I would stand up early just to confirm that P&R will support this amendment. The reason why nothing has progressed on the motor taxes is because of all the other challenges that we have been facing over the last year.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

2960 In effect the amendment is looking to make sure that electric cars make a contribution. Electric cars, although more environmentally friendly in our country, they are not necessarily environmentally friendly in the producing countries, especially those that produce the batteries. They are also heavy and they use our infrastructure. But they do not really pay. They do not really pay on import, it is £50 or so, as opposed to those who use fossil fuel cars, who pay hundreds.

2965 The irony is those who purchase electric cars, being more expensive, have in some circumstances deeper pockets but actually pay less for their actual use. Deputy de Sausmarez said it far better than I do. So please accept the amendment.

Thank you very much.

2970 **The Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, I am absolutely in support of what this amendment is trying to do but I just wonder why we have to come back with Resolutions, when the States is already under two Resolutions, just from this political term. The first one was from the first tax debate in February 2975 2023, which was Resolution 10, to explore transport taxes and report back by March 2024. Core measures from the Funding & Investment Plan, again, under the Resolution, it has now been pushed back into the bigger tax debate, which means again it is probably ... Why do we have to give ourselves Resolutions that just do not happen?

2980 This is what we face. We debate stuff, we agree on stuff, we spend a lot of time preparing amendments, debating, etc, and then nothing happens. What is preventing Deputy de Sausmarez and everyone else to keep pushing for this work? I appreciate they have already been doing a lot of work and it seems to be the blockages are elsewhere. I just do not think this amendment will actually make any difference because it will either happen or not. I will support it but, again, do we really need to repeat the same Resolutions time and again and nothing actually happens?

2985 **The Bailiff:** Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

2990 Really what she said. This is basically, tell P&R to tell E&I to get on with it. As Deputy Kazantseva-Miller has just said, they have. We have, as an Assembly, already told you to get on with it at least twice this term and yet still nothing promised. Deputy Haskins showed me, March 2024, I think Deputy Kazantseva-Miller also noted. So presumably if we tell P&R to tell you to get on with it, you will get on with it and come back to us to March 2024 – too late. So you cannot do that.

2995 Is this just because E&I cannot work out and introduce their planned black box in your car mileage charging that they really so want? It notes in due course, I think on the last bit, the last paragraph of the explanatory note: blah, blah, two Committees come before the States with a policy letter for the Assembly to consider in due course.

3000 What does that mean now? Does that mean just slightly after the election or what? I have no idea what this is even about. Tell P&R to tell us to do it again. Bizarre.

The Bailiff: Deputy Le Tissier.

Deputy Le Tissier: Thank you, sir.

3005 I am not going to use that well-worn expression 'I was not going to speak' but I have been wondering whether I should and I fully expect that Deputy de Sausmarez will either accuse me of being pedantic or probably I am just playing dumb. But on the fact of it this amendment looks very attractive. As Deputy Brouard said, electric cars really do need to start contributing. They are heavy, their tyres wear out quicker; that is the AA saying that. Whilst they are degrading, the rubber particles pollute our roads.

3010 Exotic materials used in the battery, concerns over the disposal of the used batteries. And I think I am right in saying that, in the event of a serious accident, emergency services need to be very careful in case the vehicle has become live.

3015 However, I am going to mention one aspect and that is the wording of the proposal. Now, I think we all know what it is getting at and that is fine, but it uses the word Fuel Duty and I think it really should have said road transport fuel or motor vehicle fuel, because Fuel Duty, fuel is fuel. It covers aircraft, it covers boats. So I would have liked to have seen it clarified it is just for road vehicles because transport, as well, it mentions transport and transport covers everything as well.

If Deputy de Sausmarez could just confirm, for the record, that this is just road vehicles then I think I will be supporting this.

3020 Thank you.

The Bailiff: As I do not see anyone else rising to speak in debate on Amendment 9, I will turn back to the proposer, Deputy de Sausmarez, to reply to the debate.

3025 **Deputy de Sausmarez:** Thank you, sir, and I am grateful to Members for keeping debate brief and to the point.

3030 Deputy Kazantseva-Miller and Deputy Mahoney both raised the same point, which I did try to address when I opened. I did say Members might be wondering why we are bringing a Resolution to do exactly what we have already been directed to do and indeed is already ongoing. The reason being that actually the proposal in the Budget Report was to bump everything, to kick everything down the road into the wider Tax Review and the reason we have not been able to bring proposals as per the original deadline, which was March this year, was, as Deputy Soulsby said, because P&R were too busy.

3035 So E&I were very much aiming towards that. The new P&R had only just taken their seats. Deputy Mahoney will remember conversations that we had with the Committee that he sat on, trying to get this piece moving, so E&I has been persistently trying to move this forward. We have missed the deadline and we thought it would be really useful, really just to give confidence that this work can be progressed at an accelerated rate.

3040 To answer the question that Deputy Mahoney specifically asked, because I am now in the habit of holding myself hostage to fortune by issuing dates, I do not know if it is going to be possible but I would hope that we would be able to debate this in April 2025. That is certainly what we are aiming to do.

3045 I do not know which one of those two Meetings but around about then. So this political term, I would hope that we would be able to bring proposals back to this Assembly in this political term. That is one of the aspirations. We do not want this to be kicked further down the road because we do appreciate that entirely new Committees coming in would probably have an awful lot more work to do to get to the point we are at now just to consider everything.

So I hope that that does clarify why we are bringing an amendment on this particular issue and provide Members with useful information and assurances on that point.

3050 Deputy Brouard raised the point about some of the equity issues around EVs and I probably should have declared an interest when I opened on this, in that I have not personally paid any Fuel Duty for 13 years so absolutely, I am one of the unwitting beneficiaries of us not tackling this. Although I have consistently voted to tackle it at every opportunity we have had and I have done quite a lot of work personally through the Committee, etc, to try to do so.

3055 But Deputy Brouard is right, it is an inequitable situation. We now have a situation where 15% of all the newly registered vehicles are EVs and another 15% or thereabouts are hybrids. It is an increasing problem, both from an equity perspective and indeed from a fiscal perspective.

3060 Deputy Le Tissier asked for an assurance that this was relating to road transport. I can give him that assurance. What we do about the conundrum of the Fuel Duty that is paid for lawnmowers or whatever, that is a consideration that we can consider in due course. But certainly the purpose of

this amendment is indeed to tackle the road transport side of things so you can, I hope, take assurance from that and I hope that he and everyone else will support this amendment.

Thank you very much.

3065 **The Bailiff:** Members of the States, time to vote on Amendment 9, proposed by Deputy de Sausmarez, seconded by Deputy Fairclough, to insert yet another additional Proposition. I will invite the Greffier to open the voting, please.

There was a recorded vote.

Amendment 9.

Carried – Pour 32, Contre 1, Ne vote pas 5, Did not vote 0, Absent 2

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

*denotes Member who voted by proxy

3070 **The Bailiff:** The voting on Amendment 9, proposed by Deputy de Sausmarez and seconded by Deputy Fairclough is that there voted in favour, 32 Members; 1 Member voted against; 5 Members abstained; 2 Members did not participate in the vote, so I will declare Amendment 9 also duly carried.

3075 Now, Members of the States, if you are keeping abreast of developments, you will know that there have been additional amendments coming through. The only one that we have got in paper form at the moment is Amendment 24. Therefore we have to do Amendment 24 now, which starts with a motion from Deputy Prow under Article 7(1) of the Reform (Guernsey) Law, 1948, so on that motion, only, Deputy Prow, what do you want to say?

3080 **Deputy Prow:** Thank you, sir.

Members will recall that Amendment 6 was not laid, much earlier on in this debate. The reason that it was not laid was because the wording of it became out of sync, following decisions made by the Assembly and we have moved on with Propositions being added onto the main Propositions, which includes the successful Amendment 22.

3085 So, sir, there is part of Amendment 6 that is still relevant in the sense that it is now the wish of the proposers to seek to insert the main intention of the amendment not laid into Proposition 1B with is now contained within the Proposition and that relates to the zero rating of food on GST, should we get to 1B.

Thank you, sir.

3090

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

Deputy Inder: I do, sir, thank you.

3095 **The Bailiff:** Thank you very much.

Does anyone wish to speak on the motion? Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

I just wonder how this is going to work out with taking it off the food element –

3100

The Bailiff: It is only on the motion at the moment, Deputy Vermeulen, as to whether or not we are going to suspend the Rules, not on the substance of the amendment if it is allowed to be laid.

Deputy Vermeulen: Beg your pardon, sir.

3105

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Yes, sir, I will try and speak on behalf of the Committee. The Committee is opposed to the motion, partly because it is customary and conventional that we do not bring last minute amendments to the Budget. We did on the one occasion because of the change in the Rules but this, particularly, is unnecessary, because in the work which would be ensued as a result of the current proposals that would be put to us, this could be looked at in any case. But also because it is not worth looking at this in terms of making an efficient system that might work, so I do encourage Members not to allow this to be debated.

3115

Thank you.

The Bailiff: I have already called you, Deputy Vermeulen, and you have said things that were not relevant to this debate. (*Laughter*) What do you want to say now in relation to the motion?

3120 **Deputy Vermeulen:** Having heard Deputy Le Tocq, I am going to support that this amendment is heard. I have got questions that I need answers to and I hope other Members will support this late amendment, sir.

The Bailiff: I do not really want to have an extensive debate on the motion. Has anyone got anything that they want to say over and above what Deputy Le Tocq has said?

3125

Yes, you are all still standing, so Deputy Mahoney.

Deputy Mahoney: Yes sir, thank you.

3130 I am just interested, I think I understood that P&R were opposing, which does seem rather strange and would seem, in some people's eyes, perhaps, a cynical attempt to make 1B seem less attractive and amendable. Given that pretty much exactly the same clause is in 1A, later on down,

so it is already accepted that there should be the option to put no GST on food, with 1A but then not allowing it to go into 1B does, some might say, appear a bit cynical.

3135 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Thank you.

I am all for consistency and there was a very similar amendment to this, which Deputy Prow did not lay, and now P&R are opposing this one –

3140 I will give way.

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

 Perhaps I was not clear enough. There is not any need for this. We can report back. Obviously, if either of the particular motions of the options of the compromise amendment are put forward, it still will be down to the Assembly to decide which way it goes at the time of the debate and we can make a commitment to report back on that basis with regard to food. I am just trying to save some time.

3150 **Deputy Oliver:** There have been plenty of things that have been put through and then have never got actually to the table, so I would prefer it to be all dot my i's and cross my t's, thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, sir.

3155 I would support this amendment being debated and the reason why is that I was the seconder of the original amendment to remove GST from food. I am not a supporter of GST but I just think that it should not be applied to food. It disappointed me that there were then proposals that came back, having had a very strong vote in the Assembly, which of course did not then become proposals, because the Funding & Investment Plan proposals did not make it through.

3160 But having had a very strong support, both in support of making sure that GST had not applied to food, I was surprised to see we actually had any proposals that came back that put it back on. I think it would be useful to have another vote to reinforce, or I hope, reinforce the view of the Assembly that whether you support GST or not, it should not be applied to food.

 Thank you, sir.

3165

The Bailiff: Deputy Burford.

Deputy Burford: Very briefly, sir. I will support this motion simply because in my mind the Rules require advance notice of amendments to give people the opportunity to scrutinise what is in them. We had a very similar amendment; we have had a chance to consider this and so therefore I am very happy to debate this.

 Thank you.

3175 **The Bailiff:** Deputy Ferbrache.

Deputy Ferbrache: Well, sir, only because my hearing is appalling, but I thought I heard Deputy Le Tocq say one of the reasons we should not approve this motion is because we should not have last minute amendments sprung on us. Now I am not a spiritual person but I am feeling through the ether that P&R might be bringing another amendment shortly, so isn't that hypo and crisy, whatever the word is, I cannot remember the word (*Laughter*) in relation to that?

3180

The Bailiff: Deputy Prow to reply if he wishes to on the motion.

Deputy Prow: Thank you, sir. I will reply very briefly.

3185 I think Deputy Mahoney has completely summed it up and Deputy Burford also points out that the amendment was submitted in Amendment 6, which contains these provisions. So every States' Member had an opportunity to read that.

The reason it was not laid was actually to save time in debate. But having looked at 1B, technically it requires to be addressed in the views of the proposers and the seconder and 1B does not cater for this so I would ask the Assembly to suspend the Rules.

3190 Thank you, sir.

The Bailiff: Members of the States, the motion is to suspend Rule 24(2) to allow Amendment 24 to be laid. It is proposed by Deputy Prow, seconded by Deputy Inder. Those in favour; those against?

3195

Members voted Pour.

The Bailiff: I will declare that carried.

I will now invite Deputy Prow to move Amendment 24.

[Amendment 24.](#)

To replace the full stop at the end of Proposition 1B with a comma and to insert the following; "and; 1C. 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."

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Deputy Prow: Thank you, sir.

Again I can be brief. Deputy Matthews has already outlined that this seeks to replicate the effect of two successful amendments to Proposition 2(A)(ii) brought by Deputy Gollop and Deputy Matthews, when this was debated in the 2023 debate and in that Billet around the Tax Review and that it was carried.

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So the point is, and it has already been made by Deputy Mahoney but I will just reinforce that, what we now have in the Proposition before us in 1A, we have an insertion 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 and disadvantages of impact of applying the tax to or zero rating to.

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But, sir, it does not appear in 1B. I am very surprised actually at P&R's reaction to this. It is a technical thing. It is their amendment in the first place. They chose to place it in 1A and they chose not to place it in 1B. I think that is an error and so I commend this to the Assembly.

Thank you, sir.

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The Bailiff: Deputy Inder, do you formally second Amendment 24?

Deputy Inder: I do, sir, thank you.

3220 **The Bailiff:** Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

The attempt was just to save some time, but as Deputy Prow has rightly said, as this just ensures this Assembly is certain that it will be looked into. The point is we have already looked into it and we know what the result of not to conclude would be and it would be an increase of at least 1% in the rate and apart from anything else, I am probably the only Member here that has experience of working in VAT in the UK at the time when processed foods, baby clothes and other things were exempt.

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When you start exempting or zero rating certain types of goods, what happens is it becomes an opportunity for fraud and it becomes far more complex and expensive to run. So the simplest way, and this is a decision obviously for the Assembly to make, to operate a Goods and Services Tax is to have it on everything because it makes the returns and the administration much easier.

The issue of the lowest paid in our society, those with the least income, being affected the most because food, obviously for them is a greater part of their outgoings, can be alleviated in other ways and that is exactly the sort of package that the previous P&R had put together that enables that to take place.

So in a sense whilst the work can be done, it has already been done and we know what the answer is. So that part of it is a simple decision to be made by the Assembly in due course.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I agree with everything Deputy Le Tocq has just said but I will be supporting this amendment. I do not think Deputy Matthews is right in saying that a vote for this amendment is reinforcing the votes that were taken last time around because what the wording of the amendment says is consider the advantages and the disadvantages. So voting to have the advantages and disadvantages looked at in depth is not a vote that supports the exemption of food.

Personally, I am very much against the exemption of food and I think when people look at this issue in any great length they spring to that position. When I first went on the working party, my instinct was I support GST but my default instinct was that if GST was to be approved, that food should be exempt. Maybe children's clothes? Who knows? But definitely food.

Then I looked at it in great depth and we would lose about £11 million of income from the GST in that way per year, and a large part of that, a big chunk of that would have come from the food purchasers of the well-to-do and affluent who would have tax relief on that and it would be £11 million less that you could focus entirely on the measures that would help people on modest incomes.

I always start in this Assembly, and always have done since 1982, with the difficulties facing people in our expensive Island who are on modest incomes. So I had to swing right around because the evidence was quite clear that they would be better off by not exempting food and spending the money that will bring in on dedicated measures that would mitigate the regressive nature of GST as a standalone because we did not want it to be a standalone.

But that would be looked at again. I suspect, like Deputy Le Tocq, the same answer will be brought out, the States may well override them again like they did last time because they will not believe that line of argument but all it is, is saying to have a look at it, if 1B is passed. We are already saying have a look at it if 1A is passed. So really, bearing in mind we have not started debate of the Budget yet and it is quarter past four on the last day, I would urge people just to say let us just insert this and move on.

Deputy Inder: Rule 26(1), sir.

The Bailiff: Would those Members who wish to speak in debate on Amendment 24 please stand in their places? Deputy Inder, is it still your wish? The proposal is that only Deputy Prow be allowed to speak further in reply to the debate. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried. *(Interjection)*

Yes. I will invite the Greffier to open the voting on the motion to guillotine the debate, pursuant to Rule 26(1), proposed by Deputy Inder.

There was a recorded vote.

Rule 26(1).

Carried – Pour 23, Contre 12, Ne vote pas 1, Did not vote 2, Absent 2

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

3280 **The Bailiff:** In respect of the motion pursuant to Rule 26(1), there voted in favour, 23 Members; 12 Members voted against; 1 Member abstained; 4 Members did not participate and that is why it was declared carried and therefore I will turn to Deputy Prow to reply to the debate, please.

Deputy Prow: Thank you, sir.

3285 I have enormous respect for Deputy Le Tocq but I do not really understand his argument. Why was it worth inserting in 1A to direct the Policy & Resources Committee, as part of the work, to prepare for the introduction of the Goods & Services Tax, to thoroughly explore the advantages and disadvantages and impact of applying the tax to or zero rating food – I will not give way, I am not giving way – but when it comes to 1B, not to insert that.

3290 So I do not follow the argument. This is about giving this Assembly, on a very important matter, a choice. Yes, we understand what the outcome of that might be, is to raise the rate from 5% to 6% and that was argued quite forcibly in the debate we had in 2023. But this is just to assert the same choice and the same choice that Deputies will have in 1A in 1B. That is it.

Thank you, sir.

3295 **The Bailiff:** Well, Members of the States, we now come to the vote on Amendment 24, proposed by Deputy Prow, seconded by Deputy Inder, to insert an additional Proposition as Proposition 1C and I will invite the Greffier to open the voting please on Amendment 24.

There was a recorded vote.

3300

Amendment 24.

Carried – Pour 30, Contre 7, Ne vote pas 0, Did not vote 1, Absent 2

POUR	CONTRE	NE VOTE PAS	DID NOT VOTE	ABSENT
Aldwell, Sue	Blin, Chris	None	Burford, Yvonne	Gabriel, Adrian
Brouard, Al	De Lisle, David			St Pier, Gavin
Bury, Tina	Dyke, John			
Cameron, Andy	Gollop, John			
De Sausmarez, Lindsay	Le Tissier, Chris			
Dudley-Owen, Andrea	McKenna, Liam			
Fairclough, Simon	Meerveld, Carl			
Falla, Steve				
Ferbrache, Peter				
Haskins, Sam				
Helyar, Mark				
Inder, Neil				
Kazantseva-Miller, Sasha				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
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				

*denotes Member who voted by proxy

The Bailiff: In respect of Amendment 24, there voted in favour, 30 Members; 7 Members voted against; no Member abstained; 3 Members did not participate in the vote and therefore I will declare that amendment duly carried and I will ask the Sheriff to circulate Amendment 25 in paper form so that we can deal with that one next.

Does every Member now have a copy of Amendment 25? Can I explain to you, before I invite Deputy Trott to open on Amendment 25 that where it says, 'for Proposition 32', that is simply because Proposition 3 in Amendment 3 referred to inserting a new Proposition 32. Do not take it as gospel that that will be the number at the end of the debate. But it is a Proposition to substitute what was approved as an insertion in the vote that carried on whenever it was, Tuesday, in Amendment 3.

[Amendment 25.](#)

For proposition 32 substitute the following: "To direct the Policy & Resources Committee, in exercising its functions on behalf of the States as an employer of public sector employees, to consider the mechanisms that apply to incremental progression as it applies to public sector staff, with a view to ensuring that such progression is used consistently and fairly for the benefit of both employees and the States of Guernsey and to review what other pay progression mechanisms might otherwise be suitable for public sector staff in order to ensure that they are paid at appropriate market rates and to consult with Unions before implementing any changes considered necessary."

The Bailiff: Deputy Trott, do you want the amendment read?

Deputy Trott: Yes please, sir.
Thank you.

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The amendment was read out by the Deputy Greffier.

The Bailiff: And Deputy Trott to open on Amendment 25, please.

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Deputy Trott: Thank you, sir.

I do not often say this, sir, but for those like Policy & Resources Committee, who really are determined to control costs I ask that you listen very carefully to what I have to say, because there are some complexities here that need to be carefully considered.

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On Tuesday, the Assembly approved the following amendment in relation to the Annual Budget Report, following an amendment laid by Deputies Helyar and Mahoney, to insert a new Proposition 32 to:

... direct the Policy & Resources Committee, in its role as the employer of the public sector workforce, to put in place arrangements with effect from 1st January 2025 to ensure that new employees are appointed on a static pay rate applicable to the role in question and their capabilities and experience for it, with no incremental increases ...

– in pay.

There are some material unintended consequences. I would like to start, sir, by advising the Assembly of what the Chartered Institute of Professional Development says regarding pay progression. Sorry, it has been a long few days, it is the Chartered Institution of Personnel and Development, the CIPD, exactly! Personnel development often includes professional development, particularly within our workforce.

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But the CIPD describes pay progression as follows: pay progression is how a person moves to higher pay within a band. It is distinct from salary rises linked to either inflation or a promotion to a higher band. Now the latter point is important because during the debate on 5th November, on Tuesday, it does seem a long time ago, there seemed to be some confusion between incremental progression and progression through grades, which are quite distinct. Jobs are evaluated to determine their grades. Each grade has a number of pay points attached to it and also a ceiling and regardless of how long an employee stays in the role, he or she cannot progress beyond the top point of the applicable grade. The only way to move to a different grade is by successfully applying for a higher graded job.

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Now, in some professions, incremental progression cannot be achieved without the attainment of specific qualifications and/or experience. Combined with and across the organisation, incremental progression helps with both performance management and motivation. Using bands that span several increments helps the States to maintain pay competitiveness and also control employment costs.

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It is important to note that the value of a role is considered to be the top incremental point of the scale in question, the rate that someone will get to once they have fully developed into the roles and can discharge all aspects of it.

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Appointing someone to the bottom of the grade means that they will take several years to reach the top point, during which time they gain knowledge and experience. This is therefore a more cost-effective approach than appointing everyone to the top point. Appointing to a lower spot point is problematic in terms of recruitment, retention and staff motivation. Paying a more experienced employee at a higher rate recognises the greater value of contribution they bring compared to a newly appointed employee on a learning curve.

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Now one of the principles of the public sector pay grades is that of equity. There is a transparent rate for a role and it is clearly understood what needs to be achieved in order to attain the full remuneration for the role. So the Policy & Resources Committee has been charged by the Assembly to discharge the States' responsibilities as an employer and in doing so it follows the long-established practice of collective bargaining via trades unions and staff associations. This is

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important in terms of ensuring adequate stakeholder engagement. It is not good employee relations practice to make decisions about pay, terms and conditions via the Assembly outside of the normal arrangements for such matters.

Now as we have said many times, the States of Guernsey employs over 5,500 people; a little over 5,000 equate to full-time equivalents, who carry out a diverse range of functions. Many, such as teachers and police officers, are part of recognisable professions and have pay scales closely aligned to those applicable elsewhere, usually in the UK. Such scales are designed to reflect professional development and if they would change to a static point, there would be many ramifications.

On the one hand, the absence of any pay progression is likely to discourage applications for such professions, particularly from those who are not based in Guernsey. On the other hand, depending on the rate of the static point, it could mean that individuals without the requisite knowledge and experience might apply and could end up being overpaid for the job, relative to their knowledge, skills and experience.

To make fundamental changes to pay scales for professionals that have been modelled on those that exist elsewhere would be highly complex and very likely unworkable. They are using Health & Social Care as an example: this approach would render Guernsey out of step with other health and social care providers and indeed our main labour market pull of the British Isles. This in turn increases the risk of greater reliance on agency workers at a higher premium as it is custom and practice for health and social care practitioners to have terms and conditions that include incremental progression.

Now, this is where it starts to get interesting, so if I have lost you, please can I have you back! Because the average turnover across all HSC bands is 15.8% higher than the States of Guernsey benchmark of 13.5%, band five roles are the entry level post-qualification for nurses and other allied health professional groups and this is the area of largest turnover, with an average of 20% in October and November of this year – sorry, in September and October.

Whilst Guernsey pay scales are favourable compared to many parts of the British Isles, limited progression could influence someone against applying in the first place. Established staff and other groups, such as the Guernsey Border Agency, are in roles that have been evaluated and assigned a grade, which then spans several increments. As explained earlier, the use of a range of pay points helps to keep pay costs down as the evaluated grade is the top of the scale.

Costs, this is the nub of it. If the organisation were to move to static pay points, there is a strong argument for making the static pay points those that are currently at the highest on the scale. The top point of any scale is regarded as the applicable rate for an experienced, competent employee, and it would be difficult to make a case for a lower rate to apply.

There would, therefore, be a higher cost associated with these new recruits, compared with current practice, whereby new recruits are appointed at lower levels on their agreed pay scale and if employees not currently at the top point of the applicable scale were to be replaced by new recruits on the top point, the associated cost would be approximately £9.5 million.

Given that any changes are to apply to new employees only, with effect from 1st January 2025, this would result in a workforce that, for a time, would comprise staff on different contractual arrangements, which could potentially result in discrimination claims, either on an organisation-wide basis or on a service basis, although this is not considered a significant risk. It is a risk, but it is not a material one.

But there is a further risk more likely to materialise, that morale is affected because existing employees could end up on a lower pay point than new employees, leading to feelings of inequity.

So the conclusions are that if the Helyar amendment is approved, there are a number of implications, including additional costs for new recruits who are appointed at a higher pay level than they might have been, based on the current pay structure; a risk to ability to recruit roles where in line with other jurisdictions and potential associated incremental costs for agency staff and other cover for vacancies in frontline services as a result; risk of discrimination challenges; risk of lower morale occasioned by staff being on different pay arrangements and implementing the resultant Resolution would be unworkable in some, if not many areas.

That is why the Policy & Resources Committee has placed this Amendment 25, which addresses the unintended consequences of the earlier Helyar amendment and I strongly advise the Assembly to support this amendment. I hope that is clear, sir.

The Bailiff: Deputy Soulsby, do you formally second Amendment 25?

Deputy Soulsby: I do, sir.

The Bailiff: Deputy Mahoney.

Deputy Mahoney: I have a feeling Deputy Trott might realise I would stand up to this. I do not know where to start.

He and I disagree entirely on the facts behind this. The statements made in the second paragraph of the explanatory note, to my mind, are fake arguments. They do not accord in any way with what I saw in three-and-a-half years as the lead employer for the States of Guernsey. I saw what I saw, he can quote numbers at me all he likes, I do not believe them.

He talks about collective bargaining and we left the 1970s behind some time ago but apparently not here in terms of the way we do things. They do not do this in the real world. Collective bargaining is an anachronism of 40, 50 years ago. It is unbelievable that we are even still talking about it. Perhaps the first job of the next P&R should be busting the reliance on collective bargaining. What good has it done for the States and the general members of the public? I do not know.

Pay progression. No one is suggesting that is it, you are done, you are stuck, that there will be no pay progression. What I would like to see, what I think 30,000 taxpayers would like to see, is progression based on your performance and your ability, not on an automatic pay rise on the anniversary date of you joining the organisation.

I shall search my old P&R papers and look for the evidence to counter some of the stuff that is in that explanatory note and if I find those papers I question, I ask Deputy Trott, if I find stuff that contradicts entirely what he has told the Assembly, will he commit to looking at action against those people that have told him one thing when in fact something else is true? So when he sums up, could he do that or will we just have more hiding?

The discrimination claims? What absolute poppycock! This goes on in all businesses in the Island. There are people doing the same job that do not earn the same money as the person sat next to them. They are not on the same Ts and Cs. I have said it before in this place. I joined HSBC in 2001 and I was the first person to join that was on a DC scheme. Tough on me, I joined three months too late, everyone sat around me was on a DB scheme. I was just too late in the door. Did I consider I had a discrimination claim? No. They put a contract in front of me, it was X pounds a year and the DC scheme, and I signed it. I did not get in the door and realise the people sat next me doing the same job were on a better pension than me. It was tough. That is the real world.

Appointing people to the top of the band, £9.5 million cost. We are only talking about new people, we are not talking about the existing people, so there will be no need to instantly move everybody up to the top of their band. Again, just to my mind, absolute nonsense. This old myth that the pay rate for a job is for the top of a band. I think I used £65,000 last time, Tuesday/Wednesday, whenever it was. But I will appoint you at £55,000 and then you work your way up. If you are happy to accept 55 grand, that is the going rate for the job. Nobody takes a job, in the real world, to say, I will get there in five years, what this job is worth. Why would you? If you are worth £65,000 go and get it at NatWest or Aon or something or any other private employer on the Island and get it now, rather than having to work up to it for five years. These arguments are just stunning to me.

Discrimination claims? Nonsense. Hurty feelings. This is just fantasy stuff. Is it any wonder that the public have lost faith in this Assembly and its ability to actually do anything? I despair at this. Maybe the next P&R, we should just dispense with politicians and just let some union leaders sit on

3465 the top bench there and they can decide what the pay should be and Ts and Cs and everything. This is ridiculous.

The Bailiff: Deputy Kazantseva-Miller.

3470 **Deputy Kazantseva-Miller:** Sir, I just wanted to seek a point of clarification if Deputy Trott knows the details. When the jobs are advertised across the variety of departments, positions, etc, are they advertised at the lowest entry point or are they advertised at the high entry points? So does the States negotiate upwards from that baseline or does it negotiate down? When someone sees an ad, what do they see and does the advertising vary by jobs, professions, categories? Do you have to give one number, do you give a range? What actually happens in practice at the job advertising point?

The Bailiff: Deputy Matthews.

3480 **Deputy Matthews:** Thank you, sir.
I will support this amendment, which I think clarifies the intent of Deputy Helyar's amendment. The differences between –

Deputy Helyar: Point of correction.

3485 **The Bailiff:** Point of correction, Deputy Helyar.

Deputy Helyar: It does not clarify the purpose of my amendment and please do not put words or intentions in. If you want to have that as your opinion, that is fine, but it does not clarify it in any way.

3490 **The Bailiff:** Deputy Matthews.

Deputy Matthews: I will thank Deputy Helyar for that. I think it clarifies the intention of Deputy Helyar's amendment and that is because I think there is a process to be gone through for each bargaining unit because they have different processes that employment takes place in. A Health employee is on Agenda for Change, it is very different –

Deputy Helyar: Sir, point of correction.

3500 **The Bailiff:** Point of correction, Deputy Helyar.

Deputy Helyar: These matters do not apply to current employees or to collective bargaining, they apply to the contracts of new employees. That is what this amendment seeks to remove and replace.

Deputy Matthews: I thank Deputy Helyar once again for his intervention –
I will give way to Deputy Trott.

3510 **Deputy Trott:** I am delighted – thank you for giving way – because we have just heard from the seconder of the Helyar amendment that we do not do collective bargaining. We just heard from the proposer that we *do* do collective bargaining. I wrote down exactly what you asked me, what you said. So, through you, sir, I cannot give way, but maybe – I will give way when I am summing up if you want to address this matter later.

3515 **Deputy Matthews:** I will give way to Deputy Mahoney.

Deputy Mahoney: I thank Deputy Matthews for that. I am afraid – Deputy Trott misheard! We unfortunately do. I went through a painful three years of collective bargaining. I did not say we do not do; I said we should not do.

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Deputy Trott: Aha!

Deputy Matthews: I thank Deputy Mahoney for his intervention as well. Not only do I think that it clarifies Deputy Helyar's amendment but I actually think it might improve upon it and the reason why I think that is that this does not apply to new hires, this applies to all public sector employees and the proper mechanism or very good mechanism to go through in order to change the current system as it exists for established staff, certainly for civil servants, would be to move away from an incremental system and towards a performance management system. In fact, the newly appointed Chief Executive for the States would have been through exactly that transition at Guernsey Post Limited, where he and I both worked at the same time and in fact were £1 apart from each other.

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The process that Guernsey Post went through, they inherited the Civil Service bands, just as exist across Guernsey States now, and they introduced a performance management system, which meant changing their grades to broader bands and introducing an appraisal system so that people can be moved up through the bands, depending on their performance result from their appraisal system, which means that they are not a static rate, they can go up by more, depending on the result from your appraisal, or you can go up by less than the RPI rate if you have a poor appraisal. It is an accepted way of distributing an agreed pay amount, which would be agreed through collective bargaining but distributing it through the entire workforce.

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So it would seem entirely appropriate for that type of mechanism to be introduced for collective bargaining units where it is appropriate, which I think first of all would probably include the Civil Service, and I think it would be an opportune moment to do it to have a new Chief Executive who would have been through exactly that process at Guernsey Post when it made its transition from the Civil Service bands, although administration would have been a Civil Service band, towards a more commercialised approach in having a performance management system.

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Actually I would like Deputy Trott maybe, in his summing up, to confirm whether I have read that intention correctly because in that case that would actually be applying that system consistently across the entire workforce, rather than just for new hires and actually could therefore be an improvement across the entire workforce.

Thank you, sir.

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The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: I respect the views of Deputy Mahoney because he is being consistent. I was on the P&R that he was on and he took on the role that I had previously taken and I reluctantly gave it up to him! But both he and Deputy Helyar are consistent in this in that I think they find the ways of the public sector, certainly the Civil Service, to be out of sync with the private sector in Guernsey and some of the points that Deputy Matthews has just made in terms of transition and how Guernsey Post, for example, has transitioned, may well need to happen in the public sector.

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But I think, as Deputy Murray has indicated in an earlier speech and discovered that Government and the public sector not only does not work like the private sector and perhaps should in certain ways but in certain other ways cannot do that. For us as a small jurisdiction, one of the difficulties particularly is that in large chunks of our public sector, particularly health and education but also in law enforcement and other professional areas, outside of the Civil Service, there are jobs within the Civil Service similarly, we are reliant on training and recruiting from elsewhere and that is largely from the UK.

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Where the UK has incremental schemes in their public sector, it is very difficult for us to do something differently. It was the same with pensions. Certainly, I was an outlier on the previous P&R; I am probably an outlier on this P&R as well, on lots of things. I have probably been an outlier

on the senior Committee for 12 years, now, so there we go. But I have been involved in industrial relations for a number of years and one of the things that we have to realise is if we are going to see change, we have to do that gradually and we have to do that with a real mind to not do things in certain areas that would cause other problems for us. It would be bigger problems than the ones we are trying to resolve.

We are a small jurisdiction and I accept that in the areas where you recruit largely from the private sector, that changes should be made and we need to look at how we might do that. So the objectives, personally I am speaking now, are not different. It is just perhaps the manner and the speed at which we can reach that and I appreciate the frustration of the two Deputies speaking on this but I think that the fact is, if we do not pass this amendment, we will be creating much bigger problems for us that could cause us quite serious costs that perhaps those who want to support the current amendment that we have already voted on do not realise what would actually incur.

Certainly, in terms of time and effort, to try and persuade that sort of change to occur and not to affect our ability to recruit and to retain good staff, I think in that area alone I would be very cautious at this particular juncture of making those particular changes. So this is a good compromise and personally I will be supporting it.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, there are two preliminary comments, really. I note Deputy Le Tocq says during his 12 years on the senior Committees he has been an outlier. Well, of course, for part of it, he was Chief Minister, so he was an outlier during his own Chief Ministry, which I think is a little unique but never mind. Of course, I accept his good faith.

I well remember, when we were divvying up tasks in the early part of my presidency in P&R, when Deputy Mahoney had both arms twisted behind his back, one of them by me and one of them by Deputy Le Tocq, to say you will take on this particular task, and the jubilation that effused from Deputy Le Tocq when that happened was considerable.

Deputy Trott said politely at the beginning of this issue that this is an important issue, will you please listen to me carefully because there is detail. I did, I am sure everybody else did. But reading what it says, and Deputy Le Tocq is a very adroit politician, what it says is that we just give up. We let the staff tell us what to do. This is too difficult a problem, so therefore we just leave it and carry on because if we overturn, and I know it is not until we have actually debated it finally in the general debate, it is not a Resolution, but if we kick out the Helyar amendment we are just saying we will leave the Civil Service to carry on, the public service to carry on as it is because it is too difficult to change.

Now, Deputy Mahoney made a point about he joined the bank and if he had joined three months before he would have been on a different pension arrangement. That applies to the States. There are people on different pension arrangements. They sit by each other in an office, they do the same job, but one has got a better pension provision than the other because they were there before a particular time. Rules change in employment. Otherwise you would still have rules that were pertaining 20 years ago.

They have mentioned the Discrimination Law. Now I hate to argue, although I have spent a lifetime doing it, with the Law Officers in relation to their advice about discrimination claims, about legal advice generally, nobody can guarantee any result in any tribunal, any court, until the tribunal or the court is concluded. It does not matter how experienced they are.

But I would be surprised in the 21st Century, in an active employment market, if you could not convince anybody on behalf of the employer, say to a discrimination tribunal, whatever it may be, the rules changed and when you joined a new organisation on 2nd January 2025, you were signing a different contract and different terms to somebody else.

How is that discriminatory? Because contracts change in the private sector all the time. Now a good manager should be able to look at his or her team and assess whether he/she is doing their job well. Now, when you apply for a job, there is often a salary range of say £30,000 to £35,000. You

get the person in and say, I will say he, I think this person has already got some experience, so I am going to employ him as a clerk at £32,000 a year. For argument's sake. Probably a half way along the band. He does not automatically, after 12 months, go up to £33,000 but he might after two or three years because he has proved himself to be a really valuable employee, move up to £34,000 or £35,000 because he has shown his worth; he has got more experience, he knows the ropes.

That happens all the time in the private sector so why should it not exist in the public sector. Collective bargaining with an organisation with 5,048, or 5,058, I cannot remember the figure, say 5,050, say, full-time employees, and Deputy Trott mentioned a figure of 5,500 total employees, so he must have another 450 part-time employees, or thereabouts. In an organisation *circa* 5,000 people you are going to have, obviously you are dealing with nurses, teachers, etc, collective negotiations of some kind. But they do not have to be prescriptive that everybody has got to be, if they are a clerk, if they are a nurse, if they are whatever, that they have got to join at the bottom or they have got to join at the top.

Their pay scale is between, e.g. £30,000 and £35,000 and it is then up to the manager and the individual employee to negotiate a contract and, if somebody does not want to work for £30,000 a year, because they know they have got no guaranteed increase to £31,000 or £32,000 they are going to get the next day, they do not have to take the job. They simply do not have to take the job.

Please do not tell me, and I respect we have got so many, 5,000, whatever the number is, good public employees, overwhelmingly good public employees, but they are pretty well paid, generally for what they do. I know of two instances recently where somebody went from doing a similar job in the private sector to doing an identical job in the public sector at an increase of £11,000 a year. And somebody else who went from doing a very similar job in the private sector to a pretty similar job in the public sector for an extra £9,000 a year. So please do not tell me that it is impossible to attract people into the public sector because that is ludicrous and that is nonsense.

If this States just wants to give up and say, oh, this is all too difficult, let us put it ... It must be the 17th cupboard that we have got of difficult decisions that we are not willing to challenge or make, because it is all too difficult, so therefore we do not do it. There was a good friend of mine, who is now dead, a Guernseyman. He worked for Ford and he worked himself up from an apprentice up to a main board director. He was an excellent chap. He said, I start my day ideally with the most difficult problem because once I have done that everything else is easier.

That is the way you have got to work. Deal with your difficult problems first because if you delay them, defer them, you never touch them. As lawyers, I am sure even as accountants, everyone has got their fishy files which sometimes they are not looked at as quickly as they should, because they have been busy and that is a bit difficult, I will look at that tomorrow. That never works. Those are the ones that blow up in your face.

This is a difficult issue. I do not detract at all from what Deputy Trott very ably said and he has highlighted concerns and I appreciate those. I am not dismissive of them. But really, this is an amendment that is an amendment too far. I come back to Deputy Le Tocq saying, when Deputy Prow – my good friend Deputy Prow, even though I forgot his name – was saying can we bring this amendment because it really reflects on something else, which has been knocked asunder because of the way we have dealt with things.

We should not be allowing this motion to debate because we are bringing last-minute amendments. Well, here we are, we have got a last-minute amendment. Cast it asunder, Members of the States.

The Bailiff: Deputy Fairclough.

Deputy Fairclough: Thank you, sir.

Given the late nature of this amendment, I am still trying to read it and absorb it, to be honest. Deputy Ferbrache referred to the late placing of this amendment. I understand, I think, the motivation behind its placing and from what I have read and heard so far, I will be supporting it. It makes eminent sense. Just picking up a few of the clauses in it, it says using bands that span several

increments helps the States to maintain pay competitiveness and also control employment costs. I think that was the point that Deputy Trott made in his opening.

3675 The other key parts of it, which caught my eye, were to make fundamental changes to pay scales for professionals that are well-established and modelled on those that exist elsewhere would be uncompetitive as well as complex and very likely unworkable in practice. We are operating in markets where officers, staff, potentially, are applying for positions here in Guernsey. We are not operating in isolation, here, as much as we like to think we are.

3680 This, also, is not the private sector, much as we would like it to be sometimes. It is not good employee relations practice to approach employee pay terms and conditions in this manner. So the amendment as it concludes says it would enable the Policy & Resources Committee to take a more considered approach and, crucially, would enable the Committee to engage with others and, importantly I think, maintain good employer/employee relations.

3685 Now the value of these, Members, unlike so many other things we are debating this week, is not easy to assess and I would urge the appropriate consultation to take place and I will be supporting the amendment and I urge others to do the same.

Thank you, sir.

3690 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

3695 Well, my instincts are more with the Deputy Mahoney/Deputy Helyar camp on this, because I remember my own experience of being involved. I was never on what used to be called the Public Sector Remuneration Committee, which had responsibility for these tasks. But obviously, as Treasury Minister, I saw the financial impacts of what was going on.

3700 I have long felt that the relationship between the States and its employees is too cosy. An example from my time was there was an element of performance related pay, so called, I do not know if that still exists. So the theory was that employees that performed particularly well could get a bonus at the end of the year to recognise their exceptional contribution.

But when I asked the relevant people what percentage of all the staff get the maximum bonus, I was told 100%. So there was no incentive at all to perform. They all just got the maximum bonus and frankly the whole Civil Service would have been shocked if any individual had not been paid the maximum bonus.

3705 We need to reintroduce, or indeed introduce probably for the first time, better incentives for good performance. That is not a criticism in general of people who work for the States. I think most of them do cracking jobs. Certainly, all the senior people that I have directly worked with have been very good. But I understand, from people I have talked to in Civil Service, that there are some people who are just coasting. The system as it stands does not adequately distinguish between those who are making exceptional contributions and those who are just doing their nine to five.

3710 I will listen to the rest of the debate but, on the whole, I am more inclined to the Deputy Mahoney/Deputy Helyar point of view and I think we really need to think about introducing better incentives for better performance.

3715 **The Bailiff:** Deputy Le Tissier.

Deputy Le Tissier: Thank you.

3720 I will be very brief. The last time I heard of collective bargaining and unions in the private sector, finance anyway, was the National Union of Bank Employees (NUBE) and the Banking, Insurance and Finance Union. We had collective negotiations then but since then private sector finance, no. But that was just a little anecdote.

My question, I would like Deputy Trott to answer this in his summing up, in the Proposition, the penultimate line says to 'consult with unions'. Now, I just wonder, is that a euphemism for

negotiation? Because 'consult' means to seek advice or information from. I sort of suspect it is going to be negotiation, not just tea and biscuits, telling the unions what we are going to do.

Thank you.

The Bailiff: Deputy Gollop.

Deputy Gollop: I thought I would speak on this, if only because, like Deputy Le Tocq and Deputy Mahoney, but much less longer, I have had the employment brief, and I totally support and endorse what Deputy Trott and Deputy Le Tocq have said, and of course Deputy Fairclough, who made a thoughtful speech.

As you may have seen from one or two of my points I made earlier, when I lamented the loss of the Civil Service Board and the Public Sector Remuneration Committee and T&I in some respects, is I think perhaps we had more political control over certain employment matters a long time ago but then the counter argument is don't you want to start leadership and a degree of less micro-management?

But I think that is a debate for another day. I think the next States will need to look at evolving relationships with the public sector but it is really too late, in all conscience, to do this on the kind of amendment that we collectively supported two days ago. It needs a more measured approach. Not a slower approach, necessarily, but one that will produce a degree of result and harmony and, actually, Deputy Le Tocq was extremely successful, I think, in delivering reforms to certain elements of the pension scheme, for example, in consultation with the unions in the last decade. So a measured approach can bring ideas, bring results rather.

But where I am speaking from primarily is from a personal approach. As a person, it would be great to go back to the 1970s and have the flowery shirts and the flared trousers and the pop music and the disco and all the rest of it. Also, the beer and sandwiches, or whatever it was, they say now it was champagne and cigars, that the unionists of the day allegedly enjoyed in Downing Street, with the company of Harold Wilson, Ted Heath, Jim Callaghan, whoever, but we have moved on from that.

Perhaps the words collective bargaining brings visions of that. As Deputy Mahoney says, it may still go on but we are in a different sphere. Guernsey has the staff number limitations policy, for example, introduced in the late 1980s, I believe by then Deputies Nick Wheadon and Roger Perrot, and then just 20 years later it was reformed.

I mention that because the 1980s was the real take-off of the successful banking careers that already two Members have alluded to. Deputy Mahoney made the point that just after the Millennium employment conditions changed for him. I suspect in the 1980s and 1990s, the industry was very much so in need of people that they offered rather good deals and then more realism crept in at a later point.

The private sector has changed. I believe even the BBC has changed in terms of increments. But there is a cultural difference between working for the States or the state and working in the private sector. Deputy Ferbrache, I am sure, is absolutely accurate about the two people who apparently had a pay uplift when they went into the States but I would say, in relation to that, whether they were identical jobs, I do not know, by their very nature they might be slightly different for the States, but I have seen in the last few years, to my surprise, especially post-COVID, a bit of a tranche of able, younger civil servants leaving the public sector and going elsewhere. So I do not see it as a one-way gravy train, by any means.

I think we actually, seriously, have to restore and retain the right level of morale, the right level of performance, the right level of conditions, and retaining people saves us money because the cost of recruitment, let alone agencies and consultants, is an issue.

As you may have seen, I voted for one or two of the maverick amendments, and I do believe we do need some change. But not done too quickly. It needs to be part of the Machinery of Government and done in a way that does not create uneasiness or any shortfall in the delivery of public services because, from a personal point of view, I tried and want to maintain positive relationships with all

public employees and their representatives. In doing so, one does not want to go in with a big stick and have unnecessarily disagreeable conversations because that could end up with adverse results.

Members, before they reject this amendment, should think of me. Deputy Le Tocq may or may not have wanted to give up their role and Deputy Mahoney might want it back, actually. But think of me working with people who are used to a culturally different context. Of course working for the public sector is different. One area that is different is it seems harder for people to accept that somebody gets more pay than another, whereas in the private sector that is more likely to occur.

But in the good old days, I am probably out of touch now, I think of the boom of private sector employment, people were getting in certain cases share offers, bonuses, cheaper mortgages, directorships, and that is not possible in the public sector. So we are comparing apples with pears. Of course there are subtle areas where certain, not quangos, but areas of the States, are in between those.

I buy the argument, actually, that not everybody who is appointed to a job, comes in on the top increment, and it rightly says that it is a form of apprenticeship, it is a form of career development. The holder of the job may be expected to attend courses –

I will give way to Deputy Oliver.

Deputy Oliver: Not anyone in the private sector comes in at the top job. Some of them start as low, just as the States do. It is just making sure that the pay is correct for what they are doing.

Deputy Gollop: I thank Deputy Oliver for her intervention. Of course, the point was made by one speaker that generally speaking, I think it might have been Deputy Ferbrache, that people go for a job at a certain rate and they do not want to start on a lower rate in the private sector. It was Deputy Mahoney. There was a market rate for the job. Whereas Deputy Oliver is putting a more nuanced approach. There are cases where people, according to their level of experience and skills, will be paid differently –

Deputy Le Tocq: I thank Deputy Gollop for giving way. Just to confirm, my experience in the private sector is that jobs are all negotiable. If you want the particular individual, you will have a set budget, you will work to that to try and work out the right salary to recruit the right person.

With regard to the public sector and certainly the Civil Service, jobs are advertised on a band, so there is a pay range, and then people apply on that basis and then, depending on who the particular successful candidate is, it will be deemed the norm to start at the bottom but if it requires to recruit that person they go up an increment, so they will do so. It is a very similar process, except that it is more explicit in terms of the budgetary range of the increments that are normally based on similar jobs in the UK.

Deputy Gollop: I thank Deputy Le Tocq for his helpful comment and I also think that he put the matter extremely ably of the nature, about having to be competitive with public sector for employees in other jurisdictions and, because we do recruit, obviously, people from the UK, and therefore reforming it and changing it needs to be done in a measured way and of course now we have a UK Labour government, maybe there is change in the short-term than otherwise.

We talked about compromise amendments. This is a form of compromise because the people who voted against the amendment are saying we will, it is very much proactive, we will consider the mechanisms that apply to incremental progression, as it applies to public sector staff, with a view to ensuring that such progression is used consistently and fairly for the benefit of both employees and the States of Guernsey to review other pay progression mechanisms, might otherwise be suitable for public sector staff. We will have action here but it will see to ensure they are paid the appropriate market rent and we will consult.

So far from saying we will not do it, we are saying we will but we will be doing it in a measured way. Deputy Matthews did not mention one of his favoured ideas but for example, within the explanatory note, you have other benefits such as private health care. They are not uncommon in

the private sector. They should be used more, perhaps. But in the public sector we do not provide them, nor are they currently on the table.

3830 So, again, one has to look at this from a fair perspective. There are one or two areas where they do get specific things. That is the point. We have sometimes reacted to a market shortage and the need for certain people to actually be given a competitive package. Most Members here sit on public sector Committees that employ people and they want maximum performance, they need maximum performance and the best way of achieving that, with also a degree of change, as outlined
3835 in the Helyar/Mahoney amendment, is to implement the change in a measured way because it does cut across well-established procedures for collective bargaining or perhaps better to say for normal contractual relationships, is perhaps more accurate.

I would agree. It is not good employee relations practice to approach employee pay and terms and conditions in this sudden manner. I do not disagree with the sentiments. I think we actually
3840 need a better political structure. We are working with Government reform and efficiencies and human resources matters, but the amendment that got passed is not the way to do it. This is a much more unifying approach and one I think that will not cause any disruption to public services or loss of key personnel.

3845 **Deputy Prow:** May I try Rule 26(1) please, sir?

The Bailiff: Can I invite those Members who wish to speak in debate on Amendment 25 to stand in their places? Deputy Prow, is it still your wish that I put a motion?

3850 **Deputy Prow:** Yes please, sir.

The Bailiff: The motion is that subject to hearing from the proposer of Amendment 25, Deputy Trott, there be no further debate. Those in favour; those against?

Members voted Contre.

3855 **The Bailiff:** I will declare that lost. Did I hear a request for a recorded vote? Yes please? In that case, can we have a motion up, please, Greffier?

I will invite the Greffier to open the voting on the motion proposed by Deputy Prow, pursuant to Rule 26(1).

There was a recorded vote.

Rule 26(1).

Not carried – Pour 16, Contre 16, Ne vote pas 4, Did not vote 2, Absent 2

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

The Bailiff: In respect of the Proposition, proposed by Deputy Prow, pursuant to Rule 26(1), there voted in favour, 16 Members; there voted against, 16 Members; 4 Members abstained, 4 Members did not participate in the vote. So although it was a bit closer than I thought, that is why I still declare it lost, on an equality of votes.

Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

Deputy Gollop spoke just before me and he said there is a culture in the public service which is different to the private sector and he said that as if was a good thing or it was something that we should accept. I do not think that is the case. I do not think that certain cultures are a good thing for business and a good thing for organisations in general.

I am not going to support the amendment. I am going to stick to the original amendment that I supported. When you have people, as Deputy Parkinson pointed out from his experience as Treasury Minister, when you have got all of these people working for an organisation and they all get exactly the same pay, regardless of performance, exactly the same bonus, regardless of performance, that encourages certain people to coast, as he puts it.

Put it this way, it does not discourage people from not coasting, it does not encourage them to fill their potential to the maximum of their ability. There has to be some element of performance related pay or performance related pay rises or bonuses or whatever it may be. It has to be linked to performance in some way, shape or form. You cannot just get a job, sit there –

I will give way to Deputy Trott.

Deputy Trott: I am very grateful to my friend, Deputy Leadbeater, for giving way. I could not agree with him more. The amendment that the Policy & Resources Committee have tabled allows for an investigation into performance related pay, precisely the sort of mechanism that Deputy Leadbeater would prefer to see.

Deputy Leadbeater: I thank Deputy Trott for that and I do get that but my worry is this amendment is going into the 17th ‘too difficult’ tray that Deputy Ferbrache alluded to before. I think just by watering this down, we are doing just that. Because it will go into the ether, it will disappear. I think the original one has more teeth and we are probably going to get more bang for our buck out of it.

I take the points on board about this is different to other Civil Service and stuff like that and it will have to be investigated and it will have to come back and it will have to be thoroughly thought out but my concern is watering down the original intention and it will be just one of those things that gets parked and does not go anywhere so I will not be supporting this amendment, sir.

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

I will be supporting this amendment. I was one of the former chairmen of the Public Sector Remuneration Committee, probably responsible for its demise, but as the holder of probably the majority of staff with HSC, I can understand the need to tread, and we do need to tread, but I think we need to tread carefully and I think that is what this amendment does seek to do, so I will be supporting the amendment and I would encourage others to do the same. This is a sensible way to progress, I think, what Deputy Mahoney and Deputy Helyar are trying to do.

Thank you.

The Bailiff: Deputy Falla.

Deputy Falla: Thank you, sir.

3910 I am listening carefully to this debate and I am honestly undecided at the moment. I am glad that we are continuing with those yet to speak. But one thing that does occur to me is that, as it stands, the new amendment does give the opportunity for proper consultation, for proper conversation, with a very significant sector of our community.

3915 Public servants are also people. They are, in my old professional language, a stakeholder group and we need to bear that in mind. We are not talking about faceless numbers that just work for us and I feel that that needs to be weighed up in this whole argument. This does leave the way open. Relatively loose to this, no guarantee that we will get anywhere in conversation with the public sector on these points, through whatever form of negotiation, consultation, conversation, whatever it might be. However, let us remember they are people and they also are people who we represent in this Chamber.

3920 Thank you.

The Bailiff: Deputy Dyke.

3925 **Deputy Dyke:** Thank you, sir.

Listening to Deputy Gollop, I am sensing a certain nostalgia for the 1970s, British Leyland, Red Robbo, everybody out! I did listen to him quite carefully and he did convince me of one thing, namely that he really wants to kick this issue into the very long grass, which is why on balance I do think that Deputy Helyar's original amendment, which was a bit sharper and a bit more insistent on getting things done, is the way to go.

3930 We are talking about an amendment to the contract for new employees. I have reviewed these contracts. There is one clause that deals with performance and the current pay step-up arrangement, which could be fairly easily modified, going forward, and I do not see a problem with that.

3935 Funnily enough, as luck would have it, our new Head of the Civil Service, is the chap who did so much in terms of reorganising the Post Office, quite successfully. That organisation, despite terrible headwinds, has just about stayed afloat, so I think we could well have the right person, right now in the right place, to do this.

3940 Deputy Parkinson recognised and emphasised the importance of performance incentives. He is absolutely right on that. The idea, if this is our current policy, that everyone gets the same bonus regardless, works two ways. It is nice for everybody. It is particularly nice for those who want to coast, but it makes those who work very hard despair that their efforts are not being rewarded. **(A Member:** Hear, hear.)

3945 I have got to tell you some comments I have received on Scrutiny. We are doing a review of employment and retention, and our officers went out for comment and from an anonymous civil servant, one of the despairing types, I suspect, we received a comment: there are two types of civil servants. The first do all the work and bear all the burden and the second do not give an expletive I cannot read.

3950 That is from a civil servant and it is something that came to us. Obviously, we have got excellent civil servants and we tend to deal with great people here. I am very grateful, obviously, for everyone we have been working with. But there are two types of civil servant and the performance issue, I think, is very important. It does work two ways. Those who work very hard and carry the burden do despair when they see that they are not really recognised at all. I think this issue needs to be pressed and I will support the original amendment from Deputy Helyar and I will not vote for this one.

3955 Thank you.

The Bailiff: Deputy Murray.

3960 **Deputy Murray:** Thank you, sir, and I think we should take the temperature down a little bit I think it is very unfortunate that this is deteriorating, to some extent, about what I heard, what I was told, maybe what I saw, and there will be some truth in some of it and there will be myth in

others. I am not entirely sure that this is actually the right place to be debating a subject as large as this but I wanted to pick up, maybe by illustrating the comment that Deputy Dyke just made about coasting.

3965 We all actually joined the States to serve the public and I think it is pretty apparent to most of us that some work very hard, some work hard, some work less hard. Some of the responsibilities that we are in require that of us. So we did not make the rules about what we were going to get paid, we accepted the job on the basis of what it was.

3970 There are very few graduations in it. Chief Executives, or rather the Chief Ministers get top of the grade, then there is quite a jump down to Presidents, Members of P&R and then there is pretty much everybody else. But then below that you have also got the people that we involve in other Committee business from the private sector or elsewhere and there are different payments there as well. Some of them are allowed to vote, some are not.

3975 It is a complex mix. So when we talk about our own pay, we put that out to an independent body and ask them to make some assumptions and to investigate and to make comparisons and they do that because it is pretty unseemly for us to actually be doing that ourselves. Besides which, we would never come to a conclusion.

3980 Now unfortunately, I think I understand very much where Deputy Mahoney and Deputy Helyar are coming from, I think unfortunately because they feel that it is only applying to new joiners it would be fairly straight forward to implement. I do not think it would be that straight forward to implement. I understand why they want to do it. I also understand that actually there are other matters already being raised in here about performance, for example, performance related pay, that did not necessarily come into the amendment that we considered earlier this week.

3985 But it is clearly a part of actually what we should be discussing when we are discussing actually what public servants get paid. Sometimes it is very easy to compare like for like. I mentioned this morning motor mechanics. There are more motor mechanics in the private sector by far than there are actually in the public sector but it sets a rate that we can actually quite reasonably compare. If you are a motor mechanic inside one institution or another, then it is pretty much the same, relevant job that you are doing.

3990 It gets much more complicated when you start looking at the different sectors in the public sector, particularly probably further up the tree than it is, necessarily, down. Because you are talking about people that decree policy or strategy. That is not quite so easy to quantify.

3995 If we just accept the amendment that we had before on value, and collective bargaining has been thrown into this and Deputy Mahoney will know that is the approach that we currently have and it can be changed. Of course it can be changed. But we also know that we ended up in a tribunal, which we won, on the last occasion and we could very well end up in a tribunal again. But what you will also know is that actually, because of the size of the organisation and its diversity, we actually have to apply, essentially, a rate across the *piste*.

4000 Because otherwise we cannot budget. We cannot for 5,000 employees be in a position to negotiate individually. We just cannot. So we have to have some sort of graduated scheme that actually applies remuneration to a certain level of expertise, technical or otherwise, in order that we can actually make progress. That is how we have to do it.

4005 Now it is clearly not perfect. It is probably quite imperfect, but at the moment it is the system we use. You cannot at a stroke change that. Clearly you cannot. That is not really what is being suggested but clearly it is also being suggested that we are way back in the dark ages for using it at all and it gets quite emotive as a consequence of it. Yes, we probably do need to revise that, to review it. But we are not going to do that on the floor of this Assembly. We just cannot. It is ridiculous to expect that we are going to resolve all of these concerns, real or imaginary, on the floor of this Assembly.

4010 That is not what we do and we are not skilled at it. There are very few people here who are professional negotiators, for heaven's sake. What happens is that a Member of P&R gets appointed to do the negotiation. It does not necessarily mean they are a professional negotiator and maybe that is what we should be doing. Maybe we should appoint a professional negotiator on behalf of

the States of Guernsey to negotiate with its employees. That is not quite how it works at the moment but it is how it has worked in the past, for better or for worse.

I would caution about changing the system, even marginally, which would be the opinion, I think of my colleagues here, because I think the ramifications are not entirely clear yet. That is why this particular amendment, whether you agree with some of the information in it or you do not, is not the point. If we run with the existing amendment that we have already agreed at this stage, there are definitely going to be consequences that we are not aware of. They could be quite serious. I do not actually know. But I would like to find out before I actually make that decision because the damage that will get done if we make the wrong decision at this point, could be quite severe.

I would point out we are actually right in the middle of negotiations already, collective bargaining, which happens to be what we do, we are already in it. And we are negotiating. Negotiation also requires consultation. We have to understand what our options are. We have to understand what the opposition may or may not be.

So I completely understand where my colleagues are coming from. I am absolutely sure that there are improvements that can be made, but I do not know that I actually want to just, at a stroke, say, well, we will just do this bit, because I think it could have hidden difficulties that will come back and bite us all.

Now I am not trying to delay the process. I am merely trying to say, can we do it in a sensible and considered way, rather than just because emotions have run very high about this, we do not know the full consequences. Lots of people have said what they know or do not know or have heard and I think it is influencing people's opinions without actually taking a long, objective, considered view about how we move this forward and I would want to move it forward.

But that is the only way I think we can do it. I think we have to have some trust brought back here. Because at the moment I think there is a lack of trust in this room. I think there is a lack of trust in the public sector generally, which is unfortunate, because everybody gets tarred with the same brush, and I think that is very unfair, so can we perhaps take a slower, more considered view that this amendment is suggesting, guaranteeing that we will look at it and you will have to accept that the trust is there that P&R will look at it.

If you do not trust P&R to look at it, then fine, but we are on a really slippery slope if we start losing that mutual trust that we have in this room.

Thank you, sir

Deputy Inder: Sir, Rule 26(1) and there is a reason for that.

The Bailiff: Just a minute, Deputy Inder, the first thing I have got to do is to ask Members if you are prepared to continue sitting this evening to finish Amendment 25 and then to work out what happens next and that is the motion that I am going to put to you because if you are not prepared to do that then we simply adjourn now. The motion is to continue sitting to deal with the remainder of speeches on Amendment 25 and work out what happens at the end of today. Those in favour; those against?

Members voted Pour.

The Bailiff: Thank you very much.
So where were we?

Deputy Inder: Rule 26(1), sir.

The Bailiff: The next is Rule 26(1) from Deputy Inder. Can I invite those Members who have not yet spoken in debate and who wish to speak in debate to stand in their places?

Is it still your wish, Deputy Inder, that I put a motion under Rule 26(1), bearing in mind that this is to replace something that Deputy Helyar succeeded on. I simply point that out to everyone. So I

am going to put the motion to you that apart from hearing from Deputy Trott responding to the debate there be no further debate on Amendment 25. Those in favour; those against?

Members voted Contre.

The Bailiff: I will declare that lost.
Deputy Helyar.

Deputy Helyar: Thank you, sir.

I will be very quick. I did really appreciate the speech from Deputy Murray and I do appreciate the quandary that it creates, having the amendment that was accepted previously. Members, in case you have forgotten, I used to be a civil servant. I was a civil servant for five years. I know how the game works because I have been on the inside of it.

This amendment was not brought lightly, it was brought, if you remember, because Deputy Mahoney and I were very surprised that when we had a pay freeze, and we had a complete pay freeze across the service in 2021, the money went up anyway by half a million pounds. The advice that I was given by the Law Officers, because I did ask for advice about it, was whether this is now considered to be contractually enshrined in existing employees' contracts and the answer is yes, it is an escalator. If you are appointed on the bottom of a scale, it just goes up until you get to the top of it.

It did not used to be like that. It did not. There were appraisals. There were lock steps, there was gatekeeping. It was recorded and there was reporting of it and you could find that –

Deputy Trott: On a point of correction.

The Bailiff: Point of correction, Deputy Trott.

Deputy Trott: There *are* appraisals. Appraisals are carried out. They are carried out annually and to suggest otherwise is incorrect. When we heard yesterday from Deputy Mahoney that he had not seen any of these appraisals, he had not seen them not because they had not been carried out but because they are matters of a confidential nature to the professional human resource staff that work for this organisation. It would be no different in the private sector, for that matter.

The Bailiff: Deputy Helyar.

Deputy Helyar: I had not quite finished the comment, so I am not sure how it is possible to correct something I had not actually yet said. When the information was asked for, and I was present on several occasions when it was asked for, that was one of the excuses that were given. But it is perfectly possible to redact a document. It is perfectly possible to do it. Lawyers do it all the time, all day every day. In fact, so does the States when they get requests for data subject access and so on.

It is not impossible for that information to be provided. At least to provide evidence of the fact that it goes on and we saw none. None whatsoever. That is a fact. I am not saying it does not happen; I am saying no evidence was provided of an adequate process to gatekeep the constant increase in salaries and that is all this amendment is aimed at.

Everybody is appointed to the States, when they become an employee, on a fixed rate, but at the moment they are appointed within a scale with increments in it, and that just keeps going up. It has to stop. I am afraid, Members, you are perfectly entitled to take the more reasonable approach, which has been suggested, but this sends the most ... I ask for trust. The public needs trust that we are going to take control of costs, if we are going to put up tax, and that is what this debate is about.

If we agree to replace the amendment, which has already passed into Propositions, with this one, it will send out the most terrible message to the public, that we have no stomach to deal with the issues that we have and the biggest bill that we have is our bill for salaries and that is where this starts. We have to start taking control of it or we have completely lost any control we have on Government spending. (**A Member:** Hear, hear.)

Thank you.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you.

The way I see it, and the States are very good at this, is we have an amendment which was in play and got voted through and then we have also got this amendment. This amendment actually, in my opinion, is really just ... a vote for this is just a vote for kicking it further down the line. A bit more negotiation, a bit more consultation, whereas let us just get on with it. I think the public actually need to see this.

There was a very good experiment, it kind of deviates a bit but it does go to the heart of this. It was carried out in Sweden. Now the Swedish, one university wanted to do an experiment that everybody at that university would get a pass rate. So it did not matter if you were A students or D students. The D students all thought this was absolutely fantastic because then they would immediately get a pass and the A students, they continued a bit longer and they were just like, hold on a minute, why am I working so hard when all these D students and C students are not and I can just coast along with it?

When you have bonuses that are like this and you are saying everybody gets the same bonus, where is the incentive to actually stride above the rest? You just get mediocracy. I really do not want and I really think actually if you just go out onto the street, one thing that everybody says, it is misinformed that you have got to cut the civil servants but actually I think what they are saying is you really need to get a handle on how much you are spending and Deputy Helyar's amendment, although slowly – it is just for new people coming in, it starts that ball rolling – and that is what we need to start doing.

The Bailiff: Deputy Roffey.

Deputy Roffey: Sir, I totally agree with much of what Deputy Oliver just said but I do not see, I really do not see, that the amendment that was passed, is in any way the route to get there. I felt since my days on the Civil Service Board, I got very frustrated with the situation at the time. I do not like automatic increments and I am told that is not the case anymore but it was for some of the time. I want to see performance related pay. I want to see proper, in-depth appraisals, I want to see us rewarding those people who go the extra mile more.

I think the amendment will pass so that in just a few weeks' time there will just be a single pay point for every single employee in a particular job. But that, I think, limits your ability to do exactly the sort of things that Deputy Oliver and I actually want to see done. I do not want to see this kicked into the very long grass because I felt for a long time it needed reform here. But I think we have also got to be careful about messaging.

Deputy Oliver is right about what the public think and very often it is wrong and it has been reinforced time and again on social media and, unfortunately, I think we are starting to be an echo chamber. Our Civil Service is not the enemy. The number of times I hear Deputies say, actually all the civil servants around me they work their socks off, they are marvellous, but I have heard elsewhere there is a load of lazy so and so's that are just coasting. Of course there are public servants that coast, as there are in any organisation. I tell you what, I think there are a few in this Chamber that coast. Let us bring in some performance related pay for them and let us take them down a bit!

I think we do have a morale problem as well in our public sector and that has been aggravated by the public narrative and if we start hearing States' Members echoing that ... For goodness' sake,

4165 yesterday I had two or three Members accusing one of my senior and respected staff of lying to his Committee, one after the other, and just assuming that was true. Now we are hearing, I am picking up that really we have got to sort out all these lazy so and so's, when actually I think we need to change the system. We need to talk to them.

4170 People are right that hard-working civil servants will feel they are not being properly rewarded if there is not some kind of performance related pay so why can't we arrive at a system through collective bargaining? Because the employees' representatives will want to see their hard-working people rewarded as well.

4175 But particularly in Home Affairs and in Education and in Health, but also in our core Civil Service as well, I think we are trampling over systems that are in place. I am happy to ask P&R to report back on this after the end of this current pay negotiating system and make sure it does not go into the long grass but I think this is knee jerk and I think it is knee jerk in a way which may well aggravate what is undoubtedly I think one of the worst morale issues I have seen amongst our public service in all of my time in the States of Guernsey.

4180 I really do urge people to tread cautiously. Do not be scared of tackling difficult situations at all but engage with all the interested parties and try to bring people with you because I think that way will have a far better outcome.

The Bailiff: Deputy Soulsby.

4185 **Deputy Soulsby:** Thank you, sir.

I would just like to echo what Deputy Roffey has said. Particularly, I thought, Deputy Falla made an excellent point. You have got to remember these are people and if any of them are listening right now I think they would be asking themselves why have they dedicated their lives to the public sector?

4190 Yes, there are some that coast. But the vast majority work hard and more than their contracted hours. I remind people three or four years ago, when we had staff who were working all hours of the day and night, literally all hours of the day and night, to get things moving during COVID. I know; I saw that. I saw everybody pulling their weight and they were not being paid for that at all. I have really been so disappointed. I have noticed, it has been absolutely noticeable in this term, how staff morale has absolutely plummeted and that goes from the bottom right to the top.

4195 We have got to ask ourselves, why is that? What has changed in these last four years for that to happen? I think probably a bit of soul-searching is needed on that front. It is as if, 'in the private sector you would get kicked out.' Honestly! Do we all think that every business on the Island has everybody working absolutely wonderfully? We had Deputy Leadbeater just yesterday talking about how there are some firms who have got some good workers and some who are rubbish. Of course not. There is not one part of the work economy they are all brilliant, the other lot are just coasting, they just clock in, clock out.

4200 Yes, of course there are people who do that. But the vast majority work damn hard (**A Member:** Hear, hear.) and I have seen it. I know how hard they have, as I say, from the bottom to the top and I think we have really got to be very careful of the language that we use.

Talking about the private sector, I have set pay and bonuses in the private sector that a process that might work well for an organisation of 200 people but it is not going to work very well for over 5,000 in various different job roles, completely different skills and specialities. To expect that it is fine, you can just flatten it all and that will solve all our problems I think is very dangerous.

4210 Deputy Mahoney, he says, £9.5 million potential cost is nonsense. That is fine. But are we happy to take that risk? We are not exactly flush with cash at the moment, are we? Where are we going to magic up an extra potential £9.5 million. Perhaps it is not £9.5 million but there will be a cost to this. I cannot imagine how just changing things overnight means that there will not be any costs at all. I find that absolutely impossible, quite frankly.

4215 I have heard lots of views here and I think Deputy Roffey really spoke to this point, everybody has got an opinion, but where are the facts around those. I heard Deputies Mahoney and Helyar

say they have not seen appraisals so that means that they do not exist. It just reminds me of Schrodinger's Cat, really. Does the cat exist because we cannot see it? Appraisals are done; Deputy Trott has referenced that.

4220 There is this view that we need to get back that control and I have heard that before and I do not think that has turned out terribly well. People have referenced the new Chief Executive, Deputy Dyke did as well. But what I would say is introducing new terms and conditions, performance related pay will be a problem for him now, I think this amendment enables him to get cracking with this straight away and I do have concerns, if we do not amend, do not support this amendment, the
4225 fallout that we are going to see so I do urge Members to support this amendment.

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, sir.

4230 Amendment 13, which Deputy Dyke did previously, which tried to get the capital head count etc. was very much of our choice. But we also supported Deputy Helyar's amendment, which we are now looking at, in effect, the consequence of it.

The whole purpose of this exercise, at least from my perspective, is we have to make changes, save and act strong to actually demonstrate to the public to what we are trying to achieve. My
4235 immediate reaction, coming from an HR background as well and looking at the situation, you cannot go on with this with an attack. It is very clear it is a very direct wording for the changes that are required by 1st January, 2025; I can see from the union letter talking about they are going to put people at the top cap immediately, it could be a very disastrous consequence for us if we do this.

Where I am struggling with, and I do ask this of the summing up, if we go ahead as it is, by the
4240 original amendment then we will have that action and there could be some grave consequences and there could be some unknowns we are not aware of and that could have a huge impact. I do not mean just on morale; I mean on other aspects too.

However, if we take the approach, which seems like given the fact that we are doing this all within so many weeks, if we take the approach of the amendment, which was smartly laid today,
4245 then at least it can be looked at. What I am nervous of is this work will just carry on and on and we will not get there.

I would like to get some assurances from the proposer, Deputy Trott, and Deputy Soulsby to ensure – it is a very hard thing to do here because I am very aware of the impact – I totally agree with the impact although I must admit I was keener on the amendment which failed, Deputy Dyke,
4250 but I still think this is another act of trying to engage and make things work better.

I am literally going to be casting my vote at the last moment, when I have actually heard the summing up on all of this because I have listened to both arguments of the sensibility but also it is about time we start taking some direct action so I really would like to hear that in the summing up.

Thank you.

4255

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

I have gone backwards and forwards on this one. I think the intent of the Assembly and most of
4260 us here is we all acknowledge that some of the employment terms for the Civil Service need to change. They are based on arcane principles and they need to be brought into this century. I certainly appreciate the original Helyar amendment.

But I think just having had this debate is sending a loud message, having the reaction from the unions is firing a shot across our bows and the fact is I very much appreciated Deputy Murray's
4265 speech and, knowing how difficult negotiations with the unions can be, especially when there is more than one union involved, I think we should accept this amendment, support it and trust P&R to have those negotiations but, like Deputy Blin, I would like an assurance from them that it will be done and returned to us this term.

4270 Because I think it is a piece of work that has to be done and I think a lot of the elements of this debate have illustrated the concern of this Assembly that this needs addressing. But on that basis, I will be supporting this amendment.

Thank you, sir.

The Bailiff: Deputy de Lisle.

4275 **Deputy de Lisle:** Sir, having worked in the Civil Service for 20 years and having had incremental scales thrust to me and having walked up the scales in different jobs, I see no problem here at all, that a person coming in will come in at that level and that will be the level until that person is appointed to a further position at another rate.

4280 But what is being proposed by the original Helyar amendment is simply that policy, it is only on new employees, new employees just come in at the rate that is proposed for them and they do not continue up a scale. In other words, we get rid of the incremental side of it. That is simple enough and that is all that is being proposed and that has already been voted on. We do not want to have to vote on it again, surely?

4285 Thank you.

The Bailiff: As no one else is rising, I will turn to Deputy Trott as the proposer of Amendment 25 to reply to the debate, please.

4290 **Deputy Trott:** Thank you, sir.

Let me just remind everyone one what the Helyar/Mahoney amendment said. It said:

... to put in place arrangements with effect from 1st January 2025 ...

It is, what, the end of the first week in November.

... to ensure that new employees are appointed on a static pay rate applicable to the role in question and their capabilities and experience for it, with no incremental increases to apply.

4295 Okay, so I will return to that in a moment. Deputy Mahoney kicked us off and he asked, will I call out those who have advised us if the advice is shown to be incorrect? Well that is one of the easier – he is not listening, so I will wait until I have his attention, sir; good, excellent. You asked me the question will I call out those who have advised us if the advice is shown to be incorrect and the answer to that is I absolutely will. I do not think for a moment that it is incorrect and I will come to that in a moment. But I give him the assurance he seeks.

4300 Deputy Kazantseva-Miller asked a question and I can confirm that new staff, I think Deputy Le Tocq may have covered this, new staff are generally appointed at the bottom point on the scale unless there is a strong case, indeed a very strong case, to do otherwise. So they come in at the baseline.

4305 Deputy Ferbrache, the advice that I have received and the Policy & Resources Committee has received and we have advised this Assembly on, has been put together by people who work day in and day out in HR recruitment. That is what they wake up in the morning, go to work and do, it is the last thing on their minds when they go to sleep at night. These are real people at the HR coalface, who manage the dynamics of the workplace. These are the people that have been advising us and these are the people who know what they are talking about.

4310 Now Deputy Parkinson said we need better incentives for exceptional performance and he is absolutely right. It was a point echoed by Deputy Leadbeater. Although I intervened, I do want to repeat the point that the P&R amendment in front of you creates the ability to have performance related pay and key to this is likely progression to performance rather than a simply time-served approach.

I think that is key and it is a view that I have held for many years. I remember giving a speech in this Assembly, maybe 12 or 15 years ago, when there was lot of discussion around the creation of an independent pay review board, which I still favour to this day, that if we were to do that then the creation of performance related pay was the right way forward.

Deputy Le Tissier asked me what does 'consult with unions' mean. I do not think it is a trick question; at least, if it is it does not matter, because I am going to give him the same answer. Consult with unions means consult. Because that is what responsible employers do. Dictating, as this amendment effectively does, the amendment we are trying to amend, the Helyar amendment, creates division, whereas consultation, in my experience, usually helps facilitate consensus. That is what we would be trying to do.

Deputy Helyar, I want to say this one more time. Even though I do not think he is disputing this fact now, neither is Deputy Mahoney. Annual appraisals are carried out but they are a contractual obligation. These annual appraisals must be carried out and it is from those appraisals that the basis for incremental rises is assessed, including of course whether that individual's qualifications have changed during that period.

Deputy Roffey made the point that single pay points, as proposed in the Helyar amendment, will cost us a very significant sum. Let us just remind ourselves what these officers, who in my experience go out of their way to advise us with great accuracy, I know that they have been working on this sum for 36 hours, so this is not something they have taken on the back of the fag packet, and it is the point that if the organisation were to move to static pay points, which is what the Helyar amendment wishes, there is a strong argument for making the static points those that currently are the highest on the scale – not the lowest on the scale but the highest on the scale at the point of entry.

Because if you are not able to show obvious career progression within that role, to attract someone they are going to need to be at the top, otherwise it will act as a quite obvious negative incentive. In effect, they are coming from a system in the United Kingdom, many of them, where very similar processes are deployed. So there would be a higher cost.

What we are being told by people whose judgement I trust, by people who are not just discussing this for the first time this afternoon, for the first time on Tuesday, that are at the coalface every day, they say if your employee who is not currently at the top point of the applicable scale were to be replaced by new recruits on the top point, the associated costs would be approximately £9.5 million.

So in a stroke, you run the risk, in an organisation that is turning over staff at a rate of nearly one in five each year, higher in many cases within the Health & Social Care Committee, you immediately move from Point 1 at the start to Point 5, if there are five increments. Often there are only three. It is utter madness for an Assembly that has been so preoccupied, rightly, in seeking ways to drive down costs, not to support this amendment. It would be an act of absolute stupidity.

There was a question from Deputy Blin and Deputy Meerveld. Deputy Blin asked can I assure that the process will be carried out expeditiously? Well the answer to that is I can. As an employer, this Assembly is currently in pay negotiations with a number of entities at this time. I think we can also give this Assembly an undertaking that the new Chief Executive, who is now less than two months away from starting, can be given a direction by the Policy & Resources Committee, in line with what Members appear to want, that performance related pay needs to be a matter that he picks up on, that he drives forward, should this amendment be passed.

That leaves me, lastly, with my friend Deputy Meerveld, who asked me can I assure we can get back this term? He knows I cannot, so I am not going to try and buy his vote by telling him that I can. But I will give him an undertaking that I will do my very best. We will do our very best.

The key thing here, though, Members, is that the costs to the public service, as advised by people who know what they are talking about, are very significant indeed if we progress in this manner during the pay negotiation phase. That would be, in my experienced view, having been Chief Minister before, I have now had five-plus years in the role of Chief Minister, in dealing with pay related matters and four years previously in the Deputy Chief Minister role ... You need to trust me

on this, to not accept this amendment will have very material consequences, not only for the manner in which we engage with our employees but also on the pocket of the taxpayer.

None of us want that. Please support the amendment.

4370 **The Bailiff:** Members of the States, it is now time to vote on Amendment 25, proposed by Deputy Trott, seconded by Deputy Soulsby, and I will invite the Greffier to open the voting on Amendment 25, please.

There was a recorded vote.

Amendment 25.

Carried – Pour 20, Contre 11, Ne vote pas 7, Did not vote 0, Absent 2

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

*denotes Member who voted by proxy

4375 **The Bailiff:** In respect of Amendment 25, proposed by Deputy Trott, seconded by Deputy Soulsby, there voted in favour 20 Members; 11 Members voted against; 7 Members abstained; 2 Members did not participate in the vote and therefore I will declare Amendment 25 duly carried.

4380 Let me just run through, for your benefit Members, where we are at the end of the 25 amendments that have been submitted. Proposition 1, from the original set of Propositions has been substituted by Propositions 1A, 1B and 1C. That is the consequence of the success of Amendment 22 and also Amendment 24.

4385 Just by way of explanation, there will be a vote first, therefore, on Proposition 1A, as substituted by Amendment 22. If that succeeds, then there will not be a vote on Propositions 1B and 1C. However, if Proposition 1A is lost, then there will be a vote on Propositions 1B and 1C, voted on together, because they are joined by the inclusion of the word 'and' before the insertion of 1C in Amendment 24.

4390 Proposition 2, as it currently reads, potentially needs to be read in a slightly different way because we have lost Proposition 1, but we do have a Proposition 1A in its place. Therefore in Proposition 2 I am going to suggest we simply read the references to Proposition 1 as reference to Proposition 1A and that has the difference between paragraph (a) and paragraph (b) in terms of the personal allowances.

Amendment 10, I am going to insert as Proposition 4A. One of the reasons I am doing that is that it does require an amendment, I am advised, that is covered by Proposition 31. So I cannot put

it beyond 31, I have got to put it before 31 and the Ordinance in question is the same Ordinance that is referred to in Proposition 4, so it makes sense to insert Amendment 10 as Proposition 4A.

Amendment 11 has substituted Proposition 7, so you just need to have that amendment in your hands. At the end of Proposition 10, there is now an insertion of paragraph (d) in Section One of the Ordinance that is referred to there. That was Amendment 19 and Amendment 21 just replaces the dates for that one. So there are two amendments to bear in mind on Proposition 10. On Propositions 14 and 15, you will have to have regard to Amendment 20, just changing the dates once again.

Amendment 23 substituted new wording for Proposition 22, so we will take that one in that place. On the basis that you have just approved Amendment 25, we will add that as Proposition 32. We will then add, as Proposition 33, the successful insertion of a new Proposition, which was Proposition 4 in Amendment 3.

Then as Proposition 34 we will have Amendment 12, which was Deputy Kazantseva-Miller's successful amendment and then we will take the next one, Amendment 9, as Proposition 35. Then we will put in as the last Proposition, in case it is needed, the one from Amendment 8, with Deputy Burford, on the basis that we might not need a vote on that depending on what has already happened earlier.

A Member: Sir, will we get what you have just said in paper form?

The Bailiff: Yes. What I just wanted to do was to explain to you, so that you can think about what happens next with those various amendments in mind.

What we will attempt to do for when you resume debate on these Propositions is have a paper copy with a composite set of amendments in place for you.

Procedural – Continuation of Meeting on 8th November

The Bailiff: Now, as I indicated at the end of Tuesday's sitting, there are only three days for any Meeting under Rule 6 of your Rules. Bearing in mind that you have not yet got to general debate on this set of Propositions, if it were your wish to sit tomorrow, then potentially that can be accommodated.

If it is not your wish to sit tomorrow then the default position is that the Budget proposals and the Employment & Social Security's Uprating Report, will by default be put in as deferred items in the Meeting that starts on 20th November.

I am prepared to put the Proposition to you that you resume debate on the Budget proposals tomorrow and I am also able to invite Members to debate that Proposition, but only briefly. Just a minute, Deputy Murray. Before I do that, is there any Member currently present who cannot come if the States were to adjourn until tomorrow?

So I simply want to give that indication so that Members, when debating this proposal that the States resume tomorrow, have that in mind. Deputy Trott, do you wish to explain the advantages or disadvantages of tomorrow.

Deputy Trott: Yes, sir.

The advantages of tomorrow are that if Amendment 1A is passed, the sooner the Revenue Service can despatch the necessary coding notices the better and it would be their preference to do that next week. However, there are two Members who have been absent due to overseas commitments through this debate. One that has been absent as a consequence of having recently become a father and as we saw earlier, one Member who cannot be here throughout the entirety tomorrow and another who will be absent for a couple of hours.

4440 Notwithstanding that, sir, my advice, even though it may not suit my particular political view, is that we try to conclude this matter tomorrow if at all possible.

The Bailiff: Does anyone else wish to speak?
Deputy Murray.

4445 **Deputy Murray:** I was only going to mention what Deputy Trott has just said, that there is actually a time limit in terms of instigating some of the tax requirements that we cannot miss.

The Bailiff: Deputy Roffey.

4450 **Deputy Roffey:** Just on behalf of ESS, there is also an issue of being able to get the uprated benefits system in place for the beginning of 2025. I believe it might just be possible if it was done in the later November Meeting but it would be really difficult and our preference would be to get it done this time.

4455 As well as supporting a motion, sir, could I ask, if it is passed, whether we could consider sitting hours, because I think the Island is looking at us. This is one of the most significant Budget debates that I can ever remember and I think we should really try to complete it if possible. I have got a sleeping bag; I am willing to bring it tomorrow!

4460 **The Bailiff:** In the first instance, Members of the States, before addressing sitting hours tomorrow, if nobody else wishes to speak on the Proposition that we resume debate on the Budget proposals tomorrow, then I will put that motion to you. Those in favour; those against?

Members voted Pour.

The Bailiff: I will declare that carried.

4465 So the next question is what time do you want to start tomorrow? Do you have any particular suggestion?

Deputy Inder: Sir, I am going to propose nine o'clock.

4470 **Deputy Roffey:** Sir, we are finishing quite late tonight. A lot of us will be catching up with work. I would prefer to start at the normal time, shorten the lunch hour and work on in the evening so that at least we can go home and get ourselves refreshed for what will be a marathon session. Also, the traffic is absolutely diabolical at nine o'clock! I do not mind eight o'clock, that would at least give us a free run in.

4475 **The Bailiff:** Deputy de Sausmarez.

4480 **Deputy de Sausmarez:** Just speaking in support of Deputy Roffey's start time and lunch time arrangements. I struggle to get here for 9.30, obviously! But I would say for parents of primary school age children you literally cannot leave them at school before a certain time and, given the traffic issues, it would be a particular struggle for those of us in that situation.

The Bailiff: Deputy Inder has suggested the start time should be nine o'clock, so I will put that to you, because it is your decision, not my decision. Those in favour; those against?

4485 *Members voted Contre.*

The Bailiff: I will declare that lost. We will start at 9.30. Depending on how progress is going, it is highly likely that I will propose that you have a short lunch break, possibly as short as one hour,

rather than anything longer than an hour. And if it is your wish to conclude the business of this Meeting, rather than deferring the Employment & Social Security's Uprating Report to the next Meeting then please be prepared, depending on how long everyone talks for, to sit into the evening as well.

But on that basis, we will now adjourn until 9.30 in the morning.

The Assembly adjourned at 6.18 p.m.