



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Friday, 8th November 2024

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Present:

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

Law Officers

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

People's Deputies

S. E. Aldwell	C. J. Le Tissier
C. P. A Blin	J. P. Le Tocq
A. H. Brouard	D. J. Mahoney
Y. Burford	A. D. S. Matthews
A. Cameron	L. J. McKenna
D. de G. de Lisle	C. P. Meerveld
H. L. de Sausmarez	N. G. Moakes
A. C. Dudley-Owen	R. C. Murray
J. F. Dyke	V. S. Oliver
S. P. Fairclough	C. N. K. Parkinson
S. J. Falla	R. G. Prow
P. T. R. Ferbrache	P. J. Roffey
J. A. B. Gollop	H. J. R. Soulsby
S. P. Haskins	L. S. Trott
M. A. J. Helyar	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 Bury (*absente de l'île*); Deputy Gabriel (*absent de l'île*);
Deputy Inder (*relevé à 11h 41*); Deputy Leadbeater (*relevé à 11h 41*);
Deputy Queripel (*relevé à 12h 13*); Deputy St Pier (*absent de l'île*); Deputy Taylor (*indisposé*)

Business transacted

Evocation	1855
Billet d'État XIX.....	1855
1. The States of Guernsey Annual Budget for 2025 – Debate continued.....	1855
<i>The Assembly adjourned at 12.57 p.m. and resumed its sitting at 2 p.m.</i>	<i>1895</i>
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<i>The Assembly adjourned at 7.28 p.m.</i>	<i>1972</i>

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States of Deliberation

The States met at 9.30 a.m.

THE BAILIFF *in the Chair*

PRAYERS

The Deputy Greffier

EVOCATION

Billet d'État XIX

COMMITTEE FOR POLICY & RESOURCES

1. The States of Guernsey Annual Budget for 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: Well good morning, Members.

The composite set of Propositions, I am told, is on its way and, therefore, there will be a few pages to put before you during the course of the morning. But we now go into general debate on the set of Propositions that we have got.

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Deputy Parkinson.

Deputy Parkinson: Thank you, sir.

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Well, I am not going to be able to support either 1A or 1B because they simply impose more tax on the middle class in Guernsey and if the States is not even willing to support an investigation into corporate tax reform, I simply cannot countenance in imposing that additional tax on the population.

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But in truth, I do not think it matters very much which way the vote goes. If the States choose to implement GST, it will take a minimum of two years to do that and that, of course, is well the other side of the next general election and I am pretty confident that it will just never happen. If the States vote to impose an increase in Income Tax that, admittedly, could take effect from next 1st January, before the general election, so that would be to that extent, a *fait accompli* come next June.

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The new States could, of course, decide not to impose the second year of the 2% increase but in the meantime, I think, irreparable damage will have been done to Guernsey's reputation amongst the high net worth population of the world, (**A Member:** Hear, hear.) the Open Market will take a knock from which it may take a generation to recover and, essentially, Guernsey's reputation for stability amongst the ultra high net worth individuals will be gone.

If the States can put the tax rate up from 20% to 22% then it could put it up to 25%, it could impose higher rates of tax, it could impose Capital Gains Tax, who knows. Guernsey has a hard-won reputation the 20% rate has been solidly maintained since 1960. Everybody out there in the high net worth market knows where Guernsey stands and that will be gone.

So I hope that the States are not foolish enough to support the 2% increase in Income Tax and, based on the voting last time this was discussed, I think that has a low chance of success. After all, Deputy Trott's proposals to increase the rate of Income Tax got fewer votes than the votes to review Corporate Income Tax. So I suspect that one is probably dead in the water anyway.

So I do not think it honestly matters terribly much which way the States votes today. I think all of the other options, bar corporate tax reform, frankly, have no runway. They are not going anywhere because the public are massively opposed to them and so I will listen to debate with some interest and we will see where this ends up.

But the Members of the States are on show. I am sure there are many hundreds, if not thousands of people listening to our deliberations today and their views are very clear and Members can choose to ignore them if they wish but I would seriously counsel any Member who is contemplating standing again in June to think very carefully.

The list of Members who voted against the review of corporate tax reform has already been published this week on a Facebook group called Guernsey People Have Your Say. Many Members in this Assembly may not be familiar with social media and may not know anything about that group, but it has 22,000 Members in Guernsey and, seriously, if people want to ignore the general public then go ahead and ignore them.

But the truth is, I know and I am perfectly certain because of the messages of support I have received, I understand Richard Digard has written a full-page piece in today's *Guernsey Press* essentially supporting what I am saying. (**A Member:** Hear, hear.) I know the public stand squarely behind my position. (**A Member:** Hear, hear.). So there it is, sir. I will not support either 1A or 1B. I suspect both will fail and if they do not, God help the people who voted for them.

The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

I wanted to speak earlier for two reasons. First of all, I am not at all convinced I will have a voice at the end of the day and, secondly, I have got a fairly direct question to ask the Members of P&R during the course of my speech and, therefore, it seems better to speak before any of them have.

Sir, when I was at school, which admittedly was some time ago now, I really enjoyed history and one of my favourite historical characters was Robert the Bruce. I really admired his tenacity, the way he was repeatedly defeated but dusted himself down and tried again and, of course, we all know that eventually he succeeded.

Well, that is a bit how I feel about the saga of fiscal reform. We all know, or the vast majority of us know, that a major reform is absolutely needed, cannot possibly be avoided, and yet, somehow, we just cannot bring ourselves to pass it. I do not particularly enjoy trying to sell what is inherently unpopular policy, following on from what Deputy Parkinson said, and tax increases are inherently unpopular, although I have to say that I genuinely believe, contrary to the last speaker, that GST-plus is becoming far more popular as the pennies start to drop over its major advantages, particularly for those on modest incomes.

Up to the 60th percentile point of the income scale the typical household will be better off than now. Not better off compared with other options, but better off than now. People talk about mitigation, the GST-plus package does not contain mitigation. Mitigation, in my mind, is something that makes something less bad. It actually makes things better for the majority of households in Guernsey by swapping the onus of taxation away from households and by major reform of the Social Security system, which would not be affordable without a new income stream that GST provides.

But, sir, I certainly have not enjoyed during this Assembly being repeatedly defeated and given a bloody nose. But unfortunately, in real life, facts do not just go away if you choose to ignore them and the facts over this issue are as plain as a pikestaff. Changing demographics require either far greater States' revenues or else austerity on steroids, to use Deputy Prow's expression from some time over the last few days; the sort of savage cutbacks which will prove far more unpopular than the fiscal reforms we have all been so scared to make.

Deputy Parkinson talks about what the public like and do not like; you just wait, if you have to make the sort of cutbacks in public services that a failure to bring about extra States' revenues will engender. That is not to say I do not think that savings do not have a valuable part to play in balancing our books, they do; simply that the idea that it can be done by savings alone without ravaging public services in the way that the electorate simply will not tolerate is not, to put too fine a point on it, delusional.

So I agree with P&R and I think the vast majority of States' Members know that significant extra revenues are needed and that is why I decided to have one more go at persuading this Assembly to accept what I regard as the best possible package of fiscal reforms available. One which was worked on intensely and, oh so carefully, for the best part of two years. One which will protect lower and middle income households and I mean really protect them big time. A person earning £40,000 a year will pay about £1,000 less Income Tax and about £1,000 less in Social Security contributions.

The package, which post Zero-10, moves a bit of the emphasis from revenue raising away from individual Islanders and households and back onto the corporate sector again, and rightly so, in my view. One which ensures that those in the Island short-term, not just visitors, it certainly includes visitors but also those residing in Guernsey for periods that are not extensive enough for them to be rendered liable for local Income Tax, pay their way in our community.

One that also ensures that long-term residents who have very large asset bases, but organise their affairs in such a way that actually their taxable income is very low, as referred to by Deputy Parkinson during the Territorial Tax debate, and we know there are people that do that, they will have to pay their fair way.

Well, I do not suppose they have to, they could live around a candle and eat gruel but if they want to consume, in any sort of way, and if they have got wealth they will consume, then at last they will be paying something towards the services in the Island they choose to inhabit. One which broadens our tax base rather than narrowing it further and, crucially, one that keeps Guernsey competitive with those comparable jurisdictions with whom we are, undoubtedly, in competition.

Sir, I genuinely believe that the GST-plus package with Social Security contribution reform and a 15% tax band and lots of other aspects is, by far, the best option on offer and that doing nothing is not an option at all. It is true that it is also a package of reforms which I was centrally involved in drawing up and into which I poured my best endeavours for the first half of this political term and, being immodest, I doubt that the protections for those on low or middle incomes would actually have been quite so robust had I not been involved. (**A Member:** Hear, hear.)

But I am emphatically not promoting it because I was one of its authors. During my long, maybe too long, involvement in local politics I have more than once been involved in long and complex investigations only to disagree with the majority conclusion at the end; the Voluntary Euthanasia Working Party being one such example.

Sir, I do not usually go native and I am not promoting this package because I have gone native over tax, I am promoting it for two very simple reasons. Firstly, because I am 100% convinced that some big revenue raising measures are completely unavoidable and, secondly, because I believe this package is, by a league, a better response to the problems we face than any of the others that have been postulated.

That brings me to this Budget Report because despite all I have just said, I had come to the conclusion that if this Assembly was determined to park any further consideration of fiscal reform until 2026 then I would just have to accept that. Well, how could I not? No matter how unwise and dangerous I personally thought such procrastination would be for our public finances.

130 But then P&R dropped their bombshell a few weeks ago, a 10% increase in the rate of Income Tax levied in Guernsey. One of the biggest fiscal reforms the Island has ever seen and with only a few weeks to consider it and, here I do agree to an extent with Deputy Parkinson, a reform which I think carries very significant dangers and the longer it goes on the more dangerous it becomes the more years that we have at heightened level of Income Tax, the more damage it can do.

135 Sir, the first danger with the approach is simply the negative impact on those who are already really struggling to afford life in this expensive Island because, unlike the GST-plus package, it can only afford a miserly £80 worth of tax relief in mitigation. So, it will really hit the low to middle income section of our community very hard indeed and we have already seen, very clearly, the graphic display of how that is the case.

140 But my second fear is what it could do to Guernsey's competitiveness. But I am not blaming P&R for proposing what they are proposing. Having taken a close look at the public finances, they have concluded that they simply cannot responsibly wait until 2026 before addressing what is a real emergency for our public finances, in that they are 100% correct.

145 It is true that I think they have not quite hit on the right solution but at least they are not sticking their collective heads in the sand; which, dear fellow Members, is exactly what I think this Assembly has been doing over recent years. I asked Deputies to consider something very carefully, this States has elected two iterations of the Policy & Resources Committee. It is true that there have been some crossover in the membership between those two iterations but nevertheless, I think Members will agree with me that we have seen two P&Rs of very different stripes.

150 Altogether those two P&Rs have included eight Members of this Assembly; 20% of us have served on P&R and, I presume, we elected them because we thought they were the best Members suited to sit on our top Committee that look after fiscal affairs. They are a disparate lot, but they have got one thing in common, each and every one of them once they have become genuinely familiar with the States of Guernsey's finances, has concluded that a major change in fiscal policy to increase revenues was not only needed, but needed *now*.

155 Members, they were all right; all eight of them. This is not tomorrow's problem, (**A Member:** Hear, hear.) it is today's. The long forecast demographic time bomb is not just ticking anymore, it is exploding and we have to show ourselves up to the task of responding. Now, some may well ask if it is as urgent as all that then why have we been going around promoting a solution which will not even be implemented until 2027 and saying that it has advantages over one that can be generating revenues in 2025?

160 It is a good question. The trite answer is that, personally, I would have approved the GST package much earlier and we could have been well on the way to implementing it by now. But the serious answer is, it was exactly that conundrum which led me to seek some sort of compromise with Policy & Resources because, I have to say, I was getting quite vexed with P&R's original messaging in the Budget Report because they were suggesting that we could increase Income Tax for just two years and then reduce it again in 2027, with nothing having been prepared to take its place and, with respect, that was just a conjurer's trick.

170 Members, the challenge we are facing today, the challenge of needing far higher public revenues to cope with a much older demographic makeup in our community is patently a long-term problem and it, therefore, needs a long-term solution. It does not matter if we will not be in power to see it through and it will be the new States' Assemblies that have to decide which way to go.

175 Some things are long-term issues and they need long-term solutions. We did not turn around with the energy policy and say, what is the point in passing this 10-year strategy because we will not be here to see it right through, and I think that fiscal policy is exactly the same. We respect the right of people to, actually, go against and change what we have decided, but we owe it to future Assemblies to set a course.

180 There is no hump to be got over, rather there is a long-term step change in demands which needs to be tackled and if we go on with Proposition 1, as framed before the successful Amendment 22, then what could the States have actually done in 2027? Because there are, basically, only three fiscal approaches that can even hope to raise the revenues that would be required: one would have

been wealth taxes, which would have been incredibly unwise and which I am sure would rapidly be dismissed as an option; another would have been a tax package which, just like GST-plus, revolved around a new consumption tax, but with no preparation having been done the earliest that could have been introduced was 2029; the last option would be continuing with higher rates of Income Tax and, probably, even higher than 22%.

So, make no mistake, if Members had voted for the original Proposition 1 for a hike in Income Tax without, at the very least, agreeing to move to a much fairer alternative from 2027, they would have been voting for that higher Income Tax for a minimum of four years and a lot of damage can be done in that sort of timescale. **(A Member: Hear, hear.)**

That is why I am delighted that P&R were willing to talk turkey and to find a way in which their proposed two-year fix could genuinely be just for two years and I give them much credit for listening when I, and others, cried foul. So what the new Propositions that we are debating now, Proposition 1A and 1B inserted by the P&R amendment, do is really open up the options.

That amendment being passed was good news for two totally disparate groups of Members of this Assembly. The first of those who are dead against any increase in Income Tax *per se*, who see it as a red line, who see it as too unfair on ordinary Islanders and too damaging to the competitiveness of our economy but who do back raising more money through GST as soon as practicable.

Now this group will, obviously, vote for Proposition 1B and P&R will tell you that does absolutely nothing to cure our current pressing problems and they are right, of course, they are right. But the States running a big budget deficit, or borrowing heavily for two years has to be far less bad than the States doing that indefinitely with no exit strategy to get out of it at the end. **(A Member: Hear, hear.)**

The second group who gained from P&R's successful amendment are those who are willing, perhaps very reluctantly, to vote for a hike in Income Tax but only if it is genuinely going to be just for two years because without that amendment being passed, as I have said, the high Income Tax would have been in place for at least four years and probably would have been moving to a higher rate than 22% as well.

So well done P&R on bringing Amendment 22. But what way will I now, personally, vote on the options 1A or one 1B? I think any Member that has listened to me over the last few weeks, or read the report which is attached to the now redundant Amendments 1 and 2, will be in no doubt that my natural inclination is towards 1B. I really do not like the Income Tax option. I really worry about the impact on middle Guernsey and I really worry about our competitive position.

But then again, on the other side of the coin, I suspect there are one or two Members of P&R whose natural inclination was not to support the introduction of GST-plus in 2027 and that is just what we will be doing under either 1A or 1B. Yes, it can be overturned by the next Assembly but this Assembly will be saying they want GST-plus introduced 1st January 2027.

This business about the next Assembly can change anything, they can change anything. I do not really understand P&R's view at times of, 'Oh, what is the point of voting for a GST-plus because the next States can change it?' Under Proposition 1A, their original Proposition 1, it says Income Tax will be at 22% in 2026.

Well, how do they know, there is another Budget debate to come before then. They say it will then revert to 20% in 2027. Well, how do they know? There are two more Budget debates before then and both with new Assemblies. So, yes, we just have to decide what we think is right, launch it on the sea and respect the fact that democracy means that a new Assembly can do a back-flip.

But my point today is perhaps this is the day to show that consensus Government really can work. For a number of us to make very significant and meaningful compromises on our purist views in order to get something big over the line, which has been sat in our 'too difficult' pile throughout this term and which has plagued this Assembly and risks plaguing the next one.

So, the purist, Deputy Roffey, definitely favours 1B, big time, over 1A but having pushed and pushed P&R to compromise to now vote that way would seem to me like an act of complete betrayal and I do not behave that way. So I will hold my nose and vote for 1A, knowing that while

we will be bringing a far less fair and less competitive system it will genuinely, subject to the next Assembly agreeing, be for only two years. (**A Member:** Hear, hear.)

235 I will heed P&R's warning that we simply cannot wait for those two years to bring in an obviously better revenue raising package because there is an emergency with our public finances now. Not to put too fine a point on it, I will honour my side of the bargain in recognition of how far P&R have moved on the GST-plus package over the last couple of weeks.

240 But, just to be clear, a compromise involves both sides giving ground on something that is important to them. I cannot overstate, sir, how massively I am compromising my personal political views in saying to P&R, okay I will meet you halfway and vote for your two-year Income Tax rise, it goes against every instinct, but I would do it to get some sort of outcome and we desperately need an outcome.

245 But I would only do that, only vote for 1A, if the five Members of P&R (**A Member:** Hear, hear.) make clear that they are going to make an equally big sacrifice, because compromise is a two-way street, and make it clear, two things: firstly, that if 1A should be passed today they accept it is this Assembly voting, in principle, for the introduction of the GST-plus package in 2027; and if 1A should fail today that they, as five individuals, would then vote for 1B.

250 I hope that we do not arrive in that position, but we may do and I would find it extraordinary, having been given a lecture about how bad our finances are, if the five Members of P&R will not then say that they will vote for 1B. So I wait to hear what they say about that before making a final decision on how to vote on 1A, because I am willing to compromise but it takes two to tango.

255 Members, this saga over fiscal policy has gone on far too long. We desperately need some outcome. I know that some will say that passing any package now – it has already been said by the first speaker – will just ensure that fiscal policy will dominate the forthcoming election. Well, I have got news for you, I think it is bound to be a massive issue one way or the other, even if there is no outcome from today.

260 Fiscal policy will be front and centre of the next election. But I believe, and it is my subjective view, that with no decision taken whatsoever it will actually be a much bigger one, a much bigger issue at the next election than if the States had made a firm decision and is well on the road to implementing it.

265 The next Assembly can undo it but they will not undo the problem. They will not undo the fact that they are facing books that do not balance. I think that they would be crazy not to take the decision that this Assembly has done, to put it to bed and to unpick it, knowing that they have then got a blank sheet of paper that they have to try and find a solution to, knowing that all the solutions have been looked at.

270 Particularly, I think, with public opposition, despite what has been said, softening considerably, as it undoubtedly has, I know from the big feedback that I have had that many of the public are starting to move towards the GST-plus because they see that they will actually be ... somehow the previous P&R could not get this message across, but more and more people are now seeing they will actually be better off than they are now under it, and I think that is making a real difference to public opinion.

275 I think business has largely already moved towards GST-plus, I think the feedback we are getting is that most business groups are saying this is the best way forward and I actually think the zeitgeist in this Chamber is also shifting. But has it shifted enough? I really do not know, but I desperately hope so.

280 Flunking it again today will ensure that the thorny issue of fiscal reform will plague the next Assembly, just as it has plagued this one. This matter has loomed over our local Government for far too long. Please, Members, do not allow it to paralyse it for years to come. I do not want to be overdramatic, we have got quite a lot of headroom for borrowing, we have got quite a lot of reserves that we can carry on spending but within a few years, if we do not have the backbone to face up to balancing our books, then I believe the Kilbrandon concept of good governance may start to raise its head.

It would be ironic, actually, because the UK spends beyond its means all the time, but they go to the Central Bank and they can print money. We cannot and if, in five years' time, we are still dithering the way we have done in the last five years ... I did not actually accept the outcome of the Kilbrandon report that said the UK ultimately had responsibility for our good governance, but that has become perceived constitutional wisdom and if we dare risk our autonomy through spinelessness, that would be absolutely unforgivable.

So let us decide something. Going back to where I started, old Robert the Bruce, I really hope that this time the spider can complete its difficult task. Sir, let this Budget debate be the fiscal equivalent of Bannockburn.

The Bailiff: Deputy Aldwell. (*Interjection*)

Deputy Aldwell: Thank you, sir.

On Monday 7th October at 11 a.m. Members gathered for a Budget presentation at Beau Séjour and by 12 o'clock, like many of my colleagues, I left feeling extremely flat. It was no surprise we were presented with a suggested Income Tax rise. This was to be put in place for two years, but with nothing to take its place on 1st January 2027 it was inevitable Income Tax would need to continue.

We were also told, with mitigations, 10% rise would only raise £28 million. Basically, it would not touch the sides of our financial problems. It felt like there was no forward thinking in this Budget, just the here and now. During the election in 2020, coming out of the first lockdown, people knew that there would be tax rises and we had spent millions on supporting business. Walking around areas of the 10 parishes speaking to Islanders there was a feeling of tax rises being inevitable and I was very honest in my manifesto in 2020.

I had listened to debates on and off for years and I heard many times that the new States would need to make difficult decisions; they would need to have a backbone. I had a limited understanding of what was possible. I suggested 1p or 2p Income Tax but, at the time, did not realise this was not sufficient or the adverse effects of being competitive with Jersey. In my manifesto I also suggested maybe a tax was needed to be added on online shopping, but at the time I did not understand the international agreements in place, which meant that we could not just charge on an online tax we would also have to charge on online purchases.

Sir, I have always been a realist. Coming from the parish administration, if we want decent services we are going to have to pay for them, albeit that they have been fully scrutinised. As I said on Tuesday if we keep asking our services to do more for less and stretching budgets we need to accept, eventually, they are going to give way.

When the proposals were put forward for a package with a Consumption Tax by the previous P&R, which had been worked up with mitigations put in place to protect our low income households and where the majority of taxpayers would be better off, where we could look at our closest competitor Jersey for a template, I thought, wow.

I had heard many senior Deputies sing the praises in the past of Consumption Tax. They said it was inevitable, it was the fairest way and yet last year was not the right time, but it is not off the table. But actually, to me, it felt very much like it was the right time. We had been told many, many times by previous Assemblies that we would need to face these financial challenges head on.

Some Members in this Assembly really need to take their heads out of the sand and they need to face reality. Savings are not going to make our financial problems go away. Slashing budgets willy-nilly would have been irresponsible, it would leave us with substandard services for Islanders and to hear Deputy Vermeulen say, 'Oh, it is only 4.5%.' That was £4 million! No, I am not going to give way. Four million!

Deputy Vermeulen: Point of correction.

The Bailiff: Point of correction, Deputy Vermeulen.

Deputy Vermeulen: I did not say that it was a 4.5%, it was a 4.2% reduction.

The Bailiff: That is correct. So, Deputy Aldwell, continue.

Deputy Aldwell: There we are. So we have 4.2%, that is still £4 million; £4 million in Education, that was the equivalent to the budget of a high school with 700 students or in Home Affairs removing £1.8 million from the budget, which was the equivalent to the probation budget. Other Members on the Committee who also voted for Amendments 3 and 14 have gone line by line over the Home Affairs budget and seriously should understand, as I do, cutting budgets to that extent is a nonsense and I hope the service chiefs were listening and look forward to their comments when they next come into Committee.

There has been a very good coverage in the *Press*: the graph printed showed the benefits of the GST package over 10% Income Tax; for the Treasury this graph from them was stark and though over the months folks certainly have understood that they would be better off with the GST package, the graph hammered home, visually, and I wholeheartedly thank Deputy Kazantseva-Miller and Deputy Mahoney for their comprehensive work in this area.

Guernsey understands that they will need to be taxed to help us out of this situation and I think in Islanders' hearts they have always understood, especially coming out of COVID. But frankly, how could they not? We have been warned about this by previous Assemblies. The GST package is the fairest way, everyone pays and mitigations are put in place for those on lower incomes.

I was pleased to see, probably relieved to see, that P&R have actually faced the fact that they would need to compromise, putting in plans for a future sensible fiscal stability with the GST package from January 2027. I think, at the election next year, Islanders will know who has been honest with them. I do not think we have a Moses in this Assembly who can turn back the tides of our financial problems. It is time to face them head on.

Last evening, on leaving this Chamber, I attended Le Valle High School celebrating their GCSE awards; 56 students attended. Some young people who have now moved on and we heard students have gone into apprenticeships of plumbing, electricians, hairdressers, we even have a young person who is now training to be a butcher.

We have young people moving up and studying in the sixth form and they were the COVID students. They had a difficult time doing their secondary education starting in 2019; their education was disrupted for two years, but they have gone on and will be young people working and building our economy and I felt very proud of those young people after their struggles during COVID.

Thinking of them, thinking of our future, we need to face reality. We need to be in the position where we can build our economy by investing in our infrastructure, the Supported Living and Ageing Well Strategy, invest in our education, health and housing, investing in the future of the people of Guernsey and we need to vote through a tax strategy for Guernsey to, actually, have a future.

Thank you, sir.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

I am constantly reminded by people I meet that we are going through a cost of living crisis which is squeezing households to the limit. The cost of living is renowned for being very high here, but the inflation spiral in the last year or so has added to it and the war with Russia invading Ukraine has raised prices further and could lead to even higher prices and more uncertainty before it all ends and, given that P&R want to charge the people of Guernsey more tax, for many that is quite unbelievable.

In fact, we should be easing the tax burden on individual households (**A Member:** Hear, hear.) if we are, as we claim, a low tax jurisdiction. I seek, personally, lower taxes and smaller Government, not bigger Government and higher taxes. So I will not be supporting an increase in Income Tax or GST, there are other ways and means of dealing with the structural deficit and the operating deficit.

Limiting spending, reviewing corporate tax and a range of other measures could close the gap, including cutting, of course, the caps to high earners.

390 Ten percent Income Tax increase will cost £22 a week, on average, to the average taxpayer and nearly £100 a month to that taxpayer and £1,100 a year, we are told, will be the increase with respect to a 10% Income Tax increase on average. Now that will lead to a reduction in new business and could cause existing businesses to relocate.

Guernsey will appear uncompetitive, particularly with its neighbour Jersey, with a higher Income Tax rate. It is dangerous to our economy and many companies that I have spoken to will go for the 395 lower rate and move. It is another incentive for companies to move away from Guernsey.

Sir, GST is the other new tax that is being proposed and the problem there is it leads to huge set up costs, not only to Government, and in Jersey 100 people working in that particular area to facilitate that tax, but it is also a problem with regard to the private sector and growth –

400 **Deputy Mahoney:** Point of correction please, sir.

The Bailiff: Point of correction, Deputy Mahoney

Deputy Mahoney: Thank you, sir.

405 Deputy de Lisle, I am sure, is not deliberately misleading but I think he just stated 100 people in Jersey to run their GST Department. I think, I am looking to the top bench, I had a dozen or something in mind or something around that number from my time on P&R. It is certainly nowhere near 100.

410 **The Bailiff:** Deputy de Lisle.

Deputy Vermeulen: Point of correction, sir.

The Bailiff: On what Deputy de Lisle has said, is that, Deputy Vermeulen?

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Deputy Vermeulen: Yes, sir.

The Bailiff: Point of correction, Deputy Vermeulen.

420 **Deputy Vermeulen:** It has been said to Deputy de Lisle that it was only 12 people. In my experience of talking to people involved in Jersey it involved, on the Customs side and the Police side, 100 extra people, extra buildings and deliveries slowed down. That was with the person that was Deputy Prow's opposite number.

425 **Deputy Trott:** Point of correction, sir. *(Laughter)*

The Bailiff: Point of correction, Deputy Trott.

430 **Deputy Trott:** I could have waited to the end but unfortunately comments like the ones that Deputy de Lisle opened with can change the context of the debate if they are not corrected early on. **(A Member:** Hear, hear.) So to maintain an accurate context, these are the numbers that have come from the Revenue Service, the people who are best qualified to advise us on this.

435 They say that to maintain an accurate context the actual expected impact of the measures in this Budget relative to what they might expect to pay – this is citizens in 2024 – for a couple with a joint income of around £70,000, putting them at about middle income on an equivalised basis, is just under £10 a week and a couple with a joint income of £40,000 may be a few pounds a week better off. Those are the facts prepared by people who know what they are talking about and I would hope that Members will keep those statistics in mind.

Thank you, sir.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: I think there are various statistics floating around but if I can just say that no matter what, GST will lead to more public servants at a time when we are trying to rationalise the system and keep the numbers at a reasonable level and –

Deputy Dyke: Point of correction.

The Bailiff: Point of correction, Deputy Dyke.

Deputy Dyke: Deputy de Lisle suggested that we are trying to control the number of civil servants, we are not doing anything like that at all right now.

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you for those interventions, sir.

With the private sector there will be, obviously, cost elements which will affect certain companies and it will lead to some rationalisation in private industry as well. So what I am saying is that both taxes, no matter how you want to look at it, will cost the economy more and what we need is to maintain our competitive advantage across the board and not lose our competitive advantage to others and certainly increasing the Income Tax rate is not going to be seen as a competitive venture of any means and adding a GST, of course, to the costs of doing business is not something that people would want to see in a competitive market.

But what is also a case is that a lot of growth comes from consumer spending in most jurisdictions and consumers will be strapped even further by the GST tax, if it is implemented and, of course, by an increase in the Income Tax rate and that means less disposable income for people to spend on the high street.

Already we have seen this year that we have not had the visitors here this year that we have had in the past, basically because of problems with communication and getting in and out of the Island so that has meant less disposable income on the high street this year affecting the retail trade and affecting the hospitality industry. So it all directly reduces economic growth.

Build up the tax rate, build up the tax to consumers and as a result of all that it means less growth, less disposable income to spend and it makes everybody, actually, feel a lot poorer. So all I am saying is that we are going through a cost of living crisis, which is squeezing households to the limit and this is no time to be adding a 5% to all goods and services to households and it is no time to be increasing the Income Tax rate if we want to maintain a competitive jurisdiction.

Thank you, sir.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

Well, sir, day four but thankfully, we have reached general debate and I would first like to thank you, sir, for going over all the Propositions with us last evening, which was extremely helpful. I am going to concentrate on Propositions 1A and 1B.

Sir, it seems to me we all have four choices. Do nothing. Live with the £100 million deficit and all that goes with it and blow the consequences. This has been the fiscal policy of this States so far this term, so it is clearly possible it will continue. But, sir, it is not for me.

Or, sir, we break the tax model that has been fiscal policy since Zero-10 and increase Income Tax by 2%. Calculated as 10%, larger bills for many as one of our *Press* columnists have pointed out. Sir, that is not for me.

Or we introduce the tax review Phase 2 package. A lower band of Income Tax on the first £30,000, a restructure of Social Security contributions and a broad-based low-rate GST and other mitigating measures. Sir, this is for me and I am convinced this is the only properly thought through proposal which does the job.

495 Or, sir, the fourth option we consider doing both.

Sir, I shall first deal with the 22% Income Tax. I grew up in this Island when horticulture was the main industry, but in decline. Sir, I have seen a finance industry emerge and grow into a world class well regulated, responsible and internationally compliant industry. Sir, I do not think anyone will disagree that this is the bedrock of our economy (**A Member:** Hear, hear.) and feeds into other service industries, including hospitality.

500 We must protect the viability of that industry above all else; this is and always has been my red line not to be crossed. The much debated Zero-10 model was brought in to protect that industry and the maintenance and certainty of 20% tax rate has become the standard and I, therefore, listen very carefully to those in the industry, like GIBA, who warn against the increase.

505 Sir, I now turn to the tax review Phase 2 package. In doing so, sir, I congratulate –
I give way to Deputy Trott.

Deputy Trott: I am very grateful to Deputy Prow for giving way, as I will be to all Members who do throughout this debate. However, GIBA have advised us that after careful consideration they do support option 1A as being in the best interests of this community and it is possible that might have been missed. We did have correspondence to that effect but there has been a lot going on in the last few days and, once again, I thank my friend for giving way.

Deputy Prow: I thank Deputy Trott for his comments. In my speech, at the moment, I am talking about the package which introduces GST. Yes, so the much debated Zero-10 model was brought in to protect that industry and the maintenance and certainty of the 20% tax rate has become standard.

515 Sir, I congratulate the fortitude and courage of those who have remained steadfast against the consumption tax is the work of the devil campaign but, sir, the mood is changing and actually partly due to this Budget before us today, due to the even more unpopular spectre of raising Income Tax across the board to 22%.

520 Sir, this has done two things. First, there is consensus, a rare animal indeed, between the old P&R and the new one. They now both agree that we are operating a structural imbalance and the current financial position is completely unsustainable. This bites on our general revenue to fund our services – health, education, safety and security and all our public services – but also on our ability, or lack of it, to have any sort of capital programme to even keep our infrastructure fit for purpose.

525 But it is even worse than that: there is a rising ageing demographic which will cause an exponential demand on those services with fewer working people to pay for them. We do not collect near enough revenue to pay for what we all rightly expect in the form of essential services and have now run up a huge deficit which will spiral.

530 Second, we now have a firm proposal before us to raise Income Tax and we can now compare the Phase 2 tax package against the Income Tax proposals. In my view, it completely changes the dynamics of the argument and the financial landscape. Suddenly the old rhetoric slips away, the comparison figures we have now all seen produced by Treasury evidenced in terms of better off versus a worse off the Phase 2 lowering Income Tax to 15% on the first £30,000, restructuring Social Security and a low rate Consumption Tax knocks the Income Tax proposal out of the park. I am not going to go over these figures it is there for us all to see. Except, of course, for those who do not want to see and I cannot change that, sir.

535 The mood, I mentioned, has changed considerably. I have received only a few representations in my inbox this time around and actually more recognising the Phase 2 package as the viable, albeit unwelcome, option. I saw nobody on the steps of the States protesting during this debate.

Perhaps another fundamental which is one, has the desired effect in raising sustainable revenue which proposal is sustainable? Which proposal will better enable investment in growth? Which is the least harmful to our major industry? Well, sir, the Phase 2 package, in my view, wins that hands
545 down too.

Indeed, sir, the Budget document on page 7 endorses the first question and I quote the highlights in bold:

But we are not pretending that the measures in this Budget solve our financial problems.

Not a very good promotion for a Budget with a central plank of moving away from the traditional 20% tax model which has underpinned our financial services sector and with an Income Tax increase
550 Resolution baked into it. As said, the Chamber, GIBA and other groups have eloquently given us their views on that.

Oh, sir, but hang on, this is only a temporary measure, I hear the cry. Once the concept of breaking our tax model is abound then that genie is well out of the bottle. Our financial situation is dire today and continues into tomorrow and everybody agrees it is getting worse. So now, 1A
555 inserted, asks us to look at the 22% tax as an option and to look into setting up the Phase 2 package, but it has crossed that red line and does not provide sufficient certainty.

If additional temporary tax measures are required until the package is put in place there are other temporary taxes that could be implemented in the alternative and which are not harmful to finance but put us in the Phase 2 debate which could be quickly collapsed. Will the quote I have
560 read out be a regular feature in every Budget over the coming decade?

So, sir, in drawing to a close I will just briefly explain and summarise why I, without any hesitation, will vote for the Phase 2 package. It is responsible and very favourable to the lower and middle earners. A Consumption Tax is in play in just about every country on the globe and the OECD recognises its strength as it diversifies the tax base.

The rate recommended internationally is classed as a low rate Consumption Tax. It is further recognised that it is sympathetic to the aims of those jurisdictions who aspire to move to a more circular and sustainable economy, as it targets consumption. The taxpayer has some control over what it decides to consume. All those who consume pay, including visitors.

One point that does not seem to have gained much traction is that when the GST was discussed as part of the Phase 2 debate a presentation was provided to Deputies given on GST and their experiences from Jersey officials. They pointed out that some larger major retailers operate a British Islands pricing policy; this means the price at retail is the same whether you make the purchase in a store in Britain, Isle of Man, Jersey or Guernsey.

To widen the point with regard to the Isle of Man and Jersey, in many ways a competitor jurisdiction, Isle of Man collects £1 billion in three years from VAT. Jersey collects the same £1 billion in just under nine years in the form of GST. Guernsey collects zero and the cost of living is reportedly as high, or some say higher, than the other Crown Dependencies.

Sir, this begs the question who actually gains from no Consumption Tax? Where does the difference go, exporter, supplier, retailer and not, in many cases, the end local consumer and not the Exchequer? Sir, I know how difficult this all is to every one of us. I, like everyone else, have been on a journey of research and agonised over our fiscal policy or lack of bottle to face up to the challenges. I know that some in this Assembly will never vote for a Consumption Tax but now more information is to hand and the reality of our ongoing situation, which to be fair, has been well drawn out by the Budget, we need to hold our noses and bite the bullet.

Thank you, sir.

The Bailiff: I invite Deputy Trott to reply to the –
Oh, Deputy Matthews.

Deputy Matthews: Thank you, sir.

I find myself in a bit of a quandary with respect to the options available to vote for in the amended Budget Propositions. I came into this debate prepared, reluctantly, to support P&R and their proposal to temporarily raise the Income Tax rate by 2p. While I am a supporter, I am not a supporter of raising taxes in general, I do see that this will help, in the short-term, with a Budget deficit especially given that we recently had the bad news that a single taxpayer had significantly overpaid their tax creating an even bigger problem and as a Member of the Committee for Health & Social Care I am aware of the cost pressures facing the health services, and particularly since COVID.

I listened with interest to Deputy Roffey's speech which I wondered was intended as a speech to support Amendment 22, which was passed fairly easily but with no debate. Deputy Roffey described the amendment as a compromise to open up the options to allow Members to vote for the 2p rise but to give the option to prepare for GST without actually voting for GST.

Now, I am prepared and I have been prepared to back P&R's proposal for a 2p rise but Members will know that I am in no way in support of GST as an option and so it appears that having voted for Amendment 22, which was passed in a very odd way with no debate, it almost seems a little naive because we have now taken away, or it certainly appears, sir, that we have taken away, the option to vote for what I wanted to vote for, which is for the 2p rise on its own.

So, I would like, sir, for confirmation, I have heard that this is the case but I would like it to be confirmed, that there will not be an option to vote for the individual parts of Proposition 1 by themselves, so for 1A section (a) but without voting for 1A section (b) and (c), which puts me in a difficult position.

I would like Deputy Trott to answer, really, what would happen in the case of not voting for 1A and then subsequently if that were not to pass and 1B were also not to pass, because we do not have what Deputy Trott, I think, has said we really always ought to have the backstop of having Income Tax on its own available as an option, because while I am not a great supporter of Income Tax, I know many Members including Deputy Parkinson have said that that 20p rate is a sacrosanct rate and we must not breach it, I think, in the short-term, I can see that is a solution to our issues but I in no way would want to support the option to implement GST.

I do realise that this does not implement it, this prepares to implement it. This spends £2.8 million to prepare to implement it. There would have to be a subsequent vote in the next States in order to actually enable it but it sits uncomfortably with me voting for a tax which I do not think is necessary at this time.

I have always said and I said in my manifesto that GST is a last resort and I do not feel, at the moment, as if we are at that last resort. I appreciate all of the argument and part of my motivation for voting for Amendment 22, I do appreciate the argument that it does make some sense to shorten the time if that were to be the direction that the future States were to take.

My own view is that, and it is hard to predict the future, but if the situation were similar in the future as it is to now, I would probably not vote, well I would not vote to introduce GST and if that meant maintaining the 22p rate, then so be it. But we would have spent this £2.8 million to implement or to start the implementation process and it would be recorded as a vote in support of GST which is something that, as I say, I do not feel particularly comfortable with.

I am also concerned from a larger point of view, that the public might feel a little bit as if right on almost the eve of the election, they are being bounced into GST, that it is inevitable that it paves the way that we have created a situation there where it would be then very difficult for a future States, whoever that future States might be, to say no. Although those options do exist, but it would look like it was preparing for an inevitable introduction, which is something that does not sit very well with me.

So, I guess, sir, I have two questions: one would be to confirm that Proposition 1 will not be broken up; and also for Deputy Trott, in his summing up, what the consequences would be of what I think would be the sort of the worst option, really, of coming away with nothing.

I will give way to Deputy Trott.

Deputy Trott: Sir, I am grateful to my friend, Deputy Matthews, for giving way. I will answer one question quickly; the other one will require far more detail. The question as to whether Proposition 1A will be broken up is it will not, it will be taken in its entirety as a simple Proposition. With effect to what happens if we do not vote for it, well, that is a very interesting question and one that I shall go into some detail later.

Deputy Matthews: I thank Deputy Trott for his intervention. I had assumed that his speech would cover an awful lot of that where that situation would be if neither 1A nor 1B were to pass. My own assumption is that we would be in a situation where we would have to prepare an emergency Budget and come back with the details of where we would go from there. I do not know, I would like to hear from Deputy Trott where we would be.

That is clearly not a place that I would like to be in, but I am also concerned about voting to support the introduction, even if it is not the introduction, support the preparation for the introduction of a goods and services tax which is not a position that I would support when it came down to it.

I give way to Deputy Soulsby.

Deputy Soulsby: I do thank Deputy Matthews for giving way. I think we could really say this is an emergency Budget.

Deputy Matthews: I thank Deputy Soulsby for ... I meant a second emergency Budget really, rather than the current Budget. So yes, it will be a difficult decision for me about whether to vote for 1A on that basis but I will allow Deputy Trott, maybe, to sum up the position and make up my mind, perhaps, during that speech.

Thank you, sir.

The Bailiff: Deputy Dyke.

Deputy Dyke: Thank you, sir.

I will try and keep it as short as possible. There has been a lot of talk about consensus and compromise from Deputy Roffey, but where we seem to have got to is his idea of compromise with those of us who want to control spending and compromising with the people out there who would also like the same thing, seems to be no spending control and both taxes. I just do not see how that is compromise.

I am going to focus on the Income Tax issue and I agree, strongly, with Deputy Parkinson and also with Deputy Prow. The Income Tax option, to my mind, is potentially utterly disastrous for the Island and whether it is emergency, whatever we say it is now, we cannot do that. We have had the 20% Income Tax rate for 60 or 70 years. It has been the basis of our financial offer to the outside world.

If we start messing around with it, to start with nobody will believe it is temporary – I am sure when Deputy Trott says that it will be temporary that is what he intends, but no one will believe that ... We are presenting to the Island a finance sector that is now changing its base tax offer and it is going to take its base tax offer up against our greatest competitor, Jersey. We have a lot of other competitors out there; we have got the Cayman Islands and loads of places in the Caribbean.

Deputy Trott: On a point of correction.

The Bailiff: Point of correction, Deputy Trott.

Deputy Trott: The financial services base tax offer is the fact that it has an underlying basic rate of Corporate Income Tax of 0%. It is that that protects our competitiveness and that is its baseline offer and I remind Deputy Dyke, who is a man I have enormous respect for, that GIBA, which is the

695 representative body for financial services, has made it clear that it recommends to the States we support Option 1A, understanding, primarily, that the relationship between a 20% personal rate of Income Tax was broken when Zero-10 came in in 2008.

Because in those days corporates paid 20% – well some did, I will not go into the technicalities – and the individual paid 20%. The moment we changed corporate tax reform the importance of 20% as a baseline rate went. We could have changed 14 or 15 years ago if our fiscal situation had determined that; fortunately it did not, it is only now that the chickens have come home to roost.

The Bailiff: Deputy Dyke.

705 **Deputy Dyke:** I am not sure that was a point of correction that was an argument with which I totally disagree. We have got two basic aspects that we have to worry about now, starting with the private market, the high net worth individuals, if we want them to come here and to continue to come here and not go to Jersey or the Caribbean or Switzerland or wherever else they might choose to go, Hong Kong, we need to offer them something.

710 We have offered 20% for 60 or 70 years and that, I think, is unarguable and not subject to a point of correction. If we change this, these people in England now who are looking to leave, right at this moment ... This is the really worst time to pick to put up Income Tax. Right now there are thousands of people looking to leave the UK. We need to pick up that business.

715 When people leave jurisdictions, they look around and they will look at Guernsey and they will look at Jersey and other places. At the moment we have a terrible issue with our air links relative to Jersey. That is a huge negative which we are suffering from, do we want to add another negative now in the form of an up-rated Income Tax higher than Jersey's?

I would say no. For those private individuals it is another tick against us and it is quite a major tick actually because a lot of people look quite superficially before they start focusing down and they will look at various places and we will have gone up to higher than Jersey. It is utter madness to do that.

725 In terms of the private, what I call the open market, the high net-worth individuals, we have had representation from the Guernsey Association of Trustees who have specifically warned what I have just warned and they are the people that most deal with the high net-worth individuals because they are dealing with their trusts and their tax affairs. So that is one aspect.

730 The other aspect that we are fighting for our lives for is the finance sector. Jersey is currently out competing us, clearly. We have had a drop in our GDP last year, they have had an increase and we know they are taking our business. A lot of these companies, as we have discussed, are consolidating, they have got offices all over the place, and they are beginning to consolidate away from us.

Do we want to hasten that? Because when a company decides where to relocate it has to think about all sorts of things and one of those things is how it will work for their staff because they want to bring their staff in, they move staff. The staff have to like where they are going and the staff have to be happy with education, blah, blah, blah, all sorts of things and one of them, housing indeed, one of those issues is the tax rate.

735 So, in that second vital area for us, there are two areas, the high net-worth individuals and the corporations deciding where to consolidate or to locate, initially, and we cannot conceivably, unless we are utterly mad, put ourselves at a disadvantage on the tax front. If the tax and spenders want to tax then go for GST but not this, it is utterly terrible.

740 Just think of the possible consequences as our GDP, if this happens, drops again by 2% or 3%, 2% or 3% year after year. The harsh cold wind of having no money will impact upon everything, everyone's most desired project, maintaining health services, social services, education; the money will not be there if we get that wrong. We cannot get that wrong. So I just beg you not to increase Income Tax. If you want more money and are not prepared to do cuts, then the least damaging way is GST. But the Income Tax thing is just such a bad idea; I am going to bring myself to tears in a minute. So I think I have said enough on that.

One amendment, useful little amendment, that has got through is the one that Deputy Kazantseva-Miller and I put together, which is slightly raising Registry fees. I do hope you vote for that because that is not a big competition issue, that is housekeeping, trying to deal with inflation that we have not done for 20 years. So I will leave it at that.

Thank you.

The Bailiff: Deputy McKenna.

Deputy McKenna: Well, sir, I rise only briefly to agree, wholeheartedly, with Deputy Dyke in everything he said, as well as Deputy Parkinson, which as two former Cambridge graduates I think their eloquence, but also their academic knowledge is very close to unrivalled. Deputy Parkinson was told that Territorial Corporate Tax, 'You cannot do it because it would be uncompetitive with Jersey' and, yet, here we are putting up our Income Tax to 22% while Jersey is at 20%. I mean it is beyond belief.

Even with someone with the limited knowledge of myself, I sit here and go, what is the future for our children and grandchildren when we are staring at putting up our Income Tax to 22% while Jersey is sitting back laughing and saying we are at 20%. Every high net-worth individual who is wanting to get away from the Labour government in the UK will say nothing is temporary. I have heard all my life about temporary situations that are still in play.

Sir, today in *The Guernsey Press*, page 15, Mr Richard Digard said last week's announcement:

That more people now work for the States than in the whole of the financial services is devastating news. Just under 18% of all people employed here, 5,937 folk, now rely on the tax paid by others for their own income.

Look at the stress we would be putting on the taxpayers of Guernsey if we increased to 22%. It is inconceivable. We have all said today ... Deputy Parkinson has said before, actually Deputy Parkinson said on Tuesday that he had 135,000 views on his video that only went out to Guernsey, by the way, it was just locally based. It is 137,000, Deputy Parkinson. Yes, so that is a point of correction.

I always love the quotation from Mr Richard Digard when he said, 'The public sector pension scheme is a growing taxpayer liability.' And that met with, 'I was wrong.' I say, I am repeating what Mr Digard has said, I just happen to believe he is right and we cannot put up the tax to 22% and make ourselves uncompetitive. Now, the Chief Minister happened to put in the *Press* yesterday, he said there has been no pushback from the red ribbon brigade and the *Sweet Caroline* brigade, there has been nothing there.

Well, Chief Minister, let me tell you this as someone who was part of the thousands who were there in Market Square, along with my friends, Deputy Vermeulen, Deputy Dyke, Deputy Parkinson, Deputy Le Tissier, Deputy Moakes and Deputy Meerveld, we were there, we will vote out today 22% and believe me when we do vote out 22% 'good times will never be so good, so good, so good'.
(Laughter)

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, sir.

As you know, I sit on the Home Committee as the Vice-President and I also sit as a Member of Economic Development. I do not know, I think the 43 years in construction and tourism that was seen as a positive thing at the time, and it has been quite enlightening how difficult things can get and to bring in small changes and yet, yesterday, we agreed some changes just like that which are to the company registration fees, which is a good thing.

The problems we are facing are that we have not really had any growth in Guernsey since 2008 and despite that, we have been going along in our normal way, in our normal routine. That was until 2023 when our GDP reduced 2%. What we do in here is not a popularity contest, it is not, we all try our hardest and I know you all do, but some of the voting just to look at making modest

savings, it seems to be strange, shall I say, to say the least, that we would not even consider looking at that. It is not just making savings, it is making savings and doing other things at the same time.

800 Deputy McKenna referenced Mr Richard Digard's comment. He went on to say a lot of things and after four years in this Assembly, sir, I can tell you it is a lot easier to write about things than it is to actually do those things. I can tell you that. (**A Member:** Hear, hear.) But one of the comments he made was why have we got so many people on over a £100,000 salary?

805 We have got 230 staff and it is a good challenge. He compared it to another district in the UK and they had far less. He also compared us to Jersey and said that 15% of its workforce are in the public sector and 20% of its workforce are in finance and I think Jersey is a serious competitor of ours at the moment and we need to do something to balance the books, to get our finance back on track, get our finance business back on track, we do not want to contract. Once we have lost it, it is going to be far, far harder to get that business back into Guernsey. It is better to look after it and keep it.

810 So, what we have to do is we have to do the right thing. We have to make some savings and we have to increase some revenue. Deputy Parkinson, a man I hold tremendous respect for, has come up with some great suggestions. He gets to the nub of the problem and in my whole business life getting to the core of the problem, identifying it is half the battle; fixing it is probably somewhat easier.

815 But he says that Zero-10 now seems to be our problem. There are those in business that would say, well, if we had not adopted Zero-10 we would not have had the business that we attracted and I get that too. We have got a consensus Government and we have an awful lot of staff, 2,000 in health, 1,000 in education.

820 I was surprised at some of the pushback on the 4.2% amendment and, as Deputy de Lisle said, in Canada it was a 33% cut in staff, boom, and that was on day one. It was a change of Government you did not even have the chance to discuss it. That was the root and it was done. Other Governments in other countries have done similar things. That is very, very painful compared to 4.2%.

825 Now GST is an interesting one. Not having Value Added Tax has been a sales point of this Island for many years. It is a unique selling point in many ways and though there are price comparisons with other jurisdictions on what we offer in our shops, I can tell you that an awful lot of business comes over to Guernsey to buy those duty-free jewellery or watches, whether it is coming from the cruise liners, whether it is coming from the UK or wherever, the shopping experience in Guernsey, across Guernsey, is unique.

830 I am the lead for retail, sir, but we have got to look after the 4,000 people that we employ in that sector. We talked about job losses if we do this and job losses if we do that, if we start charging 6% or 7%, or whatever it goes up to, that makes us less and less competitive and just recently I was at a function at St Pier Park, sat next to a Jerseyman, which was a challenge in itself, (*Laughter*) and he was waxing lyrical about where he had been and the watches that he had been trying on and what he was going to buy and he said that they are cheaper than Jersey, more competitive than Jersey and he is going to buy over here.

835 Now that, to me, is good news because even though we have not got a GST that contributes to the Exchequer. At the moment, those 4,000 people all provide tax and insurance through their pay, those businesses all contribute to a tax. It generates a significant amount of money. There is a lot of investment in the buildings, we are seeing new shops being built in our high street as we talk. I do not think they were envisaging a GST to come into force. I certainly am not a supporter of GST and they certainly were not expecting a GST and a 2% increase as well.

845 It has been said that we cannot tax and spend our way to prosperity and nor can we simply spend our way to better public services. I think in the UK, 'reform needs to be an essential pillar of our Government' is something that Keir Starmer has just recently adopted in his Budget. So, it is a difficult economy, we have got high interest rates, the public are faced with that on their mortgages, high cost of living crisis, we have got high fuel price crisis and a cold winter ahead of us. I look forward to the rest of the debate, but I would urge you to go –

I will give way.

850 **Deputy Dyke:** I thank Deputy Vermeulen for giving way. He had helpfully raised the issue of the effect of GST on the cost of living. One of those costs is going to be housing. If you look at the cheapest house that can be newly built for a local family it is going to be about £600,000 and probably about £500,000 of that is building costs. If you add 5% to that, you are adding another 25% to the cost of buying a house and if GST goes to 6%, then that is £30,000-odd, which makes
855 more building unviable because people cannot afford it.

Deputy Vermeulen: Well, absolutely and that it is ironic, isn't it, that we have just decided to look into the perceived high costs of construction in Guernsey and here we are today considering lumping on 2% extra Income Tax to all those people that would construct and work building houses,
860 building hospitals and possibly a 6% on a GST. Who knows where it goes.

That does not make things more affordable to do. So construction is obviously concerned and that also does make it far harder. Now, our Chief Minister has got a difficult balancing act to do and he has come up with his suggestions with his Committee. If it does fail and if you do have to have an emergency Budget, sir, I would state here and now I am 100% trying to help in that emergency
865 Budget look at, perhaps, different better ways to do things.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

870 **Deputy Ferbrache:** Sir, I would like to say in relation to everybody who has spoken this morning I think everybody's contribution has been extremely helpful and the debate has been conducted in, as it should be, very civil terms. (**A Member:** Hear, hear.) Now unlike Deputy Dyke and Deputy Parkinson, I am not a Cambridge graduate. I am like my now, again, very good friend Deputy McKenna, a person of normal and average intelligence.

875 But what I do every day, what I do every working day, is speak to people in the finance sector. I speak to them because of my interests, I speak to them because of my job as an advocate, I speak to them because I am interested in the topic. Now, I fully accept the absolute integrity and the statement with all the interventions this morning of Deputy Trott to say that GIBA has reversed its position and he said that.

880 I apologise I have missed their letter saying that, I have not seen it. I am surprised at the *volte face*, but I do not need GIBA to tell me, and I share some of the adjectives used by Deputy Dyke, that to change the Income Tax rate by 2p in the pound or 10%, whatever you call it, even purportedly temporarily, as 1A makes it very clear that it is 2025, 2026 and it reverts back in 2027 to 20% is dangerous to the extreme because people will not believe it.

885 They will not question the integrity of the people putting forward these proposals but they will not believe it is temporary because if, for example, because 1A is linked with GST, if for example, the States having then spent £2.8 million, because that is the figure that is referred to, on looking at GST the process of installing it decides it is not going to install it, what is it going to be left with?

890 But I would like to just go back in relation to where we are. I thought, as I said, everybody who has spoken today – it changes now, but everyone who has spoken today – has spoken well. But the two first speeches of the morning were Deputy Parkinson and Deputy Roffey, now they are both people of intelligence and I know that Deputy Roffey went to the boys' grammar school and not Cambridge, but he is still a person of real intelligence and has actually been in the Assembly for the longest time.

895 I know Deputy Gollop has been in longer, overall, but he has been in for the longest time, since he was a callow youth of 22 or 23, or whatever it was, in the early 1980s and I have worked with him closely, as I think he would confirm – he does not have to, unless he disagrees, then he can make a point of correction – on several projects during the course of this term.

I found him to be a person of absolute integrity and complete principle and he and I went along to see P&R lunchtime-ish last Friday. Very constructive meeting and we were told that there would be a proposal, which is different to the one we are now seeing, but it was still a move towards a consensus that would be coming along.

We were shown a copy of it and Deputy Roffey said, I may have to hold my nose and I may have to vote for it or some different wording in relation to it and he said he was doing that today. I am a person of integrity and I cannot hold my nose and vote for an Income Tax increase and I will be looking at some of the figures and one of the interventions that Deputy Trott had, I think, when Deputy Matthews was speaking, was saying well, these people would be better off, those would only be less than £10 a week better off; I am going to look at the figures that are actually in the budget. I am going to look at the Budget Report.

I appreciate that things might have changed a bit since it was written but they have not changed materially. We have got some more Document Duty because September was a good month, Deputy Trott has told us and I accept that, but I am going to use these figures as my base in due course.

But what I would like to say is, and I would like to say at the very beginning that I am extremely grateful, and I mean this with absolute sincerity, to Deputy Trott and all Members of P&R, our small Treasury team and all other people who have undoubtedly worked very hard in constructing these Budget proposals. **(A Member: Hear, hear.)** I say that without reservation, I accept their integrity unreservedly. I question that not at all.

This, though, is not a mere Budget and Deputy Soulsby's intervention this morning to say it is an emergency Budget, I agree with her. I am not over-dramatising when I say we are at a watershed in our history. I appreciate that those producing this Budget can just do that, it is simply a Budget but we, the Assembly, now have to do our duty.

I have already used the word history, history changes, most times in life just trickles along but then all of a sudden you note that the trickle becomes a flood and that there has been some cataclysmic event that necessitates change. We have reached that change. We reached that point years ago. We can do nothing about yesterday but we must do something about tomorrow.

I hate any tax increases. I would love us to be able to say we do not have to increase any taxes at all. Deputy Roffey would love that, I am sure every other Member of this Assembly would love that. But we live in the real world, we are not able to do that. We are in a desperate place. We live in Guernsey, which is a wonderful place; our good friends in Alderney live in a wonderful place; we live in gentle, civilised, safe and decent Islands. We are all so lucky.

I do not share the parochial view that some share that our two Islands have different interests and should, in some way, be treated differently. We have chosen a large measure of fiscal unity since 1948 and, in my view, our problems together should be shared and we have problems. We have abrogated as an Assembly our responsibility; we have done it time and time again. So, in large measure, did the previous Assemblies; it is not something that we have just done. **(A Member: Hear, hear.)**

We cannot just say let us today raise Income Tax for the next two years by 10%, i.e. to 22p and I do appreciate what Proposition 1A says. We have now got a financial review which is, I think, timed now for March 2026, about 17 or 18 months, but we need to get from now till then. What we need to do is make decisions now. We cannot afford an 18-month delay. It is an indulgence that we just simply have not got.

We have dodged making decisions too long. We have tried to turn our back on reality for far too long. We have hoped for a magical solution for too long. Magic is something for children, not for elected personal representatives. That lovely Dickensian character from David Copperfield, Wilkins Micawber, hoped something would turn up and he said that often on his way to the debtor's prison. He was described – and this could be me really or Deputy Trott – as a kind hearted, incurable optimist. **(Several Members: Hear, hear.) (Laughter)**

The other famous quote that comes to mind – and apologies to most here who can only remember decimal currency – annual income £20, annual expenditure £19.90 and sixpence, result

950 happiness; annual income £20, annual expenditure £20 nought and sixpence, result misery. Micawber is described as the one who is poor but lives in optimistic expectation of better fortune.

We are not poor but we are poorer than we used to be. We are living on our means, we are living on our savings. We cannot keep bashing the middle classes we cannot keep heaping taxes, as Deputy Matthews wants to do, on middle Guernsey. He wants to do it permanently. He can smile but that is the reality of the situation that he is advocating. It is crass irresponsibility and self-indulgence.

We spent three and a bit days, we have decided expenditure is too much, but we are not going to reduce a penny of it. We should be looking at the civil servants but we are not even prepared to take baby steps in that regard. Everybody's budget is sacrosanct and should be kept because everybody is doing good work. I accept that people are doing good work. I accept that the budgets are prudently managed but we have got to make decisions.

Now, I could not quite go as far as Deputy Helyar's suspension in relation to revenue expenditure but we are going to vote, because that will be what this Assembly will do, we are going to vote to increase revenue expenditure from £610.3 million to £650 million and Deputy Kazantseva-Miller said in one of her ever-continuing excellent speeches, that is an inflation busting Budget. You can do your own inflation, it is an inflation busting Budget. So we showed no willingness to control that at all. We will show no willingness to do that at all. It will be an abrogation of responsibility.

Shortly after I became President of P&R, on 16th October 2020, and whilst dealing with the pandemic, which itself wreaked havoc in so many ways and we had no idea when it would end and what it would cost, I looked with other colleagues in depth that our finances and I cringed and gasped inwardly.

It was obvious we had long standing problems. It was obvious that my predecessor and my predecessor's predecessor and his predecessor's predecessor had not done enough to convince the respective Assemblies that we should be making changes. Not particularly their fault, no doubt, because Assembly after Assembly were doing what Mr Micawber used to do and say something will turn up.

Our reserves are limited. We have an ageing infrastructure which we have not invested in sufficiently over a long period of time. Indeed, Deputy Trott, his opening remarks back on Tuesday said our infrastructure investment has been dismal. (*Interjection*) We have an ever-increasing health and social care costs and no plan or idea how to deal with them.

Just before Denouement Day on 13th December last year, on 12th December, I met with Deputy Roffey and Deputy Brouard to discuss SLAWS. It was going to be delayed just a week or two because Deputy Roffey was going away on holiday and he wanted to be the front man, the Robert Bruce, of the SLAWS thing. We are now at the end of the first week of November 2024 and that is in the 18th, whatever I said, cupboard of the difficult decisions that we are never going to make.

So we also are not creating, and this is a point that has been made by many people. Deputy de Lisle has said so well and over a long period of time, we are not creating an environment that protects our indigenous population. We are not, and still not, willing to make difficult decisions.

I know it exists in lots of places but I am concerned about my Island. But with so many in this Assembly it is said by others, I am not necessarily saying it is by me but I may agree with it, who are more concerned about their political futures than acting purposefully in the best interests of our society.

Now, the future of this Island is more about boom, boom, boom or whatever the hand manoeuvres that Deputy Meerveld did just a few minutes ago. It is more important than walking along the front swirling flags or singing *We Will Rock You* and *Sweet Caroline*, which will undoubtedly bring you short-term popularity, it is short-term as we saw earlier in the week when the flag was being waved, but it does not solve problems and, in my view, is irresponsibly writ large.

The answer to our problems is difficult, uncertain and, to a degree, unknown. It is not written in stone and it is not blowing in the wind. As to written in stone, I am referring to Pillar 2 and I have now, on several occasions, and I do so again, praised the judgement of Deputy Parkinson on that issue.

The P&R I chaired were *regularly* advised that £10 million, possibly £15 million, is the best that we would receive. Now I accept that Deputy Trott, and of course I accept his word absolutely, said that had been revised. It was revised very quickly after we left. I am not alleging any bias, I am not
1005 alleging any negligence but the point is that was obviously ... it does not question my faith in the integrity of those who were advising us it does question my concern about their judgement and I will speak more about Pillar 2 in due course.

We have now got, and I mentioned it yesterday, the fact that Mr Trump will be President of the United States in just under two months' time and he, I have read and now heard more than one
1010 economic commentator say, that could blow a hole in Pillar 2. Now, I do not know because Deputy Dyke said yesterday the Americans will all look for a special deal and we need not necessarily be so concerned and I do not know if we have got concern but I am going to stick with that figure of £30 million from Pillar 2, which we have been told and I believe that that is what we are likely to receive.

Some are saying big corporates will find their way of getting around it and we might get less
1015 than the £30 million. Well, they might, but they are going to have to pay their tax somewhere. But, and there is a but, it is still two years or so away before we receive any money and we have to pay our bills today, tomorrow and next week and welcome as that is, it is not going to be enough.

Now, blowing in the wind. I am not referring to the iconic song written and performed by Bob Dylan, I am referring to wind farms. I have, from day one, when President of P&R and I continue
1020 now as a backbencher, supported absolutely the wind farm and other environmental projects. I have no doubt about that, I supported it fulsomely.

I understand, but can be corrected if I am wrong, that £600,000 of public money has been allocated to developing this project. I would, at some stage, like to know how much of that has been spent, with whom and to what effect. I would also like to know when residents of Guernsey
1025 will receive a return, what earnings can be expected from the windfall project or projects and when.

I have heard in the past Deputy Meerveld say to me, soon it will be hundreds of millions. I hope he is right but I do not think it will be soon and we cannot make policy and pay our bills on speculation. As I have said, I do not believe it will be soon but if in the future it is and it brings
1030 meaningful amounts to our Exchequer and we have a 21st century Klondike, that money can be invested in our infrastructure and/or in lowering taxes, but we have to get from now to that uncertain tomorrow, whenever that may be.

As I say, we are going to have a States' financial review in, I think, March 2026. Most States' Members currently sitting are likely to stand, and I predict a goodly number of them will be returned, but as they have not made difficult decisions to date why can we have confidence that they will
1035 make difficult decisions in March 2026? (**A Member:** Hear, hear.)

I believe that the public are now even more appreciative than, say, a year or so ago of our parlous financial position. I have to say that on many occasions, post 13th December 2023 when the motion of no confidence was passed, people I did not know came up to me, thanked me and said I, Deputy Helyar, Deputy Le Tocq, Deputy Mahoney and Deputy Murray were right and thanked us for what
1040 some regarded as our good judgement and courage. I am not here to say I told you so but to seek a solution.

I will end with what I propose. What is being proposed by P&R is a 2p increase on Income Tax. That is a tax and we have seen all the figures, both in the Budget and in other presentations, on the ordinary working population. A figure of £22 a week is nothing to Deputy Trott, he regularly tells us
1045 how well he is doing, but to the ordinary family it is a lot of money. To a couple with a couple of kids in what is already an expensive Island to live in, not only is it an extra £1,144 per annum it could be the straw that breaks the camel's back.

It is no argument, although 100% correct, to say our citizens are less taxed than comparable jurisdictions. Nor, as I heard Deputy Trott say on many occasions, and again correctly, that the tax
1050 paid by the average taxpayer does no more than pay for the education costs of one child in secondary education. Again, true, but those people are doing the best they can. They are the heart, the soul and the guts of our community.

We have seen from figures verified by our Treasury just how progressive they say the proposals put forward by P&R are. I though, recently, have read an article by Robert Colville in *The Sunday Times* where he writes:

Every year, the US based Tax Foundation publishes its International Tax Competitive Index. It measures how good or bad the tax systems of the various countries in the OECD are at promoting growth.

Britain now comes way down the list. The basic thesis behind the ranking is that taxing work and investment is worse than taxing consumption. In other words, the States should wait for the farmer to plant the corn and gather the harvest rather than taxing the seed or the workers. But taxes on consumers and consumption are unpopular and taxes on businesses and investment are not.

That is why Rishi Sunak got far less stick for hiking Corporation Tax and National Insurance. It is why our VAT system is riddled with exemptions for domestic fuel, children's clothes, books, newspapers, tampons and all the rest to the point where we raise tens of billions of pounds less from that tax than the average developed country. We raise nothing from Consumption Tax, as Deputy Prow ably said.

I now turn to the particulars of the Budget. The first table is page 12, table 1. Now in that, Income Tax is to be estimated to be £504.5 million out of £687.1 million revenue income. Thus, over 70% of our revenue will come from Income Tax. But more worrying than that, the budget estimate for Income Tax for 2024 was £442.9 million. I appreciate we are not quite here at the end of 2024 and the comments that Deputy Trott helpfully made to us three days ago, but I am just using these figures because the adjustments could be made.

So £412.3 million is £30.6 million less than the budget estimate or 6.9% in real terms. Next year's prediction is that Income Tax will rise to £504.5 million – an increase of £92.2 million. That is an increase of 22.3% in percentage terms, these are actual figures. General revenue surplus is said to be £26.4 million.

But let us say, like this year, Income Tax is 6.9% less than the estimate, that means £34.8 million less than revenue and the £26.4 million surplus becomes a deficit of £8.4 million and the general revenue reserve net deficit is increased to £50.6 million rather than a £15.8 million deficit. That is on the income side of the equation.

So, income down and expenses up. Goodness me, Mr Micawber will be worried. The 2024 Budget estimated those to be £593.4 million. In fact, the forecast outturn is £605.7 million – a 2.07% increase. Next year, they are predicted to be £621.9 million which is an increase of £16.2 million on outturn and £28.5 million on the 2024 estimate.

I will just do my analysis on the £16.2 million increase, which is a 2.67% increase. Do we really think that is likely? So let us say we are, like last year, 2.07% underestimating expenses. That means an extra £12.87 million of expenses which, when added to the £621.9 million, becomes £634.77 million, and the £50.6 million deficit becomes £63.47 million.

Now, page 18, Deputy Trott's intervention again, but page 18 of the Budget – you do not need to look at it particularly now unless you want to – clearly shows that over 70% of our population will be worse off under these proposals, over 70%. Page 19, and we are talking about quartiles, it shows in the second quartile income percentiles, 25th to 49th, around 80% of the people will be negatively affected by the changes. For most, the impact will be less than 1% of their gross income but for around 10% they could be impacted by an increase of more than 1% of their income.

Page 18, the 25th percentile as it is called, depicts a couple with no children, household income of £40,000 or with two children £57,000. That is not a fortune in expensive Guernsey today. I appreciate every single person is important but the two middle quartiles represent a large section, the majority, in real terms, of our working population; the guts and heart and working ethos of our community.

Paragraph 2.18 on page 19 says it all:

The expected impact of the 2025 Budget on a family with two children ...

– and I will struggle with the same word as Deputy Trott did –

... and average equivalised household income levels (in the 50th to 54th percentile) ...

– right bang in the middle –

1105

... is that they would pay approximately £1,140 more in ... [Income Tax] or about £22 a week. This equates to an increase of around 1.1% of their gross income.

Nothing to Deputy Trott he says, nothing to Deputy Dyke, perhaps nothing to a pensioner, Deputy Ferbrache, but a lot to a lot of people. (**A Member:** Hear, hear.)

1110

The third quartile, income percentiles 50th to 74th, page 18, depicts a couple with no children, £68,000 income or £95,000 with two children. Now, page 19 states that around 98% of those households in that quartile will pay more and more than half will be negatively impacted by at least 1% of their gross income.

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At paragraph 2.17 we are told the proposed changes are ‘progressive’. Now, these hard working and decent people who put together this Budget might not have a different calculator to me but certainly they have a different dictionary to me, and to over 70% of our population these proposals are regressive.

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Look at page 23, financial performance update. Income Taxes are forecast to be £31 million adverse to budget. Customs duties are forecast to be £1.5 million adverse to budget. Expenditure is forecast to be £3.4 million higher than budget. Both the Committee for Health & Social Care and the Committee for Education, Sport & Culture are forecasting overspends of £4.5 million and £1.1 million respectively.

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The Unincorporated Trading Entities losses are forecast to be £1.3 million adverse to budget. Guernsey Ports is forecasting a loss of £4.5 million in 2024, which is £1.9 million adverse to budget. My goodness, Mr Bailiff, the chickens are not just coming home to roost they are already hard at it. Bear in mind the following when assessing the true financial position and consider this, one, paragraph 4.7 investment returns, reads this:

Investment returns are budgeted to be at a prudent rate of UK CPI and +3.5% resulting in an estimate of £23m.

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Now to Deputy Dyke, Deputy Trott and Deputy Parkinson that means 3.5% over inflation which, I fully accept, is a reasonable investment return. It is important to note that this is not realised investment income but a change in the value of assets over the period, which can only be realised if investments are sold at that level.

It should be noted that investment returns are volatile and can vary markedly from the long-term expected rate of return as budgeted. So, in common parlance, it is not money in the bank and it can vary a lot.

1135

Two, the States’ fiscal policy framework, Principle 6, directs the States to maintain capital expenditure at an average rate of no less than 1.5% of GDP per year averaged over four years and 2% averaged over an eight-year period. Well, well, well. The States, in fact, at the moment need to address historic underinvestment in capital projects and shows no willing to do so.

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Paragraph 415, as summarised, states that the fiscal policy framework is no longer fit for purpose. The States has a structural deficit, this is defined in the Budget as a Government deficit that is independent of the business cycle and is created when a Government is spending more than the long-term average revenues it is receiving. See table 6 of the Budget Report, which shows the details of our structural deficit.

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Pillar 2 proceeds, paragraph 535 – and it has also been clarified, helpfully, by the Treasurer, who always responds promptly and responded promptly to an email I sent – states that the additional revenues raised by these proposals are recognised in the 2025 Budget, the year in which they are effectively earned, however, are unlikely to be fully realised until 2027. They will not be realised at all until 2027, not fully realised.

On Friday 1st November, in the presence of Deputy Roffey, I asked Treasury to confirm my understanding, which they promptly did. They have included the tax receipts for 2025, the sum of £30 million. That has been confirmed to me, last Tuesday in writing by the Treasury when I said I looked at the corporate figures and saw they were £20 million, i.e. £10 million a year for 2025, 2026. They have gone up to 60. She said, because we have allocated a return of £30 million a year for Pillar 2 for 2025 and 2026.

Members will recall my angst about this previously. As I have said, the P&R Committee, which I chaired, was told by Treasury regularly that figure would be much less. Deputy Parkinson, as I have said, always took issue with that figure and he is most likely correct. But the £30 million cannot be guaranteed and I invite Deputy Trott when he responds later on, unless we are told that it has been assessed on those on whom it has been assessed and they have agreed it. In other words, they have gone to company A, 'Yes, we know we are going to have to pay £10 million in 2007,' or whatever it may be. I would like to know if it is with that certainty. But in any event, we do not get it for another two years.

I now turn to the Sub-Committee set up in 2023 with the aim of reducing the cost of public service. Well, it has achieved little, if I can say that; it would be unfair to say it has done nothing. Its aim was to come up with a medium-term plan for delivering overall cost reductions of at least £10 million to £16 million over the five years to be considered by the States at the end of 2024.

We all know this, we are not going to get a full report considered by the States at the end of this year and no proposals have been put forward which would amount to a £10 million to £16 million saving. No proposals have been put forward for any concrete saving, because I said it in one of my little homilies which I am prone to give, when I first became a partner of my law firm on 1st January 2023 my senior partners, then, all said you can only count the money when it is in the bank.

Now, of course, we have all got these modern advisors and so you can look at work in progress and all that. Absolute rubbish! I cannot go to the butcher and pay him with work in progress, I have got to pay him with cash or with my credit card or debit card. So, we are told, and I accept, that 865 people responded and submitted 2,385 ideas, yet all we have at paragraph 788 is a recommendation that the States agree the tier one initiatives and direct Principal Committees to investigate these opportunities further and where possible, implement the changes needed to deliver the savings.

It is a bit like Neil Kinnock's speech, a fine assembly of words, but it means absolutely nothing. There is nothing of substance in that at all, or at least not to a humble Guernseyman of the same intelligence as Deputy McKenna, perhaps to Cambridge graduates. I said earlier I would suggest some solutions.

Before that I stress, again, we have abrogated our responsibility, we do so longer. I do not believe we can wait until March 2026. We should do so now. I do not think we will do so because people here do not want to do so and it is all going to be so difficult. So difficult, from 1st January next year to bring in changes to implementing that you do not have automatic pay rises every year. Everything is so difficult. It is so difficult, Mrs Micawber, it is so difficult.

Now, what the States should do is meet in January 2025, in Committee. It has already got lots of information, we have already got lots of information on GST, whether it is agreed or not and I know my good friends, and they are my good friends again, Deputy Dyke, Deputy Vermeulen and Deputy Meerveld are sincerely and intractably opposed the GST. I accept their views, I do not agree with them but I accept that they honestly held those views.

I would ask them, in due course, to come up with some measures to bridge the gap because I believe we need another £100 million in revenue. I believe that is the figure that we have mentioned. Deputy Gollop and I have had many chats about that over the years really. But the States are not going to meet January 2025, they should: (a) to create opportunities for growth; (b), and this overlaps with (a), meaningfully reduce regulation. We cannot simply say it is too difficult. I cite one example, but it is an important one. The only true growth in our ever-important finance sector in recent years has been compliance officers. Otherwise, numbers of people employed have reduced significantly.

1200 Although I respect our Guernsey Financial Services Commission and the important role of its Enforcement Division, we have created an atmosphere and culture that is contrary to any growth and initiative. Moneyval will no doubt tell us we should be even stricter and I agree absolutely that we should maintain high standards. But let us have some realism and let it prevail.

1205 What the Enforcement Division do is to prepare a report and then send it to one of these very clever people, generally in England, who produce reports often recommending sanctions. I am aware of one report that came back to the GFSC after years of consideration, which ran to over 2,000 pages.

1210 The sanctions then had to be considered and they were challenged and that meant a hearing in the Royal Court. It took a significant time for that judgment to be handed down. I mean no criticism of the judge who handed the judgment down because he had a very difficult task. Whichever way it was looked at that is unfair and how can even the biggest institution be expected to cope with that series of events? What chance do our smaller corporate service providers do and have to develop their business?

1215 (c) I will reduce the services the States offers; (d), again an overlap with (c), I would cut costs; (e) I would charge for certain services that are currently provided for free; (f) I would look for increased revenue opportunities; (g) I would develop a meaningful capital programme infrastructure. I do not pretend that any of this is easy and I do not expect the States to agree on any of my suggestions of a meaningful discussion, after all that is too difficult and an election looms.

I do have some practical suggestions of my own. There are many others that people with far more fertile minds than mine suggest.

1220 (1) I would bring in, in 2026, a motor tax at a rate of £200 a vehicle (A Member: Hear, hear.) that would raise £12 million per annum. I would develop, and Deputy de Sausmarez and I had discussions about that when I was President of P&R, other opportunities for meaningful contributions to tax revenues from motor vehicles and the like. They are not difficult, they are well formed and I know that Deputy de Sausmarez had many good ideas. I am not going to expand them now because I have been speaking long enough.

1225 (2) I would, and the States may by then have already decided about this, introduce GST. Not because I want it, I do not want it. I do not want builders to have to pay more. I do not want Mrs Bloggs at the shop to have to pay more. I do not want that at all. But it is unrealistic not to expect it to be introduced in due course.

1230 For every year we delay we are losing many millions of pounds of desperately needed revenue that we could give to the Education Department, that we could give to the Health Department that we could give to Deputy Prow's Department to spend meaningfully, to build projects that we need to invest in our infrastructure.

1235 (3) I would not increase public service wages – and this is a point Mr Digard touches upon. It was humorously said and strongly denied by Deputy Trott, and I accept Deputy Trott's strong denial that Mr Digard wrote his last manifesto. I shall accept that completely but I know their brotherly friends, or whatever the people are called of that institution. But in relation to that, I would not increase public service wages for the duration of the next Assembly, for those with an employment package of £100,000 a year or more.

1240 (4) I would introduce, as I have said already, charging certain public services which are provided free of charge.

(5) I would introduce and I would not accept that it is impossible or difficult, as soon as practicable, an insurance requirement for medical services.

1245 (6) I would seek to investigate the implementation of a publicly funded bond, albeit limiting it in such a way that the proceeds can only be spent on revenue creating opportunities such as, again, merely, for example, the creation of a non-tidal marina. Such a bond could, amongst others, give financial institutions and high net-worth individuals the opportunity to truly invest in our community.

1250 (7) I would without generally building upon our green fields, remove the obstacles to house-building. As Deputy Kazantseva-Miller ably said recently, there is no chance of us meeting our

housing targets for the next few years. I add that is under the current system, the system needs changing. (**A Member:** Hear, hear.)

Finally, (8) an overlap with (6), I would invest in our infrastructure.

1255 I have spoken far too long, but those words need to be said. It will be interesting to see if, at the end of today or whenever we conclude it, the States is willing to make difficult decisions. I do not hold my breath.

The Bailiff: Deputy Leadbeater and Deputy Inder, is it your wish both to be relevé?

1260 **Deputy Leadbeater:** Yes please, sir.

Deputy Inder: Yes, sir.

1265 **The Bailiff:** Thank you.
Deputy Falla.

Deputy Falla: Thank you, sir.

1270 I do not agree with everything that Deputy Ferbrache said in his speech just now, but I do thank him and congratulate him on coming up with some positive suggestions, which is more than a lot of us have been able to do. I regret that some of those were not brought as amendments because it may have given us an opportunity to benefit from the thinking that he has clearly given this enormous problem.

1275 On Wednesday, I think it was, we returned after lunch in that classic full belly situation where we sat down and were waiting to be enlightened by what was, I think, anticipated by many of us as a number of speeches on Amendment 22, the so-called compromise amendment. I think we entered a parallel universe, sir.

1280 We came back, we had spent many hours on a couple of amendments during the previous day and a half and then we blinked and the compromise Amendment 22, now forming Proposition 1A, was passed in the blink of an eye and I fear, sir, that P&R on the surface had set a lot of stock on the Income Tax solution.

1285 They brought it for those who find GST unpalatable, it might be more palatable to do something with Income Tax, we did not hear any great cries that we must not do it from business; we were told at that point that it would not affect the international finance industry. For some that could have been a good solution but I fear that in that strange moment in which Amendment 22 was passed that P&R have inadvertently, perhaps or perhaps not, thrown out the Income Tax baby with the GST bath water because it is no longer, as Deputy Matthews identified in what I thought was a helpful speech, which helped me in my own thinking earlier this morning, it has taken off the table the opportunity for anyone who was that way inclined to vote for an Income Tax increase alone.

1290 So where does that leave us? This Assembly has already turned down GST two or three times this term. Doing what we are doing today this late in the term seems, to me, to be quite futile really and potentially costly because we are saying go ahead and do up to £3 million worth of preparation for a GST, which may then become an election issue, which will mean that the next Assembly will be full of anti-GST Deputies and we are right back where we started in a frustrating circle.

1295 I will say, for one, I have not voted for GST at any point in the previous debates but I do think we are very stuck because we might be just wasting our time: in another seven or eight months a different Assembly can just chuck this straight out again. (**A Member:** They probably will.) So, sir, if I sound confused then it is a bit of a giveaway, but I am going to be continuing to listen to debate but I am far from certain of where I can go with this today.

1300 Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Sir, first of all, I wanted to start by complimenting P&R for coming out with what has been a very ballsy, gutsy Budget and I was not expecting that Income Tax would come back; I was surprised that it was proposed. But it has, for the first time, allowed us to compare what a proper Income Tax package could look like compared to GST or other options.

I, along with many others, have been very concerned about the implications of a pure Income Tax proposal, of bringing it for two years without having the backstop of having something else, potentially, in place in 2027. So Deputy Mahoney and myself we asked a number of questions to Treasury about what an Income Tax proposal that continues longer term beyond 2026, so to 2031, would look like compared to a GST package.

We had a really good response and analysis from Treasury and we shared those findings with Deputies and the effects of an Income Tax led package, whether there will be a restructure of Social Security in 2027 or not, is really striking compared to what a GST-plus package looks like and it is so striking that I think the problem is that it is not widely understood how bad an Income Tax led tax reform would look like for the whole Island.

Deputy Trott said the public has not been campaigning and opposed to the Income Tax proposals. I just do not think they fully realise what is coming and what an Income Tax proposal actually looks like because what Income Tax does is it takes out, immediately, more of the disposable income that is available to you from 1st January and when we talk about an average Guernsey family, two parents, two children, and we talk about an average Guernsey family having to pay over £1,000 more, this is not just £1,000 of £90,000 disposable income this is £1,000 out of the dwindling disposable income that is available due to all the increases in inflation rates, charges, interest rates, etc. So it is a big hit for everyone.

And just to show how any Income Tax proposals would look over the long-term, all households will be worse off from the 25th percentile with an Income Tax at 22% and continued phasing of Social Security contributions. It will be households –

Deputy Soulsby: Point of correction, sir.

The Bailiff: Point of correction, Deputy Soulsby

Deputy Soulsby: I do think there has been misinterpretation of the graph's percentiles, in that the percentiles show the average impacts, so some within that can be more or worse off. So I think it is very important not to take those bars and determine by them, as I think ... I forget if it was Deputy Ferbrache saying 80% would be worse off. You cannot make those assumptions from that graph.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Equalised household income from the 40th to 44th percentile will be worse off under an Income Tax led scenario, but with slightly restructured Social Security contributions from 2027. And it would only be households from the 75th to 79th percentile that will be worse off under the GST package which includes the lower tax band, it includes higher personal allowance for everyone and it includes the Social Security structure.

The reason why that is happening is because the GST-plus package and by the time it might be introduced it is going to be the GST-plus, plus, plus package so there is still opportunity to improve that further, let us call it GST ultra, in 2026, there is further opportunity to make it even better. And one of the key reasons why GST allows us to take those steps to a proper restructure and diversification of our tax system, which also helps address some of the concerns that Deputy Parkinson has ably displayed in terms of that concentration of taxation and Income Tax, is because GST allows us to do that.

So it allows us to diversify our taxation so we can tax visitors, (*Interjection*) we can tax people who are not paying Income Taxes and who live off capital, so that is typically the wealthier

households and it allows us to levy new charges on financial services companies such as the International Companies Exemption Fee. So that in itself creates a really significant diversification of our taxation into sources where we are not charging them.

The second point is that GST-plus, plus, ultra package, through the lower tax bands, through the increase in personal allowances, allows us to redistribute a lot of the taxation away from Income Tax and onto consumption taxes and that package, at the latest estimation, would be approximately, I think, £40 million from memory.

So again, not only are we avoiding the concentration of taxation on employment, which will worsen even more because it is not only the 22% Income Tax, it is also the astronomic phasing and continuation of the phasing of Social Security contributions. By my estimation by 2031, if you also take into account secondary pensions, the total cost on employment would be not far away from total 50% of the wage bill. It is astronomical.

We will continue to absolutely worsen that structural dependency and continued concentration on labour taxation we have had and, to be honest, because amendments on Income Tax were resoundingly defeated because, I think, many of us intuitively knew that would be the effects of any Income Tax led packages but having looked at the detail, having really looked at how bad it is, it is absolutely, in my view, there is no doubt that an Income Tax led approach has no place as a solution for our finances. **(Several Members: Hear, hear!)**

What it means is that, in my view, GST-plus, plus, plus is the only really realistic horse we can bet on. I think what is key is that I do not think we can wait until 2029 if we did not put any backstop in place for something to come in and be implemented if we had to have that tax debate in 2026. I think we are truly running out of time.

The previous P&R also, very ably, showed us that we were running out of time in the last few years and to be honest we were probably running out of time since Zero-10, but I think we are at that watershed moment where if we do not make that decision to put those systems in place so that something can come in in 2027 this would be a huge derogation of responsibilities. **(A Member: Hear, hear.)**

The Committee for Economic Development has sought feedback on the Budget proposals from a number of business bodies. Many of those responses have been publicly shared by those business bodies themselves. This is my summary, by and large: if you exclude the retail group, if you exclude the Hospitality Association who are opposed to GST and that is understandable because there will be an impact for them and CGI, they have been consistently opposed, pretty much, and this is my interpretation in my words, pretty much the rest of the business bodies have accepted this need for structural reform to be done through the GST package.

I think the real call for action from that feedback has been for us to come together to ensure that if there is one thing that happens it is that one thing, that we put those systems in place for something to come in; it could still be overturned, it could still be all changed after the election, but if we do not do that we have got no real chance of any serious reform until 2021.

So, some may ask, why have I changed my mind? Right, because I was one of the Members who led on the fairer alternative proposals and I would say this, I do not think I have ever come out to say that I was against GST, *per se*, and I would probably go further to say that quite a lot of people within the fairer alternative, those supporting fairer alternative, probably are of a similar view.

In my view, the position we had was the following, GST would be a final thing we bring in but not until we achieved a number of important outcomes.

Number one, we have to continue to demonstrate to the public that we are on top of the expenditure. We could demonstrate the savings programme, demonstrate efficient running of public services; number one.

The second is that there was still scope for introducing other charges and levies. Specifically, we talked about the corporate levy, motor taxation, visitor levy, Open Market inscriptions. All of those things were first profiled and approved by the Assembly to progress.

The third pillar was economic growth. To indicate to our community we have got a long-term plan and an economic vision for the Island.

All of those Resolutions, and others actually came out from the fairer alternative amendments, we approved them in February last year. The key problem, to me, is that most of them, not any have been progressed to a point where they made it into this Budget, except for the savings report that has been attached.

There is nothing in this Budget that is indicating any progress against those initiatives and I give you specific details. Resolution 8, a vision for the Island, to report back by March 2024; not progressed. Resolution 9, transport taxes, to report back by March 2024; we discussed it yesterday, not completed.

Resolution 12, visitor levy, report back by March 2024; not complete. A review of States' employer pension with a view to close the Defined Benefit Scheme by September 2024; we have not seen it, we understand P&R is hopefully bringing that forward soon. Resolution 14, enabling the Transfer of Undertakings (TUP), Protection of Employment to be completed by 2023; again this is not complete, but I understand it is being progressed.

So I sometimes think, what is the point of us debating all of those things, spending a lot of time coming up with alternatives, debating them on the floor of the Assembly, approving them because the States is under the Resolution to deliver all of those things, I have not mentioned the core packages; same but they do not get progressed. (**A Member:** hear, hear.)

So given the lack of progress on these initiatives and the worsening of our financial position and outlook, we have also had inflation, we have got interest rates, etc., I certainly feel, as I said before, we cannot wait until 2029 as the year when major changes to our corporate tax system will be implemented because that is what will have to happen if the decision is delayed until 2026.

So I am prepared to say today, and this could cost my re-election if I choose to stand, that I think, wholeheartedly, that GST is really the only medium-, long-term solution that we have got to be betting on and we have got to bring the systems in place to put it forward. So if I knew one thing, if I could hold one thing as a truth today, this would be it that I would be supporting Resolutions that allow us to bring forward GST.

So with this in mind, I will be resoundingly supporting Proposition 1B. I definitely know that for a fact and I do hope that whatever happens today if we do get to that position when 1A fails, that a majority of Deputies would find that as the backstop, because again, this does not guarantee that GST will come in because we will still have that final debate in 2026, when everything can be taken into account, etc. But if we do not have that backstop we will have nothing and we will truly be in a perilous situation.

So the real question to me is whether the pain, and this is a very serious economic competitive pain, of accepting an Income Tax increase of 10%, or the alternative of what it would mean not having any measures approved is worth the pain and whether there is enough in the Budget, in terms of general revenue expenditure, to justify that hike.

So, as I mentioned before, the general revenue expenditure is increasing by the equivalent of £20 million above the spending we had in the last year. There was an attempt to slightly rubbish my analysis and saying that I was misleading the Assembly with those figures and I do find that extraordinary because I am literally just using the figures from this Budget Report.

The total cash limit is going to go up to £650 million, this is up from £610 million and that cash limit includes Government Work Plan funding and the budget reserve measures. My understanding is that the comments P&R was making in relation to real term increases, that exclude GWP and the budget reserve, but I do not know how we can just exclude certain expenditure to massage the figures to show that, well, actually, the Committee expenditure is not going up. The point is that overall States' general expenditure is going up by £20 million in real terms; that is simply a fact.

So the Income Tax increases will not go – I repeat, *will not go* – anywhere to help our structural deficit. They are, by and large, especially as you start potentially adjusting for the behavioural effects on Income Tax and, actually, Deputy Ferbrache indicated the risks around what might actually happen to expenditure and income, the vast majority, currently 75% of the Income Tax increase, is purely going to fund general revenue expenditure.

So we need to be careful when we talk about public investments and public expenditure what we classify as investment versus what we classify as day-to-day expenditure because just saying we are spending more money does not necessarily mean we are actually investing into medium and long term. (**A Member:** Hear, hear!)

So the Budget is about that general revenue expenditure. It is about the day-to-day expenditure through Committees, budget reserve, etc. Routine capital is mentioned, but this involves spending on IT, vehicles, roads, States' housing and much of it will not be capitalised, it is not considered long-term investment and translated into our long-term assets. So I think, again, we have got to be very careful what we consider investment and what is just funding day-to-day expenditure.

Some projects that I would have really liked to see come through are the bigger infrastructure projects – the Pool Marina, what has happened to the Pool Marina because many of us have seen plans, numerous plans, why are they not in these proposals? The last I saw they were actually self-funding including the additional tax revenue that could be generated from the economic growth that could be developed.

So I am struggling to see whether we have got enough, today, in this Budget to justify what, as Deputy Ferbrache said is a watershed moment of moving to a 22% Income Tax. In addition to that we have got this issue that such major tax proposals have been brought through Budget and the question is, was this the right approach? Well certainly if P&R had an opportunity to do so.

But we should not underestimate, this is not just a little Budget with no consequences, this is a very serious major policy change on taxation. We obviously know P&R did not have a mandate to increase Income Tax, they did not come on that mandate. There has not really been proper consultation with the public. The way the Budget is lodged we only have four weeks from lodging to debate, it is a shorter period of time than for other policy letters. We have not had any external analysis, no comment from fiscal panel, for example.

We, as Deputies, had to scramble for analysis of the implications of this Budget. So the analysis that I talked about, that Deputy Mahoney and myself were able to achieve, it is not included in this proposal. That means the public has not been able to see what the real impacts of this proposal could be because the implications could be longer term.

So the fact that the community has not come against them, I think, is also a result of there just has not been enough time to consult and they simply do not realise the implications of what is about to hit them. As I mentioned before the business bodies, in my opinion, came by and large accepting that GST was the right solution in the longer term and GIBA, specifically, was very strong about supporting that view.

There was recently a short comment that I saw in the *Press*, I did not receive that via email, I do not think any other Deputies received that, and that was a commentary from their President that they were supportive of the compromise amendment. But I do want to question whether that was a comment from the President's Chair of GIBA, whether that position was shared by the Executive Committee of GIBA and, as a reminder to Deputies, GIBA is an association of other business bodies. So has that position been consulted, is it a position of other business bodies, did those business bodies consult with their members?

This is a question to P&R because I think I know the answer. That comment came in the morning after when the amendment was lodged. There is simply not enough time to engage in proper consultation that a business body of business bodies would have had to do to demonstrate a GIBA position. So, unfortunately, I cannot take the comments that GIBA is supportive of the compromise as something that actually truly represents the views of the business bodies and certainly the business organisations under GIBA.

I am currently struggling whether I am in a position to approve 1A, so if I do not approve 1A what would the implications be and what could the potential be of the action going forward? I do think we have got to get much more in touch with the reality of what the public wants, which is constraint on public expenditure. I really do not think this is coming across strongly enough.

So, I would support a reduction in the real time increases in the budget. I did not say slashing budgets, I am just saying containing the real time increases in budgets. If we wanted to be radical,

1510 we talked about the 20% increase in annual validation fees in 2006, well if you wanted to be radical, we could say double the annual validation fees from January 2025.

Doubling those fees will generate immediately, because those fees are due in January and February not by the end of the year, it would generate an additional £10 million; £10 million cash. (A Member: Hear, hear!) It is not ideal, but I do not think it is out of the question and this should be the type of measures that we should seriously consider (A Member: Hear, hear!) before we consider increasing Income Tax. So £10 million, a bit radical, but absolutely –
I give way to Deputy Dyke.

1520 **Deputy Dyke:** I do not want to interrupt a very good analysis. Is Deputy Kazantseva-Miller considering bringing any amendment?

Deputy Kazantseva-Miller: I am not considering bringing any amendments but I think the implications if we do not vote the proposals for 1A could imply that those kinds of measures will have to be considered in the whole. P&R would have to go back and have to talk to the Committees. I am just saying this is one of the measures that is absolutely available. I appreciate it is a little bit radical but it is absolutely possible.

One of the advantages of Income Tax that P&R are saying we have, is we have got the collection mechanisms. It is exactly the same with annual validation fees, we have got the collection mechanism we could put it in place we could have this cash available by February next year.

1530 The third element would be to continue progressing the Resolutions we have got around motor taxes. (A Member: Hear, hear.) Okay, so again £12 million Deputy Ferbrache indicated. So while maybe some of these measures do not go all the way I think we have still got measures. We are under the Resolution of this States and this parliament has decided to progress those measures.

I do want to talk, slightly, about the savings because actually it has been the only piece of work that has been completed as part of this Budget out of those Resolutions we approved previously. But I would like P&R to put it on record that the full report of the ideas submitted will be published, I understand, by Q1 next year and I think that is absolutely critical for full transparency and accountability.

1540 Political Members pushed for that report to be published. We did get some resistance from that, but my understanding is that P&R would be supporting that and would be publishing the full report. So I think that is going to be important. Deputy Ferbrache said we did not have any details, we should absolutely have all the full details and I really hope that P&R can put that on record it will happen.

1545 There has been, I feel, some undermining of this work and it seemed to have been used to justify the increase in taxes. Yes, absolutely, some of the ideas we had were about increases in taxation, we passed those ideas to the Tax Sub-Committee, but the core terms and conditions of the Savings Sub-Committee were to look at quite significant financial restructuring of services such as through review of the universal offer provision, which will especially affect the health services.

1550 So those kind of reviews and reform, what they are trying to do is to look at largely where the burden of charges and taxation should lay. Should everything be free, where do those free services finish, who should be paying and how much? So while there is, effectively, a potential redistribution of the charges away from taxpayers more towards users, I think that is the fundamental point of looking at structural reform of some of our savings which should lead, in the long-term, to cost containment and cost reduction for taxpayers, even though charges for users could go up in the long-term.

1555 So this week there has been a seismic shift in the US thanks to the resounding re-election of Donald Trump. Whatever you think about him and his past, this resounding victory was first and foremost a vote on the economy and the people voting and saying, we are feeling the squeeze, we do not think that our country is going anywhere, life was better in the previous administration.

1560 Obviously, we have had COVID, we have had interest rates, we have had a lot since then, but it is a serious vote and I just wonder whether this Assembly is really increasingly getting out of touch

(**A Member:** Hear, hear.) with the sentiment on the street (**Several Member:** Hear, hear.) because an average Guern simply cannot afford to pay any more, having borne the vast majority of tax rises concentrations of taxation on your average Guern, working people of Guernsey and it is simply not sustainable. So I am really struggling to be in a position to approve 1A. I will listen very openly to the debate and especially the contributions from P&R but I hope this explains my position and the shift in my position to GST.

Thank you.

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

Deputy Queripel: Yes please, sir.

The Bailiff: Thank you very much.

Deputy Mahoney.

Deputy Mahoney: Thank you, sir.

There have been some great speeches, as others have said, so far. The finance industry, I am going to concentrate on one thing in particular: confidence. The finance industry is built on two things, the legal and fiscal framework in which it operates and confidence in which it can work. But confidence is a fickle thing. It can be knocked fairly easily, you cannot see it and you cannot touch it but the collective industry confidence is, basically, a thousand daily conversations that we all have.

I know, I am a finance industry bore by the way, but it is the thousands of conversations that we have with our clients, advisers, the bankers and the lawyers every single day and it is an unwritten in your guts type of thing. It is hundreds of workers making thousands of decisions every single day and it is that difference between staff thinking, I will buy a house here or maybe I will wait and see what happens. That is confidence, that is local confidence of the people that work here.

International confidence is, basically, not tinkering with the very long established boundaries that we have and we have had them for a long time, 45 or 50 years now. It very much is not changing those foundations on which we have built an incredibly successful finance industry. I hope the Assembly and everyone listening can see the irony in this Proposition 1A and I offer no criticism, by the way, but knowing the original headline act of standalone Income Tax had no chance of success, Deputy Trott has turned to the long thought out and properly crafted GST proposals to basically sugar that deal.

He has come to the GST crowd and I actually admire that, it was a, 'We are not going to get Income Tax through but we need to do some other things so let us throw GST in there as well.' GST, I think it has been said before, is apparently the lipstick to smarten up this ugly and rather dangerous original Proposition 1.

I will not support 1A. I have always said that Income Tax is a red line for me. Someone else used the phrase red line this morning and it is a red line for me. I will not support any Proposition that includes Income Tax increase and this is a 10% increase in the amount of tax being levied on each individual taxpayer and it places most of the population in a worse off position, even a large percentage of the very worse off.

Any amendment with Income Tax, be it naked or, like this one, with lipstick, really does in my view represent a risk not only to future new business for the Island but to existing international business. Can we really, today, be contemplating introducing measures that will simultaneously directly disadvantage a vast majority of local taxpayers and at the same time create a credible risk to 45 years of hard work in creating a world class finance sector?

A sector that could and probably will continue to do great things for this Island if us 40, or 37 I guess, people do not mess it up. Twenty people today, in fact, it will be 19 with 37 of us here ... Nineteen people today could tip that boulder off the mountain top that it has taken thousands and thousands of people 45 years to get to the top of that mountain and 19 people today can topple it, send it tumbling back to the bottom and ruin 45 years of work.

The Assembly is split on corporate taxes, we are not going to go over that again, and that is fine and we can carry on arguing about those, and they will or will not come in at some point in the future. But, seriously, how can we consider busting up through the established basic rate of Income Tax? We have been warned, we all know we have been warned.

This Assembly may be about to solve the housing crisis by driving down confidence so much and weakening the golden industry around which everything revolves to such an extent that normal, hard-working people sell up and exit and take with them their tax dollars. I mentioned on Wednesday that the States of Guernsey engaged the international tax arm of Deloitte and EY to undertake extensive review of the corporate tax options and that report was clear, the risks of raising Income Tax rates are very real and the consequences could be far reaching.

We have been warned and we have been warned by the rating agency, Standard and Poor's, and I quote:

Fear of further negative rating action.

And that was around, if you mess around with your Income Tax rate and do not sort out a wider tax base. We have been warned. (*Interjection*) We are already more reliant on income based taxes than other jurisdictions in the world and Proposition 1A drives us even further down that road.

Like others, and it has been mentioned by a couple of speakers, I was surprised at the about-face by GIBA and I strongly suspect there was a large element of any port in a storm when the amendment was announced. As many will know, I like to keep a tab on the numbers in these votes (*Interjection*) and I suspect if they had seen the spreadsheet that I have regarding 1B they would not have turned 180 degrees quite so quickly.

Sir, implementing Income Tax and hurting the vast majority of Island taxpayers will be this Assembly shooting itself in the foot again and this Assembly is fast running out of feet. There will be many in the Jersey States, no-one has really talked about that yet; the States of Jersey that are listening keenly to this debate (*Interjection*) and they will be hoping above hope that an Income Tax rise is approved.

Locate Jersey will absolutely love it and we will be handing them a marketing and business advantage because they will use it in exactly the same way that Locate Guernsey and Guernsey Finance would do so if Jersey did the same to us and I have no criticism for doing so, that is what they should be doing.

We know from friends in the Jersey States that they were terrified of the GST package being successful last time around. We know it because they told us direct and because it carried that 15% tax band. That is a massive deal and in all likelihood, they would have had to have matched it to stay competitive with us and that would have cost them a lot of money and I suspect would have had to have upped their GST rate to do so.

Just a few weeks ago a certain number of Deputies were in Jersey, I think it was a CPA do or something similar. In any event, a couple of them were collared by a certain Jersey Deputy who was basically trying to rubbish their GST and their introduction of GST over there and in a somewhat Pythonesque version of what have the Romans ever done for us, the question was, what does GST ever done for us?

Well cue *Life of Brian*: roads, education, public order, sanitation, public health and everyone gets the drift. Cash wise, as already mentioned by Deputy Prow, over £1 billion. Sir, to my mind, these Income Tax proposals were rushed in with no proper consultation. Deputy Trott has noted time and again, quite rightly, fiscal responsibility. The previous P&R were shouting that from the roof since the beginning of the term but where was his fiscal responsibility at the last two GST debates? Let us just reject.

No one doubts the parlous state of our finances but given that, why has P&R not done, for all intents and purposes, anything regarding the cost saving results? It has already been noted by Deputy Kazantseva-Miller so I am not going to go over it again, which you will all be pleased to hear.

1665 Deputy Trott noted some equivalised figures earlier but that does not mean much to the man in the street. It would not have meant much to me too, three or four years ago and it has also been suggested we are a low tax jurisdiction and that may be true at the higher levels, but I am afraid it does not stack up at the other end of the scale.

1670 Sir, at £55,000, a decent salary, a very decent salary, we already pay more tax in Guernsey than a worker on that salary in Jersey, the Isle of Man and even the UK. Our tax bill is –

Deputy Trott is going to rise to correct me.

Deputy Trott: I am sir, because –

1675 **The Bailiff:** Just a minute, point of correction?

Deputy Trott: No, you are quite right, forgive my bad manners. Point of correction.

The Bailiff: Point of correction, Deputy Trott.

1680 **Deputy Trott:** The important thing to do in those comparisons is to take into account the full suite of taxes that someone of that type would endure. Including, of course, the staggeringly high 20% VAT that that UK resident would enjoy and very considerable and additional sums in regards rates. Deputy Mahoney does not tell us whether this individual lives in central London or the Outer Hebrides. It is details of this nature that make comparisons of the sort he is seeking to project complicated.

The Bailiff: Deputy Mahoney.

1690 **Deputy Mahoney:** Okay, I am not sure, we all know we are talking about direct taxes here. If we want to start talking about the cost of petrol, which is cheaper in the UK, we are talking about Council Tax that you are raising and all those things. We know in terms of the basic deductions from your pay packet, which are the Social Security contributions or National Insurance, whatever you want to call them, and the Income Tax that comes out it is a fact that in the UK you will pay less tax.

1695 If he wants to start paying the Council Tax game then let us add on that a normal house here will cost you £605,000 and in the UK it will cost you £300-and-something as an average and, therefore, the extra mortgage costs, that is a long old road to start going down. In any event, in terms of Income Tax and Social Security, National Insurance, someone on £55,000 in Guernsey would pay £12,870 in tax. A UK resident, in direct taxes, would pay £12,543 – £327 less in the UK, even at a £55,000 salary level.

1700 If we reject the Income Tax the £55,000 salary would result in a tax bill in 2025 of £12,150. If we vote it through, the previously said number £12,870, £720 worse off. I am not talking about equivalised, I am talking about Joe Public stood outside Boots today, if he earns £55,000 – forget equivalised, he does not care about that – he wants to know, ‘How much more tax am I going to pay,’ and at £55,000 he will be £720 worse off. In respect of if you have kids or not, that does not matter, ‘What less have I got in my pocket? That is what I want to know,’ and those in that horrible phrase, middle Guernsey, whatever that means cannot keep being hit.

1705 The new charts produced by Treasury at the request of myself and Deputy Kazantseva-Miller – and again I would praise Treasury, they did an amazing job in responding to all of our requests incredibly quickly and I thank them for that – demonstrate as clear as day that the crossover point between better off and worse off is by far further to the right on those charts than the Income Tax impact under our GST package than under the Income Tax package.

1715 There is one in there – I hope people have looked, if they have not that is their loss – there is one chart there in particular which on the ‘y’ axis, the up and down one, actually gives pounds, shillings and pence numbers for how better and worse you are off. Now, that does mean something to people, rather than it is very easy to hide stuff in percentages, positive and negative, and it looks

somewhat different to the percentage one, of course, because 1% better off at £10,000 a year is not a lot of money but 1% worse off at £75,000 a year is quite a lot of money. So it shows that in a more realistic way. I hope people have looked at them if not, as I say, to my mind you are worse off for it.

1720 At the median wage of £42,000 taxpayers will be £461 worse off in 2025 than 2024 – and that is the median wage, we are getting to not huge wages now. Sir, on Tuesday as I worked my way through the masked ranks of five Deputies and not a single member of the public protesting, it struck home, others have mentioned it, how much the tide has turned.

I will give way to Deputy Blin.

1725

Deputy Blin: Thank you, sir. I appreciate Deputy Mahoney giving way.

It was just something that happened because I did pick up that observation and I did see that the photograph was taken of five of us, but there was a message sent, I think, to all Deputies and the lady who is running a small shop and she said, use this and it said:

It would seem that the lack of public protest makes you think that we have all accepted GST, this is far from the truth. Please stop the assault on local businesses. I have spent considerable time this year in implementing secondary pension and that was bad enough. It is always the employer doing the work on your behalf, leaving us little time to actually run our business. All I want to do is buy and sell sweets, employ people, not be a burden on society and the red tape and admin is there.

1730 A few people said it did look like there is no one there but they are very concerned they just could not come every time because they have to trust us doing our job. So I thank him for the time to intervene.

1735 **Deputy Mahoney:** I thank Deputy Blin for that. I am not entirely sure where it fitted there but anyway I thank him and I do not think he has spoken yet, so he will no doubt expand on that when he speaks. I urge Members, please, do the right thing. I believe that some of the Members here today who had previously rejected GST have turned that corner.

Deputy Kazantseva-Miller has already said that. I believe there are others in the room. Please be brave and do the right thing. Please do not wreck the economy by introducing GST. Deputy Gollop is just springing to his feet, but does not realise how much more I have got to say so he can stand down just for a little bit. (*Interjection*) My view on that is now done.

1740 I am a little bit surprised, I think only Deputy Ferbrache and Deputy Kazantseva-Miller have so far raised other bits in the Budget. There is a lot more to it than 1A and 1B. There was one thing I just do need to call out which was, at the start of the proposal to house the Victor Hugo Centre, what we would historically call the Tourist Information Centre, I was very supportive of that, indeed, I took the matter to P&R and asked them if we could progress that.

1745 However, it was on the basis that the group behind that would be given the Information Centre at a peppercorn rent on the basis that they did not approach the States for money to fund it and that they should be self-funding and they agreed that and realised the mountain they had to climb to enable the project to go ahead.

1750 So I was very surprised to see at Proposition 21, I think it was, I have not checked if it has changed, the original Proposition 21, requesting £2.5 million on a two-for-one basis of fundraising. Given the state of our finances, given the other bits that we have refused to calm down and take less money, or raise more money or reduce costs in the three days of debate we have had so far, I simply cannot see how we can say we might potentially in X hours' time ask everyone to give us 2% or more of their money and then in the same breath some 20 clauses later say, here is the potential for £2.5 million – I am nearly done so I will not be giving way – to the Victor Hugo Centre. I cannot do that, I apologise to them but when I met with them and that plan was agreed, it was on the basis that they would not return to the States for more funding.

1760 So to finish, sir, please Members if we vote down 1A and 1B – which I will not be doing, I will be voting down 1A and voting for 1B – then presumably those Members will then have to vote down every other measure in the following pages that seeks to spend money because we have decided

we are not raising any more money and yet here we go for the next Propositions all the way to the end, but we will spend more money on these things.

1765

Deputy Trott: On a point of correction, sir.

The Bailiff: Point of correction, Deputy Trott.

1770

Deputy Trott: I think Deputy Mahoney is clearly misleading the States. What we are debating here is the 2025 Budget. If Deputy Mahoney votes down 1A, as he has declared he is going to, he will not be appropriately funding the 2025 Budget. That would be an act of recklessness from a fiscal policy perspective.

1775

The Bailiff: Deputy Mahoney.

Deputy Mahoney: I thank him for his correction which really was not a correction, it was more a comment again. In the same way that I mentioned earlier, by not voting through GST on two previous occasions maybe that is fiscal recklessness on his part when, of course, he said it is not the answer and low and behold, Deputy Trott and Deputy Soulsby, GST is the answer and we have attached it to Income Tax. You cannot have it both ways, I am afraid.

1780

So, sir, I will be voting down 1A. I do care about the finance industry, I do care about increasing the Income Tax rate on the normal middle Guernsey – there is that phrase again – but frankly I care for everyone the higher earners and the lower earners as well. So I urge Members to follow me, vote out 1A and vote in 1B.

1785

Thank you, sir.

The Bailiff: Well, Members of the States, I am going to put a motion to you that we continue debating until one o'clock (**A Member:** Pour!) (*Laughter*) or as close as possible thereto and we will do this in two stages. So that is the motion at the moment; that we continue debate to one o'clock. Those in favour; those against.

1790

Members voted Pour.

The Bailiff: I will declare that carried but whilst I have got your attention I am also going to propose that when we rise at one o'clock, we return again at two o'clock, which is what I indicated I was minded to do yesterday. It may be that not everyone wants to speak, but if everyone does want to speak we could be here for quite some time today. So the second Proposition is that we adjourn at one o'clock or as close thereto as we can and resume at two o'clock. Those in favour; those against.

1795

Members voted Pour.

The Bailiff: I will declare that also carried.
Deputy Gollop.

1800

Deputy Gollop: Well, maybe I do not want to speak or at least not speak for too long. I am sorry I missed Deputy Mahoney and Deputy Kazantseva-Miller and other Members' presentations on the economic analysis, Monday morning, we had a summary of it, but of course I was otherwise engaged; we were at Policy & Resources meeting doing all sorts of work including, again, looking at the latest Budget issues.

1805

So that was a bit difficult. Well I remember it and seeing Deputy Trott proudly on the top bench I will echo what he said, that regardless of the arguments for and against GST the Budget for 2025, which is literally now seven weeks away, has to include support for a raise in Income Tax unless

1810 people here want to vote down other spending measures and, or face an emergency Budget of some difficult kind.

I am not going to say I will support or not support the issues Deputy Kazantseva-Miller raised about company fees, for example. I did have companies at one time, very minor ones, but that is a red herring at this stage. I do not think we want to put our major economy into an uncompetitive situation or do a seat of the pants kind of Government.

1815 Well, regardless of whether we support Deputy, sorry not Deputy Trump, President Trump or not, although I think I have met some Deputies over the years who are not unlike Donald Trump but I will not go into that one. Sometimes we have seen in America crazy situations when the Government closes down because of political infighting and that has created damage for their society.

1820 We certainly do not want to see that and I would like Members to think that if the money is not there at the end of today, whether it is long-term or short-term, do they really want to start sudden increases in charges at the Hospital or for the emergency department, cuts in the bus service when we are changing the contract, higher fares, reduction in money to tourism, a freeze on employment, perhaps? Who knows what would happen.

1825 We have worked hard to gain a good and constructive relationship with our employees and trade unions. Hopefully that would not be threatened by a careless abuse of the Assembly but all of those things are in my mind and will explain why I will support all of the Propositions including, in particular, the net result of the compromise agreement.

1830 But then you might expect me to say that anyway because Deputy Le Tocq impressed us yesterday, or was it the day before, when he said he had been an outlier on P&R at times with views about changing rapidly Civil Service terms and conditions because he knew how delicate that was and also the competitiveness factor.

1835 Well, I think I am a bit of an outlier, not only on P&R, but on other Committees I have been on and the States as a whole and perhaps, as Deputy Kazantseva-Miller noted, I disagree even with the views on the street because I am not instinctively in favour of this reassessment of what you could loosely call the universal offer or of introducing, even Deputy Ferbrache alluded to them but he did not specify, increasing taxes increasing charges.

1840 That is a form of stealth taxation and if you reduce services or start charging for services that were once free, we have already done that with planning and other things, it does affect business and competitive position. I have even been told by one developer that he is reluctant to reapply to get on with housing because he thinks he would have to pay an additional £30,000 or so.

1845 Even charges have an impact and, I think, generally speaking when you introduce charges or cut services you create cliff edges and you make life harder not for the very poorest, usually, or the very richest but middle Guernsey.

Deputy Mahoney and other Members said people will be worse off in certain categories. Well we have tried, where possible, to actually give mitigation by increasing the tax allowance and so on but I think just seeing people as better or worse off according to the pound in your pocket, as Harold Wilson would have said, is misleading because you are worse off if services that were free are charged for, you are worse off if there are delays to those services, you are worse off if the services are not provided, you are worse off if fares increase or commissions increase or even States' property maintenance is restricted.

1855 They are all consequences and so I am not sure that Members are on the ball if they think that they are being more popular with the community, the constituents and the electorate by effectively agreeing, in the short or longer term, to cuts.

I will put it another way, actually, Deputy Kazantseva-Miller challenged us as to why we had not done more to introduce the fairer alternative. Well, I would actually give two, this is from a personal view other Members of the P&R or Members might be different, I would give two reasons. The first is we are overworked at Policy & Resources and we have a superb staff of high quality officers but we could do with more, as could many Departments.

It is not just frontline technical workers or frontline staff that are needed, we need legal advisers, economics advisers, policy officers. They are essential for delivering Government and in some cases we have had reductions or delays in that or at least we have not got kind of the numbers Jersey enjoys.

1865 The other reason is if you think raising Income Tax by 2% ... I know in the Isle of Man they have had a parallel debate where some Members have also said it is a 10% increase, well it is a bit like port fees and we were surprisingly sympathetic to the boat owners there, but if you think raising it by 2% – and it is 2% because of 100% it is just 2%, if you think that is unpopular try major changes to motoring and parking taxes.

1870 That would create mass anger, phone books being ripped up, demonstrations or try SLAWs. I am the SLAWs representative so I should not be saying that, but we know certain Members in this Chamber who were almost optimistic we would have a full debate on putting a charge on the principal residence, which is not happening I hasten to add, because they knew they would oppose it and possibly win and quite a few of the other proposals out there are unpopular. Am I saying do
1875 I want to be unpopular? Well, in a way I am, but that is not the reason to speak. You make this –
I will give way to Deputy Vermeulen.

Deputy Vermeulen: I am grateful for you giving way. You talked about phone books being torn up, that is the past. In the past, they were not faced with the same dilemma that we are facing now.
1880 But the biggest suggestion we had from the public, by far and away, was to introduce paid parking and look at a motor tax. So there you go.

Deputy Gollop: Thank you, Deputy Vermeulen, very much for that because he has made me remember a better point I should have made and will make, that apart from the popularity factor and the issues that actually motoring taxes ... I think Deputy Prow said we do not have consumption taxes. Well, of course, in the technical sense he is correct but we do have petrol tax, alcohol tax, cigarette tax and everybody knows that in the interests of collective responsibility I have to go along with the cigarette tax but I am not a huge fan of that because I have got a vested interest and, in my view, it does, to a certain extent, affect the retailers and the most vulnerable in our community.

1890 But leave that aside, they are consumption taxes on niche things. But Deputy Vermeulen has put his finger on a really interesting issue, that it was estimated that the motor taxes, loosely called, would increase £10 million to £15 million whether you did the car tax raising £200 as a block thing or you went back to the vehicle width taxes idea, or you had some sort of electric mileage charge and/or paid parking which could be introduced.

1895 But I used to say I would like to see paid parking introduced; amongst other things it might subsidise better public transport and town facilities and so on, but do you know how much it would have raised a decade ago when I think we last debated it in any scale when Deputy Burford was Environment Minister, I do not know, £2 million.

1900 I think if you introduced paid parking at a realistic rate, and goodness knows we do not want to hit the Town that much, Deputy de Lisle would be cross and maybe Deputy Blin, but it would raise peanuts in the scheme of things; a few million pounds. Yes, a few million pounds would be useful but it does not go anywhere near answering the fiscal challenges (*Interjection*) and it is a mistake to think that it does and those are the problems.

1905 We had the advice from our economic advisers and we know that the only two realistic players that do not harm our economy too much but deliver the quality of public services and corporate services and security, because we do need to employ police officers, law officers and others that maintain our reputation as one of the greatest finance centres in the world, the only way to do that is either through Income Tax or GST and arguably both, and I will go into the reasons for that in a minute.

1910 Now there are two other ideas that will always float around in a popular community. There is an article by an experienced pundit today. They would like to go back to the idea Deputy Le Tissier, to be fair, flagged up a year ago which was looking at the cap for the millionaires. There is an article

about that today. In my view, however, part of me would say, oh yes, it would be great if they could pay more.

1915 I think that is very unwise because we are in a situation where we have an opportunity in an uncertain world, a change of government in the UK, maybe European changes, American changes, to be a beacon for entrepreneurs and other investors in our community to live here, to employ people and to communicate.

1920 Therefore, going down that route is unrealistic and I would say for the same reason that Deputy Parkinson's ideas – that, to my surprise, some people who are very pro-business in this Assembly supported – they are unknown as to the impact they would have and they would not happen overnight anyway, but they are potentially damaging and I am not prepared to take that risk. Nor am I prepared, on the other side of the equation, to take the risk of just slashing and burning public services and alienating our employees and creating problems.

1925 So we have to look at what is achievable and the main line is what is in the Budget. When I said I was an outlier, I think where I am different from most Members in the Chamber ... Deputy Ferbrache remembered that I was perhaps one of two who said, I think we will need £100 million and others were more sceptical. Although, to be fair, Deputy Trott and Deputy St Pier had said much the same thing, in broad terms, during their time in the previous P&R but it was a different context and reductions have since been made then anyway.

But where I am an outlier is I tend to be, in most areas, a supporter of medium sized rather than small governments and of expanding public services on occasion and of a universal offer and I think we run huge risks if we start to reduce that because, effectively, that is a tax raised through the back door and, in fact, we have already seen that a bit.

1935 So where am I standing on this? I think Members may remember that I supported and seconded Deputy Trott's amendment on the packages last year when we went through the GST package to look at a higher rate of Income Tax and I supported my own amendment, I put forward an amendment, which went for 22% for next year on higher earners over £80,000.

1940 That, obviously, was less impactful on middle-middle Guernsey, not less so on upper middle Guernsey but it would have resolved some problems but created others because we would have then crossed the watershed of a progressive tax system, albeit it would have been more lenient than the 2% general.

1945 But things happened, the new P&R was formed, as has been said by, I think, Deputy Roffey, all eight of us are in support of the need for change, for putting big trousers on, shall we say, and making decisions and moving forward and when I put forward at least one version of the old Income Tax rise, Deputy Roffey and others said, that is not very progressive, John, it is not full of equality, it is actually quite unfair on lower to middle earners and I accepted that but I knew we needed more money for public and essential services.

1950 So my position here is the 2% is needed for responsible government next year and the year after; and we all know an election is coming, we do not necessarily want populist politics but it seems to me that if the States' probably gets their wish and has a lower number of Deputies in the next term, that is a different issue, but you might get even more populism but, hopefully, that will not be the case.

1955 But what will be obvious is the election has the potential to produce a different mix and a different set of policies. That is why it is a temporary expedient of 2% and the 2% means in the meantime, the States can look at the universal offer and making efficiencies. As came out of the efficiencies report there was one key point that was made that the efficiencies can be systemic, they can be digital.

1960 Unfortunately, it was also implied that they can be structural but some things might happen to relieve our burden. Our economy may grow with political changes but the GST is an option for tomorrow. I will vote for GST today, but that is not responsible in sorting out the problems now, **(A Member: Hear, hear.)** that is in the future because of the time it will take to set up and it is in the future –

I will give way to Deputy Roffey.

1965 **Deputy Roffey:** I thank Deputy Gollop. It is very clear he is going to support Proposition 1A but can I ask him just to clarify, in the unfortunate event that it is not passed, will he be then supporting 1B?

1970 **Deputy Gollop:** I think it is unwise to speculate in that respect, but I think I have given enough hints to indicate that I do support a robust state with significant long-term finance, because we need that.

1975 **Deputy Trott:** I am hugely grateful to my friend Deputy Gollop for giving way, sir, because I would like him to ponder during his speech, if he feels he can, the almost inevitable consequence that if 1A is voted down and this significant funding is denied, that the implementation rate for GST, if it should come in the future, is likely to be significantly higher as a consequence of the delayed infrastructure investment and the continuing and rapidly deteriorating financial position of the States.

1980 **Deputy Gollop:** I would entirely agree with Deputy Trott that it would be injudicious, unwise and wrong to do a jam tomorrow in itself, because the Budget for the future would be conditional, quite obviously, on the results of the election and maybe on international events we cannot control and we need the money now (**A Member:** Hear, hear.) for investment, for infrastructure.

1985 Are people here seriously going to contemplate having to make difficult decisions and do yet more U-turns and flip flops on things like the TEC, the education programme, on, for example, the Hospital extension and so on? We do not want to see that and we also have an international reputation and ranking from various credit agencies and others and we need to conserve that.

1990 We are entirely genuine in saying that the 2% is not necessarily a long-term thing; it is, by its nature, temporary not just because of the Resolution but by the very nature of the political process and buy in by the community; and to have a real test of public opinion, which in most democracies is an election rather than an opinion polls or whether certain business organisations have told all their members or not.

1995 So my argument is, do not come away with nothing and do not support something that is extremely uncertain as to whether it will be ever introduced or not. Focus on the integrated package and vote for 1A because we need the money now. The Isle of Man have gone there and I will make one more point about Jersey, somebody mentioned Jersey, I think Jersey might be unhappy if we go for 2% –

I will give away to Deputy Brouard.

2000 **Deputy Brouard:** That is very kind thank you. I am probably just going to ask the same question that Deputy Roffey asked. 'I am minded to support 1A,' (**A Member:** Hear, hear.) 'with the words that we are really going to push ahead and go for the GST.' Are they weasel words because if you are not going to support 1B, if 1A fails, then I am not going to be able to support 1A because there is no point?

2005 I am only going through the pain of the Income Tax knowing we have got a get out clause. I would even rather borrow in between if I had to, but the compromise is that we have 1A but if you are just saying, 'Oh, well we will see what happens,' I am not interested. So, really, I would like Policy & Resources to nail their colours to the mast and if they are going to go with 1A proper that includes really pushing on with GST. If he could just clarify exactly where he is. I am sorry to put him on the spot but it is important to how I am going to vote later.

2010 Thank you, sir.

2015 **Deputy Gollop:** I am committed to the P&R position to 1A and 1B and, as you remember, until the tinkering amendment you may notice rather weirdly, I voted against the Deputy Prow/Deputy Inder amendment yesterday despite being a political supporter, despite advice we get sometimes, of not putting GST on food and having exemptions.

I voted against it precisely because it was unnecessary because the idea of looking at food was clearly in Proposition 1A and I, therefore, am very clear I will support 1A and 1B and I would say that Jersey would actually be a bit worried if we support that because, and we know some members of their society like reform members and others, would quite like to see higher Income Tax and would actually see it as an opportunity. So that is where I think we should go.

The Bailiff: Members of the States, it is three minutes to one; on that basis let us now adjourn until two o'clock and we will resume at two o'clock.

*The Assembly adjourned at 12.57 p.m.
and resumed its sitting at 2 p.m.*

The States of Guernsey Annual Budget for 2025 – Debate continued

The Bailiff: So can I turn to Deputy Trott to reply to the debate?
Deputy Queripel.

Deputy Queripel: Sir, thank you.

I just need to organise my pages. Sir, the vast majority of members of the public I have spoken to over the last few weeks have told me they do not want GST, they do not want increases in Income Tax, so in response to that I said, so where do you think the money is going to come from to carry on providing the services the people of the Island need?

The answer to that question, of course, is always the same answer which is, sort out the Civil Service and stop paying Deputies. Deputies should be prepared to work for nothing (*Interjection*) and civil servants should not be getting gold plated pensions. So then I explained to them that it costs around about £650 million to run the Island, estimated in 2025, and the combined total of Deputies' salaries there is around £2 million, so even if Deputies were not paid it would still cost £648 million to run the Island.

Then on the issue of them saying civil servants should not get gold plated pensions, I say even if there are former civil servants in receipt of a gold plated pension there will be very few and those who might be in receipt of a gold plated pension were presented with that package decades ago when Deputies were not paid.

Then I asked them, so where are all of these people who are prepared to work for nothing as a Deputy? There was not a single candidate in the last election who said in their manifesto they would be prepared to work for nothing and I would be very surprised if any candidate in the next election will come out and say they are prepared to work for nothing unless, of course, they are in a position to do so because they have money in the bank and a genuine desire to serve the community. It is usually at that stage, sir, the person I am talking to says something like, but you are all millionaires in the States. Whereas I say that is simply not true, I am one of many in the States who simply could not afford to do the job if we did not get paid.

So, when the person I am talking to realises they have lost that argument they move on to the stop spending and wasting money bit, whereupon I say, so where do you want us to stop spending? Do you want us to stop spending on health? Do you want us to stop spending on housing? Do you want us to stop spending on education? Do you want us to stop spending on sport or the arts? Do you want us to stop spending money on infrastructure and the environment? Do you want us to stop spending money on law and order? Do you want us to stop spending money on providing a safe and secure environment for the most vulnerable and the most needy in our community?

Do you want us to stop spending money on doing everything we possibly can to ensure the well-being of Islanders? It is usually at that point they stop me and say, no, we do not want you to

stop spending on any of those. Yet they have claimed they have said we need to stop spending but they do not want us to stop spending on any of those.

2065 So then they clarify it, because they are put on the spot, and they say, what we really want you to do is stop wasting money. Whereupon I say, so where do you think we are wasting money? And normally they would say something like, we do not know, you are the one that has been elected to look into all of that. Whereupon I say, I can assure you every single Member of this Assembly is doing their absolute utmost to identify where savings can be made.

2070 Then they come back to where they started and they say, well, you can start by stopping paying Deputies and I say, with all due respect, we are starting to go round in circles now, I think the best thing to do is agree to disagree and leave it at that. As we know, Deputy de Lisle is often criticised for his de Lisle economics, (*Interjection*) but when he speaks he says what most people in the community have told me, they do not want to pay GST, they do not want an increase in Income Tax they do not want cuts in services. In fact, they want more services put in place but they do not tell
2075 you where the money is going to come from because they do not even know, they have not thought that far ahead.

That to me, sir, is the whole crux of the matter. We are the ones who have been elected to govern, we cannot indulge in glorious delegation all the time. We are the ones who have the responsibility of ensuring the well-being of the community. So we either carry on going round in circles or we toughen up and make the decisions to ensure the well-being of our community and we are not going to do that by cutting services.
2080

So where is the money going to come from to pay for the services our Islanders need? Not just want, but they need services. Well, if we are able to diversify our economy to the extent where we could identify another industry that would result in our being able to add it to the finance industry in terms of generating similar levels of income, then that could possibly be the answer to a lot of our problems.
2085

Just in case some Members are thinking we have got the financial industry, there is nothing going to come along to add to it, going back to the 1960s and 1970s, we had two major industries, we had tourism and we had growing, and we exported tomatoes by the tonne, week in, week out, year in, year out, along with cucumbers and flowers, of course, and all the other stuff.
2090

Now I am an optimistic realist. I am forever optimistic but I am rooted in reality and the way I see it, and I hope no one thinks I am being pessimistic, but in this modern day as optimistic as we might like to be and I would like to be, the reality is we are unlikely to identify that second much needed industry.
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So bearing in mind we are in crisis here and we need to do something to address that right now and not kick the can down the road for the next Assembly to deal with, I am of the view that it is time to stop going round in circles; we need money and we need it now to carry on providing the services for our fellow Islanders that they need, but at the same time we also need to have an eye on the long-term future of the Island.
2100

So I am sure it is going to come as a surprise to some of my colleagues and some members of the community, but I am of the view now that it would be irresponsible for us to vote against the measures that seek to bring in the money we so desperately need (**A Member:** Hear, hear.) to ensure the well-being of our fellow Islanders, the majority of whom, as I have already said, are saying we do not want GST, we do not want increases in Income Tax, we do not want any services cut, in fact, we want more services put in place. So in other words what they are really saying is we do not want any of that apart from the extra services bit.
2105

They seem to think we can just wave a magic wand to produce tens of millions of pounds that are needed every year and that will be enough for us to live happily ever after in this wonderland where everything is rosy in the garden. But, sir, living in cloud cuckoo land with your eyes closed thinking that everything is rosy in the garden is a huge mistake because politicians are not magicians; we are politicians, we do not have magic wands and as Deputy Ferbrache often reminds us, there is no magic money tree.
2110

The reality is we are in the real world and drastic situations occur in the real world, which often means drastic situations need drastic measures in an attempt to turn the situation around and if we were ever in a situation where drastic measures are needed then that situation is right here, right now. We must not fool ourselves that it is not, because it is. We are in crisis right here, right now.

So having previously rallied against GST and stood shoulder to shoulder with colleagues and fellow Islanders who also rallied against GST, I am of the view that as long as the measures are in place to support the most needy and the most vulnerable in the Island then in the long-term GST, surely, has to be introduced and if I were in the next Assembly, which I will not be because I am not standing in the election, but if I were and I was given an assurance that all the measures to support the most needy and the most vulnerable would be in place I would champion the introduction of GST.

What about the short-term? Well, the only answer I can see to that is to increase Income Tax and in my view, sir, we need to keep things as simple as possible. It is always better to do that rather than launch off into all sorts of jargon. So it is better to keep things simple so the public understand where you are coming from.

We do not have any money. We need money in order to carry on providing the services people need. So, at the same time as continuing to identify where savings can be made, as uncomfortable as it makes me feel, we really do need to support Proposition 1A and 1B and that makes perfect sense to me.

Of course, there is another option. We could borrow big time and go into debt but we will be handing that debt on to future Assemblies and future generations to deal with and I do not want to be part of that. I really do not want to be part of that.

Although, having said that, when I was a young lad, my two brothers and I had a very hard working mom and dad who were both disabled but they made a superhuman effort to provide for their children. The only way we could survive was to borrow. The only way we could survive was to go out and get a loan, pay it back and then take out another loan, pay that back. Take out another loan, pay that back. Especially around Christmas time. So there is value and there is a need to borrow on occasion.

But we do not need to borrow if we support these measures. That is the way I look at it and colleagues can get up and rally against me if they want to but I am talking about what I see here. I am not prepared to kick the can down the road for future Assemblies to resolve, to sort out all the problems. We have been elected to govern, we have been elected to ensure the well-being of the people.

Sir, I realise I am going to get a lot of flak out in the community, probably from some of my colleagues, for supporting GST and for saying I am in favour of increasing Income Tax in these desperate times. I am going to get a lot of flak. I appreciate that, I know that, nothing new. I have been assaulted three times in my 12 years as a Deputy, physically, because of something I have said or done or the way I have voted.

It is nothing new. We all get criticised, we all get assaulted. It goes with the job. If you cannot stand the heat, get out of the kitchen, that is the message I give to all potential candidates in the next election. Know what you are letting yourself in for because you are letting yourself in for massive issues that are going to involve your family as well as yourself.

Now, SACC told me I should be encouraging people to stand in the next election; I am encouraging people to stand in the next election but I am laying the truth on the line. You cannot keep the truth from people. I digress, sir, I appreciate that.

So I am going to get a lot of flak for rallying against GST and changing my mind and I am going to get a lot of flak for voting in favour of increasing Income Tax, in these desperate times. I do not want to see services cut, I do not want to see people wait longer for operations, I do not want to see the needy and the vulnerable in our community suffering and, anyway, I will take the flak, I have always taken the flak and this is not about me, it is not about any of us. It is about what is good for the community, what is best for the community.

2165 So I will take the flak on behalf of the community. I will take the flak from colleagues, but you will be wasting your time because I am voting in the way I am voting because I think it is the best for the community. I genuinely believe it is the best thing to do for the community in the short, medium and long term and if anyone thinks they can do a better job than me then let them stand as a candidate in the next election.

2170 We have got people in the *Press* always popping at the States, always criticising, they have never once stood as a candidate in an election. (**Deputy Trott:** Well, one of them has.) So my message to them is toughen up, shut up and stand up. Toughen up, shut up and stand up and see what *you* can do. Stop criticising the Members of this Assembly who are doing their utmost to ensure the well-being of the community; and then, if they succeed in getting a seat in the next Assembly, we will see what *they* can do.

2175 Thank you, sir.

Deputy Trott: Good speech.

The Bailiff: Deputy Brouard.

2180 **Deputy Brouard:** Thank you, sir.

I would like to start off with just saying what a tremendous amount of work that the P&R team have had to do to put this Budget together, especially in these times and I have seen it from both sides of the table. This P&R acknowledges, as well as the previous P&R, the value of health, the challenges we have and have done the right thing So, thank you on behalf of HSC.

2185 I am just going to digress. For those of you who are thinking of coming over to the Channel Islands to grab your duty free watches and take them back because that is a real good value thing, can I remind everybody that if the value of the watch is below £135, Customs Duty will not be paid, but VAT will still be required to be paid in the UK, otherwise if you are a UK resident, you will be defrauding UK taxpayers of the money. I think Deputy Prow would probably acknowledge something of that. So it is just something that came up this morning.

2190 Sound bites; I love the sound bite – well I do not actually, I hate it – ‘smaller Government’. Smaller Government – that is what we want, smaller Government. (*Interjection*) Now what does that mean? That means no tax increases, in fact, a reduction really, it really means less services. So can everybody who is going to use the phrase that they want a smaller Government, can they change that?

2195 It is a bit more long winded but can they say something like, I do not want to have the latest drugs for Islanders, I do not want your granny to have help in their home, I want to have less police patrolling the shops in the high street. So please remember that, it will be on *Hansard* if you need to do it but please can you use that instead of smaller Government.

2200 So my compromise, I will be reluctantly supporting the 10% Income Tax increase. It is an unholy alliance and the *quid pro quo* is that P&R will support 1B and, of course, I have asked one of their Members for that reassurance and would ask the same question to my other colleagues on P&R to nail their colours to the mast, as Deputy Gollop kindly did, because if you cannot support 1B, if that occurrence should happen, what assurance do I have that P&R will really bat 1A(b) and 1A(c) because that needs to be actively progressed with 1A. But I will also say, although I will be voting for 1A, I would prefer to vote just for 1B.

2205 I just want to touch on, someone mentioned GIBA recently and I had correspondence with them. I just want to read just a little bit of their correspondence with me, ‘Hi Al,’ which I thought was quite nice, (*Laughter*) it started off quite well! (*Laughter*) ‘GIBA’s position has always been that the GST-plus plan is the most equitable and sustainable.’ (**A Member:** Hear, hear.) So ‘GIBA’s position has always been that the GST-plus plan is the most equitable and sustainable.’ That is because Income Tax will need to be hiked materially to cover the structural deficits our economy is facing. Hopefully everyone is still with me so far. ‘You will have a better line of sight ...’ I think that means me ‘... than we do on the long-term health care funding requirements facing us in the future.’ I do, thank you, 2215 they are not good. ‘We expect that personal Income Tax rises would exhibit such divergence

between Jersey, Isle of Man and our other competitors that it will make Guernsey unable to compete.' We cannot have it any clearer than that.

2220 One of the themes we have been getting recently, in fact, for the last year or so, is that the public write to us, the ones who do write, and I will use one which we had recently, 'I agree the books have to balance and that is why savings and efficiencies must be found.' Well, I agree with that but what I have said repeatedly and, I think, some of my colleagues have said repeatedly, is finding savings and efficiency are not going to cut it, but that narrative that we can do savings and efficiencies to get us out of the problem is peddled and aided by comments of my colleagues in this Assembly and, in my opinion, that is disingenuous.

2225 It is a sound bite, a bit like the I want smaller Government, which has as much credibility as us thinking that unicorn tears are going to somehow fill our shortfall and if we had a party system those Deputies would be called out. But we do not we have a consensus system, so we do have to work together with colleagues so we feel a bit awkward in calling individuals out.

2230 But I really do get very tired of this, 'We can find it here. 'Do not look here, look over there. Do not look at my Committee, look at that one,' and it goes on and on and I align myself with Deputy Queripel, what he was saying, it is exactly the same point. So, please, colleagues, if you are going to make these sound bites back them up with real evidence. Say what you are going to not do, say where you are going to make those savings. (**A Member:** Hear, hear.) But do not just have the savings bit and never come up with the other one.

2235 Oh, I have got a blank piece of paper. (*Laughter*)
Thank you very much indeed, sir.

The Bailiff: Deputy Murray.

2240 **Deputy Murray:** Thank you, sir.

People are going to wonder where I am on this, we will get to that. Here I am at the moment until probably Deputy Queripel spoke, totally despondent. (**A Member:** Yes.) I am despondent because most of the words I have heard, the two words I have heard most during today have been 'I won't'. What we are trying to do here, I do not think people quite realise we are in this last chance saloon here, I do not think people actually appreciate that (**A Member:** Hear, hear.) (*Interjection*) and it is very concerning.

2245 I am also very concerned that despite some overt and covert barbs we are still poking each other and I think we should be past that by now. (**Several Members:** Hear, hear.) We really need to get to the essence of where we are and the fact is the public really *do not* comprehend the seriousness of where we are; they do not.

2250 I do not blame them at all. They would not want to hear it; I do not want to hear it. But I am seeing it, I have been seeing it for the last two years, at least, from the position I have held on P&R and it concerns me greatly because there are Members in this Assembly who either will not compromise or will refuse to accept the realities that are being told to them, not just by P&R, by Treasury time after time and we are going to get ourselves into a position whereby we could walk out this evening with nothing at all. (**A Member:** Yes.) That would be the absolute worst of all outcomes, if that is what happens. (**A Member:** Hear, hear.)

2255 We will have done our Island no service whatsoever (**A Member:** Hear, hear.) almost over the whole of this last four years. That would be a huge disaster for the Island and it will be a huge burden for whoever comes in at the election and they will not know what they are taking on. I did not know what I was taking on when I stood for election. I thought I did, but it was far worse, not only our current financial position but the impact that our demographic was going to have and is already having.

2260 So we need to be taking some sobering decisions here, being honest with the public that we have a two-stage situation. This is what P&R have come up with and for me, very reluctantly, because I would never have supported Income Tax as any long-term solution. It cannot do that and as Deputy Trott has said before, it would not be enough at 2p in the pound. It would not be enough!

(A Member: Hear, hear.) And, unfortunately, the more you push that ratchet up the more difficult it becomes for certain sectors of the community and for business. I get all that. So it is not a long-term solution but it is an immediate solution and believe you me the circumstances we are in, we desperately need that.

Now I am going to vote for 1A and one of the reasons I will vote for 1A is because the arrangements that are being put in place to investigate what is, essentially, a goods and service tax puts no particular figures on it. 1B, which I will also support if 1A fails, does and I am suggesting to you 5%, or an adjusted 6%, is not going to be enough and by the time we get to it in two years' time, if we get to it, it will be even more because we will have lost the £60 million-odd we would have had in the interim to deal with the current situation and in the meantime the structural deficit will get worse. (A Member: Hear, hear.)

So, for me, 1A actually is far more flexible and I know some people will just not hold their noses on this one. I have heard it this morning, I have heard it. I do not want it but I see the state of the nation and it concerns me greatly (*Interjection*) and I am very concerned about getting hares running at this stage. I am very much aware, as a Member of P&R, what I say will get listened to outside of these walls and inside. Probably more outside than inside, frankly, but this is the reality.

Now to Deputy Mahoney's point. I completely understand his concerns about the impact on business. I completely understand it. I tend to suspect that 2p Income Tax would not necessarily change anybody's opinion about actually bringing business here; that is not the major issue. It does not help the cost of hiring staff or people having to live here; I get that.

What he also said, he said it has been great for 40 years. Well, there is the key, the world has moved on. Our economy has moved on. The cost of providing services has moved on. I said at some point during the last two or three days, I think the likelihood is that our children will not enjoy what we have enjoyed because that is the way the demographic in the western world is going (*Interjection*) and it is a horrible thing to have to contemplate. It really is.

But that is what we are probably confronted with because, at the end of the day, I completely understand people do not want to pay more than is absolutely necessary, nor should they. But if they do not understand what is absolutely necessary to pay how can you expect to bring them with you and, I think, we have singly failed over this entire term, partly to do with the bickering that we have got because we lose our credibility when we do that, to make our public aware of what we are confronted with and that is a big mistake, because I think if they really understood, they would suck it up in the same way that we have to suck it up.

What Deputy Queripel was describing, I have had several conversations just the same way and it goes round and round because their understanding, and this is no criticism of them, we do not make this sufficiently aware, we do tend to be in something of a bubble and there are people who listen to our discussions here, most of them will actually take fact as either what they read on Facebook or what they see in the newspaper and it is not the truth. (A Member: Hear, hear.)

How do you break that cycle? It is very difficult but we have got to be very brave here because unless you disbelieve what I am telling you, and you are quite entitled to have an opinion on it, if you disbelieve what I am telling you then vote however you wish. But if you leave us here with nothing, then shame on you (Several Members: Hear, hear!) because we are way past that. Way past that!

So what P&R have attempted to do, and I accept some Members of P&R have also had to hold their nose over this and I applaud them for doing it because they know what I know: we do not have an option here, we do not. And I applaud people like Deputy Kazantseva-Miller who has now come to the conclusion that in the circumstances this GST, at some point, has to be brought in. Similarly, Deputy Queripel and I thank them for that.

We get to these things in our own time, I understand that, but I am trying to paint a picture here of reality for you because there is a huge risk in continually saying, 'I won't. It is a point of principle, it is a red line.' Well, you can forget your red lines because we are in a very serious position here.

You need to become pragmatic, pragmatic and not idealistic about how we fund our future and, at the moment, we cannot and our much lauded and absolutely deserving of, finance sector will

2320 suffer, eventually, as a consequence, they are under already immense regulatory pressure internationally.

Deputy Ferbrache this morning talked about the cost of compliance being pretty much the biggest cost they now bear. That is not going to get any better. So the model that we actually adopt has to accept that all must fear some pain here, we must all bear some pain and to say we will just cut our way out, as I have said before, is foolhardy.

2325 It is completely foolhardy to think that way, we cannot do that not without cutting, as Deputy Queripel and also, actually, Deputy Gollop has said, serious cuts to services and if we come out of here with nothing, even if 1A fails and 1B succeeds, we will still be back here in the New Year because P&R have no other choice, with a new Budget particularly aimed at what we cut in terms of
2330 infrastructure, because we have made commitments; in the F&IP last October, we made commitments and we know that since then we have lost another £100 million.

How do you expect us to deliver on those projects with that level of loss? (**A Member:** Hear, hear.) How do you expect us to borrow when the structural deficit is going up and we do not have the surplus revenue to borrow? What is our credit rating going to look like if we carry on along this
2335 path? Disastrous. And we can avoid it, we can avoid it by being pragmatic today in this Assembly and accepting none of this is what any of us really want but we really do not have any choices.

We have got a short-term problem to buy us enough time to put in a long-term solution and to look at the costs of public services seriously and we will. At the back of the Budget you can see all the areas that have to be looked at, but they are quite severe and they take a lot of work to do and
2340 it has been mentioned that we lack the resource to do it. We do not lack the will, we lack the resource but it has got to be done because the model that we have got and particularly in respect of healthcare ...

Healthcare costs us nearly a quarter of billion pounds a year, or thereabouts, it simply cannot go on like that. There has to be a different model, there has to be and it will be somewhat painful. It
2345 can be more painful or just a bit painful because what we are talking about here is what we subsidise, what we use taxes for to be able to redistribute so that people are not hammered for the cost of living even more than they are in Guernsey at the moment.

I will give you another example that scares me and that is the cost of electricity. It is a fundamental need for us in this economy, in our domestic lives and our business lives that we can
2350 afford electricity and I said, when we actually discussed the report, whenever that was, I put the Assembly on notice that I thought subsidy was going to have to increase because without it we will not, on a user pays basis, be able to afford it and that is the truth; we will not.

I do not object to subsidising this for the benefit of all, I do not, but subsidising it means we have got the revenue surplus to be able to do that and we do not currently have it and I am not
2355 waiting 10 years for a wind farm that may or may not come. We have got a problem today, next week and the month after that we have to solve with the tools that we have currently got available to us and the only tool that we have got available to us, at the moment, is Income Tax and I only agreed to it on the basis that it was very clear it was for two years only because it would destroy us and it would hit people unfairly if that carried on. That is my personal view.

2360 So I was so pleased to hear, to have acquiescence from the Members of P&R that we would put the money behind for shortening the time it might take to introduce GST and neither of these options brings in GST. What it does do is it allows us to be in a position for the next Assembly, should they want to, to bring in GST (**A Member:** Hear, hear.) and I do not know whether they will or they will not, none of us know, of course we do not know.

2365 It may very well become an election issue as a consequence of that and it would be very sad if people came in here who were financially incompetent enough not to recognise the seriousness of what they are going to be confronted with, and try to avoid it by saying they won't, they won't and they won't! Because that will be another several years wasted, many more millions in debt and where is that going to leave us? Where is it going to leave us? We have got to make a decision
2370 today and I urge you to think about the present as well as the future because if we do not we are going to end up with nothing.

Thank you, sir. (*Applause*)

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.

Well, picking up on the last few words of Deputy Murray, we need to think about the present as well as the future. We are, today, being asked to approve a Budget which has a real terms increase. The Treasurer has confirmed that inflation has been 4.4% over the last 12 months and, effectively, we are asking for a 2.1% increase above inflation, nearly 50% higher than inflation, on the Budget.

In absolute terms, from the £610,000 of last year's Budget to the £650 million of this year's Budget, that is £13.65 million in additional spending. Now, apparently we have not got the memo that we are running out of money. We continue increasing our budgets. Deputy Trott yesterday, as part of his introduction of Amendment 22, said we have to approve this 2% increase in Income Tax for a genuinely bright future.

Deputy Haskins: Point of correction, sir.

The Bailiff: Point of correction, Deputy Haskins.

Deputy Haskins: It is not a 2% increase in Income Tax, it is 10% or two pence on the pound.

The Bailiff: Yes, that is a point of correction.

Deputy Meerveld: I accept that correction, absolutely, a 10% increase in the Income Tax level, a 2p increase and I thank Deputy Haskins for pointing that out.

He said we need to approve this increase for a genuinely bright future and that our jobs as leaders, is to make these decisions so the leaders of tomorrow can do theirs. He also said in today's debate that it would be reckless, from a fiscal perspective, not to approve these increases.

Well, let me put it from a different perspective. I think it is reckless and irresponsible for this Assembly to approve these increases, these tax increases and let me explain why. You increase 2%, now you put 5% up in 2027, have we addressed the underlying problem? Will our population be getting younger? We talk about the demographic time bomb. No, they will be getting older on average. Will our birth rate have increased dramatically? No, it will not.

Will our working population continue to grow and the proportion of the working population employed by the States, either through the Civil Service or through state employment, have grown as a percentage of the working population to make sure that those people generating revenue out there are proportionately larger than the ones being paid by the taxes raised from it? No, it will not.

We are being irresponsible. We know that these tax increases are not the end, it is not a temporary 2% increase in taxes. It is not even 5% GST because when this was debated previously, I spoke to the Treasurer and was informed that 5% was not enough. We need 10%. That is what we need now.

Deputy Ferbrache, earlier today said we have got a £100 million shortfall. Well GST, as formulated and proposed, only raises £50 million. So, yes, we need 10% GST and guess what as our population ages, as our working population declines, as our Civil Service continues to grow because, of course, we have the increasing demand on the services because of the ageing population, therefore, we need more civil servants or States' employees, whether that be nurses and carers or whatever.

The problem just gets worse. By the time we introduce 10% GST we will probably need 15%, and so it goes onwards. At what point do we actually act responsibly and turn around and say, I tell you what we need to have that conversation with the public. We have to, first of all, start controlling expectations and changing the culture both in this room and from our society.

Deputy Le Tocq, earlier when we when we discussed the, I think it was the John Dyke amendment and potentially making cuts, he said it requires a –

The Bailiff: Deputy Dyke, please, Deputy Meerveld.

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Deputy Meerveld: Sorry, Deputy Dyke – it requires a changing culture to be able to stop people in this Assembly constantly finding ways to introduce new services or legislation, etc. that requires further increases of civil servants or panders to the needs of vocal minorities. It needs a change in culture within the Civil Service and the Committees to look at cutting services or, at least, restricting what we introduce.

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Well, when does that change in culture start because if we approve these increases today, it sure as hell does not start in this year's Budget, does it? No, it gets pushed down the line for another year. Deputy Roffey, so we cannot responsibly wait. We will be sticking our collective heads in the sand if we do not approve these increases. What will we do in 2027?

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Well, what are they going to do in 2027? We are sticking our head in the sand now. We are not looking at this seriously and whilst I appreciate the effort that P&R has put in, why wasn't this a Budget presented so we could have this conversation now? Why wasn't it a case of this is the tax increases you need to fund what everybody would like to do, a real terms increase in expenditure and budgets and if you do not, here are the cuts that have to be made.

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Why isn't that conversation being had with us as Deputies and with the public, because until we have that conversation, the public do not appreciate what service will be cut, I do not know what services might be cut, until you have that conversation. What we cannot do is simply carry on in passing on the cost to the public.

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Deputy Murray said the 2% in Income Tax is not sustainable, that 10% increase. He is absolutely right because if you need to raise the £100 million that Deputy Ferbrache tells us we need and has told us previously we need, you need an extra 8% to cover that, a 40% increase in Income Tax to cover that which, of course, would then put us well beyond taxation in the UK and other jurisdictions but that is what we are being told we need.

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So, when do we actually take responsibility and act responsibly and say, no, we are not increasing taxes, yes P&R you have to go back to the Committees and say they have got to have cuts. This Assembly, by majority, have rejected amendments like Deputy Dyke's and Deputy Helyar's that proposed real term cuts and Deputy Dyke's was around 4%, I think in total, of the 6.5% increase. It still would have been an increase over last year, but it would not have been quite as much as inflation.

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It was not dramatic and that is the kind of thing we have to look at. We need to go back to have that conversation and if the public go up in arms, 'You cannot cut this service, you cannot cut that service. Oh the poor people,' well, great, then we can turn around and have a conversation with them and say, right, this is how much more tax you and everyone else is going to have to pay to cover those services and, hopefully, future Deputies coming into this Assembly will be more responsible when they start proposing some new service that England's got; we have got to have it as well.

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We have got to remember, look at the taxations in places like England and what we are doing in Guernsey. I made the point the other day about Rolls-Royce services for the cost of a mini, eight hour waits in ER. I was watching a programme last night on an ambulance service in London and they decided to prioritise a woman who had collapsed in her bathroom and was being looked after by a neighbour and been on the floor already for 36 hours without an ambulance being able to make it to her and they decided to up-prioritise that to get the ambulance to her. That is the kind of services they are getting in the UK for their level of taxation.

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I remember, I think it was, Deputy Mahoney who said somebody broke their leg at rugby and by the time they had finished the game they were in the bar in a plaster having a pint. *(Laughter)* That is the service level we get in Guernsey and that is what we want but there is a real cost to it and we may have to start looking at charging people for some of this. We may want to look at restricting it, but that is a sensible conversation to have now. That is the responsible conversation to have now. Not 'Oh, we want more, everybody wants more let us just reach into somebody else's pocket to pay for it.'

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If we were a household and your cost of living goes beyond your revenue, the amount of money you earn, you cut costs. If you are a business that finds its expenses exceeding its revenue, it cuts costs. Or in either of those two cases, it goes out and finds a way to earn more money to cover the costs. What is Guernsey Government doing to go out and make more money, other than just reaching into the pockets of our people and drawing from that endlessly?

That will bring me to Deputy Ferbrache's comments. Again, we have an increase in social and health care costs and no idea how to deal with them. Well, a decision to increase taxes today does not deal with them. It still does not have that conversation with the public and with these Deputies to say, from now on we have got to make sure every measure, every piece of taxation, every service we bring in, every piece of legislation or regulation we bring in, we have got to do a cost benefit analysis on that and make sure that it is absolutely worthwhile. Also, as I say, looking at what we can stop doing because we are just helping to perpetuate an ever more entitled generation who look for Government to fix every problem for them and I think we should not be because, one thing, we cannot afford to do it.

Now, Deputy Ferbrache mentioned about the wind farm and Deputy Murray made a comment about it and interestingly enough the scoping report that I drafted, with the help of Deputy Blin and the original initiative from Deputy de Lisle a year earlier, was published on 18th October 2022, two years ago.

At the time, Deputy Ferbrache is absolutely correct, I came to him and said I believe this can raise more money than GST and in an equivalent time frame. The fact is, I will be disappointed if this wind farm does not raise, if this Assembly agrees to lease the seabed on the scale that we have been looking at as part of the working group, I would be disappointed if it does not raise more revenue than GST and 2% combined on an annual basis and I will go one step further, this project has not been properly supported and accelerated until Deputy Trott came into post and it is now moving at a pace.

Ironically, we are getting draft NPV, net present value, calculations that would give us an indication of actual amounts of when – I will not be giving way – this evening and we have got the experts visiting Guernsey on Monday and Tuesday next week to discuss those numbers. So, the fact is we may be able to come back with numbers but that is an example of what this Assembly should be doing.

Governments are dreadful at doing it, I know, it is not in the skill set of the Civil Service but we should be looking for opportunities to make money and I believe the wind farm can; and if this Assembly and the next Assembly is minded I would hope, with a good wind, we could have contracts signed and tens of millions coming in by the end of the next term. Not far off your 2027 date.

That would start that process and give us the revenue we need and that is when we can start having a conversation then; we want to have a conversation. I am, obviously, voting against 1A and 1B and that creates an emergency because all of a sudden we do not have the revenue to support the rest of the Budget that is approved. The problem is the Budget did not give any options of what we could cut where. So P&R will have to come back to us with an emergency Budget based on that but at least we will start having that conversation.

Now the Offshore Wind Group is hoping to bring a draft policy letter to P&R for consideration and debate by this Assembly in the first few months of next year that will hopefully lay out the revenue opportunity. It may be that if that opportunity proves to be as good as I believe it will be, we can actually say there is a revenue stream, we can borrow to fund these things or fund it out of reserves on the anticipation of a future revenue stream, but at least you have got a plan on how you are making the money, not simply oh, we will reach into people's pockets and then when we run out, which we know we will do because the demographics are just getting worse, we will reach into their pockets again until we run this Island completely into the ground.

So what will I vote for and against 1A, 1B? Interestingly enough, Proposition 16, because it seems to contradict Proposition 35, or at least undermine it but I will leave Deputy de Sausmarez to detail why that is the case and what do I expect to come out of that decision? If that vote is successful, I expect that P&R will have to come back with an emergency Budget and that emergency Budget will

involve consulting with the Committees and seeing what services and, yes, it will be frontline line services that will be affected, what services may have to be curtailed or cut.

2530 And then and, hopefully at the same time we are coming forward with numbers and potential for things like the wind farm but, again, we should be exploring every other option. It should not be down to just one option for raising revenue. I know other Deputies have got other ideas and then we can have a proper conversation and face the reality of where we are and where we are going, but simply increasing, in real time, our Budget, in real terms, our budgets, nodding it through
2535 now, knowing that we are handing on to the next Assembly the requirement to carry on increasing and introducing more taxes in an endless cycle, that is not responsible, that is not doing what we need to do for our community.

So I encourage Members not to support the tax increases and to go down that route and have the conversation I would have liked to have had years ago and one that I think we desperately need
2540 to have for the benefit of our community going forwards.

Thank you, sir.

The Bailiff: Deputy Soulsby.

2545 **Deputy Soulsby:** Thank you sir.

I have to say, I did not agree to support Amendment 22 lightly, but the reason I did was to enable a way forward and I do think I need to praise my fellow Members of P&R. It has been a real positive experience working with them and reaching consensus and I endorse everything that Deputy Murray said.

2550 It is not hyperbole to say we are in such a precarious state, worse than the estimates Deputy Ferbrache made last year, that doing nothing to change a dial now would be a dereliction of duty. We need cash now. We are running our reserves down and unless we make a decision to shore up our finances this week, we will not be able to prevent our accelerating spiral of decline.

That is why we need a short-term increase in Income Tax because that is the only means by
2555 which we can raise the cash we need and only Proposition 1A enables that to happen. At the same time it means that in April 2026, when the long-term solution is hopefully agreed by the next States, any decision can be implemented with minimal delay. I give my assurance to Deputy Brouard that I will ensure that work starts next week, should 1A be supported.

Of course, there is no guarantee that anything agreed now will stand the test of the next election.
2560 So hanging everyone's hopes on any alternative solution, a solution that will not bring in the cash now is rather fanciful and that is why I do agree with Deputy Parkinson, but it is important that there is enough time in the next term both to agree a long-term solution and to implement it and that is what I want to see.

Now I would like to focus on reserves. There seems to be an idea that we can live off our reserves
2565 for the next two years until the white knight that is the GST package or something else, the wind farm, comes storming in. Let us start with a fact, the States have agreed that reserves should be kept at 2023 levels. Only last year it agreed that, this was on the back of the Funding & Investment Plan that the last P&R presented to the States and which said, and I quote:

In short, the States cannot continue to spend more money than they bring in and they need to have a plan to return to a financially sustainable position in the medium term. However, in the short-term liquidity must be maintained, not only from a credit ratings perspective but, most importantly, for the States own financial stability. Should the credit rating be downgraded any further taking out new debt will become more expensive, be on less favourable terms and the States could find themselves in a position of being unable to afford essential projects or run key services.

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And it goes on:

The Committee has been advised and recommends to the States that it is, therefore, essential that the States protect their cash reserves. To date, the States of Guernsey has operated a save to spend approach whereby investment and capital is funded through historical surpluses, with depleting reserves and significant capital expenditure planned because of past underinvestment this is no longer a sustainable position. The States need to ensure that there are

adequate cash reserves to be able to invest in the future needs of the Island. The scenarios set out in the Funding & Investment Plan are, therefore, based not only on meeting current requirements but with equal weighting on the importance of ensuring adequate liquidity and sufficient reserves are maintained for the next term's investment needs.

Now here is another fact, the States also resolved last year, the States to maintain the current level of the general revenue reserve in this term. We have already calculated with the forecast deficit this year and the baseline position over the next two years, the impact on reserves will be a negative £100 million against the Funding & Investment Plan; in just one year.

So that directly translates into at least £100 million less to spend on capital expenditure. That CapEx is being funded, largely, by the remainder of the bond proceeds and borrowing. There was a small amount agreed from reserves to help fund the Education Programme and the remainder was supposed to come from operating surpluses over the period, which have now disappeared.

In terms of borrowing, given the operating deficit, should we, can we afford to take out long-term borrowing? Putting in Income Tax will at least partially fill the gap and puts back in operating surpluses so that borrowing is an option and let us not say we can use the bond proceeds to fund the operating deficit, that will mean doing something we have never done before, to borrow to fund day-to-day operations.

The States have always limited any borrowing to fund investment in assets. Some argue that the asset must generate an income stream so not be a pure public service asset. Borrowing to keep the lights on is a long way away from that policy (**A Member:** Hear, hear.) and highly irresponsible. (**Several Members:** Hear, hear!)

Now there is a big myth about what our reserves are. We have just £348 million in the general revenue reserve, which represents just six months of States' spending and once reserves are gone we do not have any prospect of building them back up. The revenue that would be generated through a GST package, or an Income Tax package for that matter, does not cover the deficit in full and does not replenish reserves. Doing nothing now is not an option. In fact, it will not mean doing nothing, it will mean we will not be able to spend on our infrastructure or we change our fiscal rules to fit the mess we are in but that will, understandably, attract unwelcome international attention.

On our fiscal position, I thought I would respond to questions about why we have not heard from the Fiscal Policy Panel. I can advise that the brief agreed with the Panel for 2025 and that was approved by P&R some time prior to the publication of the Budget, requested them to look at sustainable levels of capital spending and reserves in the context of the fiscal policy framework.

Commenting on the Budget was not part of their brief and they are not due to report back until February, but they have already made very clear what they think. Their conclusions in last year's report, which reviewed the Funding & Investment Plan, concluded the following:

Overall we find that Guernsey, which has historically had a strong fiscal position, has recently been travelling on an unsustainable fiscal path. Financial reserves are on a downward path. Investment in the capital stock is very low by international standards and the substantial shortfall in revenues has recently grown. While it will take many years for the full consequences of fiscal erosion to come through, it is generally easier to return to sustainability early rather than waiting until second round effects begin to accelerate the process. These second round effects include slower growth due to declining public infrastructure, worsening credit conditions such as falling credit ratings and a declining tax base as citizens become increasingly aware of fiscal deterioration. The less aggressive fiscal action is now, the more costly it would become in the future.

Now is not the time to say well, 'The States did not agree to make any savings and it did not set what I believe to be right, so I am voting for nothing.' Deputy Meerveld says we need to cut and have a conversation with the public. What kind of conversation and with whom; parents, children over 65s, under 65s, business owners, employees?

Does he really think we will get a single easy version of what everybody wants? No, we are not a business, our sole aim is not to maximise profits but have a duty of care towards the most vulnerable in our society. (**Several Members:** Hear, hear!) Wind farm; what a lot of hot air! (**A Member:** Hear, hear.)

2615 If we do come back with an emergency budget, one of the first things to go will be the work on the wind farm. (**A Member:** That's true.) He needs to man up, quite frankly, that is just fiddling while Rome burns and a complete abrogation of responsibility. Only Income Tax will turn the dial now. Whether or not the GST-plus package is better or worse, it is a solution to the financial emergency we are in, but I do think it is worth focusing on the impact of households for a moment.

2620 When we think about a household we think of an individual or group of individuals, less about what they do. But many households include people who run, or are employed by, a small business; businesses that do not have their own IT, finance and HR departments – the employer, or possibly one individual, is all that rolled into one.

2625 The proprietor takes out a modest wage at the end of the month, often what is left after paying out staff wages. These are employers who, over the last couple of years, have been required to bring in secondary pensions, provide more disclosures to the registry and Income Tax and face rising employer contributions.

2630 Now, much is made about how X number of households will be better off, but no modelling has been taken into account on whether individuals in a household run or are employed by a small business and it should be made clear that under the GST package they will have more administration, because no one is going to register if it means they cannot reclaim their import costs, as well as incurring even higher employer contributions and, after yesterday, increased company Registry fees.

2635 Now employer contributions have not got much attention in the scheme of things but that is where the costs of business come from. A lot of fuss has been made about an extra 2% of Income Tax being a 10% increase in the rate, but under the GST package, for all its benefits which I do not deny, small local businesses will have to pay 50% more in the way of employer contributions.

2640 They are already going to have to suck up an extra 8% under the current policy and will contribute to that if we support the up-rating report later. But under that package it will be 15%. Remember, 63% of companies employ under six employees and 90% under 25. Of course, these costs will need to be passed on.

2645 So what it means is you can expect the plumber or electrician bills to go up substantially and not just from the 5% GST, or whatever it is, but to cover the increased costs incurred by that business. It was the lack of support for small businesses that got me to stand for the States over 12 years ago and we talk about how corporates need to pay more and lump them all into the same bracket.

2650 But remember, that is only a vehicle for people to do business. Yes, it can include a big multinational finance business whose services will be exempt from GST, of course, and are the ones who have the biggest voice, but also small locally owned businesses run by local Guernsey people that keep the wheels of this Island running.

It will also impact anyone living on their savings, which will more negatively impact anyone who has not got a pension which, again, means those who have not worked in the finance or public sector but more likely in a small business. Immediately the value of those savings will be reduced with the introduction of GST.

2655 But really, as I say, that is a distraction. It will be for the next States to agree what it wants a long-term solution to be. The only thing that matters right now is getting the cash in and only Income Tax will do that. Deputy Prow mentioned how much GST Jersey has collected over the years. That is all very good, but if we agree to it now we will not get a single bean from it for two years and let us not forget Jersey itself has a structural deficit.

2660 Now, we have not had a raft of emails against Income Tax. We have had one economist say he does not like it and, actually, that reminds me of a joke that I heard about a mathematician, an accountant and an economist and they all go for a job interview and they are all asked what does two and two equal? (*Laughter*) When the mathematician was asked he said, 'Well, four, it is exactly four.' When the accountant was interviewed he said, 'Well, on average four (*Laughter*) give or take 10%' and then the economist was asked, what does two and two equal? He says, 'What do you want it to equal?' (*Laughter*)

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But in any event, according to a respected group of economists, the National Institute for Economic and Social Research, raising the Income Tax rate has, by far, the least negative effect on GDP. But conversely a rise in indirect taxes, such as GST, affects GDP more substantially than a rise in income taxes.

Indirect taxes operate largely through the price channel increasing the price of goods; by artificially raising prices demand is curtailed. Simulations suggest that for a rise in income taxes there is a net positive effect as a distortionary impact of the tax is outweighed by the increase in long running output. They also go on to say that the better the public finances the better the improvement in business conditions and the impact of the tax can be mitigated.

But it is not just about the economics, overwhelmingly, the public understand Income Tax and trust it far more than something that is made up of a variety of variables that can change. Deputy Ferbrache said it will not be temporary. I know he is a skilful lawyer but I never knew he was a clairvoyant. *(Laughter)*

It will be for the next States to decide. He is also wrong that Income Tax is regressive, it impacts people according to their income. That is what people understand and that is why they prefer it. They know if it does hit them it will hit the richer more than them. But he is right that we need the cash now and that is the problem with GST now. He quoted a lot of information about the state we are in, but then says he will not support the very measure that will help address the position we are in.

Again, Deputy Kazantseva-Miller, who also made a very good speech, but she did speak about revenue, not cash and Deputy Meerveld, I think, was quoting figures and numbers. But there is a big difference between the revenue account and the cash. I am sorry, but the measures Deputy Kazantseva-Miller was talking about will not bring in the cash now; and, Deputy Vermeulen, paid parking will not fill the black hole as Deputy Gollop has ably said.

I will give way.

Deputy Kazantseva-Miller: Point of correction, sir.

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

Deputy Kazantseva-Miller: The Registry fee would bring immediate cash because it is an established mechanism so it depends on the fees set, if they are doubled they will bring £10 million by, approximately, February next year.

Thank you.

Deputy Soulsby: I think Deputy Kazantseva-Miller is wrong, it will not raise any more taxes next year. It is from the 1st of January 2026.

A Deputy Trott: That is what it said.

Deputy Soulsby: Yes.

Deputy Kazantseva-Miller: Point of correction.

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

Deputy Kazantseva-Miller: No, the point I made in my speech is that if in an emergency Budget we chose to, actually, raise those fees now and double them for next year, 2023. I am not talking about my Proposition, if you had to bring an emergency measure you could do it and have that cash in the bank by February 2025.

Thank you.

Deputy Soulsby: But, Deputy Kazantseva-Miller, business is already starting to pay the fees for next year; that is completely impractical.

But I think I will go to Deputy Vermeulen talking about paid parking. Well, that will not fill the black hole as Deputy Gollop has ably said and I think Deputy Burford can educate him in how popular that is, (*Interjection*) we had hundreds of emails against it when that was last debated.

Members, this week we have decided not to make swinging cuts and we have agreed to add more expenditure to the Budget. That is what this Assembly has decided, whether some of us like it or not. If Members do not support 1A today, far from good times never being so good, we will be on the road to nowhere (*Laughter*) and we will not serve the people we represent well because the inevitable tax increases will become more onerous.

Sir, there are some who are saying well, they will not vote for 1A unless we say we vote for 1B. Well, I say to them, why would anyone not vote for 1A? (**A Member:** Hear, hear.) Anything else means we run a massive deficit, will result in an increased cost of borrowing and ultimately lead to a higher rate of GST. It is for all the above reasons I urge Members to support 1A.

Deputy Trott: Good speech. Excellent speech.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, sir.

This is really for Deputy Soulsby. I always thought the economist's job was to tell you why his predictions were wrong. (*Laughter*) I would like to thank Members of P&R for their work that they have put into the Budget, some of whom I genuinely consider friends. I learned early from Deputy Trott – not all of them! – who taught me that the President of Economic Development must: not go for the job if he did not support the Chief Minister, and I previously supported the Chief Minister and I do this one; and maintain that strong relationship with that Chief Minister. I think, over the past four years, I have listened to that advice and done as best as I can.

I would like to think that those relationships have been strong through the set pieces we have conducted together with both P&Rs, with the fibre rollout, the support for the grid project for the Registry, previous version of the Phase 2 Tax Package and, most recently, the tender process for Guernsey sea links that started with Deputy Ferbrache and now being successfully completed with assistance from Deputy Trott and Deputy Le Tocq.

Deputy Ferbrache, Deputy Parkinson, Deputy Prow, Deputy Dyke, Deputy Kazantseva-Miller and importantly from Deputy Dyke spelled out the concerns on Guernsey's competitive position should the baseline tax be increased to 22%. Those same concerns have been reflected to me publicly and privately, and when I say privately in the context of my role, it is not just the white collar workers who are concerned about the messaging, it is everyone else as well.

This is not just about marketing Guernsey, it is about the impact on ... and I kind of agree with Deputy Mahoney, I do not like that middle Guernsey because I am not entirely sure what it actually means, as Deputy Bury meant, but basically I see it as the real Guernsey folk who are working hard in this Island to make ends meet and try and make their next day better.

On Tuesday, Deputy Leadbeater made a great speech on one of the amendments and, sadly, he is not here today and I quipped that in the follow up speech that we both know people in low places; and it is true, we do and it is those that I really do know who I have the greatest concern for; those members of the public who do not get the voice around the Economic Development table, those who do not have a membership, a lobby group or representation.

That Guernsey, who works hard for his or her crust in an expensive Island, who are simply finding it very difficult to live in their beloved Island. The Guernsey folk, the common Guernsey man and woman that through this Government's failings to deliver on housing, are feeling more like they are becoming a minority in this Island and that feeling is absolutely real.

Government, for many, has become an oppressive beast interfering in every part of their life but not delivering what it really needs. This is the Government that spent nigh on £30 million buying

land parcels all over St Sampson's and Town and has not built one home. It really is not good. That is £30 million that we have spent building nothing.

This Christmas, Members, I will sit around the table with some of those people I referenced before. One guest will be a divorcee living with a relatively high mortgage and a relatively good job, two children, one granddaughter and a second job as a cleaner and I know that this guest really does count the pennies. That guest, that hard working Guernsey girl, will not today be flying out to Australia compliments of the Commonwealth Parliamentary Association, for an all expenses paid trip. **(A Member: Hear, hear.)**

In fact that guest, in part, will be paying for that Member's junket. *(Laughter)* That guest will tonight be doing a four-hour shift in one of the caring homes as a cleaner. That is the real Guernsey, Members, that is the real Guernsey. This Chamber is not the real Guernsey and today we receive an email from one of those members of the public and I quote:

I am not protesting because like most of the people who will be hit by those tax rises (and who do not have automatic above inflation pay rise on the horizon) I have a job in the private sector. That comes with the responsibilities that I cannot just pop up to protest. I got up at 5.30 a.m. this morning to catch a flight for work. We will be working today and tomorrow to try and help my fledgling company succeed and I will not be back until Sunday, so regretfully, I will not be able to protest today. Perhaps that what the Chief Minister mistakes for community support is actually called having a private sector job or, in my words, working.

Deputy Trott and Deputy Soulsby, in my role, I will neither risk our economy nor our people on a plaster over a problem that has been coming for successive Assemblies. Since the implementation of Zero-10, which is right for the Island, and as much as Deputy Trott talks about him and writes his own hagiography on the subject – he really does, we all know that – it was right at the time, *(Interjection)* but what that has basically meant is we have spent our capital since Zero-10 and have never grasped the nettle; we really have not.

I am in the same position I was over the Aurigny Airport runway. Deputy Ferbrache will remember that he spoke to me and asked me my voting intentions. I say he asked me my voting intentions, I think he told me what my voting intentions were going to be. I explained to him that I had no confidence that it had a cats hell in chance of ever materialising for £24 million and the best I could do was abstain and there is a sense of *déjà vu* here, I have had a similar conversation with Deputy Trott minus the miserable face. *(Laughter)*

But, sir, Members, I simply cannot impose a 2% tax on my Christmas guest, it is not fair on her and it is not her fault that we are here where we are today. **(A Member: Hear, hear.)** The best I can offer to do is an abstention on 1A, that is all I can do. But I will support, if it helps, any measure that P&R brings back to the States in, what may be, an emergency Budget which may mean, and this is the consequence of our votes and this is what we have got to understand, is when we stand here and vote on certain subjects we cannot suddenly have an automatic cognitive dissonance and forget what we have just done and I know what that is likely to mean.

It may mean the end of the Phase 2 Hospital work, it may mean the end of the Les Ozouets developments and any other proposition, possibly, which may include the Guernsey Development Agency, policy letter stalling, the Guernsey Marina project, possibly skills, Victor Hugo Centre, the wind farm and the Guernsey Airport development. It will also mean that I will not support the housing requête, but will support the reduction in States' Members. That may be the cost of my vote today and I will support an emergency Budget and possibly a moratorium on all non-essential consultancies.

So in terms of voting intention, I will rattle through the Propositions that have not really been debated so far that I will and will not support and I may need some help here from other people because we have been concentrating on the big set piece and looked less at some of the other amendments.

So looking at the league four Propositions I am unlikely to support ... as a consequence, if 1A is defeated that means I have to take some responsibility and that means anything that looks like a cost to Government or is actually a benefit will mean that I will not be able to support number 11 –

sorry, I beg your pardon, I will support 11 – 18, 19, 20, looking like 23, 25, 26, 27 and certainly not 28; but certainly, at the moment, I will be abstaining on 1A. So, I hope that gives you an idea of my intentions.

Thank you very much.

The Bailiff: Deputy Le Tissier.

Deputy Le Tissier: Thank you, sir.

I am just going to concentrate on a few points, not the whole Budget. So, my first point and it probably will not come as a surprise to many people but, in my opinion, GST is unsatisfactory; particularly so for pensioners in Guernsey. Now I think there are around about 12,000 pensioners, so it is a pretty big percentage of Guernsey residents and that is why I think it is so important that no amount of briefings and spin and whatever we call it, is going to change that.

Now, nearly half of all pensioner households currently pay no Social Security contributions under the current system and around a quarter do not pay Social Security or Income Tax. So I do not really understand how a reduced rate of tax and Social Security allowances being increased will help those pensioners.

They do not pay any already, so increasing the allowance is irrelevant and then, another one of my favourite topics, the women who in the past paid a reduced stamp and they now suffer with a partial pension and I do not accept that Income Support is the answer because there are many women in this position who do not qualify as they have very modest savings in the bank.

So how is GST going to impact them? Not beneficially, I suggest. Put another way, pensioners are going to be treated less well than other Guernsey residents. For me that is unacceptable and contrary to media releases from –

Deputy Roffey: Point of correction, sir.

The Bailiff: Point of correction, Deputy Roffey.

Deputy Roffey: As part of the GST-plus package it was very clear that the States' pension would be increased to fully compensate for any inflationary impact of GST.

The Bailiff: Deputy Le Tissier.

Deputy Le Tissier: Yes, I appreciate that, but if you are on half of the maximum, increasing it is not going to help very much, you will still be on half of the increased figure. So, anyway, we will let that go. So this package, even allowing for the mitigations, is an atrocious attack on poor Guernsey pensioners and, for me, that is unacceptable.

Now it is too easy to take the option of raising taxes, either on Income Tax or GST, to feed the monster, which is States' spending. To me, it is incredible that this Assembly has consistently voted not to take any steps to rein in States' spending, let alone any reductions. We have had some people paying lip service to that but that is fine, but it is the votes that count.

I have to say to – he is not here – Deputy Trott, it is not enough for Policy & Resources to tell us that they reduced the Committee demands. Well, maybe they did – well not maybe; they did – but they still went up, just less than they would have done. One comment directed to several of us anti-GST supporters is that we are populists.

Now, I cannot speak for the others, but I doubt they would accept that tag, but what I can say is it was in my manifesto, quite clear 'no GST' and I followed my manifesto pretty well 100%. I know it has gone out of fashion with some Deputies not to follow their manifesto, but not me. So I am not jumping on the anti-GST bandwagon, I have always said it.

Then there is the claim that those who do not want GST or an increase in Income Tax should say where the savings could be made. Well, on the face of it, that sounds great but Deputies are not

2870 employed in the Civil Service or for the States generally. We are not at the coalface so how can we suggest any savings?

2875 All we can do is take a broad brush approach and allocate budgets and then it is down to the managers to actually manage their area. I will always speak up for the public because they do not have a voice to speak here and they do not have a vote. Deputy Trott claims that the Civil Service is not bloated. Yes, okay, maybe that is right, but to take the public with you they need evidence; hard facts, not reassuring words.

2880 We all know, or we should know, that in large organisations there are always areas that could be made more efficient. It is just the nature of the beast and I am just not referring to civil servants, I am referring to all employees of the States. So I am suggesting to Policy & Resources, and I have said this before, that they should commission an independent review of staff resources and a cost benefit analysis of all the minor services and roles presently provided by the States because that is taxpayers' hard earned money that they are handing over to our Government and I think if you did that you might take a few more of the public with you.

2885 Unfortunately, he is not here, but as Deputy Parkinson said, maybe it is high time for FTP mark II. I do not mean to keep picking on Deputy Trott but he does berate us, those of us that want to constrain increases in States' spending. I think, he says, and I will give way if I am misquoting him, that we do not understand how it works and why States need more staff and more spending and Deputy Murray yesterday, I think it was, said that we do not understand how Government works.

2890 Well, I understand money and I know how planning and budgeting works and budgeting within our means and how that works. So I make no apology for those views under any circumstances. The public's pockets are not unlimited. We cannot continually ask the public for more and more money or where is it going to end?

Sorry I did not see you.

2895 **Deputy Trott:** Yes, I was encouraged to stand and I am grateful to my friend for giving way. I would not have said that people do not understand the workings of the States, even if I might have thought that, that it is not the sort of language I would use. (*Laughter*) What I was probably saying was that there are different types of inflation. The reason that the costs of the States are rising rapidly is because medical inflation, inflation around health in particular, is rising at a faster rate than inflation within the retail sector.

2900 I would also have made clear that the lack of appropriate housing, a key part of our infrastructure programme which is at risk, is absolutely essential in order to drive down the cost of our Health Service, which is the element that is rising at the fastest pace as a consequence of our ageing community, because the cost of short-term housing for those agency workers is prohibitively expensive. That is the sort of thing I would have said, and maybe an opportunity for more of that later.

Deputy Le Tissier: Thank you.

2910 Well, I think many people, most people would not disagree with some of those comments. But where will it end? It is 22% now and I have been told that, really, it should have been 23% but P&R would not have got that through the States. So where does it end 40%, 50%, 60%? I do not know and it is not certain that it will end in two years because that is a different Assembly and it may be increased; who knows? We cannot bind the next States.

2915 To me, it is shades of the old Labour policies of the 1970s, 1980s and 1990s and that was where it went up to 83% tax, tax and spend; well I think the UK found that it does not work.

Deputy Soulsby: Point of correction, sir.

2920 **The Bailiff:** Point of correction, Deputy Soulsby.

Deputy Soulsby: The Labour Party lost power in 1979 and they came back in 1997. So they cannot be blamed for anything in the 1980s and I would not do either.

The Bailiff: Deputy Le Tissier, continue please.

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Deputy Le Tissier: Anyway, now increasing tax is a slippery slope and it is not easy to get off, so I would say do not start it. Now, I see the Guernsey Association of Trustees have waded into the argument and they are warning us not to increase the Income Tax rate. It is a long report so I obviously I will not read it all out, but just a little bit:

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From the outside, there is no getting away with it 22% puts us in a competitive disadvantage with Jersey, Guernsey's biggest competitor in the fiduciary industry. Whilst a detailed review of both regimes is necessary to make a meaningful comparison, most people will focus on the headline figure and the headline rate of Income Tax at 22%. Now it's not great optically, especially when compared to Jersey.

And they go on to say that they are disappointed the tax capping was not even increased by inflation. However, that is the G18. So, specifically, Proposition 1, now I voted against Amendment 22, in fact I tried to stop it, but 20 Deputies disagreed and it passed. I think that was an error, as Deputy Matthews commented on, because now everyone that does not want Income Tax will vote against it and those that do not want GST will vote against it. So it seems to be dead.

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Anyway, so it will not come as a surprise that I am going to also vote against 1B. Now I accept and I look forward to an emergency Budget but I hope it will take account of what most Members have said this week, reduce the States' spending. You could also take on board some of the suggestions Deputy Ferbrache made this morning or Deputy Dyke. Now I think the 2% increase might, I say might, have passed if we would have had discrete votes on tax and GST, but now it is doomed.

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I just want to finish off, I will not take up too much time, that lastly I have previously said that sometimes more tax will be needed. But before that is even considered, the States needs to make an effort to show some willing in kerbing some of their spending and with that, I am going to sit down.

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Thank you.

The Bailiff: Deputy Oliver.

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Deputy Oliver: Thank you, sir.

I just want to address something Deputy Soulsby said, that the Income Tax is only temporary and the GST will be permanent because you do not know what is going to come next term. Well, I just disagree with that to be honest because in 1799, William Pitt said, 'Income Tax is only temporary. Let us just get over the Napoleon War'; 225 years later, it's still there, it is still in the UK, so it might be that temporary, I do not know.

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But anyway, Deputy Murray also said that GST is not enough but vote Income Tax. Well, this two pence in the pound, it is not enough to actually sort us out long-term, it would have to be a lot higher than that and, I think, it was Deputy Ferbrache that said it was 8%, or it might have been Deputy Meerveld, I cannot remember. It would need to be up to 8p in the pound, which is 8%, it is not feasible. (**Deputy Trott:** No.) Now whenever I look at –

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Deputy Trott: Point of correction, sir.

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The Bailiff: Deputy Trott.

Deputy Trott: I think there is some conflation here. I think some advice has been given, during the course of this debate, that if a GST was to be established to deal with the enormous structural deficit that we have, then it would need to be set at, at least, 8%. That is GST, not Income Tax.

2970 **The Bailiff:** Deputy Oliver.

Deputy Oliver: Then I would like to know from Deputy Trott what Income Tax would need to be set at then, if that is okay, because I know it is not the 2%.
I will give way.

2975 **Deputy Trott:** As things currently stand today, the answer is a simple one, 23%.

Deputy Oliver: Okay, thank you for that.

2980 So everything that I do, my husband always laughs at me because I always make lists and I always make pros and cons and I always look at everything like that. One of the things for me is I would like to see Guernsey's economy grow and that is where, really, I would love to see this go.
(**A Member:** Hear, hear.)

2985 But we have got to look at how GST and the Income Tax would affect that, and I think Income Tax would actually have a real deterrent for new investment coming to the Island because other jurisdictions, Jersey and UK, they already have Income Tax so putting GST on would not actually be that much of a deterrent but Income Tax would and when you look at England rates their basic rate is already 20%, so we would be higher than that.

2990 I do accept that our personal allowance would be slightly higher than the UK, so I do accept that. Then you have got the disproportionate burden on lower income. The Income Tax is not really a great package or anything and it will really affect the lower income of our society. Whereas the GST package, that actually set out limits and that did quite a lot and the lower income would, actually, be better off depending on what they would spend.

2995 Public perception was my next one and I think this is really important and I think it is a tie between GST and Income Tax with that. Whenever taxes go up, generally they want something for it. You are putting that up, but you are getting that. This time there is nothing actually for it. It is just actually filling a black hole and that is all it is doing.

3000 So you can see why people are not that happy about it and I do agree that we need to, actually, start looking at things and I know Deputy Prow said, it was not in this speech it was in one of the amendments, well, there are efficiencies with the Police and the Border Agency, we have been talking about that for two terms, potentially moving Population Management & Immigration together and yet it just never happens.

3005 I think we have got to start asking our questions. Why is this not happening? The transformation that we keep talking about, and it is a great word, we are going to transform that, we are going to do that, it is not happening. It just sort of sits there going, yes, that is the transformation budget we are going to do that and that.

3010 People want to see us actually doing these things to change so that we can actually try and make some long-term, because in the short-term it probably costs a little bit to move all these things, but in the long-term actually make proper savings, not just cutting civil servants, you need to make proper savings with everything otherwise in a number of years' time it is just going to be exactly the same conversation that we are having.

3015 My next one was high earners. I know high earners sometimes seem a bit of a dirty word but we need those high earners in Guernsey to pay for everything that we want doing. If we did not have the high earners it would be even more difficult (**A Member:** Hear, hear.) and I do not think GST would affect them as much ... I know the high, high earners are all capped but the high earners they would be encapsulated in this 22%. So it just makes Guernsey a little less desirable to live than, say, Jersey.

3020 Earlier today, I had a conference and I could not go to Northern Ireland because I thought that my time was more needed in the States than going there (**Several Members:** Hear, hear!) but I did Teams in for an hour and a half and we were actually speaking about the difficulty in attracting skilled workers and, in my case, it was all to do with planners and everything and you are trying to get people on medium earnings to come over to the Island to take out these jobs.

Now, at the moment, yes, England has got its problems and I am not saying it is better than Guernsey or not, Guernsey has got a lot going for it and it is a beautiful place to live and I would not be anywhere else, but trying to attract these workers where they are going to be taxed probably and, yes, they might look at the personal allowance but they will look at the bottom line, Ahh 20% in England, 22% in Guernsey, Oh better off in Guernsey. No, not coming.

So that is another really negative thing. My list goes on and on but I will not go any further but I just think we need to be really ... Actually, I will say one other thing. Sorry one other thing on my list was, I do not think this is much, but with tourists GST actually gets some money from tourists coming to the Island so that is actually somebody else trying to, and we always talk about it, we need to diversify our pot of how we get money, it diversifies, it only slightly, but it still diversifies it nevertheless. So that is my list but I just will –

Sorry? (*Interjection by Deputy Prow*) When it is 20% in UK.

I give way to Deputy Prow.

Deputy Prow: I thank Deputy Oliver very much for giving way.

I just wanted to clarify a point she made which was around the merger with Population Management & Immigration which, actually, has taken place and I just wanted to confirm our understanding that that is a merger that has taken place but also to actually reinforce the point that she has made about the real way to make savings is by looking at operating models and doing that sort of work in Committee and that is the point I made earlier in debate and I just wanted to clarify that is what she meant.

Thank you.

Deputy Oliver: Yes I did. Sorry, I hope that came across properly. That is exactly what I meant and probably Deputy Prow put it a little bit more succinctly than I did. But I also want to praise Deputy Trott for his speech (**A Member:** Hear, hear.) on the amendment, I cannot remember what number it was, I am sorry, with Deputy Charles Parkinson and Deputy McKenna because everything that Deputy Trott said about that amendment pretty much applies to Income Tax as well.

Why would we go something different to our sister Island Jersey? It just makes us more unattractive. Exactly the same as Territorial Tax would if we do not go in succinct. (**A Member:** Hear, hear.) Deputy Trott, you get your chance to talk at the end.

Deputy Trott: I know I do and thank you for giving way. (*Laughter*) There are a number of differences, let us just compare some of them. The Isle of Man has 22% Income Tax already and 20% GST. Jersey has 5% GST. So the comparisons are not the same because this is not a unilateral move, this is a move where two of our main competitors already take more tax from their economy, substantially more tax from their economy, than we do already.

Thank you for giving way. I appreciate it.

Deputy Oliver: No problem, but I still will not be voting for Income Tax. (*Laughter*) I will be voting for GST, I want to make sure that the most vulnerable of our society is, actually, well looked after and treated better.

Thank you.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

I have tried to strip this back enormously because I do not want to just keep on repeating what everyone else has said, (**A Member:** Hear, hear.) but I would also like to do what a number of other people do, which is: (a) to thank Policy & Resources for bringing the Budget; (b) thank Deputy Roffey and Deputy Ferbrache for bringing the amendments, and (c) for everybody getting together and at least trying to put a compromise together.

3075 Whatever you agree or disagree with, I think it is good when people get together and try and work together. What I think has come out of this debate so far is that not everybody, but I do believe that there is a general consensus amongst Members, could you be quiet please, that we need to look for ways to save money (*Laughter*) and prioritise more effectively.

3080 There is now also an understanding that savings and prioritisation alone will not provide anywhere near the levels of revenue needed to fund essential services and infrastructure projects, it is as simple as that. The only way that we can ensure that we can maintain funding for essential services like, we have talked about it already, education, health care, infrastructure, is by raising taxes. I do not like it; I really do not like it.

3085 **Deputy Vermeulen:** Point of correction.

The Bailiff: Point of correction, Deputy Vermeulen.

3090 **Deputy Vermeulen:** That, quite clearly, is not the only way; a combination of savings and tax revenue could do the same.

The Bailiff: Deputy Moakes.

Deputy Moakes: Thank you, sir.

3095 I do not like it any more than anyone else, but that is the stark reality that we face today in my opinion. Something should have been done about this absolutely years ago, in my opinion, but it was not. We should have done something about it earlier this term, in my opinion, but we did not, so the question becomes which tax, in my opinion. (*Laughter*)

3100 P&R, in my opinion, (*Laughter*) is proposing that we introduce Income Tax 22% for two years. Amendments have come in since then, I have referenced those already, GST-plus and more recently the compromise, as I call it, and I think everyone else does amendments. The impression that I get, and I could be wrong, it is my opinion, is that GST-plus seems to have more agreement around the Assembly than, let us say, the Income Tax increase, it is my opinion.

3105 As far as I am concerned, this is, I guess, where I stand, it is a however section. So I have got the same concerns today that I had when attempts were made to raise Income Tax in previous debates and I still think that GST-plus is a far better and far fairer alternative. In my opinion, we have spoken about this earlier on, red lines, I think this does cross a red line. I think it will damage our competitive position with other jurisdictions, particularly the UK and Jersey and I remember earlier this week, I think it may have been yesterday but forgive me it has been a long week, it could have been the day before, we talked about introducing a go it alone Territorial Tax and it got defeated quite heavily.

3110 The key reason for that was it would provide Jersey with an opportunity to clearly differentiate itself from Guernsey and it would exploit that and sell it as a competitive advantage. I completely agree, so I fail to see how this or increasing Income Tax is any different. It would set them up, give them a competitive advantage and guess what, they will go out and sell that, wouldn't they? I would, if I was them.

3115 GST or VAT is already part of day-to-day life in many other jurisdictions, including Jersey and the UK. Introducing it here brings us in line with those jurisdictions instead of differentiating us. Raising it and tax, on the other hand, risks damaging our hard-earned reputation for being a jurisdiction which offers stability and certainty.

3120 Income Tax is one of the things that people and companies, people have spoken about this already, look at when considering coming to Guernsey. We absolutely, desperately need to broaden our tax base, we are pretty much completely reliant on Income Tax – brilliant when things are going well, not so good when things are not going so well.

3125 We have got plenty of open jobs on the Island, if we increase Income Tax by 10% to 2% that is 2% more of zero because those jobs are not full. So we need to broaden our tax base, make us

more resilient, adapt to economic opportunities and threats, be they local or external. GST-plus helps us to do exactly that.

I am going to split over some of the next things because we talked about some of these already. I mentioned earlier that it is possible now to do a comparison between GST-plus and a 10% rise in Income Tax. To summarise, P&R's proposal to increase Income Tax does indeed result in lower Income Tax households being better off, there is no denying that. However, households very quickly become worse off as you move up from low to middle income households.

In contrast, GST-plus results in far more middle income households being better off with the impact being felt as you move into the higher income households. Probably repeating what other people have said already.

So, in summary, what legacy do we want to leave? Coming to the end of States I think that probably many of us have had hoped that we could leave the Island in better shape than when we found it. Years and years of underinvestment have caught up with us. Previous States have had the opportunity to develop and implement a long-term sustainable strategy to deal with our serious structural challenges, they did not, they kicked it down the road. Earlier this time, the previous P&R tried to deliver a long-term and sustainable strategy in the form of GST-plus complete with mitigations to ensure that the less well off made good. This Assembly voted against it. So here we are again, just in a worse situation than we were then.

Yes, we need to make savings, let me repeat that, yes we do need to make savings (**A Member:** Hear, hear.) and yes, we do need to prioritise better. We can be in no doubt of that. However, another however, we have now reached a point where we can no longer wait if we want to continue to provide the services that Islanders rely on – not just need, rely on in many cases – and we want to continue to invest in our Island's infrastructure.

I urge all Members to consider what is in the best interests of *Guernsey*, what kind of Island you want it to be and what services you want to be able to provide, both now and in the future. Sir, I believe that GST-plus is not only a fairer alternative to a 10% increase in Income Tax, I believe that it broadens our tax base and provides a long-term solution that keeps us in line with our competitors, rather than differentiating us negatively.

Thank you.

The Bailiff: Deputy Haskins.

Deputy Haskins: Thank you, sir.

I think Deputy Moakes just said exactly what I wanted to really, as did Deputy Oliver, because I think at this stage all the arguments have been raised and it is starting to get dark and I know we need to make a decision. So, really, I did not want to say, I will be brief. So this is not the GST or not debate, it is an Income Tax plus GST or just GST and I think in this Assembly most Members here do not want to raise Income by 10%. That is what I think.

I also think that Income of 10% will not just be for two years. That is what I think. I think it will be longer and, in fact, I was slightly baffled that Deputy Soulsby made so many comments against GST but is behind an amendment to bring in GST, apparently. Deputy Moakes already said it, I think most Members of this Assembly now believe that the only long-term solution is to introduce the GST package.

Nobody really likes it, *nobody*, but we need to fix our structural problem for the long term and, I think, most Members in this Assembly really do believe that the GST-plus is the best fairest way to do it. Deputy Oliver and Deputy Moakes already mentioned it, I think we also need a swathe of savings and efficiencies (**A Member:** Hear, hear.) to prove to the public that that is of utmost importance to us, it is part of the solution; it has to be.

I also think that the best way for this Assembly to make sure the fairest package actually comes in is to vote for 1B. I too, like Deputy Oliver, want to help the most vulnerable people and I will do exactly that, I will vote for what I sincerely think, like Deputy Moakes, is the best option for the Island.

Thank you.

3180 **The Bailiff:** Deputy Helyar.

Deputy Helyar: Thank you, sir.

I wish I had voted for the fairer alternative now really, a little bit of paid parking and some motor tax and everything would be fine, wouldn't it? (*Laughter*) It did not turn out quite that way, did it?

3185 I would like to commend Deputy Roffey to start with. I thought he made a really excellent speech and he has covered most of the ground so a lot of what has been said I am not going to repeat today, but given that Deputy Roffey said he will not be standing again for the States this time around, that might be his last ever Budget speech and I thought it was an excellent one and it was a privilege to be here to hear it.

3190 Now I have got the benefit of hindsight, it is fantastic stuff hindsight, isn't it? If you could only bottle it and sell it really, they would certainly be buying it in Jersey. (*Laughter*) That is another issue that we have not gone into today; connectivity. My Budget, obviously, would have had 5% or 10% cuts in it.

3195 That is what we were actually preparing for, that is why we asked Committees to tell us what would you cut if we said your budget is going down by 5% or 10% because we had every expectation, and not just because of protests and people's disagreements with the proposals for GST, all of which, as I said, the last time I stood up on the top bench and finished my last speech on the subject, all of which were genuinely held.

3200 There is a lot of concern out there. There is a lot of concern from everybody about paying more. A lot of people are struggling. But it did not turn out to be that way, did it? The one thing I did not do and I would not have done was to touch Income Tax; it really is the golden goose. It is the red line, it is the sacred thing that keeps up our finance sector (**A Member:** Hear, hear.) and I would not and did not touch it and we looked very hard at it.

3205 Deputy Roffey and I and Deputy Mahoney and many other professional advisers looked extremely hard at this because, clearly, the first place you go to is to tinker with something you have already got because it is easier to collect it. It cannot, in my view, and in my judgement, be temporary, it cannot be a temporary increase and it is and will be and continue to be damaging to our economy and not just to the finance sector, but more widely.

3210 Now, I did not vote for the review on Corporate Taxation and Territorial Tax, the reason for that is because the amendment said, with the expectation of implementing it. I still do believe that Deputy Parkinson will one day be right, but that requires the world to homogenise its tax system and the way things are, particularly given the American election only in the last few days, means that that is further away than it has been for some time.

3215 That is an important point because the cornerstone of this Budget is the money which we expect to collect from Pillar 2 and I sincerely hope we do. But I am a director of at least half a dozen of those entities and I can tell you they have no intention of paying any. They will leave the Island and go somewhere, which either favours their tax position or they will rearrange their affairs to make sure it has the least possible impact for their activities. It is as simple as that.

3220 All tax has a reaction to it; it is called a behavioural response. It is built into most assumptions that go into budgets and go into tax changes, they were built into all the GST projections. So that cornerstone that is already in the Budget could be significantly worse than we expect it to be. As I said, I sincerely hope that is not the case but all of the signs that I see, and I am at the coal seam on that issue, I do not see any prospects whatsoever of that being collected. So things are bad and Deputy Trott will no doubt get up and scare the horses about it, I have absolutely no doubt about that but we will come to it.

3225 Now, for those that are worried about election prospects, because that does seem to have been an issue, certainly in the last few debates that we have had on this subject, it is an issue which the public like to stop us and debate regularly, I still have lots of debates about it. If we vote for 1A in eight weeks' time, just after Christmas, when most people will have been struggling anyway to buy

3230 presents for their children and to put a decent dinner on the table, at the end of that month the first wage packet will come through with 10% more on their tax bill. Not in two years' time, in eight weeks. *(Interjection)* Merry Christmas from the States of Guernsey! *(Laughter)*

We could not make a decision for years and years so we have decided you are going to pay for it and you are going to pay for it now. So if you think the kind of issue that we have got with people door stopping us over the last couple of years has been difficult, wait till 1st February because it is going to come home to roost really quickly because, for a lot of people, a 10% increase in their tax is a substantial amount of their disposable income, *a substantial amount!* That is really going to hit home and that is then going to roll into our economy because those people will not be able to go out and spend any money because they will not have any.

3240 People are going to go bust and businesses are going to go bust, *(Interjection)* it is already happening. We need to take very careful note of that. I would not, under any circumstances, recommend that Members vote for 1A, under any circumstances. It is the wrong thing to do, in my submission.

Now, we are going to hear some scare tactics at the end of this. We are going to be told that it is irresponsible, despite having been told that the fairer alternative could be a solution, we are now being told that it is irresponsible not to put tax up. The scare tactics will say we cannot go on with the capital process, we have got to cut this and cut that and cut everything else and, obviously, we are not very keen on cuts because we already did not vote for that.

I put that forward for a reason because if we do not vote for anything and we leave this room without having made a decision one way or the other, we are going to get back to the amendment that I brought that I started off with, which is no rises in spending and it is going to lead to cuts in people's budgets and that is really difficult.

So I agree, I have said it several times during this debate on amendments, we need to demonstrate clearly and in a trustworthy way to the public that we can exercise restraint
3255 **(A Member:** Hear, hear.) and we have not demonstrated that at all. I went fairly easy yesterday on the amendment that annulled my amendment which got through in terms of pay, but the signal we have just sent out to the trade unions is absolutely appalling. **(A Member:** absolutely)

If you send us a bit of a grumpy memo we will back off. **(A Member:** Hear, hear.) In fact, if you send us a memo saying jump we will just say, how high, how high would you like us to jump? That
3260 is not acceptable to the public of Guernsey. They expect us to act in their best interests and it is not in the best interests of the public to be held to ransom by our own staff. It is simply not acceptable and it has to stop.

Now, what do you do in a business? One of the things that you monitor all the time if you have a business is something called debtor days. In the wider financial markets, people look at things
3265 called credit spreads, but a business looks at debtor days. How many days have debts which are owed to us been outstanding for?

If you want to accelerate your cash flow, and we have been told cash flow is a problem, we already have a revolving credit facility and it would be interesting to hear from the Chief Minister, when he responds in debate, how that might be able to take up some of the strain and what its
3270 current level is because I believe it was reduced because of, obviously, the standby fees you pay on an RCF are quite expensive.

But debtor days are really important because when money is cheap and it is flowing easily credit can go out to 120 days, it can go even further. With the States there is lots of debt that is over 365, believe it or not; it is incredible. I would have outsourced that to a debt recovery firm three years
3275 ago **(A Member:** Hear, hear.) and it still has not been done and we are still running at impossibly high debt levels, a lot of which will never be recovered. It should be written off, in my view, a lot of it, and we should outsource that. But anyway, that is a different issue.

We should accelerate our cash flow. If you want more cash in your business you demand people pay their bills and we have got a huge number of bills outstanding and the bills equivalent for our,
3280 it is not a business, it is a Government obviously, is tax. We have got a vast amount of tax outstanding.

We have not even gone through, and I tried very hard to get the work to be accelerated, I tried very hard and we got just the kind of pushback that you have seen from that memo this week, this really needs to be dealt with and it needs to be accelerated because I would reckon, at a rough reckoning and I am very happy if the Chief Minister has the figures but I suspect they are probably not readily available, so I would estimate, just looking at the last report that we saw, there is a year's worth, equivalent, of tax outstanding, a whole year.

If we could send those bills out again and demand them on 1st January we could accelerate a whole year of cash. So there is a way that we can deal with this if we have the gumption to do it properly. There is a way to deal with this. We are going to be told we cannot afford not to do anything now and it is simply, in my submission, not true.

We spent £63 million on Aurigny, £63 million refinancing it, and why did we do that? Because it is important to protect our economy and what is the cornerstone of our current economy? Finance, and what is its cornerstone? 20%, never beyond it, reliable, stable we will not change it. This is not a place that does knee jerk. We do not change tax just because we are panicking. (**A Member:** Hear, hear.)

We spent £63 million on Aurigny, we spent £97.3 million on COVID. What was that for? Protect the economy and our people. So we have spent £160 million since 2020 on initiatives to protect the economy. Why can we not spend a little bit of our reserves to make sure we do not destroy the cornerstone of the main part of our economy?

We can get through this, we may have to reschedule big projects and we may have to look again at other things, but I am convinced that if we agree that GST is the only solution and it appears to me from the number of speeches I have heard today that, finally, we appear to have turned a corner with that.

If we can agree that is the only solution and we can agree to do it, and I accept that there will be Members that will still say no, that is a democracy and there will be Members of the public that still say no, that is a democracy, but in the intervening period, and I agree with Deputy Meerveld on this, there needs to be some pain because the public will not come with us on any of this, whatever tax it might be, unless they can see that we are taking serious measures to control what we are spending money on and if that means not subsidising every bus ticket by £3.50 per seat, (*Interjection*) incredible, those sorts of expenditures have to come to an end.

We have to stop being so profligate with people's money. We cannot simply afford it anymore and it has to be stopped. I am not going to vote for 1A, I think it would be seriously damaging for the economy. I know a lot of Members will not vote for either but I seriously believe that 1B is our solution and a package of measures which I hope P&R can create for us between now and January to get us over the bump.

Thank you.

The Bailiff: Alderney Representative Roberts.

Alderney Representative Roberts: Thank you, sir.

I do not know if I will be back next week because I do not think I will have a home to go to, I have had to change my ticket till tomorrow morning. Tuesday to Saturday is a long time and I am in the doghouse. But it has been quite a grumpy sort of looking Meeting, so I would like to see a few more smiles on your faces where it can just lighten the atmosphere of what we are actually responsible and trying to do and each and every one of us is trying to do, including P&R, trying to get to a situation where we are in agreement and we find a conclusion. It is really important to me.

At the last Meeting, I supported the implementation of GST as it looked after the lower to middle taxpayer, including pensioners and young families with generous allowances to compensate. My views have not changed. I am against taxation, GST is a much fairer spread of load than raising 20% that we live with, for it is competing and staying in step with the rest of these Islands.

Something not to be feared and yet none of us want it, of course we do not and there are many other jurisdictions that have adopted GST and it is a standing tax that need not be raised in the

future because any inflation will bring in extra revenue adding to satisfy Government service cost demands purely by inflation, you will not have to put it up.

Alderney has got a cost of living 20% higher, but with support of food exemption off GST, it could ease the burden along with generous allowances that people do on my Island and have not really grasped it yet. The Bailiwick needs that 20% badge, it needs to say Guernsey is open for business. It needs investment in our communities and it is in dire trouble with our runway; Alderney is in dire trouble with our runway, left for so long to almost dereliction, thus impacting on our economy and our confidence.

What fine speeches I have heard from both sides today; really fine speeches. A health tax would be of great help to the enormous hospital and care commitments and I really think, I hope, this is being taken forward without the usual delays. It helps solve Alderney's deficit for a long way and it is a possible solution for it all.

GST is not the dead parrot, this parrot is not dead. Savings we have to be braver with, we have no choice and a Committee should be charged in the next Assembly, for it is needed and only right that we tidy our home. Common sense, but it is not enough I am afraid. Many more public now understand GST is really now an option, a solution to our population's Bailiwick problem. Raising Income Tax would be Michael Jackson's step backward.

Alderney has consistently been attacked for our economy, but a lack of investment in getting to that beautiful place has strangled the Budget from our perspective. Business confidence is at rock bottom in Alderney. I worry about money for the interim, yes, of course I do, but we have to create something. If 1A fails, you simply have to vote for 1B. If you do not, do you think you are being responsible because it saves more delay for the inevitable and costs money in the long run against it being implemented.

I would like to take the opportunity now to thank P&R for all their hard work in the Budget along with the officers. We simply have to reach a conclusion for the whole of the Bailiwick. We really do strive for the same thing. We strive for an honest deal for our population and our children and our Bailiwick future.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Sir, I was about to say brothers and sisters, *(Laughter)* I get confused sometimes as to where I am. Sometimes I want to say amen here and I say hear, hear at church. I think everything that needs to be said has been said, so I just want to change tack a little bit. Deputy Haskins said earlier that the focus should be on our long-term issues, I do not disagree with him but I think, and I have said this before, it is both/and; it is not just our long-term issues now, it is our immediate issues. The situation we find ourselves in now. **(A Member:** Hear, hear.)

Therefore, I was pleased when Deputy Roffey said the issue is today as well as tomorrow and I think that is something, it is both/and. We cannot just put this off any further. It is fine to have hindsight, as Deputy Helyar said, and I think there are some in this Assembly who would vote differently now if we knew what we were faced with today a year ago, but that is that.

I think the Island needs, more than anything else, a degree of consensus and leadership that shows that we can compromise and move together, and that is why I am glad that the compromise amendment was put together. I am glad that Deputy Roffey and others were willing to consider that and to enable us to do that.

I am glad for my colleagues on P&R who are willing to compromise because, as I said earlier, I was a bit of an outlier, I was certainly not in favour of increasing Income Tax in the longer term and, I still think, the best solution for us in terms of being able to achieve those objectives that the Alderney Representative has just mentioned that we all, I think, wish to achieve but we see it slightly differently in terms of the journey. The best way, I still think, is through 1A and I encourage people to vote for that. **(A Member:** Hear, hear.) *(Laughter)*

The culture change that Deputy Meerveld mentioned before actually said, when I talked about culture change, I was speaking from experience. We have had a period of time here in the Assembly

where we needed to make some dramatic changes to our spending and that was during the time that Deputy Parkinson, he is not here at the moment in the Assembly, but he alluded to it when the Financial Transformation Plan was in play.

3390 Well, that Plan was set in motion in the term in which Deputy Trott was Treasury Minister and I was Deputy Treasury Minister at the end of 2004-08. I did not stand in 2008 and, as Deputy Parkinson said, that was when tribal helm, I think it was to begin with, then became Capita got involved.

3395 But, you know, it took eight years to actually, eight painful years, to facilitate what was effectively an attempt at a 10% cut in the States' Budget of that time. For the first four years or so, virtually nothing was done. (**A Member:** She told us.) Toilets were closed, yes, that was about it and it took us to give some teeth to Capita to enable them to help us to do that culture change. That is the only way in which we can achieve it, over time.

3400 If we could do the sorts of cuts that Deputy Helyar has spoken about immediately and keep to them, then we would do but we all know that what happens is we would talk to Committees, and we may have to come back with that, and the Committees would say well, we are going to bring a policy letter to the States and we will ask the States for money, because we will look at everything in isolation and we will say, Oh, no, you need that particular service or you need that particular project done and then we will get nowhere.

3405 So what will happen is we will end up with overspends, we will end up going into debt, we will end up using our reserves in a very undisciplined way. The only way we can achieve proper savings, and I am not against savings – after all the GST package included savings as part of that, included that, it is not like it is just GST, that is just one section of it, the only way we can do that is by taking others with us and that requires us to compromise with one another in order to do so.

3410 I believe that the messages that we send out here are important today. We have had people contacting us, not very many, it is true, and others have referred to that, but clearly who do not understand the whole situation, do not understand, and that is only right in a representative democracy.

3415 The reason that we have the system that we have is that people elect us because they trust us to get involved in the sorts of issues that they themselves do not want to deal with, the details and the minutiae of it and very often the solutions, of course, well the problems are more complicated, and therefore the solutions are more complicated than people would like. That is the case for all of us.

3420 Deputy Falla said, how did we get into this position because now it is very likely that GST will be an election issue? Listen, GST will be an election issue irrespective of how you vote. It was quite clear from last year that that was going to be the case. We could make it slightly less of an issue, if we want to, by dealing with the issue and voting for 1A. I believe, in any case, that if we come away, which is the worst case scenario, with nothing today, if 1A and 1B fail and we come away with that, we will have GST and Income Tax as an election issue.

3425 It will be divisive in our Island and that is not something that I would want. It is certainly the worst of two evils. We need to focus on what we can deal with today. We need to see that there is a short-term issue that can be resolved, painfully, absolutely true it is painful and not something we want to continue for long, we need to send out a signal that it is short-term but also that we mean business when it comes to sorting out our longer term issues and putting in place the measures so that if the next Assembly decides that GST can be switched on quickly, makes sense to do that.

3430 We need to have a degree of consensus and when there is consensus there needs to be a willingness to compromise and not stand to protect our own particular territory. We need to move towards other people and if there is a public vote at next year's election and they decide to throw us all out and get some fresh faces in, I can guarantee you that there will be exactly the same sorts of representatives.

3435 They might have different faces, some might have more hair than others, (*Laughter*) but they will have the same views of the community and they will come to the same problems with the same issues and almost definitely those that end up on senior Committees, and the senior Committee,

like some of my colleagues who I respect in the previous P&R, will come and see the things and look at it and say, 'Oh, this is more difficult than I thought to begin with and I am going to have to change my view,' and I respect them for changing their position when they promised one thing and they looked at it and said, we cannot do that, we are going to have to do this and that is why we worked very hard at that package, which I still believe in, because it is best for Guernsey overall.

But let us not make next year the disastrous year that it could be if we do not have the resources to face it and get through. That is a far worse Christmas present to give to our community. Let us ensure that we can provide the medical services, that we can continue to invest in our infrastructure, that education is not let down by that (**A Member:** Hear, hear.) and if you support those things in our community, please support 1A.

Deputy Trott: Well said.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

In the interest of time, I will do my best to be succinct.

This has felt a lot more like a tax debate than a Budget debate. I do intend to touch, at least very briefly, on the Budget side as well but with respect to the tax situation, which is obviously the most pressing question facing us today, we have long known that we are in a fiscally unsustainable position and I have previously voted against both an Income Tax rise and the introduction of GST.

Like others, I have had to re-evaluate my position in light of the current situation. I think it is very good that people have done so and especially those that have managed to change their view in light of the changed situation, I think, particular credit is due and people whose hindsight has now enabled them to re-evaluate their views, particularly prior to the previous election. That is refreshing and I do value the honest debate. I have certainly had to re-evaluate my position in relation to those previous decisions and I found it very tricky. I think this debate has been helpful, I am not sure I am quite there yet.

But in relation to the Proposition 1A, Income Tax increase, the first time I voted on this, which was because of an amendment that Deputy Trott had brought, the main reasons I voted against were because it exacerbates the very problem that we are trying to address, namely the dependency ratio and it puts more of the tax burden on the shoulders of the individuals and households who have already shouldered so much since the introduction of Zero-10 and like Deputy Parkinson, I have long voiced my concerns over the distribution of that tax burden.

The other main reason I could not support it then was because it would have made us uncompetitive, not just with the Crown Dependencies but, I believe, with the UK and with particular respect to recruiting the people ... we all obsess over the people at the higher end of the income spectrum, but actually I am mostly concerned with people at the lower end of the income spectrum and our ability to recruit them.

I do appreciate that these proposals do have more mitigating measures and I also appreciate that it is designed as a temporary measure and I very much understand the need for more income in order to fund the public services that we would like to in the Budget year of 2025. However, I think there have been some very compelling arguments made during this debate about the flipside, the dangers of that and I am worried.

I have had many more representations, by being pulled aside, especially from members of the business community, (**A Member:** Hear, hear.) about the danger that this measure could bring. So even though I fully appreciate the genuine intent to make this a short-term measure, I am very concerned about that and I do not think I would be able to support it.

My reasons for not supporting GST originally, one of them was around the package itself and I do understand its virtues. I think it is a fairer way of doing it than the Income Tax measure, although they do different things. I appreciate Income Tax is designed to bring money in, in the short-term and GST would be a longer term solution.

3490 One of my main concerns back then was about the timing and this is still my main concern. I am still worried that, actually, the timing is now worse and one of these things relates to the fact that we have not been able to bring the public along this journey as fast as some might have wished and that is not for want of trying.

3495 I really do appreciate the efforts, including by the previous P&R, by the current P&R, to paint an accurate picture of the fiscal situation and I think particular credit goes to Deputy Roffey, who has really thrown himself at that particular challenge and I think the needle has moved in terms of the public understanding, but I think it is still nowhere near where it needs to be.

3500 Deputy Brouard is right to talk of the challenges. I think one of the things that frustrates me about the public understanding of the problem is that we talk about demographics and we talk about an ageing population, but I am not sure people really understand quite how much of a pressing problem that gives us.

3505 I think the public see us spending more and more money and they assume that is because we are being profligate and they assume that we are being inefficient etc. and, actually, what never seems to come into view from all the commentary in the public is the fact that on the demand side that is where the real increase is and we have got this rapidly ageing population – and that is no one's fault and actually it is a lovely thing at the individual level; many people I love are in that ageing demographic at the pointy end.

3510 But the fact that the number of people aged 85 and over is set to double in, I think, the next 20 years or something, more than that now, that puts such enormous pressure on our public finances because, love them we all may, it is very expensive to provide people, a community with that profile, with the services that they need in terms of pensions and long-term care and healthcare. It just is much more expensive.

3515 When you add into that the problem that the number of people who are more likely to be much more economically active is shrinking relative to that ageing population that is why it is not just a question of running to stand still in the sense of the provision of public services and the expenditure needed to provide them it is a question of sprinting in order to go backwards less quickly.

3520 So public services are worsening even while we are spending more on them and that is because of the demand side of that equation which I think has not really cut through in terms of the public consciousness. Actually, I was very privileged to be invited to a talk by an economist who described this very problem the world over and he said it is unfortunate because one of the factors that erodes trust in Government is that the public see more money being spent on services that are getting worse and they assume that is because of Government inefficiency, etc. when, actually, it is really just about the basics of the demography and we are not alone in facing that problem but it is, obviously, the problem that concerns us.

3525 So I am very conscious of that issue and that is why I really share the frustrations voiced by Deputy Kazantseva-Miller. I think one of the issues in terms of being able to take the public with us is I do not think we have adequately demonstrated that we have left no stone unturned and so I think it is really unfortunate that, whether through the previous P&R or through this one or whatever combination, we have not been able to progress the kinds of initiatives that actually a very significant majority of the Assembly did sign up to, and I think that is unfortunate.

3530 Certainly, I will be involved in bringing forward various different income raising measures and I very much hope, especially if 1A does not carry, that the Assembly supports those. I do believe that we do need to diversify as well as grow our tax base, but I really think we do need to be able to show the public that we are leaving no stone unturned before we increase the burden on individual households and that really is one of my main concerns over the introduction of GST.

3535 So, just more generally, I do not know, is the answer. I do not think I can support 1A because, no matter how short-term, I am really concerned about the damage it could possibly do in that limited time, if indeed it is a limited time and I do think that if it were to persist for longer than the two years in particular, it would still exaggerate the fundamental problem that would be the better one to address.

3540

I am not yet persuaded, actually, on 1B and if that means, I am told by P&R that if 1A does not carry then they will come back with an emergency Budget. I am actually quite surprised, I have to admit, to see the Propositions set out in the way they were, which enabled the Assembly to vote down, potentially, the additional revenue raising, but still support the spending.

3545 I was expecting, and maybe P&R just are not as naturally cunning as me, but I was expecting (*Laughter*) to see the spending Propositions, so the Propositions relating to expenditure contingent upon a revenue raising Proposition being carried and then an alternative being, and if that is not supported, then here is a reduced expenditure menu.

3550 I did consider bringing that kind of amendment, but I thought it would not be supported because it is just inviting people, perhaps to vote against the additional revenue raising, which if we could achieve it by magic wand then that would be better. But I did not think it would be supported, so I did not, but I think actually it would have been neater to have done it in that way than have a pause while an emergency Budget or whatever is drawn up and comes back but if that is what has to happen then, I suspect, that is a quite a likely outcome.

3555 In terms of the other Propositions, I do share Deputy Mahoney's concerns, although I am a really big fan of it, over the Victor Hugo Centre, so I am not yet sure how I will vote for that. One Proposition I definitely will be voting against, and I would like to ask that it is taken separately if that is okay, is Proposition 16 which is to agree that the rates of vehicle first registration duty are set by the States of Deliberation by Ordinance and that any proposed amendments are included as
3560 Propositions in the annual Budget.

Now, this was something that was discussed between the Committee *for* the Environment & Infrastructure and P&R ahead of the Budget Report and E&I made a heartfelt case that this should not come to pass because this relates, very directly, to the implementation of transport policy. It is, in fact, the only hard lever that the Transport Policy really has and it is all very well for this P&R to
3565 say, 'Oh, but it is fine, we would come and consult with E&I and see what they want to do. There is absolutely nothing in this Proposition that gives any assurance that what E&I, particularly a future E&I, might go back to a future P&R with would need to be listened to.

I do worry that this would be looked at through a purely fiscal lens and that could, potentially, undermine the transport side of things which it inherently affects. That is important because it is
3570 not just a simple case of tobacco duty or alcohol duty where there is a formulaic RPI plus 1% or whatever it is, that is usually applied; it is far more complex and far more nuanced than that and we have to take into account, for example, the needs of lower income families and the fact that it is not just a luxury habit, for want of a better word, it does fundamentally affect people's lives and it is *far* more complex and nuanced area of policy.

3575 I just think that it is not really fitting that the Committee that has to hold the can for the outcome of the Transport Strategy objectives and to the extent to which they are met or otherwise, has no direct say in the one lever that influences that policy and so I would, although I will be voting against it and urge others to do so as well, I would urge that the Policy & Resources Committee at least gives an assurance that they will consult, very closely, with the Committee *for* the Environment &
3580 Infrastructure. I mean, it is a bit meaningless because by the time the next Budget comes around it will be a different P&R and a different E&I.

But for the sake of future E&Is – yes, unless it is the emergency Budget that is true – I would ask that there is a strong assurance put on the record that the policy considerations of the Committee *for* the Environment & Infrastructure will be absolutely taken into account so that we do not start
3585 looking at that particular measure through a purely fiscal lens because I think that could be very undermining of the policy itself.

I think there are various other things to commend in the Budget Report, which have been totally overlooked and I do not think anyone has got the appetite to debate them at length, but I will extend my thanks to P&R who, I think, have an incredibly difficult job and have handled themselves
3590 with good grace and I would also like to extend my thanks to the many officers who have worked very hard, not just in terms of preparing the Budget Report, but with also supporting various people with their amendments and their requests for further information.

Thank you.

3595 **The Bailiff:** Deputy Blin.

Deputy Blin: Thank you, sir.

3600 I would like to start the same way. I think the work that P&R has done for preparing this is incredible; and the balance and the number of very interesting speeches in the debate. I would like to start off by saying this is our fourth Budget, this is probably the most difficult part we have had within this term and we are either preparing to do something now or something for the next four years.

3605 I look at this as a recap, as a bit like Deputy Parkinson bringing Territorial Tax, I think it is three times, possibly four, that is the same for GST, three times or four, and then we have had this additional angle of the 10%, as in 10% rise, on Income Tax. So from the very beginning, I was always very opposed to the idea of increasing Income Tax and not because of some of the cases mentioned, such as high net worths or, to be fair, it is the workers, it is the employee salary and that is where the spend comes from as needed. However, you have this feeling, well, if this is interim this would be a way to avoid having a cliff edge so we can actually continue and get through to the next part.

3610 I have always been opposed to the GST. I do feel that there has been a lot more good delivery of instruction or explanation of GST showing other sides that has clearly changed. Still, I have stood from the beginning on talks about not raising Income Tax, but we know that other Deputies have had that situation but when you look under the bonnet you have to see what it is. So it is a very hard situation.

3615 Now just hearing Deputy de Sausmarez's speech as well she is equally torn between the 1A and 1B because well, no, some are not right but what can she do? So the reality I look at is it comes back to this, in effect it is a business box. We have this Committee expenditure going up to £650 million, we have income and revenue reducing.

3620 I can remember in January 2023 with the unknown number of people on the GST march, but I was there, so it was literally several thousand, but it was also the conversations that were had. Now, I bet you if you did that march again, it would be very different. It would probably be reduced, it would be different there but I have still been speaking to a lot of businesses and a lot of people every day, all the time and emails and I am sure we have all been receiving emails in our inboxes, probably during this debate. I have seen quite a few.

3625 The message is, depending on which ear you have on, is either reacting to they do not want GST or bring GST. I still see more not opting for GST and the arguments are still the same ones and the interesting part is because the debate has been very interesting and I will refer to a couple, but what is really interesting was all the people I am talking to are saying – which must be the same as other people's communications in other areas – it is not that they are not willing to go down the tax line, they are saying before we go down there can we fix all this other stuff, can we get these other things done now?

3635 Now, when I look at the particular presentations of, more recently, Deputy Trott saying the Civil Service it is, in comparison to other jurisdictions, at the best cost it can be. We agree with that, but then we turn around and, I remember Deputy Leadbeater made an amazing speech when we were discussing on the additional fees for maintenance of properties and, boy, oh boy, everyone in the Assembly was listening and in awe of that speech because it was so engaging and directly saying things were going wrong, something was not being put right, etc.

3640 So when we talk about the Committees, sometimes I think there is a missing of it, you can cut a Committee by XYZ percentage but it is the inefficiencies which happen on the day-to-day, the ground, which is where the things are seen and I remember we all agreed with Deputy Leadbeater's speech; we saw that.

Deputy Roffey: Point of order, sir. I most certainly did not.

3645 **The Bailiff:** Was that a point of correction? Not a point of order.

Deputy Roffey: It was and I should have waited for you to call me. It has been a long four days, I apologise.

3650 **The Bailiff:** Point of correction, Deputy Roffey.

Deputy Roffey: I most certainly did not agree with the content of Deputy Leadbeater's speech.

3655 **Deputy Blin:** I appreciate that and you actually stood up and made a comment on that and speaking about the officers. So then, of course, we go through, for example, one of the Propositions or amendments was on the changing the cost of the company registry or the registration increasing by 20% and that was very interesting because, he is not currently here, but the President of Economic Development made a fantastic speech on how that would damage the industry.

3660 Then we had other conversations where he said, well, no, it is actually it is a fraction of the business cost, this will not do anything. So I wonder, is it a Committee thing, is it how we represent our Committees, is it officers? So in other words, there is a whole load of things going on here.

3665 The speech that impacted me the most, and literally the most powerful speech, was that of Deputy Helyar. He brought that voice and it has been brought up by a few others, but the most impact was with his and he brought that angle that we have to be strong, we have to make changes and it has to be done and then, meanwhile, I am saying it was the most impressive speech but also when he put the amendment on the immediate stop of incremental change in January this year I was one of the ones who voted that I would rather take the P&R version of softening.

3670 So immediately I am failing to live up to what Deputy Helyar was saying because he is saying we have got to show the strength, etc. The reason I did that was twofold: (1) is because in the same way as bringing a change of tax right after Christmas, it would have the same impact of something happening immediately in Government; (2) the HR capability and the structure would not work; (3) it gives the message still across but immediately it is diluted, but here I will state and I will state this directly to our President of Policy & Resources that I really hope and trust that that conversation that happens after will create that impact to make those changes rather than a more blunt tool stated by the Assembly saying it is going to happen.

3675 So this is what we have to do and the rest of Deputy Helyar's speech continued on that vein of strong action that has to be done. Now, I am going to revert back to Deputy de Sausmarez because she was also, in her speech saying, well, I am going to possibly choose one of those options or not, but I am hoping she is going to bring forward savings or ideas and work, practical work, that is going to change and that I agree with and I believe that Deputy Vermeulen offered to do similar things to do it.

3680 So sitting in that same area I would love to have those contributions but a lot of them were actually brought up again in Deputy Helyar's speech. For example, I remember when he was on P&R there was strong talk about ensuring we improve the collection of revenues from Income Tax and yet here we still are.

3685 So that was on one shift and it has gone on to the other one there and a lot of people I talk to are still stating that there is a lot of tax. To be fair again, it was all explained in his speech but I am a strong believer and I hear a lot of other people going on about exactly the same thing. So crikey, I do not even know how it would work if 1A was brought in that we could actually change the tax considering we cannot even catch up with the tax and that is kind of a question, but it will not necessarily affect me.

3690 Then there are lots of other ideas and rather than bringing them here, because it is not the right place, but there are lots of areas where we could have improved, but I am not the person who can now say, even though this is our fourth Budget, I cannot say, well, I tell you what, I will go along with GST because then I am sure we will work really hard at fixing all the problems that we have got

because if that were the case, we would have done that by now or we would have been heading towards it. (**A Member:** Hear, hear.) So I am nervous that it is not going to work.

So the other way goes, and also similar to Deputy Helyar's was Deputy Meerveld's one, it is cutting the cloth, it is looking at the size, it is possibly cutting services. Then I would like to talk about we looked and, again, comments were correctly made about Deputy Parkinson, who is not sitting here, unfortunately.

But this time, again, his amendment was not exactly change us to Territorial Tax, his amendment was to investigate it and it got a higher number of votes. There could have been more votes for it, but I know we are short by at least five or six Deputies at the vote time. But there are areas we have to look at.

But when we demonstrate to the people of Guernsey that we are really doing all these things, I know there is going to be a very significant difference and as it takes time for these operations to be established, like the establishment of GST, I would like to see that we have to do those demonstrations. We have to make those changes in the Budget, it will be quite severe.

But also it brings me on to another topic and, unfortunately, Deputy Soulsby is not in the Chamber but a comment was made by her, which I found really hard to follow because she was speaking in regard to Deputy Meerveld about the wind farm. She was speaking about a spend of £600,000 for it and then I could hear also my colleague, Deputy Inder, who was making a comment, 'That is a waste,' and I am thinking here is an opportunity to build something up in the future, and it is the long-term future.

A gentleman stopped me in the street a few weeks ago. He was a successful but retired business person and his comment was, a bit like the harbour, that was planned a long time ahead, and I am sure a lot of people laughed at it so, well done for the work that all the Members of the Wind Farm Committee are doing.

I thought that was quite good because this is something for the future, not for now, but that future is going to be important – I hope we will be quorate soon – and the term was it was 'hot air'. Now I just find that, bearing in mind that I am Chair of the Wind Farm Sub-Committee of P&R, which is i.e. endorsed and supported by P&R, that a Member of P&R could make a comment on the hot air of the wind farm.

We are doing our best to try to make this as a powerful opportunity, not only in income and revenue, but also in scaling, economy, work opportunity, there is a lot more to it, skills, etc. So there are a lot more areas that we can bring in. But above all, and we still have great projects in hand, such as the work of the Guernsey Development Agency, which will link with joint ventures as well. So it is not all about the pockets of the States of Guernsey.

I do have a list of things to increase but, again, I think this is the wrong time. So I think my conclusions will be I am going to be in the camp where I will not be supporting GST and was not and had not looked at that prior. I struggle a bit that the 1A with the Income Tax, the increase of tuppence – it sounds less like that – would have been the better, shorter term one. But overall I will probably be rejecting both of those unless there is something very conclusive in the parts, which I doubt I will hear, but I have been appreciative and I wanted to share my thoughts on this during the debate.

Thank you, sir.

The Bailiff: Deputy Burford.

Deputy Burford: Thank you, sir.

I will start off with a couple of points on the Budget, more widely, before getting into what is, essentially, a tax speech.

The Victor Hugo Centre, this is something that I am hugely supportive of. In fact, at the very start of this term, I was contacted by some of the principals involved who I met with, I think on two occasions. I also contacted P&R to ask questions of them – Deputy Mahoney, it was – about the availability of building for, what sounded to be, an extremely exciting venture and my views of it

have not changed. I am very pleased to see that it was agreed that they could have an option on one of our iconic buildings, actually, the old States' offices.

3750 But what was said to me in those meetings was that in order for them to attract the type of funding that they would need, they needed to be able to have a building so that they could show this to potential funders; they could paint the picture, they could draw up plans with architects and I think a lot of that was done quite quickly.

3755 So at a time where we really are struggling for resources I am quite surprised to see a figure of £2.5 million in here, subject of course to them raising £5 million, because it seemed to me that the goalpost has moved slightly on this. So I just wanted to say that. I have not decided yet quite how I will vote on it and perhaps it is something –

I will give way quickly to Deputy Vermeulen.

3760 **Deputy Vermeulen:** I will try and be very quick. Something that has changed is the visitor levy, which could be utilised to pay for this Victor Hugo Interpretation Centre that would be paid on an overnight basis, visitors staying in hotel beds.

Deputy Burford: Thank you, sir.

3765 The visitor levy seems to be doing an awful lot of heavy lifting before it is even introduced. *(Laughter)* In addition to the fact that, of course, if we use the visitor levy for that we cannot use it for something else. So my original point remains.

3770 The other Budget item is, just to follow on from Deputy de Sausmarez, Proposition 16. I do think it is a mistake for Policy & Resources to, essentially, micromanage this aspect of the Transport Strategy and I will be voting against Proposition 16 and urging other Members to do likewise. But on to the matter at hand, really, which is a tax debate rather than a Budget debate in many ways.

3775 In my speech on the previous proposals last year, I gave two reasons as to why, at that time, I was unable to support them. The first reason was timing, due to the significant risk of the proposals not being implemented before the election and, therefore, the likelihood of the decision being overturned next year causing another term of uncertainty.

3780 I still consider that if this Assembly approves GST, which is actually looking likely, it will inevitably turn the election next year into a single issue election and single issue elections do not produce effective, balanced Assemblies. An election run on a single issue, rather than on the broad range of issues that we should all be concerned about, creates a high risk of an Assembly that is more likely to overturn this decision, but which is less likely to be equipped to deal with the many other challenges that exist.

3785 Now, a single issue election would be bad enough under the previous electoral system but under Island-wide voting, the effects will be magnified and the evidence for this comes from the scrutiny review into Island-wide voting, which revealed that only 16%, or one sixth, of voters felt sufficiently informed about the candidates before voting, which is quite shocking really, compared to nearly 60% or three fifths under the previous system.

3790 Now, of course, this low information is in no way the fault of the voter. It is the feature of our current electoral system, like it or not, which expects people to assess up to 120 candidates, largely from 700 curated words and a smattering of photographs. It is all but inevitable that a vote now for GST that will not come into effect until after the election will bring forward a raft of candidates standing on a platform promising to overturn this decision and promising to deal with the deficit by cutting, what will be derogatorily cast as armies of highly paid pen pushers; totally unsatisfactory in every way.

3795 There is a *Guernsey Press* podcast starring Deputy Ferbrache. Three times in that hour-long interview he refers to the importance of the realpolitik of various situations and he was, and is, right. This is the realpolitik of GST being approved now. Of course it will be argued, in fact it has been argued, that the tax will be a big issue in the election irrespective of how this vote goes today but there is a fundamental difference between campaigning to overturn a decision already made but not implemented and wanting to understand more broadly how candidates will address the deficit.

3800 Had fundamental tax changes, in whatever form, actually been debated early enough in this political term to have been implemented before now, then those on lower incomes would have been able to see and experience the increases in their pay packets from the lower band of Income Tax, the increased personal allowances and the restructured social insurance.

3805 It would have bedded into the fabric and norms of the Island, albeit not without resistance, businesses would have largely meshed it into their accounting procedures and, by 2025, it would have ceased to arouse the same degree of reaction that it currently does. It would have figured in the election only to the extent that candidates would, perhaps, pledge not to raise it further. There would be oxygen for other vital issues, oxygen that will be absent if we have an election run on promises to overturn GST.

3810 Now it is the case that the level of public pushback on these proposals appears to have diminished a little since last year.

I am not going to give way, actually, thank you.

3815 That is probably partly due to exhaustion. This is essentially the third attempt. It is also partly due to the message that it is a package which also gives back and, I would argue, partly due to the fact that a significant section of the public were not even aware that we are debating this amendment this week.

3820 I would just note in passing that on the issue of giving back, the data from Treasury – and I think this is important – does still show that over a quarter of households in the lowest quartile would actually be worse off, overall, under GST and that does cause me significant concern. In terms of taxation, the failure of this term, apart from timing, was essentially a failure of communication. The last P&R failed to communicate sufficiently with the community and, therefore, we failed to take them with us.

3825 The second issue for me, and the glaring Achilles' heel, however, is the vulnerability to increases in the regressive element of the package. Yes, of course any tax can be increased but I think we will find today that the appetite for increasing the sacrosanct 20% Income Tax rate is as limited as ever.

3830 This sacrosanct nature does not apply to GST. If we are to have GST, I would wish to see a package that ties in future increases in GST to commensurate increases in measures to protect the lower income members of our community. I am told that this consideration was done to doing just this during the various tax investigations, tying any increase in GST to other offsets to prevent the package from becoming regressive by only changing one part of it. But this was not taken forward. I think that was a mistake and it is an element that must be considered in potential future discussions.

3835 But as it stands, GST is all too easy to increase. Need an extra £15 million to balance the books? Just hike it to 6%. Want to increase the capital allocation? Call it 7%. New drugs and treatments, make that 8% and all of a sudden, the benefit of the package to those on lower and lower middle income starts to be seriously eroded to the point that it becomes a liability to those who can least afford it.

3840 Like Deputy Kazantseva-Miller, I remain very disappointed that many of the alternate measures for raising income that were approved by this very Assembly have, essentially, been sidelined. Had those been taken forward promptly by P&R, of course they would not have fully bridged us until the next Assembly, not at all, but combined with moderate budget restraint they would have certainly gone some way.

3845 However, P&R decided to shelve those revenue streams and go all in on an Income Tax increase, an Income Tax increase that only a year ago did not manage to garner more than one quarter of the votes of this Assembly and looks set to do worse this time.

On the subject of budget restraints, I am not on a Principal Committee this term and I hear and acknowledge the speeches of Presidents made this week. However, I repeat my belief that it is utterly inconceivable in a Budget of two thirds of a billion pounds, that there are not savings and efficiencies to be made.

3850 I cannot be the only person to have spoken with relatively senior operational staff who tell me that they see wasteful practices, but the organisation is too busy fire-fighting to get to grips with

them. That is why I voted against Deputy Dyke's amendment, because although I do believe there are savings to be had, we need a carefully considered way of doing it, not an indiscriminate budget-slashing measure and I agree with Deputy Helyar that we cannot keep putting that in the 'too difficult' pile. The public, rightly, expects that work to be done if we are going to take more money from them.

Now those savings will not deal with issues coming down the track, not by a very long way, there will need to be tax rises but we owe it to the people of Guernsey to look at both sides of the equation. Just going back slightly on the issue of additional revenue, Deputy Soulsby brought up paid parking and says it will not solve the problem and, of course, she is absolutely right; no one is saying that it will. But it is feasible that it would bring in £4 million to £5 million a year and in terms of popularity, it is not as unpopular as it has been in the past.

But the only reason that we have not had 10 years of revenue from paid parking is that in the two votes on paid parking in 2014 –

Deputy Brouard: Point of correction.

The Bailiff: Point of correct, Deputy Brouard.

Deputy Brouard: Thank you, sir.

When the paid parking debate happened we put 1.2 pence on fuel which is bringing in, I think, half a million pounds per year every single year since that debate. So that was the reason why there was no need for paid parking. So it is incorrect to say that there is no tax from that, if that helps.

Thank you.

The Bailiff: Deputy Burford.

Deputy Burford: Sir, I am talking about paid parking, not fuel tax and I know Deputy Brouard has long liked to link the 1.2 pence to paid parking and I gave him the opportunity to say ... Oh, of course it was a point of correction. But the only reason we have not had ten years of revenue from paid parking was that in the second debate, of the two debates in close succession back in 2014, Deputy Soulsby changed her vote.

Now, no one can say with any confidence whatsoever that by supporting GST this week that is job done because in the well-worn phrase, one Assembly cannot bind another. I know an Assembly cannot even bind itself, but the odds of survival of any tax package are highest when an Assembly makes, owns and implements its own version and approving 1B today does not mean that we can now commit to capital projects based on it because there is zero guarantee that it will materialise.

I learned from mistakes that I made early in my term as a Deputy that, as the saying goes, politics is the art of the possible (**A Member:** Hear, hear.) and those lessons tell me that the next Assembly needs to create and implement, within a single term, the solutions to this problem. They will have the advantage of a huge body of work that has been amassed this term and that will save a great deal of time. They will also have the advantage of a slowly increasing public acceptance that more money is needed, but they will still need to do work connecting with our community.

Now, I am not comfortable with running a deficit, in the same way as Deputy Parkinson was not when he laid his amendment, but neither am I comfortable with setting the scene for the next Assembly to fail in the way that this one has; in our case, by not bringing any substantive Propositions until three full years into the term.

I will speak briefly now on the proposal to implement a two pence rise in Income Tax and, simply put, I cannot support this, for the same reasons I could not support it last time that Deputy Trott put it forward. Despite the increase in personal allowance it really is going to ramp up the pressure on the lower earners in our community at a time when they are already finding life too difficult.

There is an increase in the personal allowance designed to offset some of the pain but when compared with the unamended Budget proposals that only represents £1.50 a week. The argument

is made that tax at 22 pence will only be for two years, but in the unlikely event Proposition 1A is approved I will wager now that when the next Assembly is faced, in 2027, with a choice between carrying on with an extended Income Tax rate of 22 pence or bringing in GST, it will be all too tempting and all too easy to leave Income Tax in place and as I do not think it is the right measure for two years, I certainly do not think it is the right measure for the long-term.

Now, I will no doubt be accused by some of failing to have the courage to support these Propositions, but I think my track record shows that I am not afraid to stick my head above the parapet. But given where we are now, I believe the next Assembly needs to make, own and implement its own decisions on tax to give them the very best chance of actually delivering.

As a good friend of mine is fond of saying, we have to think what next and then what? We have to think of all the steps needed to get to where we want to go to make this Island's financial position sustainable and that was the reason for my amendment to bring the next tax review forward by six months, so as to not waste any time in the new term.

Thank you.

The Bailiff: Deputy Fairclough.

Deputy Fairclough: Thank you, sir.

As my voting record this term will demonstrate, I have not been wedded to any particular idea when it has come to addressing the growing structural deficit the States is facing. It is why I voted for substantial savings, motoring taxes, the fairer alternative, Income Tax increases and increased corporate taxes. Some of them more than once, although not necessarily in that order, in an attempt to try to find a way forward. The only thing I have not voted for is GST.

Coming into the election it was not my favourite option – it still is not, but I can honestly say I have tried and voted for just about everything else. But this is not about me (**A Member:** Hear, hear.) and I am not going to start extolling (*Laughter*) the virtues of one mechanism or another, others have done that much more eloquently than I and, again, some more than once. The reality is that nothing has commanded a majority in this Assembly and that is democracy, but the time usually given a States' Assembly is up.

However, we have been granted an extra eight months and still have so much to do, so much, too much unfinished business and how we choose to spend that extra eight months in these privileged positions is up to us *today*. Let us not spend a significant chunk of it having to prepare for and then having an emergency Budget. The time is now.

The post-COVID recovery arguments are tailing off. Our blame on conflicts abroad is wearing thin and there is only so much post-Brexit wrangling and Moneyval preparation you can keep milking in terms of resources and excuses. Stagflation, it did not happen. For sure the world has changed but now it is time to take matters into our own hands and decide and define our own destiny as a jurisdiction. The reality is the red ribbons which once fluttered from lamp posts and railings around the Island have long since faded.

Every Budget we have been told the next one will be necessarily bolder. The Savings and Tax Sub-Committees have come and gone, but what actually do we have to show for even the last vestiges of our last tax debate? Very little, (**A Member:** Hear, hear.) hence my support for some of the amendments this week and whatever happens today, we must regain impetus on looking at savings and efficiencies.

I still feel we need structural change in the way we serve the public (**A Member:** Hear, hear.) from the body politic to front line services all the way through. Even States' Resolutions no longer seem to have the gravitas they once had, more on that at a later meeting, but even if we agree some Resolutions today part of me wonders what will happen with them, particularly with an election looming; but we cannot change that.

The only way forwards through the morass and I like the analogy of a previous States' Member who likened trying to make progress in the Assembly to rowing through a sea of treacle in the fog.

3955 I would agree with that, with the exception of adding that it feels like I do not even have any oars (*Laughter*) and I have probably got a bag on my head.

Clearly, the only way forward is if some of us make compromises (**A Member:** Hear, hear.) to sometimes long held beliefs and principles in order to find some common ground – Deputy Roffey’s point earlier. That is when and how our consensus system of government works best and it is up to
3960 all of us to make it work. Of course, compromise usually means no one ending up with what they really want or getting their way and who can honestly say they want additional taxes?

So I will be voting for Proposition 1A and supporting an increase in Income Tax, as I did 12 or so months ago, and as the tired old Zero-10 argument goes, if we had brought that in a year ago, we may be in a better position now. But I will only do so on the basis that it will be for a maximum of
3965 two years and then be replaced by GST.

I thank Deputy Trott and Deputy Soulsby for bringing Amendment 22, demonstrating compromise and leadership and I also thank all those who worked on it and, indeed, the Deputies working behind the scenes to try to find a way forward, out of the public eye, but very much in the public interest.

3970 So I will vote today for a solution to address our growing deficit, both in the short and the longer term and I would urge Members to do all they can, however difficult, to ensure that we do not walk away from our duty or this building today without agreeing a way forward in the best interests of the Bailiwick community.

Thank you, sir.

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Deputy Trott: Very well said. Hear, hear.

The Bailiff: Alderney Representative Snowdon.

3980 **Alderney Representative Snowdon:** Thank you, sir.

It has been an interesting debate over the last few days, but I am extremely concerned about where we potentially are headed regarding not actually sorting out the Budget 2025 coming up. I think there are a lot of passionate speeches, it has been a really good debate about all different aspects, but I still do not think we have sorted out the Budget 2025.

3985 So I understand a lot of Deputies have hopefully moved to the GST package being implemented and everything, that is 2027 and, as has been identified by the last speaker, it is really up to the next Assembly whether they take that forward or not. My concern is that we have not actually sorted out the Budget, as I have rightly identified, and even worse than that, I am really concerned about what an emergency Budget would look like.

3990 So I think all of P&R have now spoken apart from, obviously, the Chief Minister but I think it is really important that the Chief Minister goes through what that emergency Budget may look like or do we have some reserves? Now, it was said there may be some pain. Okay, what is some pain? From Alderney’s side of it, it will be a lot of pain and that is what I am really concerned about.

3995 We have got a runway with 18 months, potentially, left on it, we have got lots of different issues and I really am getting very worried that we may be moving to an even more difficult debate than we have just had over the last four days (**A Member:** Hear, hear.) of what cuts may be coming in. So if you think this one is hard, what is the next one going to be like, which will be us sitting in this Chamber at the moment?

4000 So, obviously, we have spoken to Policy & Finance in the States of Alderney, who have also been listening carefully to this debate, and we had a meeting last week about it. We have the flexibility to move to different things, but I think from my point of view and listening to the debate, I really think it is important that we actually sort out the 2025 Budget. (**Several Members:** Hear, hear.)

4005 Unfortunately, there is only one thing left on the table, which is 1A and I think if we do not support 1A, which at the moment it does not look like it has got the numbers, we are going to have *really* challenging times explaining why we are cutting certain things, or if there are some magic

money trees that may be around that will pop up where we can borrow some money, but I have not actually got the reassurance from all of that.

So I think, from my side of it, the Chief Minister really needs to come out and explain to us so we know whiter than white, that if that does not get through, what are the repercussions that P&R will potentially be bringing to this Chamber and how will it affect Guernsey and Alderney so we are fully aware of the debate that potentially will be happening next?

But can I just thank everyone for their speeches, a lot of speeches and thank you to Policy & Resources and all your civil servants behind it. But I do fear we are into very difficult times ahead.

Thank you.

The Bailiff: Well, Members of the States, there are comparatively few Members who have not spoken in debate, but none of them are rising. What I am going to do first is to enquire of you whether you want to continue sitting today so that we hear the reply from Deputy Trott and then we do the voting on this matter. I think I can confidently say that in relation to Article 2 of the business, we will not do that at this Meeting. We will defer that to a week on Wednesday.

Deputy Roffey.

Deputy Roffey: Yes, I have consulted my staff and while it will be problematic, they assure me that so long as it really is done at the Meeting later on this month, they will just about be able to get the amendments in in time for the beginning of next year.

The Bailiff: So the Proposition is, the motion that I am going to put to you is, that we continue sitting to conclude this debate.

Those in favour; those against.

Members voted Pour.

The Bailiff: I will declare that carried.

The next motion I am going to put to you is that we take a break at this point until 5.45 p.m. at which time I will turn to Deputy Trott to reply. If nothing else, please think about me, (*Laughter*) I have been sat here for quite a lot of today and it would be quite good for me to get up and move around (**A Member:** Hear, hear.) so that that is what my proposal is, is that we now adjourn until 5.45 p.m. Those in favour; those against.

Members voted Pour.

The Bailiff: Thank you very much. We will now adjourn until 5.45 p.m.

*The Assembly adjourned at 5.30 p.m.
and resumed its sitting at 5.45 p.m.*

**The States of Guernsey Annual Budget for 2025 –
Debate continued –
Propositions carried (except 1A) as amended**

The Bailiff: I will invite Deputy Trott, President of the Policy & Resources Committee, to reply to the debate, please.

Deputy Trott: Thank you, sir.

4045 So I want to start, as I have done on a number of occasions over the last few years, in thanking you for the expert way in which you have presided over the States in what has been, at times, quite a lengthy process, to say the least, four days with extensions and at no time have you done anything other than preside to the highest quality. Thank you, sir. **(The Bailiff: Thank you.)**

4050 I also want to sincerely thank all Members for their contribution this week. We now prepare for what is probably the second most important set of votes of this political term. The most important is likely to be the debate on the consequences of not supporting Proposition 1A, if that is in fact the outcome, and this will happen early next year.

4055 Now, before I come to the more fundamental questions that we must vote on today, I will respond to some of the specific points raised and some of the other various individual comments. This is not in any particular order, but I do not think anyone would be particularly surprised if I start with Deputy Helyar.

4060 I start with Deputy Helyar because he was my immediate predecessor, although Deputy Soulsby and I have done the Treasury role jointly; he was the individual holder previously and he has told us that Income Tax is the golden goose. I used an intervention to explain that that was certainly the case up to about 2007, when individuals were taxed at 20% and companies were taxed at 20% but that relationship, that golden goose argument, decoupled on 1st January 2008 when we introduced Zero-10, which meant that the basic underlying rate of Corporate Tax, the dominant rate within our economy, was 0%. So 20% is no longer the sacrosanct rate that it once was.

4065 Deputy Helyar said that for most people there will be an immediate 2% more Income Tax on the 1st January next year. He will not mind me being critical of that comment because not only is it simply not true, but let us actually look to page 18 in the Budget, if we may, because there is a table on page 18 that I initially misinterpreted but what it shows us is that you are something like the 60th or 70th percentile before the amount of additional tax you pay is more than 1%.

4070 In fact, I do not think you get to 2%, if at all, until about the 95th percentile. So the point is that the overwhelming majority of people will pay under 1A materially less than 2%. Now I make that point not to embarrass Deputy Helyar, but to explain why it is so important that this Assembly gets its facts straight, particularly when we are talking to our community.

4075 Deputy Helyar also said something which I have to correct and, again, I doubt he will mind. He said the cornerstone of our financial services industry ... no he did not, he said that that the most important thing, the key thing for our financial services industry was having its employees and its workers to continue to be taxed at 20%.

It is not, of course; the cornerstone of our financial services industry is tax neutrality. Exactly what we introduced with Zero-10 aligned with no capital taxes and no independent taxes. That is the fundamental cornerstone foundation, number one principle of our financial services industry.

4080 Now, Deputy Helyar, Income Tax is paid on a current year basis, either monthly or quarterly, so it is just not true to say that there is a year outstanding. However, we do have about £4 million of debt that extends beyond 30 days. But £3 million of that debt is in our health services department and there are a number of complex reasons for that. I am disappointed that Deputy Parkinson is not here because I said when I was responding to his amendment, which was thrown out earlier, that two previous Treasury Ministers had referred to him as a snake oil salesman.

4085 Well I now want that to be recorded as three because I want to join that distinguished list, because Deputy Parkinson started today with an uplifting speech telling us that an online forum should be listened to and we should once again abrogate our responsibilities. A former Treasury Minister stood in this Assembly today and encouraged fiscal irresponsibility. That has got to be called out. Surely that is not acceptable and that was on the back of him selling us a pup, because I am going to refer to something that Deputy Helyar said to me earlier this week and he was quite right.

4090 He said, even if we do raise £10 million to £15 million from the introduction of Territorial Tax, the consequences for our competitiveness will be such that £15 million day one would be £10 million before we know it and then £5 million and so on. So, not only would it not raise any

material revenues but it would be hugely damaging for our competitiveness. But anyway, we have thrown that out. But I could not let that go unchallenged.

Now, sir, Deputy Roffey is 100% convinced that big revenue raising measures are absolutely unavoidable and he is completely right. We have a real emergency in our public services, he told us, and we must respond. He is absolutely right and this is not tomorrow's problem, it is today's and, again, he is absolutely right. The problem is here and now. The problem is next year's Budget, 2025's Budget.

Now Deputy Roffey sir, like many others, has given the Policy & Resources Committee much credit for listening to compromise and seeking to find consensus and I am grateful to him and others, many others have referred to this because it is important; we have done that and there has been a huge amount of compromise by many of us.

He advises that he will be supporting 1A. 'We simply cannot afford to wait,' he tells us. Sir, he uses his considerable experience to implore Members to make a decision and not allow this issue to plague further future Assemblies, as it has this one and he raises –

I give way, sir.

Deputy Roffey: I thank Deputy Trott for giving away in the middle of, I know, a very important speech.

What I actually said was that although instinctively, and for a whole range of reasons, I was dead against increasing Income Tax, I was willing to make a huge sacrifice if I was totally convinced that all other Members of Policy & Resources were willing to make an equally big sacrifice and nail their colours to the GST-plus mast in order to try and find some route forward. I have to tell him that having listened to his Vice-President, I find that very difficult to accept at this stage.

Deputy Trott: Sir, he also raised questions about how our good governance and I understood why he did so but we will need to make a number of quite significant decisions early next year, which I shall return to shortly which, hopefully, will recover that position. Deputy Aldwell, sir, made a number of very accurate observations. She said, we have spent millions on supporting our community during COVID and that has impacted our reserves materially.

She said if we want decent services, we have to pay for them. She said this Assembly must face reality and believes our community, generally speaking, understands this fact. Again, I am grateful to her, she praised P&R for its compromise and consensus driven approach. She made it clear and she was right to do so, that we must invest in our infrastructure.

Now, Deputy de Lisle, and he was advised on a point of correction that the impact of the measures in this Budget relative to what they might have expected to pay in 2024 for a couple with a joint income of around £70,000, which would put them at about middle income on an equivalised basis, is just under £10 a week. I apologise to this couple on £70,000 per year that they will have to pay an additional £500 a year under Proposal 1A, I am sorry but there is not a great deal I can do about it because that is the financial reality of the situation we are in.

Now, a couple with a joint income of £40,000, I reminded him earlier – it will not hurt to remind him again – will be a few pounds a week better off and that is how it should look in a progressive tax policy.

Deputy Prow, sir, said – and I wrote it down because I could not quite believe it – 'Some want to live with a massive deficit and blow the consequences; this is not for me.' He went on to suggest that he may not support Proposition 1A and I cannot understand, if I am honest, how that particular statement corresponds/coincides with not supporting 1A.

He told me that he had seen the finance sector grow to be the treasure that it is and he is absolutely right and he respects the finance sector's view, which supports Proposition 1A. What the finance sector was uneasy about was the chance of 2% Income Tax lasting in perpetuity. It wanted us to be able to say it would be a temporary measure given all of our efforts on enabling the next States to make a sustainable decision on public finances as early as possible into the new term.

Deputy Dyke: Point of correction.

4150 **The Bailiff:** Point of correction, Deputy Dyke.

Deputy Dyke: It is impossible to say that the finance sector has spoken in favour of the Income Tax proposal. We have had comments from all over the place and I have read out one from the Trustees Association. It cannot be said that the finance industry is in favour of Income Tax increases.

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The Bailiff: Deputy Trott.

Deputy Trott: The Guernsey International Business Association is the umbrella organisation. I know it suits some people to ignore that particular update but this is an example of where compromise and consensus has resulted in some positive support and that is what it has been all about this last few weeks now.

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Deputy Matthews understands the fiscal issues and he asks, what happens if we do not vote for Proposition 1A and I would argue it is the question of the week and I shall refer to that in the body of my speech later. I thank him for the question.

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Deputy Dyke tells us that the rise in Income Tax from 20% to 22% is such a bad thing. It is a bad thing because it will turn off people who want to come and live here. Well, in a Budget presentation representatives of the Association of Chartered & Certified Accountants, who spend their day advising high net worth individuals, made it clear that it would still be easy for them to state that the tax regime that we would have, if 1A was accepted, would still represent a low rate of tax and they would have no difficulty in selling the Island.

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If you are a high net worth who is being taxed capped at hundreds of thousands of pounds' worth of tax, if you are paying a rate of 22%, you simply get to that ceiling. You simply get to that cap faster than you otherwise would but the cap still kicks in and protects you from excessive rates of tax and enables us to remain competitive. So to suggest it is some sort of red beacon driving business away is, in the views, of professional tax advisers who are currently practising not genuine, not the case.

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My friend Deputy McKenna –
I give way.

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Deputy McKenna: I thank the Chief Minister for giving way. I did also make a second point that in terms of corporations deciding where to locate, whether to relocate, where to consolidate they will consider the tax affairs of their employees and their employees, their finance staff, quite senior finance staff, will be below that tax cap. They will see a difference: 22% here, 20% in Jersey. That was my second point. Just to be clear.

4185

Thank you.

Deputy Trott: I take that point.

I will give way in a moment. Let me deal with this point first.

Where I disagree is that when said employee is looking at the various advantages and disadvantages of whether to reside in Guernsey or Jersey, measures in their entirety are looked at. So the absence of GST will be an issue, the cost of housing will be an issue and this is where it is so contradictory because if you starve the public sector of its ability to invest in infrastructure one of the natural consequences of that is that you do not invest in affordable housing, making the problem worse, perpetuating the problem.

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It is not the extra 2%, the rise from 20% to 22% that will dissuade employees from coming to Guernsey, it will be the lack of affordable housing.

4195

I give way.

Deputy Matthews: I thank Deputy Trott.

4200 In the course of some research for an amendment which I did not lay to this amendment, I did
also look at our rates of Document Duty, which are considerably lower in comparison here to Jersey.
Even with the rise up to 7% as proposed to the Budget, the top rate in Jersey is 11%, and so on the
very large homes that people looking to relocate, that could equate to almost a quarter of £1 million
worth of difference in that first year of tax. So looking at all the taxes together, I think, is important
4205 than just looking at one rate.

Thank you.

Deputy Trott: I welcome that intervention and you are, of course, through you, sir, correct.

Now, Deputy McKenna, what a lovable chap, he really is. *(Laughter)* Now he chose, and I have
4210 no idea why, to perpetuate the myth that the public service is bigger than the financial services
industry.

Well, it is not true but I do not want you to believe the Chief Minister when I say that, I want you
to believe the nine-year veteran Chairman of Guernsey Finance when I say that. It is simply not true
and I have explained on three separate occasions why that is the case. He said that not having a rise
4215 in Income Tax was a cause for celebration and I apologise for laughing out loud because let us just
consider some of those items of celebration, as a consequence of not having 1A.

There would be no Hospital modernisation for years. So every time Deputy McKenna goes up to
the Hospital I want him to be prepared to speak to the nurses and the patients and others and say
to them, you have not got your Hospital modernisation because the States could not afford it and
4220 that is cause for celebration. So let us all have a round of applause and maybe get the buntings out.
In fact, let us even have a round of *Sweet Caroline*, because that really is clearly a very celebratory
matter. That is the consequences I say to my friend, Deputy McKenna, of irresponsible fiscal
responsibility – **(Deputy McKenna: Point of correction, sir.)**

I would happily give way.

4225 **The Bailiff:** Point of correction –

Deputy McKenna: Point of correction, or give way. I am not too fussed actually.

4230 **Deputy Trott:** Let us give way in case it is not a point of correction. *(Laughter)*

Deputy McKenna: Well, thank you. Thank you for giving way. Well, in that case, then I think that
is really a bit unnecessary. I think you are above that. I think it is a cheap shot and the reason I said
it is because Jersey are 20%, you are proposing 22%, it makes us uncompetitive, you are making us
4235 in a very precarious, dangerous position. I did not make it personal, but I just think you took a cheap
shot there and I am disappointed.

Deputy Trott: Well, unfortunately, it is not a cheap shot but it is an example of what is coming
and I say this to my friend, Deputy McKenna, what is coming are a number of very difficult decisions
4240 as a consequence of this States, potentially, not supporting 1A later on, because for every action
there is a set of unintended, sometimes unintended, often I think well understood consequences.

I utterly refute that a 22% temporary Income Tax rate will make us uncompetitive with Jersey, I
gave an answer earlier which partly referenced that. But I want Deputy McKenna, through you, sir,
to appreciate that we take less tax, less money out of our GDP currently than Jersey and even after
4245 1A we will still take less than Jersey.

In the Isle of Man, for instance, they take 29% of their GDP. In the United Kingdom, it is up to
39%. In France they now take more than 50% of their GDP. We will be taking, collectively, less than
24%. We are a low tax jurisdiction and that is why the Association of Chartered & Certified
Accountants is not worried about the rise in the personal rate of Income Tax. That said, I completely
4250 respect Deputy McKenna's view, I just want to make him aware of the consequences that will follow
as a result of a negative vote on 1A later.

Now Deputy Vermeulen is another man for whom I hold in the highest regard and he talked about economic growth. It is true that we have only grown over the last 10 years at an annual real terms rate of 1% and that is deeply disappointing, but as I have said in discussions on amendments earlier, a significant factor in that sluggish growth is the chronic underinvestment in our infrastructure.

Jersey has invested much more in infrastructure and has grown faster as a result and yet, my friend Deputy Vermeulen, who wants that growth desperately and he is right to want it, has told us his intentions will be to starve us of that much-needed investment as a consequence of rejecting 1A. Well, more on that later. Thank you, sir.

Now, Deputy Ferbrache, don't you just love him and I do. *(Laughter)* Deputy Ferbrache said that he is sincerely grateful to all of the Policy & Resources Committee and he accepts our integrity without question and I thank him for that because that meant a lot to me and I felt the same way when he was in this role.

He said on expenditure, this States has not been prepared to reduce it and he is absolutely right. We have had a number of amendments in that way and he says this is an inflation busting Budget. Well, once again, it is not. The amount being allocated to Committees through cash limits between 2024 and 2025 is proposed to increase by £28.5 million and of this, nearly £25 million was driven by inflation.

So whilst I accept that there is a difference of £3.5 million, I cannot accept that an increase of £3.5 million above those real terms increases is inflation busting. I think that is emotive language that does not get us anywhere. So he is accurate that it is a figure higher than inflation but the numbers are surprisingly low.

He is also right to identify that without P&R's intervention there could well have been £16 million more revenue expenditure and under that scenario, it simply would have been inflation busting and that narrative would have been appropriate.

Deputy Ferbrache also said that he advises that the States should meet in January 2025 in Committee, I was not sure whether he meant in camera when he said that, because he utterly accepts that we have a £100 million structural deficit. He does not deny it and, in fact, I do not think too many in this Assembly do.

He said that he would bring in GST as soon as possible. Well there is no question that Amendment 1A certainly goes a long way towards enabling that and he also said it is imperative, it is essential that we invest in our infrastructure and yet the consequences of not voting for 1A will be, as I will explain later, absolutely a reduction in both the amount and indeed the timing of that investment in infrastructure, which is likely to continue to perpetuate our sluggish growth.

Now, sir, Deputy Kazantseva-Miller, she also compliments P&R for its leadership in bringing forward these proposals. And as I said –
I will happily give way.

Deputy Ferbrache: It was just I did ask, it maybe that Deputy Trott does not want to respond to that and I do not mean any criticism by that because he has got a lot of ground to cover and he is covering it very well, but I did ask, in relation to the £30 million a year for Pillar 2 whether that had been assessed and the people who had it assessed upon had accepted it? I appreciate he has got lots of ground to cover and he may not know the answer or he may have just omitted it.

Deputy Trott: No, I do know the answer. We do not believe that Pillar 2 is at risk following a Trump presidency. Remember that the schedules change, what was in scope changed between Deputy Ferbrache leaving the office that I now hold and me moving into it and that is what caused the uplift. There was no funny business. We have had this conversation once before.

The problem we have had, of course, is that an individual bank will be paying us more than £30 million less than we have anticipated. That has had a very significant effect on public finances and we are having to deal with it. But he needs to rest assured that we remain confident, our advisers

remain confident, that the Pillar 2 receipts are going to perform as expected. Something called Pillar 1 is in more jeopardy but Pillar 1 is not a matter for us.

4305 Ironically, if we had a territorial tax it would be a very considerable concern but we are not there, I am delighted to say. Deputy Kazantseva-Miller stressed how important economic growth is and I would expect nothing else. I could not agree more. Deputy Kazantseva-Miller, if I am allowed to say so, sir, is a deep thinker, a very intelligent Member of this Assembly and she made something very clear to us and that was that this debate today does not guarantee that GST will come in and, of course, she is absolutely right; it does not.

4310 That is the problem that is why I have referred on numerous occasions to us not being able to bind the next States. I think we are doing our best, though, to make sure that the next States can make a considered and objective decision very early in the next term. But what I would say to her is that by not supporting Proposition 1A the consequences for infrastructure investment are material and as a consequence of that lack of investment economic stagnation is almost certain to remain.

4315 That economic growth that we all want will be severely impacted as a consequence of decisions that the States will need to make next year. Deputy Mahoney, fiscal responsibility, he said the 20% rate is sacrosanct. This is very interesting because up until quite recently Deputy Mahoney worked for a business as a consultant, I think it was, that I have quite a significant interest in and it employs a number of people.

4320 It has two divisions, Private Wealth Division which looks after, primarily, wealthy residents who are off Island who could not give a monkeys' about what rate those who work in Guernsey pay. All they are interested in is that they are not going to be taxed twice, hence the tax neutrality that we often talk about.

4325 But I thought it would be a good idea to ask people who work for the private wealth department in that business and those who work in the fund management side of the business, what they thought about 22%. I did not find a single employee within that business with whom I had the conversation that objected, including incidentally Deputy Vermeulen's own son, because they understand the fiscal position we are in and if this States will not introduce GST in time to deal with our fiscal problems then a temporary introduction of GST is the only immediate solution. The temporary introduction of *Income Tax* – thank you! – is the only reasonable solution.

4330 Deputy Mahoney, who always speaks very well and often makes me laugh, this was no exception, obsessed with some chap in Cleethorpes about his particular tax bill but refused to accept the fiscal environment the chap lives in means that he gets taxed an extra 20% virtually every time he buys something through VAT and is probably living in a house with a council tax many times greater than anything that a citizen here in Guernsey would experience by way of TRP in a house here.

4335 There was a quite excellent speech, I thought, from Deputy Lester Queripel and I say to him, through you, sir, my compliments. It was a very balanced speech, as was the speech from Deputy Brouard, who also thanked P&R for our efforts and once again, in my view, confirms the statesman he is, willing to compromise at a time of some urgency. Deputy Murray and Deputy Gollop delivered outstanding speeches and I doubt anyone would disagree with that.

4340 Now Deputy Meerveld spoke next and it is quite clear, sir, to Deputy Meerveld that what we need are cuts in services but he does not know what services need to be cut. He wants to ask our community and I shall come back to that in my main speech. He wants to start charging people for services. He wants increases in fees over increases in taxes. He wants our community to pay, but he wants them to pay in a different way and says, do not worry because in four years' time, minimum, will see a fortune in cash from wind farms.

4345 I hope he is correct but our problem is now, it is the 2025 Budget and horizon gazing and hoping for those sorts of returns is something, I hope he is right, but it does not butter any parsnips. The problem is now it needs to be addressed now. (**A Member:** Hear, hear.) But he also, to his credit and to many Members' credit, it was not a vacuous debate in the sense that people understood, I think primarily, what the consequences are and he accepts that voting against 1A and 1B creates an emergency but he wants that outcome. He wants an outcome in order that we can discuss this matter again early next year.

4355 Let me tell him this because this is not scaremongering, this is a fact. Such an outcome will, almost certainly, result in the funding of wind farm consultants being withdrawn and put on hold because whilst what he is doing and his team are doing, and they are doing it very well, is desirable, it is not essential and that is the debate that we will find ourselves having in January of next year.

4360 Deputy Inder made clear that he would be abstaining on this vote and I think that is laudable. I am grateful to him for it but he also made a fundamental point. He said Zero-10 has not caused our problems, it was essential and unavoidable. He also alluded to the fact that there are some Members who want to rewrite history and, so far, we have not permitted them to do so.

4365 He made a couple of comments about inflation and the fact is that the rising cost of healthcare, the global inflation, COVID and our inability to build sufficient and more affordable homes are the centres, the focal point, of our troubles. All of these things are unavoidable. They have cascaded down on us. We did not cause COVID. We do not cause the global inflation in healthcare, we are a recipient of it. But what we have got some influence over is the pace that we invest in our infrastructure and, sadly, the thing that we can control is the very thing that is likely to be compromised if we do not vote for Amendment 1A.

4370 Deputy Le Tissier, sir, made the point, where do tax increases stop? It is a valid point, but it is only a valid point when one remembers that we take less than 24% of our output in tax and as I have said earlier, it is 39% in the UK and over 50%.

4375 So even if there is a growth in the amount of tax that we take as a consequence of an ageing community, we are an awful long way from levels of taxation of that magnitude and, indeed, our fiscal rules would not allow us to breach that in any event. But we do, it is a fact, an incontrovertible fact, that we take less tax from our output, from our GDP, than our competitors.

4380 Deputy Oliver said we need to look at our costs and this was a theme that ran through many speeches and I would like to remind her that it is Committees of the States, it is the Members of this Assembly who mostly sit on Committees who requested around double what we at P&R allocated them.

We sometimes talk about this place as if we are not part of it. We often talk about this place like it is somebody else that is making these decisions. It is not, the people who make decisions are extensively the people who sit on those Committees from this Assembly.

I give way to Deputy Oliver.

4385 **Deputy Oliver:** Thank you.

I do hate to interrupt you in your summing up, but what I was saying is that, yes the savings but if what you have actually reduced and said Committees cannot have is actually transformation that will save money then that is counterintuitive and that is what I was saying. We always throw around the transformation like, oh, we are going to do that, we are going to do that, but it just takes so long to do and we need to speed that up and actually do them.

4395 **Deputy Trott:** Yes, the point is, it is this very entity that is making these demands on public services and sometimes, like I say, we sort of talk in this weird third person. I find it absolutely bizarre and other Members have made that point on numerous occasions over the years.

4400 Deputy Blin, sir, he asked me a specific question about the position of the revenue service. Well, the revenue service would be ready to dispatch the tax coding notices that would be necessary as early as next week should this Assembly support 1A. He is right to raise concerns over the staffing levels at the revenue service because they are stretched. They are working incredibly hard to clear backlogs but they are *chronically* under-resourced; it is one of the many problems we have.

Now, sir, I want to turn to Proposition 29, if I may. Proposition 29 is to approve ordinary revenue expenditure for 2025, totalling £650 million, as set out in the table in paragraph 6.17 and the revenue expenditure budgets as set out in pages 126 to 146. Now, I want to make something absolutely clear.

4405 If Members of the States vote for Proposition 29 and I very much hope you will, the consequence of that is that you will be accepting the revenue expenditure, the paying of nurses' salaries, teachers'

salaries and so on which means that when the Policy & Resources Committee comes back next year, it will be coming back with material modifications to the Funding & Investment Plan, the part of our finances that deal with large capital projects.

4410 So let us be clear, if you vote for 29, and I am encouraging you to do that, it is infrastructure that will be sacrificed and that is why, right from the start, the Policy & Resources Committee have told you this is a Budget for infrastructure. So that is the consequences of you voting for Proposition 29.

Sir, I am now going to take some time to go back over some of the comments from earlier in the debate and there were a number that are worthy of mention. I will start with Deputy Meerveld.
4415 He said we need to have a conversation with the community. We need to talk to them and say, what do you want from Government, do you really want these services, are you willing to pay for them?

I agree, of course, it is an important conversation to have but we have been having it. That is the conversation our community has been having all through this term. This is the third time, or arguably the fourth time significant changes to our tax system have come to the floor of this
4420 Assembly in just four years, which is extraordinary in itself.

As a Government, we have been having the conversation with the community on the big questions about public services, their costs and their funding in road shows, in presentations in surveys, in person and online, in the supermarket, in pubs and coffee shops, by letters, leaflets, banners and badges in protest marches through the streets of St Peter Port and in business
4425 boardrooms and around Committee tables and in this very room. This has been *the* conversation.

As dusk falls on this political term, we sit here in the twilight hours still having made no decision and we are about to run out of time. Our community does not expect us to have more conversations – well the majority of them do not; they expect us to make decisions. (**A Member:** Hear, hear.) That is why we are here!

4430 If there is only one decision Members make today, I implore them, let it at least be to secure our public finances for the next two years. That is Proposition 1A. If we cannot do that what are we here for? Like everyone in this Chamber, I have my ideals but, as I said earlier in the debate, I believe in putting pragmatic solutions first in order to find a way to address our highest priorities and that has to be securing our public finances, at the very least, for long enough to give our successors a fighting
4435 chance and I think those sentiments were captured perfectly by Deputy Fairclough earlier, for which I thank him.

Sir, the numbers themselves are clear. In order to provide the services contained in the Budget, which are far less than what Committees initially put forward in their spending plans, we have to pay for them. We have already debated that over the last few days and the proposed budgets for
4440 public services remain intact, but because of the deficit this year and the changes since the Funding & Investment Plan were approved, we are set to face a £100 million shortfall if we do not raise additional revenues in the next two years. That is the fact, those are the facts, that is the reality.

So without the additional revenue we would put ourselves in a position where we cannot, with certainty, service the new debt that will be necessary to fund that capital portfolio. Without
4445 operating surpluses we cannot generate any money to invest in the capital portfolio. We also know already and have agreed in this Assembly that we need to keep hold of the really limited reserves we do have and Deputy Soulsby majored on this earlier, both for financial prudence and to be able to maintain our credit rating, which has already taken a tumble.

I remember the previous Policy & Resources Committee advising us of how important this was
4450 and yet there remains a chance that some of those Members will vote against Proposition 1A making the prospects of those rating agents or that rating agency's view of us to deteriorate rapidly. It is highly regrettable.

Without stable public finances any other political priority we may have, whether it is the capital programmes in health and education, developing our transport links including the Alderney runway,
4455 addressing our housing crisis or putting our economy on a path for growth is at risk. We have to get this basic part of governing our Island right and that starts with balanced budgets or nearly balanced budgets that enable that investment into essential infrastructure.

Now, sir, I do not wish to be accused of scaremongering because I believe in Guernsey's future. I believe in Guernsey's future. I believe in our economic potential and I have said so already in this debate. But we can and should be investing in ourselves much more to unlock that potential, but I also will not shy away from the serious consequences of not acting now: we need to get serious.

Members, Proposition 1A is a compromise. It is not what I or the Policy & Resources Committee Members would have chosen. It is not what Deputy Roffey would have chosen but we all stood at election to be Members of a consensus system of government. We were not running for president, we were not leading our party into power. We are Deputies of the people in a consensus system and now we must fulfil that role.

Sir, my Committee has compromised, tried to give this Assembly the best chance possible of making a decision today. It is uncomfortable, but the stability of our Island has to come first. The stability of our Island has to come first. If you wanted to see greater cuts in Committee budgets or you wanted to see a move to a territorial tax system, I fully respect those views. I have given my thoughts around them earlier.

They have been debated fully and fairly with maturity and professionalism. They have not been successful. But now we cannot leave here with no decision and no solution. The stability of our Island has to come first. So whatever your views on the GST package, whether you feel it is the fairest, most progressive option for long-term sustainable public finances (**A Member:** Hear, hear.) or you think it will damage our economy and just create a greater tax burden, you are perfectly entitled to those views. Ultimately, it will be the next States that makes the final decision on that.

For us here today the stability of our Island has to come first; it has to and the stability of our Island depends on stable public finances over the next two years. It is the only option on the table now that can restore the balance of Guernsey's public finances: Proposition 1A. Sir, if we leave here without addressing the hole in our public finances – it is such an unthinkable outcome it is hard to say with absolute certainty what we would do next – but in that scenario, it is likely, probable in fact, the Policy & Resources Committee would need to return in the next two months with two different proposals.

Firstly, we would need to consider the revenue for 2025. The Budget deliberately did not propose real terms increases to indirect taxes like TRP and customs duties. They may need to be readdressed. I do not want to overemphasise that, I say 'may', because faced with this very big shortfall we would have to do something and it would have to be material.

The Budget, essentially, leaves all those taxes alone and that has been welcomed by many in our community. There can be no doubt that a two pence increase in Income Tax would be better, fairer and far more welcomed by our community than another raft of increases across all the other smaller taxes. It is those stealth taxes, as they call them, that often cause many in our community the most distress.

But secondly, and far more fundamentally, we would have no choice but to cut back on investment through reducing the capital portfolio, sir, at the risk of repeating myself, because we simply could not fund it. We took a really good look at our reserves and capital investment last year to the Funding & Investment Plan. The recommendation in that report, which was agreed by the States, was that reserves should be maintained in this term. That was your decision, our decision just a few months ago.

The idea that we have got loads of reserves is a myth. There are many, this one in particular irritates me. For an organisation with a turnover of nearly £690 million we have accumulated reserves of only £350 million. That is about six months' cash; it is woeful. That is why this Assembly, on the advice of the previous P&R, agreed to preserve what little we have so we cannot spend those.

We have already calculated that with the forecast deficit this year and the baseline position over the next two years, the impact on reserves will be negative-£100 million versus the Funding & Investment Plan. I mean, if I say it quickly it does not sound quite as much, does it: £100 million. That is how quickly our financial position has deteriorated and some of that we understand, such as the lost tax from a particular corporate.

That is, at least, £100 million less to spend on capital. We already have plans to spend £160 million of the bond proceeds on the capital portfolio and the balance is on loan to other entities. There is nothing more we can do there and I say that because I have heard some say that we can use the bond proceeds to fund the operating deficit over the next few years. That is basically moving to borrowing to fund day-to-day operations. Ridiculous, ludicrous, absolutely unacceptable for an international finance centre.

Borrowing to keep the lights on is a long way away from the policy of fiscal prudence (**A Member:** Hear, hear.) and managing finances responsibly. This Assembly has always adopted that policy until, well, possibly now and once the reserves are gone we do not have any prospect of building them back up. The revenue that would be generated through the GST package is the same as Income Tax plus Social Security, it does not cover the deficit in full and certainly does not replenish reserves. I was very honest when I got asked earlier, is 22 pence enough? No, it should be 23 pence, but P&R were pragmatic and brought a set of proposals we thought had the best chance of getting through this Assembly.

Sir, I know that Deputy Helyar, who preceded me in this role, will agree we are running out of road. He has used those very words himself. We cannot delay a decision. There is no stash of funding that we can rely on as we kick the can further on. Proposition 1A delivers the two pence increase and £55 million over the next year.

Yes, it comes with a commitment to do the preparatory work for a GST package as well, but it does not put that GST package in place and it does not matter how many times I am asked to suggest that it does, it still has to run the gauntlet of a General Election and a decision by the new Assembly, but we are giving it the best possible chance of an intelligent, objective, evidence based debate to be undertaken and it will give them an option that is far quicker to implement if the next States believes it is the right way forward.

So, sir, together, the package in 1A provides stable public finances thanks to a temporary Income Tax rise and the ability to implement an alternative model if that is what is democratically decided. By agreeing to 1A we will have done as much as we realistically can, as an Assembly, at this late stage to improve the next Assembly's chances of success.

Let us give that Assembly that opportunity and let us not forget the primary reason for introducing a temporary two pence additional tax burden on this community, which I personally strongly regret and, for the record, sir, will cost me a considerable sum of money, is for the stability of our Island. That is what we are here to do.

Several Members: Hear, hear!

The Bailiff: Well, Members of the States, it is time to vote on the many Propositions in the Budget. It is probably going to be easier just to take each Proposition on its own, rather than try and batch Propositions together, particularly because some of the matters are quite disparate. So, what we will do first is there will be a vote on Proposition 1A and 1A alone.

I will invite the Greffier to open the voting on Proposition 1A.

There was a recorded vote.

Proposition 1A.

Not carried – Pour 10, Contre 24, Ne vote pas 2, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Brouard, Al	Aldwell, Sue	Inder, Neil	Parkinson, Charles	Bury, Tina
Fairclough, Simon	Blin, Chris	Matthews, Aidan		Gabriel, Adrian
Gollop, John	Burford, Yvonne			St Pier, Gavin
Le Tocq, Jonathan	Cameron, Andy			
Murray, Bob	De Lisle, David			
Queripel, Lester	De Sausmarez, Lindsay			
Snowdon, Alexander	Dudley-Owen, Andrea			

Soulsby, Heidi	Dyke, John
Taylor, Andrew	Falla, Steve
Trott, Lyndon	Ferbrache, Peter
	Haskins, Sam
	Helyar, Mark
	Kazantseva-Miller, Sasha
	Le Tissier, Chris
	Leadbeater, Marc
	Mahoney, David
	McKenna, Liam
	Meerveld, Carl
	Moakes, Nick
	Oliver, Victoria
	Prow, Robert
	Roberts, Steve
	Roffey, Peter
	Vermeulen, Simon

4555

The Bailiff: So in respect of Proposition 1A, there voted in favour 10 Members, there voted against 24 Members, 2 Members abstained 4 Members did not participate in the vote and, therefore, I will declare Proposition 1A lost. Which means that we now turn to Propositions 1B and 1C voted on together.

4560

I will invite the Greffier to open the voting on Propositions 1B and 1C.

There was a recorded vote.

Propositions 1B and 1C.

4565

Carried – Pour 20, Contre 15, Ne vote pas 1, Did not vote 1, Absent 3

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

4570

The Bailiff: So in respect of Propositions 1B and 1C, taken together, there voted in favour 20 Members, 15 Members voted against, 1 Member abstained, same 4 Members not participating. So I will declare both of those Propositions duly carried.

The next vote will be on Proposition 2, and I simply remind Members that A is not engaged but B is because Proposition 1A was not approved so the personal allowances are a little bit lower than they might otherwise have been and I will invite the Greffier to open the voting on Proposition 2, please.

4575

There was a recorded vote.

Proposition 2.

4580 *Carried – Pour 32, Contre 4, Ne vote pas 0, Did not vote 1, Absent 3*

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

The Bailiff: So in respect of Proposition 2, there have voted in favour 32 Members, 4 Members voted against, no Member abstained, same 4 Members not participating and I will declare Proposition 2 duly carried.

I will now take a vote on Proposition 3 and, again, I will invite the Greffier to open the voting on Proposition 3, please.

There was a recorded vote.

Proposition 3.

4590 *Carried – Pour 33, Contre 2, Ne vote pas 1, Did not vote 1, Absent 3*

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Helyar, Mark	Dudley-Owen, Andrea	Parkinson, Charles	Bury, Tina
Blin, Chris	Kazantseva-Miller, Sasha			Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dyke, John				
Fairclough, Simon				
Falla, Steve				

Ferbrache, Peter
 Gollop, John
 Haskins, Sam
 Inder, Neil
 Le Tissier, Chris
 Le Tocq, Jonathan
 Leadbeater, Marc
 Mahoney, David
 Matthews, Aidan
 McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowden, Alexander
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4595 **The Bailiff:** In respect of Proposition 3, there voted in favour 33 Members, 2 Members voted against, 1 Member abstained, same 4 Members not participating and, therefore, I will declare Proposition 3 also duly carried.

 The next one, Proposition 4 please, on its own. I will invite the Greffier to open the voting on Proposition 4.

4600

There was a recorded vote.

Proposition 4.

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

4605

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

Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

The Bailiff: In respect of Proposition 4 there voted in favour 33 Members, 2 Members voted against, 1 Member abstained, 4 Members not participating. So I will declare Proposition 4 also duly carried.

4610 Proposition 4A we will take on its own. This was the result of a successful amendment, and we inserted it here just because it seemed to make sense (*Laughter*) and I will invite the Greffier to open the voting on Proposition 4A.

There was a recorded vote.

4615

Proposition 4A.

Carried – Pour 29, Contre 3, Ne vote pas 4, Did not vote 1, Absent 3

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

4620 **The Bailiff** So in respect of Proposition 4A there voted in favour 29 Members, 3 Members voted against, 4 Members abstained, the same 4 Members not participating. So I will declare Proposition 4A also duly carried. Proposition 5 on its own deals with an Alderney property tax cap. That generated a lot of debate, didn't it. (*Laughter*) I will invite the Greffier to open the voting on Proposition 5.

4625

There was a recorded vote.

Proposition 5.

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

4630

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	De Lisle, David	Dudley-Owen, Andrea	Parkinson, Charles	Bury, Tina
Blin, Chris	Matthews, Aidan			Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Sausmarez, Lindsay				
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				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
Taylor, Andrew				
Trott, Lyndon				
Vermeulen, Simon				

The Bailiff: The voting on Proposition 5 was as follows, there voted in favour 33 Members, 2 Members voted against, 1 Member abstained, same 4 Members not participating and, therefore, I would declare Proposition 5 also duly carried.

4635 Proposition 6 next on its own, please, about pension schemes. I will invite the Greffier to open the voting on Proposition 6, please.

There was a recorded vote.

4640

Proposition 6.

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

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	None	None	Parkinson, Charles	Bury, Tina
Blin, Chris				Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				

Ferbrache, Peter
 Gollop, John
 Haskins, Sam
 Helyar, Mark
 Inder, Neil
 Kazantseva-Miller, Sasha
 Le Tissier, Chris
 Le Tocq, Jonathan
 Leadbeater, Marc
 Mahoney, David
 Matthews, Aidan
 McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4645 **The Bailiff:** The voting on Proposition 6 was a resounding 36 Members voted in favour of that Proposition, no Member voted against, no Member abstained, same 4 not participating, so I will declare Proposition 6 also duly carried.

Proposition 7 is substituted as a result of the success of Amendment No. 11. You have got the text in front of you and I will invite the Greffier to open the voting on Proposition 7 as well please.

4650 *There was a recorded vote.*

Proposition 7.

Carried – Pour 31, Contre 3, Ne vote pas 2, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Blin, Chris	Burford, Yvonne	Parkinson, Charles	Bury, Tina
Brouard, Al	De Lisle, David	Inder, Neil		Gabriel, Adrian
Cameron, Andy	Taylor, Andrew			St Pier, Gavin
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				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				
McKenna, Liam				
Meerveld, Carl				
Moakes, Nick				
Murray, Bob				
Oliver, Victoria				
Prow, Robert				

Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 Trott, Lyndon
 Vermeulen, Simon

4655

The Bailiff: In respect of Proposition 7 there voted in favour 31 Members, 3 Members voted against, 2 Members abstained, the same 4 not participating and, therefore, I will declare Proposition 7 also duly carried.

4660

We move next to Proposition 8 about donations to charities and I will invite the Greffier to open the voting on Proposition 8, please.

There was a recorded vote.

Proposition 8.

4665

Carried – Pour 35, Contre 0, Ne vote pas 1, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	None	Dudley-Owen, Andrea	Parkinson, Charles	Bury, Tina
Blin, Chris				Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
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				
Prow, Robert				
Queripel, Lester				
Roberts, Steve				
Roffey, Peter				
Snowdon, Alexander				
Soulsby, Heidi				
Taylor, Andrew				
Trott, Lyndon				
Vermeulen, Simon				

4670

The Bailiff: In respect of Proposition 8, there voted in favour 35 Members, no Member voted against, 1 Member abstained, the same 4 not participating and, therefore, I will declare Proposition 8 also duly carried.

Next, Proposition 9 and I will invite the Greffier to open the voting on Proposition 9, please.

There was a recorded vote.

4675 *Proposition 9.*
Carried – Pour 33, Contre 0, Ne vote pas 3, Did not vote 1, Absent 3

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

4680 **The Bailiff:** So the voting on Proposition 9 was that there voted in favour 33 Members, no Member voted against, 3 Members abstained, 4 Members not participating. So I would declare Proposition 9 also duly carried.

4685 We now come to Proposition 10, where the draft Ordinance as it has been amended, is attached to the Propositions if you need to look at it but this has been subject to two amendments that were successful as set out therein and I will invite the Greffier to open the voting on Proposition 10 next please.

There was a recorded vote.

4690 *Proposition 10.*
Carried – Pour 35, Contre 0, Ne vote pas 1, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	None	Aldwell, Sue	Parkinson, Charles	Bury, Tina
Brouard, Al				Gabriel, Adrian
Burford, Yvonne				St Pier, Gavin
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				

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

The Bailiff: So the voting on Proposition 10 was that 35 Members voted in favour, no Member voted against, 1 Member abstained, 4 Members not participating. So I would declare Proposition 10 duly carried.

Proposition 11, I wonder if I could have taken 12 with it, and I will invite the Greffier to open the voting on Proposition 11, please.

There was a recorded vote.

Proposition 11.

Carried – Pour 31, Contre 3, Ne vote pas 2, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Cameron, Andy	Roberts, Steve	Parkinson, Charles	Bury, Tina
Blin, Chris	Ferbrache, Peter	Snowdon, Alexander		Gabriel, Adrian
Brouard, Al	Haskins, Sam			St Pier, Gavin
Burford, Yvonne				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				
Falla, Steve				
Gollop, John				
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
 Prow, Robert
 Queripel, Lester
 Roffey, Peter
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4705 **The Bailiff:** So in respect of Proposition 11, there voted in favour of 31 Members, 3 Members voted against, 2 Members abstained, the same 4 participating but I will declare it duly carried once again.

Proposition 12, to rescind something from last year, *(Interjections and laughter)* but anyway I will invite the Greffier to open the voting on that one. It is obviously really critical.

4710 **Deputy Kazantseva-Miller:** I can help if Members wanted clarification. That Resolution was about enhanced TRP rates for derelict glass houses. So we are rescinding that Resolution. *(Interjections)*

4715 **The Bailiff:** The voting is open. Can Members please start voting reasonably swiftly, the longer you take to vote, the longer it takes for you to be here.

There was a recorded vote.

4720 **Proposition 12.**
Carried – Pour 28, Contre 2, Ne vote pas 6, Did not vote 1, Absent 3

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

4725 **The Bailiff:** So on Proposition 12, there voted in favour of 28 Members, 2 Members voted against, 6 Members abstained, same 4 Members not participating in the vote and, therefore, I will declare it carried.

We move to Proposition 13 and, again, the draft Ordinance is attached to the Propositions if anyone needs to look at it but that has not been subject to any amendments and I will invite the Greffier to open the voting on Proposition 13, please.

4730 *There was a recorded vote.*

Proposition 13.

Carried – Pour 25, Contre 1, Ne vote pas 0, Did not vote 1, Absent 3

4735

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

The Bailiff: So, in respect of Proposition 13, there voted in favour 35 Members, 1 Member voted against, no Member abstained, 4 Members not participating and, therefore, I will declare Proposition 13 also duly carried.

4740 We move swiftly to Proposition 14. Again, the draft Ordinance is attached to the Propositions. It is subject to the amendment so that it would come into force today if it is approved and I will invite the Greffier to open the voting on Proposition 14, please.

4745 *There was a recorded vote.*

Proposition 14.

Carried – Pour 34, Contre 0, Ne vote pas 2, Did not vote 1, Absent 3

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

4750

The Bailiff: The voting on Proposition 14 was 34 Members voted in favour, no Member voted against, 2 Members abstained, the same 4 Members not participating and, therefore, I will declare Proposition 14 also due to carried.

4755

Proposition 15 is the anti-avoidance rates document duty Ordinance draft again attached. It is similarly going to be made today if it is approved and I will invite the Greffier to open the voting on Proposition 15 please.

There was a recorded vote.

4760

Proposition 15.

Carried – Pour 34, Contre 0, Ne vote pas 2, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	None	Roberts, Steve	Parkinson, Charles	Bury, Tina
Blin, Chris		Snowdon, Alexander		Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				

Fairclough, Simon
 Falla, Steve
 Ferbrache, Peter
 Gollop, John
 Haskins, Sam
 Helyar, Mark
 Inder, Neil
 Kazantseva-Miller, Sasha
 Le Tissier, Chris
 Le Tocq, Jonathan
 Leadbeater, Marc
 Mahoney, David
 Matthews, Aidan
 McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roffey, Peter
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4765 **The Bailiff:** The result is that there voted in favour 34 Members, no Member voted against, 2 Members abstained, the same 4 not participating. So I will declare that Proposition duly carried. So those Ordinances have been made.

Now we get to Proposition 16 and I will invite the Greffier to open the voting on Proposition 16, please.

4770 *There was a recorded vote.*

Proposition 16.

Carried – Pour 26, Contre 8, Ne vote pas 2, Did not vote 1, Absent 3

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

Trott, Lyndon
Vermeulen, Simon

4775

The Bailiff: So the result on Proposition 16 is that there voted in favour, 26 Members, 8 Members voted against, 2 Members abstained, the same 4 not participating but I will declare it also duly carried which means we can turn to Proposition 17 and, again, the draft Ordinance is attached to the Propositions, it has not been amended at all and I will invite the Greffier to open the voting on Proposition 17, please.

4780

There was a recorded vote.

Proposition 17.

4785

Carried – Pour 34, Contre 0, Ne vote pas 2, Did not vote 1, Absent 3

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

The Bailiff: On Proposition 17 there voted in favour 34 Members, no Member voted against, 2 Members abstained, the same 4 not participating. So I will declare Proposition 17 also duly carried. Proposition 18, NICE drugs, and I will invite the Greffier to open the voting on Proposition 18, please.

4790

There was a recorded vote.

4795

Proposition 18.

Carried – Pour 31, Contre 5, Ne vote pas 0, Did not vote 1, Absent 3

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

4800 **The Bailiff:** On Proposition 18 there voted in favour of 31 Members, 5 Members voted against, no Member abstained, the same 4 not participating and I will declare it duly carried.

We will move to Proposition 19 for routine capital allocations for multiple years and I will invite the Greffier to open the voting on Proposition 19, please.

4805 *There was a recorded vote.*

Proposition 19.

Carried – Pour 22, Contre 12, Ne vote pas 2, Did not vote 1, Absent 3

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

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

4810

The Bailiff: So on Proposition 19, there voted in favour 22 Members, 12 Members voted against, 2 Members abstained, the same 4 not participating but I will still declare it duly carried with that vote.

4815

We move to Proposition 20, that delegated authority, and I will invite the Greffier to open the voting on Proposition 20.

There was a recorded vote.

Proposition 20.

4820

Carried – Pour 26, Contre 8, Ne vote pas 2, Did not vote 1, Absent 3

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

4825

The Bailiff: So in respect of Proposition 20 there voted in favour 26 Members, 8 Members voted against, 2 Members abstained, the same 4 not participating and, therefore, I would declare that one also duly carried.

We now get to Proposition 21 about matched funding for the Victor Hugo Centre and I will invite the Greffier to open the voting on Proposition 21.

There was a recorded vote.

4830

Proposition 21.

Carried – Pour 19, Contre 11, Ne vote pas 6, Did not vote 1, Absent 3

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

4835

The Bailiff: So the voting on Proposition 21 is that there voted in favour 19 Members, 11 Members voted against, 6 Members abstained and the same 4 Members are not participating. So I will declare that one also duly carried.

We will turn to Proposition 22, which was substituted by the successful Amendment 23, whatever a village is, and we I will invite the Greffier to open the voting on Proposition 22.

4840

There was a recorded vote.

Proposition 22.

Carried – Pour 30, Contre 2, Ne vote pas 4, Did not vote 1, Absent 3

4845

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	De Lisle, David	Blin, Chris	Parkinson, Charles	Bury, Tina
Brouard, Al	Helyar, Mark	Oliver, Victoria		Gabriel, Adrian
Burford, Yvonne		Roberts, Steve		St Pier, Gavin
Cameron, Andy		Snowdon, Alexander		
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				
Prow, Robert				
Queripel, Lester				

Roffey, Peter
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

The Bailiff: The result is as follows, there voted in favour 30 Members, 2 Members voted against, 4 Members abstained, the same 4 not participating. So I will declare Proposition 22 also duly carried.

4850 Now we go to Proposition 23 and I will invite the Greffier to open the voting on Proposition 23.

There was a recorded vote.

Proposition 23.

4855 *Carried – Pour 31, Contre 4, Ne vote pas 1, Did not vote 1, Absent 3*

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

The Bailiff: So in respect of Proposition 23, there voted in favour 31 Members, 4 Members voted against, 1 Member abstained, the same 4 not participating. So I will declare that one also duly carried.

4860 Proposition 24, I invite the Greffier to open the voting on Proposition 24.

There was a recorded vote.

4865

Proposition 24.

Carried – Pour 28, Contre 5, Ne vote pas 3, Did not vote 1, Absent 3

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

4870 **The Bailiff:** The result is that there voted in favour 28 Members, 5 Members voted against, 3 Members abstained, 4 Members not participating and, therefore, I will declare Proposition 24 also duly carried.

Proposition 25, and I invite the Greffier to open the voting on Proposition 25.

4875 *There was a recorded vote.*

Proposition 25.

Carried – Pour 30, Contre 5, Ne vote pas 1, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Dyke, John	Snowdon, Alexander	Parkinson, Charles	Bury, Tina
Blin, Chris	Inder, Neil			Gabriel, Adrian
Brouard, Al	Kazantseva-Miller, Sasha			St Pier, Gavin
Burford, Yvonne	Le Tissier, Chris			
Cameron, Andy	Vermeulen, Simon			
De Lisle, David				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Fairclough, Simon				
Falla, Steve				
Ferbrache, Peter				
Gollop, John				
Haskins, Sam				
Helyar, Mark				
Le Tocq, Jonathan				
Leadbeater, Marc				
Mahoney, David				
Matthews, Aidan				

McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon

4880

The Bailiff: On Proposition 25 there voted in favour 30 Members, 5 Members voted against, 1 Member abstained, the same 4 not participating and, therefore, I will declare Proposition 25 also duly carried.

4885

Moving on to Proposition 26 and I will invite the Greffier to open the voting, please, on Proposition 26.

There was a recorded vote.

Proposition 26.

4890

Carried – Pour 32, Contre 2, Ne vote pas 2, Did not vote 1, Absent 3

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

The Bailiff: Proposition 26, there voted in favour of 32 Members, 2 Members voted against, 2 Members abstained, the same 4 not participating. I will declare Proposition 26 also duly carried.

4895 We move on to Proposition 27 and I will invite the Greffier to open the voting on Proposition 27, please.

There was a recorded vote.

4900 *Proposition 27.*

Carried – Pour 35, Contre 0, Ne vote pas 1, Did not vote 1, Absent 3

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

4905 **The Bailiff:** So in respect of Proposition 27, there voted in favour 35 Members, no Member voted against, 1 Member abstained, the same 4 not participating. So I will declare Proposition 27 also duly carried.

Proposition 28 is about reducing costs and I will invite the Greffier to open the voting on Proposition 28, please.

4910 *There was a recorded vote.*

Proposition 28.

Carried – Pour 35, Contre 1, Ne vote pas 0, Did not vote 1, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Inder, Neil	None	Parkinson, Charles	Bury, Tina
Blin, Chris				Gabriel, Adrian
Brouard, Al				St Pier, Gavin

Burford, Yvonne
 Cameron, Andy
 De Lisle, David
 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
 Le Tocq, Jonathan
 Leadbeater, Marc
 Mahoney, David
 Matthews, Aidan
 McKenna, Liam
 Meerveld, Carl
 Moakes, Nick
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowdon, Alexander
 Soulsby, Heidi
 Taylor, Andrew
 Trott, Lyndon
 Vermeulen, Simon

4915

The Bailiff: So on Proposition 28, there voted in favour 35 Members, 1 Member voted against, no Member abstained, the same 4 did not participate and I will declare Proposition 28 duly carried.

We move to Proposition 29 and I will invite the Greffier to open the voting on Proposition 29, please.

4920

There was a recorded vote.

Proposition 29.

Carried – Pour 26, Contre 10, Ne vote pas 0, Did not vote 1, Absent 3

4925

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

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

The Bailiff: The result is that there voted in favour 26 Members, 10 Members voted against, no Member abstained, the same 4 Members did not participate. So I will declare Proposition 29 duly carried.

4930 We now go to Proposition 30 and I will invite the Greffier to open the voting on the various budgets that are listed in Proposition 30.

There was a recorded vote.

4935 *Proposition 30.*

Carried – Pour 31, Contre 4, Ne vote pas 1, Did not vote 1, Absent 3

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

4940 **The Bailiff:** In respect of Proposition 30, there voted in favour 31 Members, 4 Members voted against, 1 Member abstained, the same 4 Members not participating. I will declare Proposition 30 duly carried.

Proposition 31 is about directing legislation needed for the previous decisions and I will invite the Greffier to open the voting on Proposition 31.

4945 *There was a recorded vote.*

Proposition 31.

Carried – Pour 34, Contre 2, Ne vote pas 0, Did not vote 1, Absent 3

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

4950 **The Bailiff:** So in respect of Proposition 31, there voted in favour 34 Members, 2 Members voted against, no Member abstained, 4 Members did not participate and, therefore, I will declare Proposition 31 also duly carried.

4955 We now come to the various Propositions that were inserted by successful amendments, starting with 32, which derives from Amendment 25 and I will invite the Greffier to open the voting on Proposition 32.

There was a recorded vote.

Proposition 32.

4960 *Carried – Pour 32, Contre 3, Ne vote pas 1, Did not vote 1, Absent 3*

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	De Lisle, David	Moakes, Nick	Parkinson, Charles	Bury, Tina
Blin, Chris	Ferbrache, Peter			Gabriel, Adrian
Brouard, Al	Taylor, Andrew			St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Sausmarez, Lindsay				
Dudley-Owen, Andrea				
Dyke, John				
Fairclough, Simon				

Falla, Steve
 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
 Murray, Bob
 Oliver, Victoria
 Prow, Robert
 Queripel, Lester
 Roberts, Steve
 Roffey, Peter
 Snowden, Alexander
 Soulsby, Heidi
 Trott, Lyndon
 Vermeulen, Simon

The Bailiff: There voted in favour of 32 Members, 3 Members voted against, 1 Member abstained, 4 Members did not participate, so I will declare Proposition 32 also duly carried.

4965 Proposition 33 derives from part of Amendment 3 and I will invite the Greffier to open the voting on Proposition 33 next please.

There was a recorded vote.

4970 *Proposition 33.*

Carried – Pour 21, Contre 14, Ne vote pas 1, Did not vote 1, Absent 3

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

4975 **The Bailiff:** So the voting on Proposition 33 was that 21 Members voted in favour, 14 Members voted against, 1 Member abstained, the same 4 Members not participating and, therefore, I will still declare Proposition 33 also carried.

Proposition 34 derives from the successful Amendment 12 and I will invite the Greffier to open the voting on Proposition 34, please.

4980 *There was a recorded vote.*

Proposition 34.

Carried – Pour 31, Contre 3, Ne vote pas 2, Did not vote 1, Absent 3

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

4985 **The Bailiff:** So in respect of Proposition 34, there voted in favour 31 Members, 3 Members voted against, 2 Members abstained, the same 4 not participating but I will declare Proposition 34 also duly carried.

4990 Proposition 35 derives from Amendment 9 and I will invite the Greffier to open the voting on Proposition 35, please.

There was a recorded vote.

Proposition 35.

4995 *Carried – Pour 32, Contre 2, Ne vote pas 2, Did not vote 1, Absent 3*

Pour	Contre	Ne vote pas	Did not vote	Absent
Aldwell, Sue	Helyar, Mark	Roberts, Steve	Parkinson, Charles	Bury, Tina
Blin, Chris	Mahoney, David	Snowdon, Alexander		Gabriel, Adrian
Brouard, Al				St Pier, Gavin
Burford, Yvonne				
Cameron, Andy				
De Lisle, David				
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
Matthews, Aidan
McKenna, Liam
Meerveld, Carl
Moakes, Nick
Murray, Bob
Oliver, Victoria
Prow, Robert
Queripel, Lester
Roffey, Peter
Soulsby, Heidi
Taylor, Andrew
Trott, Lyndon
Vermeulen, Simon

5000 **The Bailiff:** The voting was as follows: there voted in favour 32 Members, 2 Members voted against, 2 Members abstained, the same 4 not participating and, therefore, I would declare Proposition 35 also duly carried.

 Last, but not least, Proposition 36, which derives from Amendment 8 and the vote on this is necessary because of the loss of Proposition 1A and I will invite the Greffier to open the voting, please.

5005 *There was a recorded vote.*

Proposition 36.

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

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

Meerveld, Carl
Moakes, Nick
Murray, Bob
Oliver, Victoria
Prow, Robert
Queripel, Lester
Roberts, Steve
Roffey, Peter
Snowdon, Alexander
Soulsby, Heidi
Taylor, Andrew
Trott, Lyndon
Vermeulen, Simon

5010

The Bailiff: So on Proposition 36 there voted in favour 36 Members, no Member voted against, no Member abstained, the same 4 Members not participating and, therefore, I will declare that duly carried, which means that all the Propositions were carried except for Proposition 1A. (*Laughter and interjections*)

5015

Deputy Ferbrache: Can I say the Deputy Greffier, other people have got places to be, the Deputy Greffier, he and his one colleague have managed through what is a difficult and detailed debate, superbly. (**Several Members:** Hear, hear.) Thanks. (*Applause*)

5020

The Bailiff: Well Members of the States, thank you all very much for your participation this week. We will now ask for the Meeting to be closed with Article 2 being deferred into the next ordinary Meeting on 20th November

The Assembly adjourned at 7.28 p.m.