



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 30th September 2026

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Present:

Ms J. E. Roland, Bailiff and Presiding Officer

Law Officers

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

People's Deputies

C. P. A Blin	M. S. Laine
Y. Burford	M. P. Leadbeater
T. L. Bury	R. Le Brun
A. K. Cameron	M. Malik
H. L. Camp	A. D. S. Matthews
G. M. Collins	L. J. McKenna
R. P. Curgenvén	P. S. N. Montague
H. L. de Sausmarez	A. J. Niles
D. F. Dorrity	G. A. Oswald
S. J. Falla	J. M. Ozanne OBE
A. Gabriel	C. N. K. Parkinson
J. A. B. Gollop	S. R. Rochester
L. T. Goy	T. M. Rylatt
S. T. Hansmann Rouxel	A. S. Sloan
M. A. J. Helyar	G. A. St Pier
R. M. Humphreys	J. D. Strachan
N. R. Inder	L. C. Van Katwyk
B. R. Kay-Mouat	S. P. J. Vermeulen
A. Kazantseva-Miller	S. Williams

Representatives of the Island of Alderney

Alderney Representatives E. Hill and E. A. J. Snowdon

The Clerk to the States of Deliberation

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

Absent at the Evocation

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States of Deliberation

*The States met at 10.55 a.m. in the presence of
His Excellency Lt Gen Richard Cripwell
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

CONVOCATION

The States' Greffier: Billet d'État XIII and Billet d'État XV of 2026. To the Members of the States of the Island of Guernsey, I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Wednesday, 30th September, 2026 at 9.30 a.m., to consider the items listed in this Billet d'État, which have been submitted for debate. Billet d'État XV is convened pursuant to the provisions of Rule 2(4) of the Rules of Procedure.

The Bailiff: Thank you, Greffier.

TRIBUTES

In Memoriam – Former Deputy Martin Andrew Ozanne

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The Bailiff: Members of the States of Deliberation, on 20th July former St Pierre du Bois and West District Deputy, Martin Andrew Ozanne, died in England. Martin Ozanne was born in Norfolk on 24th November 1943 during the Occupation. He attended Beechwood and then Elizabeth College where he was known as a proficient swimmer, excellent shot and played in the band. On leaving school he worked for a civil engineering contractor for five years before joining the family hotel business. In 1979 he began a building company and for many years he was the proprietor of a self-catering business at his house.

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Martin's first public office was as Procureur of the Poor of St. Pierre du Bois in 1977. He then served as a parish Constable in 1979 and 1980. He joined the St Pierre du Bois Douzaine in 1983 and became its Dean in 2003. He retired from the Douzaine in 2022. He was also a church warden at St Pierre du Bois from 1988 to 1999.

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Martin was first elected to the States in 1994 as a Deputy for St Pierre du Bois. On the amalgamation of the parish districts in 2004 he became a Deputy for the West District until he retired in 2008. Martin sat on a number of committees during his time in the States right from the beginning of his time as a Member, an indication of the high regard in which he was held. He was immediately elected onto the Board of Administration on which he served for 10 years, the Public

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Thoroughfares Committee and the Traffic Committee. He was a member of the Advisory and Finance Committee from 2000 to 2004 and then of its successor, the Policy Council, for the last four years in his capacity as Education Minister. Given his long-standing connection to St Pierre du Bois Church, his appointment to the Ecclesiastical Committee in 1997 was a logical decision.

In 1995 he was elected as a member of the Education Council, becoming its president from 1997, and he then served as the Minister of the new Education Department for his final four years in the States. He is perhaps best remembered for those 11 years when he was political head of Education. Then, as now, it was a job full of challenges, but he faced them with an easy-going determination to achieve things.

He was a past president of the Hotel Association, a long-standing member of the Round Table and a Rotarian. After leaving the States he became the Lands Manager of the National Trust of Guernsey to help preserve the built and natural environment of his beloved Island, and served two terms as president.

Martin leaves a widow, Hannah, and he is also survived by his children from his first marriage, Kate, Michael and Stephen, and his nine grandchildren, together with step-children and step-grandchildren. His first wife died after a long illness and, sadly, his son, Simon, also predeceased him.

He is often described as a true gentleman and he was a proud Guernseyman, known for his dedication and service to his parish and to his Island. Members of the States, will you please now join me in rising for a period of silence to honour the memory of the former States' Member Martin Ozanne?

Members stood in silence.

The Bailiff: Thank you.

In Memoriam – Former Douzaine Representative Brian Sheriff

The Bailiff: Members of the States of Deliberation, last week another former St Pierre du Bois Douzaine representative Brian Sheriff died in England.

Brian Sheriff was born in Guernsey on 21st June 1937. He was evacuated to England during the Occupation. He stayed in England after the war and worked with various commercial entities, including Unilever, Lyons Tetley and Colourcare. On his return to Guernsey he worked first as a manager of a local building company, then for a car hire firm and then the local branch of the NSPCC.

Members may remember him from his regular time as a broadcaster with BBC Radio Guernsey, which he began in the 1990s. He presented a three-hour current affairs programme on a Saturday and a Sunday phone-in, and included a regular feature with a young Deputy Gollop.

Like the former Deputy Martin Ozanne, he had strong links to the tourism sector. In Brian's case, as the first chief executive of Guernsey Hotel and Tourism Association. In the summer months he and his wife ran a popular tea garden at their home at the Lihou headland.

He and Martin Ozanne were residents of St Pierre du Bois and both served on its Douzaine; Brian following the traditional parish route into politics. He was parish Constable in 1993 and later joined the Douzaine. He became its Douzaine representative in the States in 2000. He served the States for just one term, retiring from the States when Douzaine representatives were removed as Members at the 2004 General Election.

During his time in the States, Brian served on a number of committees. Given his business and other interests, it is no surprise that he joined the Tourist Board and later became its vice-president. He was also a member of the Broadcasting Committee and later the Transport Board. From the

75 start, he was also a member of the Electricity Board and later the Gambling Control Committee. In 2002 he joined both the Children Board and the Liberation Celebrations Committee.

After leaving the States, he and his wife retired to south-west France and more recently returned to live in England. Brian's wife, Cherry, died in 2022 and our condolences go to his wider family and friends.

80 Members of the States, will you now please join me in rising for a period of silence to honour the memory of the former States' Member, Brian Sheriff.

Members stood in silence.

The Bailiff: Thank you.

85 Members, if you wish to remove your jackets, please do so.

Procedural – Motion to re-order business

The Bailiff: Members, I have given my permission for P&R to provide a Statement under Rule 10(3) but first I will turn to Deputy Burford, who I believe has a motion in relation to the order of business.

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Deputy Burford: Thank you, madam, yes.

Members will have a copy of the motion to re-order business. But essentially it is to take business initially in the following order: the Statement, the item of legislation 2026/61 from the Committee for Employment & Social Security and item 2026/56 from the Policy & Resources Committee before proceeding with debate on Tax Reform.

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Thank you.

The Bailiff: Members, I believe you have a copy of what is referred to as a draft order so that you have the detail of the proposed re-ordering of business, primarily in order that we can focus today after dealing with a number of matters on the Tax Reform debate. Those who support the motion please say pour; those against.

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Members voted Pour.

STATEMENTS

Pillar Two receipts – Statement by the Policy & Resources Committee

105 **The Bailiff:** Therefore, in accordance with the re-ordering of business, I will turn first to Deputy Parkinson who is giving a Statement on behalf of Policy & Resources.

Deputy Parkinson: Thank you, Madam Bailiff.

110 Before we resume debate on the Tax Reform 2026 policy letter, I want to update the Assembly on an important development in respect of Pillar Two revenue and to explain what this means for the Committee's recommendations to the Assembly today.

Members will recall that our estimates for Pillar Two receipts in 2025 and 2026 have until now been prepared on a deliberately cautious basis, given the absence of any real-world evidence as to

how these new tax arrangements would behave in practice. Members will also be aware of my view expressed at the time that, in reality, the numbers would in fact be higher. And here we are.

Yesterday, the States of Jersey published its Budget for 2027 to 2030. Because of the way it structured its application of Pillar Two, Jersey has already received its first payments on account in respect of 2025; a full year ahead of Guernsey and the Isle of Man. This gives us, for the first time, real-world evidence of the short-term implications of Pillar Two. It shows that the business behavioural change we had anticipated – as businesses adapt their international structures in response to Pillar Two – has not materialised to the extent Treasury assumed; at least in this first year of its application in Jersey.

In light of this, we have revisited our own assumptions and are now able to look at our 2025 and 2026 estimates in a rather more optimistic light than before. That same reassessment carries through into 2027 and forwards.

Our estimate for Pillar Two revenue next year has also been revised upward to £79 million, and Members will see this reflected in the 2027 Budget published next week. It is important that this should be considered as a short-term windfall, as it is in Jersey and as it will be in other jurisdictions. Both our own and Jersey's assumptions about these early Pillar Two receipts are likely to be a high watermark relative to the longer-term revenue from this source.

To be clear, our revised baseline estimate for Pillar Two receipts is £93 million a year. However, we have applied a discount rate of 5% for 2025, 10% for 2026, and 15% for 2027 to account for uncertainty. That level of caution will need to increase the further out our forecasts go. Beyond 2027, the risk of businesses adapting their models to mitigate Pillar Two pressures and our assumptions for ongoing receipts reflect that increased uncertainty.

The complication is that, because of the lag between accruals and remittances, we must account for Pillar Two receipts in the year to which they relate, but we do not start to receive the cash until typically around 18 months later. I must stress, however, that these remain high-level, indicative figures. They are built on a range of assumptions; about business behaviour, about the pace of adaptation to this new framework, and about how long elevated receipts will persist. That requires further testing and validation. They are, at this stage, uncertain, and Members should treat them as such.

This is not a moment for Committees or this Assembly to bank a windfall as if it were guaranteed. This is not yet cash in our pocket. It will be another nine to 12 months before the first 2025 receipts are actually in the bank. Because of that uncertainty, I want to be equally clear that the Committee's assessment of the States' longer-term financial position has not fundamentally changed. Pillar Two receipts are expected to remain elevated for perhaps two or three years before declining, as business models adapt, and they should not be treated as a sustainable source of funding for ongoing expenditure.

The States' finances will continue to deteriorate, given the demographic pressures we face and which are identified in our policy letter. Neither does this change the structural issues with our tax base and our over dependence on income-based taxes.

Tax reform therefore remains necessary, but what this does give us is a little extra time. Our previous planning assumed that without further action the States' reserves could be exhausted by around 2030 or so. The updated modelling, though still provisional, suggests that point may now arrive a year or so later than originally estimated. That additional time is helpful in that it gives us more breathing space in terms of implementing tax reform changes. With a slightly later implementation date, the Revenue Service can progress its Recovery Plan further in advance of systems changes, and it will give more time for public confidence in the service to rebuild.

Tangible progress is underway. As Members who attended last Friday's presentation will have heard, the number of outstanding work items has come down from over 166,000 in March to around 106,000 by the end of August. But the Committee has been clear throughout that tackling the backlog is only part of the job. The programme's real purpose is to fix the underlying causes, not just treat the symptoms. That means building consistent processes and quality controls, putting in

165 place the workforce planning needed to match capacity with demand, and developing the management information required to run the service as the community expects.

Given the revised data on Pillar Two receipts and the breathing space that affords, especially given the compressed timelines caused by the extension of this debate, the Committee is recommending adjusting the implementation timeline for the Income Tax, social security and consumption tax changes to 2029. This is a change of pace rather than a change of direction, and one which, through our decisions now on tax reform, is the most responsible course of action.

We have been gifted an opportunity to restore some contingency to the implementation of these proposals and to proceed with it in a less pressurised timeframe, but we will lose what has been gained if we continue to defer making the decisions the community needs.

175 There is a further opportunity worth noting here too. In the upcoming 2027 Budget, the Committee will be proposing a new Economic Growth Fund, taken from the Pillar Two receipts, to help Guernsey remain competitive, productive and attractive as a place to do business. Once actual Pillar Two receipts are known and we have greater certainty over the revenues, the Committee will look to increase the level of funding available. The objectives of the fund will be to provide more money for economic growth, the finance sector strategy, early years and skills, productivity and participation in work, and housing affordability.

Madam Presiding Officer, the case for tax reform has not changed. We now have better, if still provisional, information than we had when this policy letter was drafted, and we want to be fully transparent about it, which is why we are grateful to you for this opportunity to make this Statement to clarify its effects on the timeline.

Thank you.

The Bailiff: Thank you, Deputy Parkinson.

There will now be a period of 15 minutes of questions. Does anybody wish to ask Deputy Parkinson a question?

Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

195 It is obviously extremely good news to hear of the windfall on Pillar Two, and that the behavioural changes that I and Deputy Parkinson and I am sure others have been saying for some time now were deeply overestimated have been proven to be false.

For me, the issue actually now remains trust and confidence in our financial management. If Deputies have for some time been saying that these behavioural assumptions were wrong, that Pillar Two assumptions were underestimated, what confidence can we have that our other figures are correct? We have had on one of our Committees a variance of £20 million in one of our budgets, and I for one remain very concerned about the processes, the standards and the way in which we manage our finances.

The Bailiff: That is your minute question.

Thank you, Deputy Ozanne.

Deputy Ozanne: Thank you.

The Bailiff: Deputy Parkinson. There was not a question.

210 **Deputy Parkinson:** Yes. Well, we have, of course, been through a long, protracted process, which has brought us to these revised figures. I can say personally that, although I have been deeply sceptical of previous forecasts and I have expressed that openly, I think the revised baseline figure of £93 million is probably credible. Now, I have stressed in my Statement that that figure is not certain. We are still speculating, but the evidence is much stronger and at least this is a figure I can

now stand before the Assembly and speak to with some confidence and without feeling that I was in danger of misleading anyone.

The Bailiff: Thank you.

220 Deputy Bury.

Deputy Bury: Thank you, ma'am.

225 Apologies, I fear this question might be quite stupid, but I am not quite clear on what the new delayed timeline now means for what is in front of us today and the debate that we are just about to go into. Is that statement of intent now carved in stone and we take it as writ or what does it mean for what we have in black and white in front of us today?

The Bailiff: Deputy Parkinson.

230 **Deputy Parkinson:** It means that the implementation of the Income Tax, social security and consumption tax changes is to be deferred, if Policy & Resources has its way, until 2029 rather than 2028, which is what is set out in the original policy letter.

The Bailiff: Deputy Sloan.

235 **Deputy Sloan:** It is awkward because that gives, madam, me a second question but does that mean you are going to change the policy letter?

The Bailiff: Deputy Parkinson.

240 **Deputy Parkinson:** I do not think the date of 2028 is set out in the Propositions, and since it is the Propositions we will be voting on, we do not need to bring an amendment to that. The date of 2028 is referred to in the policy letter and, therefore, because we no longer hold that to be correct I am giving you advice that we have changed that date in the policy letter. It does not affect the
245 Propositions.

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

250 So we have in Deputy Parkinson's words a windfall of £93 million. (*Interjection*) Obviously that is – whatever it was, sorry – very positive. We have recently had some downgraded figures from the GST element of the package, down to – I think on P&R's own numbers and doing financial modelling – £20 million. So why are we still going ahead with this debate? Deputy Leadbeater is bringing in an eminently sensible amendment to stop and pause and see what we are doing, where
255 we are, down tools, before we go ahead. Why is P&R still progressing with all of this and all of the amendments? If you pull it, this all goes away and we can all come back with better figures at a later date.

Thank you, ma'am.

260 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: The answer to Deputy Curgenvén is that we believe that the fundamental problems that the tax reform seeks to address remain. What this windfall gives us is a bit more time to implement them, but the reality is that in the medium term our States' finances will fall into deficit
265 because of demographic change. We will be discussing the 2027 Budget next week and so I will talk more extensively then on the Budget-setting process that we have just been through, but we have seen – to set it out in brief – increasing pressures reflected in the Budget submissions of many

Committees. We have published the fact that Committee demands exceeded the target Budget amount by £33 million for 2027, and those pressures are only getting worse.

270 So the problems have not gone away. The additional Pillar Two revenue is very helpful and will delay by a couple of years the point at which our reserves will run out, but that does not mean that the reserves are not going to run out. We still need to reform our system.

The Bailiff: Deputy Gollop.

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Deputy Gollop: Given the sterling work that the senior officers of the States and Policy & Resources are doing to resolve the backlog of maybe up to 10 years really of revenue returns and the reduction from 166,000 to 106,000, how confident are Policy & Resources that the tax windfall, if you like, from Pillar Two can be effectively banked as quickly as possible or will it require extra officer resources to ensure the money comes in as promised?

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The Bailiff: Deputy Parkinson.

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Deputy Parkinson: Well, the backlog really is not 10 years because you can only issue assessments, in cases absent of fraud or negligence, for up to six years. As I have said, great progress has been made in reducing the backlog. The issue of what to do with the Pillar Two money when we get it is perhaps for another day because we have not got it yet and we will not get it until the latter half of next year.

It does obviously affect our planning. What we expect to receive in the future is manifestly relevant to the debate that we will be having later today on the tax reform proposals. So in the interests of transparency and so that we are all working off the same information, that is why we have made this Statement.

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The Bailiff: Alderney Representative Snowdon.

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Alderney Representative Snowdon: Thank you very much.

It is just a very simple question to Deputy Parkinson. Do you believe the consultants and advisers and working groups around Pillar Two got it wrong or do you still have confidence in the information that was given? If they have got it wrong, how will we know what the true figures are going forward if we cannot trust the information we have at the moment?

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Thank you.

The Bailiff: Deputy Parkinson.

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Deputy Parkinson: Well, consultants have been involved in the process early on. I recall that Ernst & Young told us that the Pillar Two receipts would be £10 million, and that was the advice given to the Policy & Resources Committee of which Deputy Helyar was a member. They are not involved now, and so the figures that I have given you this morning are generated by our own staff and from increasingly solid evidence. Because as time goes by we get more reports and returns from companies and so on who tell us what they are going to be paying us in tax. This is not the use of consultants. This is our own Treasury staff have come up with these estimates.

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The Bailiff: Deputy Rochester.

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Deputy Rochester: I thank Deputy Parkinson for the update. Given the significance of these revised estimates, it would be useful to me and hopefully to other Members to have confirmation either now or circulated via email before we continue the debate on what the estimates were for 2025, 2026, 2027 and what the revised estimates are now. Because that is a material shift in value, I think it would be useful to have that information.

320 **The Bailiff:** Yes, Deputy Parkinson.

Deputy Parkinson: You can answer if you like. *(Laughter)*

325 The last estimates given to the Members of the Assembly for Pillar Two receipts I think were £40 million from memory. No? Yes? *(Interjection)* No, it has been revised up from 30. *(Interjection)* Thirty-nine for 2025.

The Bailiff: This is not discussion time, Deputy.

330 **Deputy Parkinson:** So I have tried to set out clearly how we have computed the revised estimates, which is we have taken a baseline of £93 million and we have applied a discount of 5% from that number for 2025, a 10% discount for 2026 and a 15% discount for 2027. That delta of uncertainty reflects the fact that the further forward you project the more vulnerability there is to the figures being not what you expect. If we were projecting beyond 2027, we would continue to expand that delta of uncertainty to be cautious about what we could actually expect and to reflect our belief that we are likely to see more behavioural change as time goes on. As I have put it before, we think the early years of Pillar Two will be the high watermark of Pillar Two receipts.

The Bailiff: Deputy Dorrity.

340 **Deputy Dorrity:** Thank you, madam.

Thank you to Deputy Parkinson for the update. I just wanted to pick up on a comment that he made, 'If P&R has its way'. If P&R does not have its way, are we still in a position to push on with the 2028 effective dates for tax, social security and GST changes if, of course, they are approved?

345 **The Bailiff:** Deputy Parkinson.

Deputy Parkinson: Well, some of the change, the giveaway side of it, can be implemented quite quickly. The bit that takes time to implement is the taxing side of it, which is basically the GST. So we could in principle increase personal allowances, give people a reduced basic rate of tax, and indeed give people a personal allowance for social security purposes ahead of bringing in the consumption tax. Of course, that would be very expensive. So, although P&R are determined that the mitigations, as they are sometimes called, will come in before the GST – we are preloading the exemptions – we are not prepared to do that very far in advance because it becomes extremely expensive.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

360 I thank Deputy Parkinson for his update. This, of course, comes as news to us as Members of the Assembly. I make the assumption that Policy & Resources knew some time in advance about the revised estimates. Could Deputy Parkinson confirm whether Policy & Resources' position on the various amendments that we will have upcoming in the tax debate have been reached with the knowledge of these revised estimates or not?

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

Deputy Parkinson: I can clarify that Policy & Resources first heard about these revised figures last Friday but that we have since considered all of the amendments that have been laid and have decided whether we are supporting them, opposing them or not opposing them. I think Members

have been advised of our position on each of the amendments. So yes, this information was factored into our response but we have only had this information ourselves very recently.

375 **The Bailiff:** Deputy Van Katwyk.

Deputy Van Katwyk: Thank you, ma'am, and I bow my head to you in congratulations.

The Bailiff: Thank you.

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Deputy Van Katwyk: Deputy Parkinson mentioned that the Pillar Two receipts are likely to get less and less and we have factored in this percentage to show that. I am just wondering, these businesses are going to go somewhere to do their business, so is there any opportunity in this time of change for Guernsey to get hold of that extra business and have it centred in Guernsey?

385 Thank you.

The Bailiff: Deputy Parkinson.

390 **Deputy Parkinson:** The risk from Pillar Two to Guernsey's economic case is not that the businesses will go to Jersey or the Isle of Man or other offshore jurisdictions. The risk is the business will go back onshore because unfortunately Guernsey is quite an expensive place to operate. Obviously, as the differential between what tax would be paid, say, in London compared with what tax would be paid in Guernsey narrows, the incentives to do business offshore reduces. We are just being realistic and cautious in saying that we expect over time that some business will go back
395 onshore. It is not that they will avoid paying tax by doing so. It is just that the marginal benefit of doing business in Guernsey is reducing.

The Bailiff: Deputy Leadbeater.

400 **Deputy Leadbeater:** Thank you, Madam Bailiff.

In light of this new information, does that mean that the Policy & Resources Committee are going to support the eminently sensible Amendment 45? *(Laughter)*

The Bailiff: Deputy Parkinson.

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Deputy Parkinson: I am sorry, I did not quite catch that. Could I ask Deputy Leadbeater to repeat the question?

The Bailiff: Deputy Leadbeater, would you kindly repeat it?

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Deputy Leadbeater: Thank you, madam.

In light of the information from Deputy Parkinson, does that mean that the Policy & Resources Committee will now support the eminently sensible Amendment 45?

415 **The Bailiff:** Deputy Parkinson.

420 **Deputy Parkinson:** I cannot remember offhand which amendment that is and what we have said we are going to do about it, but we have advised Members what our position is on every amendment. What I am saying is that essentially we believe that the tax reform programme still needs to happen. Therefore, we are not fundamentally changing course. We are dealing in the Tax Reform debate with the long-term financial stability of Guernsey, so this is not about a 2027 problem. I have said consistently since before the last election that Guernsey's finances are in a strong position. What I have also said is that we can see there are clouds on the horizon and a

responsible States will deal with the threats and make provision to strengthen our finances accordingly.

The Bailiff: Deputy Helyar.

I will extend the questions for a further 15 minutes until quarter to 12.

Deputy Helyar: Thank you, ma'am, and may I add my congratulations to the welcome list.

The Bailiff: Thank you.

Deputy Helyar: I thank Deputy Parkinson and P&R for the update. There was a reference to my Treasury lead period and E&Y's estimate. Of course, that was based on information given to it by Treasury and it did not have any data at the time, which was shown by the 10 rising to 30 about five minutes after I left, then to 40, and now to somewhere between – well, let us see what the press release says.

I think the best thing about this is that it seems that our budgeting for Pillar Two is about as good as our budgeting for building hospitals. *(Laughter)* Deputy Parkinson has given us all a huge can to kick, and that is what we love doing. So should we not all grasp the opportunity and kick the can down the road? Would he agree with me that would be the sensible thing to do?

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Well, I do not think Deputy Helyar believes that is the right thing to do. I recall his speeches about one minute to midnight and so on. The reality is nothing fundamentally has changed. What has changed is we have a bit more breathing space. What we are talking about is whereas previously our reserves were scheduled to run out in 2030, 2031, they now might run out in 2032, 2033. That does not change the fact they will run out. The responsible thing for the States to do is to address that problem before it arises.

A Member: Hear, hear.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, Madame le Bailli.

Deputy Parkinson, I thank you for your update. Previously, you have mentioned about Pillar Two and what the forecast could be, and it was quite obvious you had seen something that the rest of the Deputies at that time had not. You knew that it was going to be far more than the £10 million that the original Budget put in.

What I am slightly concerned about is when you mentioned the figure – was it £79 million of –

A Member: Yes, for 2027.

Deputy Vermeulen: Yes.

The Bailiff: Can I remind you, Deputy Vermeulen, you only have a minute to pose your question? You have 20 seconds left.

Deputy Vermeulen: Yes. What alarmed me was the dollar signs in people's eyes in this Assembly lit up. Could you take on board that I would recommend you save it in a rainy day fund rather than spend it before earnt, which is so often the way in this Assembly?

Thank you, ma'am.

The Bailiff: Deputy Parkinson.

480 **Deputy Parkinson:** We are not making any proposals that would spend a substantial amount
of money before money is received. I have mentioned that we are creating an economic growth
fund to support initiatives from the Committee *for* Economic Development, but also potentially
from other Committees, that will help to grow our economy in the long term. That will be set up at
quite a modest level and with a promise to review it if more money comes in than we currently
expect. So we have not decided that all our Christmases have come at once and we are not going
out on a drunken spending spree. We are recognising the reality that the prospects for States'
485 finances have improved. That is very good news and it does buy us time, but other than the
Economic Growth Fund it has not affected what we are putting in the 2027 Budget, which you will
be seeing next Monday.

The Bailiff: Deputy Bury.

490 **Deputy Bury:** Thank you, ma'am.

Apologies to be repetitive but I wish to just be really clear on the process. So, while
Deputy Parkinson said if P&R get their way, there is no actual system here for us to dictate whether
they get their way or not. What we are being asked is that if the proposals in front of us are approved
495 it will be deferred to 2029 for implementation and we just need to accept that that is a matter of
record on *Hansard*?

The Bailiff: Deputy Parkinson.

500 **Deputy Parkinson:** Yes, you are being asked to support the Propositions and, if they are
amended, the Propositions as amended. The date of 2028 was in the policy letter and it is not in the
Propositions, but we are correcting it so that the debate happens on an informed basis so that we
all know that, for example, if GST comes in it will not come in before 2029.

505 **The Bailiff:** Deputy Goy.

Deputy Goy: Thank you, ma'am.

We all know that broad-based taxes hit ordinary people the hardest. Does it not behove P&R,
since we have a bit more time now and we are not in a crisis, to at least consider very seriously
510 implementing and even exhausting all other alternatives before resorting to broad-based taxes such
as GST?

Thank you.

The Bailiff: Deputy Parkinson.

515 **Deputy Parkinson:** The tax reform package, as Deputy Goy well knows, is designed to put
money in the pockets of people on average and below average incomes. One of the reasons why
we are so supportive of it – and bear in mind that none of the members of this P&R voted for the
last package in November 2024. The one reason why we are so supportive of this is that it will help
520 the lower paid, and that is what we want to do.

The Bailiff: Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am.

525 Is there any part of the tax reform package, especially in reference to corporate taxation, that in
fact might dissuade corporates from choosing Guernsey as a place to pay Pillar Two?

The Bailiff: Deputy Parkinson.

530 **Deputy Parkinson:** P&R has consulted extensively with business groups and we are obviously well in touch with the corporate community in Guernsey through various organs and mechanisms. We would not be pushing forward with proposals that the corporate world was telling us would scare them off.

535 Through my work on the Tax Review Sub-Committee of P&R, which took place between September last year and March this year, we consulted extensively with all of the business groups. The proposals that came out of that Tax Review Sub-Committee, some of which are reflected in this tax package, were discussed extensively. So we are pretty confident that the business community is content with what we have come up with.

540 **The Bailiff:** Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

How would Deputy Parkinson assure me and others that the new levels of uncertainty that have been baked in to 2025 to 2027 – that is the 5%, 10% and 15% attrition – are correct and not just political manoeuvres to try and ensure that we all feel forced into GST? What is the level of certainty
545 he has that those estimates are correct and not just a political tool?

The Bailiff: Deputy Parkinson.

550 **Deputy Parkinson:** There is no science behind 15%, 10% and 5%. They just reflect our general view that the Pillar Two receipts are likely to erode over time. In my opinion, because we do know some of the behaviour that has happened – Pillar Two has been in effect since 1st January 2025 and what we are not seeing is a flood of businesses leaving Guernsey – our judgement on this is based on that experience and on the experience that we have had reported from Jersey.

555 At the end of the day it is a judgement call. I have been very critical of figures on Pillar Two forecasts for years and I have consistently said that they are underestimated, and all I can say is today I stand before you and for the first time I can say these are figures that I can believe in.

The Bailiff: Deputy Sloan.

560 **Deputy Sloan:** Thank you.

I was surprised at the admission from Deputy Parkinson that he had been sceptical of all the figures previously he presented as Treasury Minister, and it is jolly good for him that we should take him at his word today. I was also surprised at his admission that nothing fundamentally had
565 changed. Well, in my book £40 million extra revenue is quite a significant change. It also comes on top of, if you will recall, his predecessor announcing a £56 million change in the position in February this year. That cumulatively is £100 million. Would he not agree with me, madam, that the responsible thing would be to go away and redo his numbers and forecasts?

570 **A Member:** Hear, hear.

The Bailiff: Deputy Parkinson.

575 **Deputy Parkinson:** I am not going to comment on forecasts made by my predecessor. I have been pretty consistent on my views on what Pillar Two would produce, and I am consistent on the point that ultimately that does not take away our fiscal problems. It does help us in the short to medium term. It puts us in a better place than we were and it gives us more freedom to manoeuvre, but it does not change the fundamental point that in the end we need to reform our tax system. There are a number of issues with the current system which are identified in the policy letter and

580 which we have sought to address. The issue of dealing with those problems has not gone away. The tax reform is still the right path to take.

The Bailiff: Deputy Camp.

585 **Deputy Camp:** Deputy Parkinson referred to what sounds like a groundswell of business support for P&R's package. However, Deputies have received quite a few emails from many, many business groups, so could he please just clarify when he says support from business groups he means IoD and Guernsey International Business Association (GIBA)? Because from the other representations we have received, I see no such groundswell of support.

590

The Bailiff: Deputy Parkinson.

Deputy Parkinson: I think groups like the Chamber of Commerce or Confederation of Guernsey Industry are divided on this. We can see that retailers, for example, and the hospitality industry are opposed to a GST (**A Member:** Hear, hear.) but there are other elements within those groups that are supportive. I have sat across the table and talked to leaders of those sectors and so I know first-hand what their views are. Frankly, people like the Confederation of Guernsey Industry (CGI), Chamber of Commerce, find it hard to give us a united opinion. What they are telling us is that they want a decision to be made. That is the one thing they all agree on. So can-kicking and further delay in this decision will be welcome to no one.

600

A Member: Hear, hear.

The Bailiff: Deputy St Pier.

605

Deputy St Pier: Thank you, madam.

My recollection is that the number of corporate taxpayers who are contributing particularly to Pillar Two is a very small number and therefore the concentration risk is very high. Is Deputy Parkinson, either on his feet or subsequent to the meeting, able to give any indication of the number of taxpayers that we are talking about and the level of concentration risk around that number? Because that is a material factor in building a fiscal system that is sustainable for the future.

610

The Bailiff: Deputy Parkinson.

615 **Deputy Parkinson:** Yes, there are about 1,200 companies in Guernsey that are within scope for Pillar Two. Deputy St Pier is quite right that a large proportion of all of the Corporate Tax paid in Guernsey is paid by probably 10 companies. I do not have to hand the exact level of concentration risk, but I can undertake that we will give Members, including Deputy St Pier, an overview of how concentrated the risk is.

620 One problem we consistently come across when talking to officers about this is that politicians, even members of Policy & Resources, are not allowed to know the details of any individual taxpayer's affairs. So I have never seen the underlying data which supports the Proposition that a large majority of the Corporate Tax is paid by 10 companies. The problem in Guernsey is that if we knew how much tax is paid by those 10 companies we could probably sit round and have an educated guess as to who they were. That is the difficulty we come across all the time when processing taxpayers' data. It is a relatively small population so I do not know how much detail we will be able to give Members, including Deputy St Pier, but we will do our best to come up with some analysis of the concentration risk.

625

630 **The Bailiff:** Thank you.

Deputy Van Katwyk then Deputy Vermeulen and then that will be the end of questions.

Deputy Van Katwyk: I just want to labour the question of my colleague Deputy Ozanne. So we have this indication that the Pillar Two receipts might decline by 5%, 10%, 15% over the next three years. Deputy Parkinson, you yourself stated that Pillar Two has been in effect since 2025. Have we therefore seen some groundswell of 5% of those bigger businesses? I know you do not know exactly which ones they are, but have we seen 5% of Guernsey's business decline over the last year? Is that where the evidence for 5%, 10%, 15% has come from?

Thank you.

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Yes, we do have evidence of some companies leaving Guernsey and it is not a very big number. From memory it is no more than 8% so far. The problem is what that does not tell us is whether companies have downscaled their operations; the company has not gone but it has reduced the level of activity. We cannot see that. The 5%, 10%, 15% is a finger in the air but it is based on the fact that we know that not many companies have actually left. We do have some evidence of what the effect is going to be, but clearly the picture will not become clearer until we actually start receiving cheques.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, ma'am.

I have had a number of constituents complain to me about the situation at the Income Tax Office, and a lot of very high earners have not had final assessments for several years. The number, which is very high, is 105,000 tax collections still outstanding at the moment. It has reduced, which is good news, but how can you forecast with any certainty at all when you do not know what you are actually going to collect and what is actually due?

The Bailiff: Deputy Parkinson.

Deputy Parkinson: Well, the 106,000 pieces of work that were outstanding at the end of August, of course, is not just assessments. That is a whole load of queries and other things that the Tax Office has to deal with. That number is coming down fairly rapidly due to the extremely good work now being carried on. The point is that that does not necessarily affect the amount of tax we can expect. Most taxpayers in Guernsey pay through the Employees' Tax Instalment (ETI) system, which means that their tax is collected on the basis of a coding notice and it is deducted from their salaries every month. As long as the coding notice is reasonably accurate, the amount of tax they pay will be about right.

There are self-employed people, etc., who are assessed and make payments twice a year, or perhaps four times a year. If they have not been processed through the normal system, they get an estimated assessment, and I know from personal experience those estimates can be quite wrong. What we think is happening is that some of the estimates will be too high and some will be too low, so for the self-employed population, etc., the overs and unders may balance out. We think we have a reasonably good idea of what tax is due. Obviously, none of us are pleased with the current situation. We have inherited, frankly, a service in crisis and we are sorting it out as best we can. Members have seen the presentation on the recovery programme. They have heard that the forecast is that we will have resolved all the problems, brought it back up to date by October 2028, and that is what we are working to. I underline that that will be complete, if it goes to schedule, before we bring in any of the tax reforms.

The Bailiff: Thank you.

**Procedural –
Shorter lunch break**

685 **The Bailiff:** Members, before we turn to the first item of the reorganised business, can I put a motion to the Chamber that we have one hour for lunch today since we have a considerable amount of business to get through, starting at one and returning at two? I shall just put that *aux voix*. Those who support the motion say pour; those against.

Members voted Pour.

The Bailiff: The pours win, so we will have one hour for lunch starting at one, finishing at two.

Billet d'État XV

ELECTIONS & APPOINTMENTS

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

Appointment of The Legal Aid Administrator – Proposition carried

Article 1.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled "Appointment of the Legal Aid Administrator", dated 11 August 2026, they are of the opinion:

To appoint Katy MacIver to the office of Legal Aid Administrator, for a period of five years, with effect from the first Monday following one calendar month from the approval of this Proposition, pursuant to Section 2(2) of the Legal Aid (Bailiwick of Guernsey) Law, 2003.

690

The Bailiff: States' Greffier.

The States' Greffier: Yes, madam.

695 Billet d'État XV, Article 1. The Committee for Employment & Social Security, Appointment of the Legal Aid Administrator.

The Bailiff: Deputy Bury. Oh, it is Deputy Rylatt, sorry.
Deputy Rylatt.

700 **Deputy Rylatt:** Thank you, madam.

I am grateful for the opportunity to speak briefly in support of the Committee's recommendation that Ms Katy MacIver be appointed to the office of Legal Aid Administrator. The Legal Aid Administrator performs an important independent statutory role helping to ensure that people across the Bailiwick who could not otherwise afford legal advice or representation are able to access
705 it where the interests of justice require. The role also carries responsibility for assessing applications, managing the legal aid budget and working closely with advocates, the courts and other stakeholders.

I was pleased to be part of the recruitment panel where I saw Ms MacIver bring a particularly useful background to the role, combining extensive experience of legal processes and legally aided cases in Scotland, together with first-hand experience of Guernsey's own legal system through her time with the Office of the Children's Convener. That combination means she brings a strong grounding in the operation of legal aid systems and a familiarity with the local legal context and the stakeholders with whom she will be working closely.

The Committee was unanimous in recommending her appointment and I hope Members will do the same.

Thank you, madam.

The Bailiff: Thank you.

Does anybody wish to speak in debate? No. In that case, Members, on your screens is the Proposition in relation to the appointment of the new Legal Aid Administrator. States' Greffier, would you open the voting, please? There are still a number of Members who have not signed in yet. States' Greffier, there are still some Members who are not signed in yet.

The States' Greffier: Yes, madam; Deputy Blin, Deputy Gollop and Deputy Inder.

The Bailiff: We are just waiting for Deputy Gollop. Deputy Gollop, have you voted? *(Interjection)* States' Greffier, Deputy Gollop has now left the Chamber so we will close the voting.

There was a recorded vote.

Carried – Pour 37, Contre 0, Ne vote pas 0, Did not vote 0, Absent 3

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	None	None	None	Blin, Chris
Bury, Tina				Gollop, John
Cameron, Andy				Inder, Neil
Camp, Haley				
Collins, Garry				
Curgenven, Rob				
de Sausmarez, Lindsay				
Dorrity, David				
Falla, Steve				
Gabriel, Adrian				
Goy, David				
Hansmann Rouxel, Sarah				
Helyar, Mark				
Hill, Edward				
Humphreys, Rhona				
Kay-Mouat, Bruno				
Kazantseva-Miller, Sasha				
Laine, Marc				
Le Brun, Ross				
Leadbeater, Marc				
Malik, Munazza				
Matthews, Aidan				
McKenna, Liam				
Montague, Paul				
Niles, Andrew				
Oswald, George				
Ozanne, Jayne				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
Sloan, Andy				
Snowdon, Alexander				
St Pier, Gavin				

Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

735 **The Bailiff:** There voted in relation to the appointment of the new Legal Aid Administrator pour 37. I therefore declare that the Proposition was carried unanimously.

ITEMS ADJOURNED FROM PREVIOUS MEETING

Billet d'État XIII

POLICY & RESOURCES COMMITTEE

**Merchant Shipping (MARPOL Convention) (Bailiwick of Guernsey)
Ordinance, 2026 –
Proposition carried**

Article 3.

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Merchant Shipping (MARPOL Convention) (Bailiwick of Guernsey) Ordinance, 2026" and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article 3. Policy & Resources Committee. Merchant Shipping (MARPOL Convention) (Bailiwick of Guernsey) Ordinance 2026.

740

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

745 This legislation is something that is necessary to bring Guernsey into compliance with the environmental chapter of – oh, gosh, I am going to have to read this bit. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which is much better known as the CPTPP. It is a free trade agreement which the States resolved to join a few years ago now in 2022. The compliance deadline is mid-December and therefore this legislation needs to come before the States now. Hence why it has been prioritised.

750 I am not going to go through all the technical details of this legislation. I trust that Members have had ample opportunity to read it and ask any questions if they are unsure or, in fact, during the debate, but essentially this is about strengthening the Bailiwick's ability to prevent, monitor and respond to marine pollution from ships by establishing good reporting, investigation and enforcement powers. The legislation defines certain responsibilities under the law, particularly in
755 relation to some of the functions that sit with STSB. It is really just about making sure that we are meeting those international standards.

If the States choose to approve this legislation today, it would essentially ensure that the Bailiwick's marine environment is better protected from shipping pollution and that we keep pace with those international standards.

760 Thank you.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Thank you, madam.

765 We have a cruise line industry in Guernsey and I would like your assurance, if we sign up to this, would that industry be affected in a negative way going forward? Of course, the feeling is in the industry that we need to see more cruise line passengers coming to Guernsey, walking up our high street, spending money in our pubs, our shops, our clubs and all the rest of it, and not less. So perhaps you could enlighten me. I would not like to see, for instance, emissions legislation which
770 would preclude them from calling in to Guernsey and the like, really.

The Bailiff: Thank you.

Does anybody else wish to speak in debate on this?

Deputy de Sausmarez.

775

Deputy de Sausmarez: Thank you, Madam Bailiff.

I do not know if the MARPOL legislation is really the most appropriate opportunity to add my congratulations in this setting to the others that you have rightly received, but please do accept them.

780

The Bailiff: Thank you.

Deputy de Sausmarez: In response to Deputy Vermeulen's question, I did not have any advance notice of it so I have not had an opportunity to check with any legal advisers, but I think the bottom
785 line is MARPOL is all about international standards. Cruise ships do not materialise in our waters alone, so I think it is extremely unlikely that this would have any impact on us because everyone else already does it.

The Bailiff: Members, you should have on your screens this Proposition in relation to the MARPOL Convention. States' Greffier, would you open the voting on this, please?

790

There was a recorded vote.

Carried – Pour 39, Contre 0, Ne vote pas 0, Did not vote 0, Absent 1

795

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	None	None	None	Inder, Neil
Burford, Yvonne				
Bury, Tina				
Cameron, Andy				
Camp, Haley				
Collins, Garry				
Curgenven, Rob				
de Sausmarez, Lindsay				
Dorrity, David				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Goy, David				
Hansmann Rouxel, Sarah				
Helyar, Mark				
Hill, Edward				
Humphreys, Rhona				
Kay-Mouat, Bruno				
Kazantseva-Miller, Sasha				
Laine, Marc				
Le Brun, Ross				
Leadbeater, Marc				

Malik, Munazza
Matthews, Aidan
McKenna, Liam
Montague, Paul
Niles, Andrew
Oswald, George
Ozanne, Jayne
Parkinson, Charles
Rochester, Sally
Rylatt, Tom
Sloan, Andy
Snowdon, Alexander
St Pier, Gavin
Strachan, Jennifer
Van Katwyk, Lee
Vermeulen, Simon
Williams, Steve

The Bailiff: Members, in relation to this Proposition there voted pour 39. I therefore declare this was a unanimous Proposition being passed.

Thank you.

4. POLICY & RESOURCES COMMITTEE

Tax Reform 2026 – Debate continued

800

Article 4.

The States are asked to decide:

Whether, after consideration of the Policy Letter 'Tax Reform 2026' dated 8 June 2026, they are of the opinion:

To direct the Policy & Resources Committee to implement the package of tax reforms to make Guernsey and Alderney more financially sustainable as set out in sections 9 and 10 with the rates and thresholds as described in Appendix 7.

To add the Tax Reform Programme to the Major Projects Portfolio and delegate authority to the Policy & Resources Committee to approve funding from the General Revenue Reserve of up to £10.6m following consideration of business cases.

To direct the Policy & Resources Committee to return to the States with an assurance review in 2030 as set out in section 12.

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

The States' Greffier: Article 4. Policy & Resources Committee, Tax Reform 2026.

Motion to vary.

To suspend Rule 17A(4) and to vary Rule 17A of the Rules of Procedure of the States, to the extent necessary, for the purposes of debate on P.2026/49 - Tax Reform 2026 only, to facilitate the following:

A speech made by a Member shall not exceed five minutes in length except for the speech replying to general debate or a secondary Proposition which shall not exceed seven and half minutes in length.

The Bailiff: Members, I will ask Deputy Rylatt in relation to his motion to speak to that. Would you like the States' Greffier to read your motion to vary?

Deputy Rylatt: No, that is okay. Thank you, ma'am.

The Bailiff: Thank you.

Deputy Rylatt: Madam, I admire the work rate of my colleagues over the summer: 57 amendments. We now have one amendment for every variety of Heinz and now it is the States playing catch-up. *(Interjection and Laughter)* That is exactly the reaction that deserved. *(Laughter)*

In all seriousness, madam, this motion in very simple terms aims to give Members a realistic chance of working through the remaining debate in a reasonable timeframe. It would serve to vary the time limit rule on speeches so that for secondary Propositions and in general debate all speeches would be restricted to a maximum of five minutes, except for speeches replying to debates, which will be limited to seven and a half minutes.

My Forward Guernsey colleagues and I have brought this motion as we believe that if debate is adjourned beyond this Meeting we are at a real risk of disrupting the proper functioning of Government. I suspect there are few Committees whose policy letters, legislation, Statements or other business have not been affected in some way by both the re-ordering of business and the adjournment in July.

There are, of course, Members who will argue that this motion is undemocratic, that it fetters parliamentary debate, and on most other debates I would share that very same instinct. I would ask Members to place this States' Meeting in its wider context. Guernsey has been debating the issue of fiscal sustainability for almost 20 years. As the policy letter itself notes on pages 12 to 13, some of the previous debates and reviews that have led us to this point include in 2014 the Personal Tax, Pensions and Benefits Review; 2015, Planning a Sustainable Future, the Personal Tax, Pensions and Benefits Review; 2020, the review of the Fiscal Policy Framework; 2021, the Tax Review; 2023, the Tax Review Phase 2; 2023, the Funding and Investment Plan; 2024, the 2025 Budget debate; 2026, Tax Reform Workstream 1; and 2026, Tax Reform 2026 policy letter.

Madam, this has been about as unfettered a debate as I can imagine. **(A Member: Hear, hear.)** The arguments have been aired, tested and revisited over many years by successive Assemblies. If after all of that the States of Deliberation still cannot reach a decision on tax reform, then we have to be honest about what that says about our ability to resolve difficult questions. Because at some point we have to be more than a debating society. We have to be more than a think tank endlessly saying, 'Well, on the one hand this and on the other hand that' before passing the same unresolved issues on to the next Assembly. We cannot afford to remain indefinitely in a purgatory of parliamentary process.

If any Members doubt that that is where we are, over the summer I asked AI to go away and analyse the *Hansard* transcripts from the July Meeting. It found, interestingly, among other things, that the five most prolific speakers in July spoke a combined 45,000 words. In literary terms, that is almost one and a half times the length of *A Christmas Carol*, which perhaps makes sense, given I felt as though I had heard the speeches of tax reform past, present and future. *(Laughter)*

Whatever Members' views on P&R's proposals, it is not up for debate that our indecision has consequences. It has consequences for the work of this Assembly and the States of Guernsey. It creates uncertainty for Islanders, businesses and the wider community. It reinforces a perception of Guernsey as a jurisdiction that struggles to reach difficult decisions. That perception was neatly captured just a couple of weeks ago when Jersey's Chamber of Commerce published an online article titled *GST: Guernsey still talking*. If that is not motivation enough to see the back of this debate, madam, I am not sure what is.

I would ask Members to support the motion and I am very happy to answer any questions that may arise.

855

The Bailiff: Deputy Humphreys, do you second that motion?

Deputy Humphreys: Yes, ma'am.

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The Bailiff: Who wishes to speak in debate on this?
Deputy Vermeulen.

Deputy Vermeulen: Yes, ma'am.

865

I am brought to my feet by that speech which, in my opinion, went on for far too long. *(Laughter)*
It did not really enlighten me, apart from what is being printed in some obscure Jersey newspaper somewhere about Guernsey. Well, it might come as news to Deputy Rylatt but they have never really had a good thing to say about Guernsey for a long time now, and we are the same with Jersey. As you know, Jersey has GST and £100 million deficit every year they are producing just the same. So it is not the cure-all and fix-all that we actually have been portrayed to believe.

870

This amendment reminds me of what this Chamber is about. It is a debating chamber. I have left here and not said a word on many occasions, totally exhausted having listened so closely to so many different people's opinions and tried to understand where they are coming from. I think that is really important. So this is a bit like speed dating, where you are not going to find the ideal partner in a one-minute interview or a five-minute interview. If the Bailiff thought we were going on a bit too long or if debate needed to be speeded up, I would prefer her to be in charge of that. She has done a pretty good job in the past, a pretty commendable job, and I think it should not be the Future or Forward or whatever it is called Guernsey party. It should be the Bailiff which controls debate in this Chamber.

875

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So I am afraid, Deputy Rylatt and your party members, I cannot agree with the five of you on this. I think it is important. We have heard from outside. They think it is very important that things like tax and GST are debated thoroughly and not rushed through. I think the leader of your party was told in no uncertain terms on social media, which I cannot repeat in here, what people thought about this Proposition. So I would advise Members not to support it, and I am certainly not going to vote for it.

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The Bailiff: Deputy Gollop.

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Deputy Gollop: I have great sympathy for Deputy Vermeulen in a way because he is right, he has come out of the Assembly not having spoken much. I have been speaking too much and he will look at his watch and say, 'Come on, let us cracker jack, five to five, time to go home'.

895

I reluctantly support this amendment, actually. You might be surprised at that. I do not know if I made the top five. I think I was sixth, just outside, bubbling under. We did see in July, as you will remember, Madam Presiding Officer, that there were a lot of speeches, quite long, from people who do not usually speak a long time. I am perhaps more of a guilty one there. I loved the comparison with *A Christmas Carol*, which was a novella, because some of us sounded a bit like Scrooge throughout that debate, I think, and a little bit off tempo. We needed a little bit of happy spirit.

900

Although I say yes to this – and I will explain why in a minute – I think, as Deputy Vermeulen has outlined, there is a risk and the risk is that we are being seen to hasten a debate that the public have great strength of feeling on and want every stone unturned. Only today we have heard from Deputy Parkinson some ground-breaking news, not just about the sums but also about perhaps the year of implementation, which happens to be an election year.

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Of course, I am disappointed to see my questions and statements postponed, but I do accept reluctantly the necessity of getting this done. Because I can predict that if we are still here Friday evening and we have not come to a final vote, there will be a new cycle of amendments and Propositions and the whole debate will begin again, maybe in late October, maybe in November, maybe after the Budget, maybe when we are having our Christmas lunch. It will never end. So we

have to have, as I think Madam President has already given us, a bit of discipline even if we lose our lunch hour or half of our lunch hour.

910 Therefore, I will not speak any more and just say in the context of not having the same debate over and over again, having had this for five years now, this is a useful measure. If we had a whole week next week in the Assembly when you have other things to do like Chief Pleas, maybe I would say differently, but in the pragmatic circumstances let us shorten our speeches. Because even if we pull out all the amendments, everyone will still get their 15 minutes of fame.

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

Deputy Kazantseva-Miller: Madam, I do not agree with Deputy Vermeulen that this is just a debating chamber. (**A Member:** Hear, hear.) Actually, first and foremost, this is the Parliament of the Island of Guernsey through which we here are supposed to scrutinise and pass legislation and
920 make decisions for our community. (**A Member:** Hear, hear.) So we are not here, as Deputy Rylatt outlined, just a think tank discussing the pros and cons of a decision on an ongoing basis.

I think the experience we are going through, through this major tax debate, perhaps also highlights that our first of all Rules of Procedure but perhaps also the Schedule of Business is potentially no longer fit for purpose. The rules that allow unfinished business to roll into future
925 business and reset the clock on amendments I think potentially needs to be changed. I am not sure that is fit for purpose and the fact that delayed business can just have a number of amendments laid needs to be reconsidered.

Perhaps the fact that currently it is an unlimited number of amendments that each Member in this Parliament can lay also gives this completely unfettered opportunity to continue debate on an
930 ongoing basis. In an AI-enabled community, the laying of amendments has certainly become easier, and judging by the length and depth and detail of the amendments laid I have no doubt that is also being used. That is absolutely the prerogative of Deputies, I do not judge that, but that is just the facts.

So the fact is that our ability to conduct the business of this Assembly and Government is
935 potentially being seriously affected and is now having a significant impact on other issues that should be debated through this Assembly. Other Parliaments in many other jurisdictions sit on a more frequent basis. Westminster sits on a weekly basis and other Crown Dependencies sit on a more regular basis. It is already a discretionary right of the Presiding Officer to shorten the debate in appropriate circumstances, so we are not talking about something which is completely a new rule
940 out of the blue.

Given the circumstances we are at, I think we have to find the right balance through which we have to continue the conduct of this Assembly and ensure we get to some kind of decision. So I will be supporting this I think constructive rule, and I do think there has to be a wider conversation had by hopefully SACC at the overall Rules of Procedure and the Schedule of Business because we
945 should not be in these circumstances every year.

Thank you.

The Bailiff: Deputy Ozanne.

950 **Deputy Ozanne:** Thank you, ma'am.

I believe time is one of our most precious resources and, sadly, one of our scarcest. I learnt the hard way in my first job at Procter & Gamble that it was much harder to write a one-page memo than it was a 50-page document. We bought companies in eastern Europe on a one-page memo. Conciseness was key, and I believe if you cannot say what you believe in five minutes then I suggest
955 you need to go back and look again at how you can be concise. I fear it is a whole culture within our States that we need to look at, how long our papers are, how long some of our Meetings are. We need to get far slimmer and fitter and use our time far more effectively.

So I will wholeheartedly support this amendment, even though I am anti-GST. I know there are some who feel if we just keep pushing it down the road we will never get to it. I think that does not serve our people well. I want to use our time in this Chamber as effectively as I can, and five minutes in my mind is on the generous side.

The Bailiff: Deputy Camp.

Deputy Camp: Thank you.

I am absolutely for trying to seek resolutions to problems. The difficulty I have here is that we are – and again we have agreed to re-order the business of this meeting on the premise of urgency of tax reform. Yet we have just been given 40 million reasons why that urgency is not quite as urgent now at quarter past 12 as it felt at half past 9 when we entered this room.

So I am against it for very fundamental reasons. *Hansard* is the only public record we have of debates. It is a bureaucratic, a democratic process of having that laid bare. Some have said to me we can do that by email. Email is secret. It hides behind closed doors and it is not an appropriate way for Government to make decisions, to explain those decisions or otherwise.

Perhaps we should be able to make our point in five minutes or less. However, this tax debate might be 10, 20 years old, whatever we want to call it or ascribe to it. It still took Deputy de Sausmarez 20 minutes to open it, to explain the Tax Reform paper. So if it takes P&R 20 minutes to lay out their tax proposals, why should it take anybody else any less to lay out the proposals that they have come up with? (**A Member:** Hear, hear.) That is essentially what we are saying. What we are saying is that P&R should get four times the length of time as anybody else to be able to put their case on the record and to this Chamber, and that seems to me to be a hugely unfair practice that we would be supporting, especially as we are now midway through this debate.

Thank you.

The Bailiff: Deputy Niles.

Deputy Niles: I rise because I want to be more efficient and I want to be slimmer, so I am definitely going to vote for shorter speeches, more concise arguments.

What I would want to say – and I was prompted to stand by Deputy Camp – the debate in July was dominated by perhaps five or six people that spoke for an entire day. When that happens, and they are absolutely right within the rules to do so, it does curtail democracy. It delays the process that enables us to get through more amendments to discuss the broad picture of what is in front of us. When that happens we should, as intelligent adults, be able to put in front of us rules that vary and enable us to get through the Propositions more clearly. I should say that my friends and my wife always say that I run out of sensible things to say after two minutes, so five minutes is more than adequate.

Thank you. (*Laughter*)

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

I absolutely understand the sentiment behind this amendment and it is very difficult to come up with reasons not to support it, although I do have some concerns. I have written all of my speeches. I only have two amendments in. I have written them to be under five minutes. I would like to think that we would have the trust of other Members that where it was necessary for a more complex amendment to be able to speak for longer than that. In some cases, five minutes does not give you very long to try and explain a complex amendment, whereas on some amendments it is perfectly adequate.

It would seem a little bit truncated to try and fit some of those complex arguments into five minutes. I was surprised actually that it did not go even further and perhaps try and emulate the

1010 rules that the BBC Radio 4 show has on 'Just a Minute', where you have to speak for just one minute without repetition, hesitation or deviation. Perhaps a large buzzer could have been installed to buzz out those who fail to keep to the rules.

Five minutes. I would like to think that we had an element of trust and confidence in Members that they could expand their speeches beyond five minutes in cases where it merited it. So for those reasons I do have doubt about the amendment, madam.

Thank you.

The Bailiff: Deputy Dorrity.

1020 **Deputy Dorrity:** I would like to call a 26(1), please, madam.

The Bailiff: I do not think you can call a 26(1) on a Reform motion, I am afraid, Deputy Dorrity. Deputy Sloan.

1025 **Deputy Sloan:** Thank you, madam.

I am generally in favour of shorter speeches, to Deputy Rylatt's point. Listening to some of my colleagues for 20 minutes can be quite hard work. Two minutes is pretty difficult, too; 20 seconds for some of them, there you go. (*Laughter*) But there is a general point here. It is the general rule. We have these rules that exist presently. We are in the middle of the speech, we are in the middle of a debate, we are in the middle of a Proposition and, as Deputy Camp referred to the news this morning, P&R are not actually rushing to introduce these proposals until 2029. So, if that is the case, the rush today is not quite what it once was.

Similarly, we have all received an email this week from somebody who said, 'You have to make a decision this week. Any more uncertainty is' – no, no, the speed of a decision does not necessarily substitute for a quality decision. The fact that this debate has been going on for what feels like *ad infinitum*, it has been different each time. The proposals in 2014 were different to the proposals and discussion in 2018. There is a specific set of proposals on the table for us today. I think we deserve, for the sake of the public and their confidence in us, to actually debate these proposals because they are of supreme importance. They are a seminal change to our tax system that are very unlikely to ever be reversed. If we cannot therefore have the courtesy of continuing to follow our own rules and not trying to curtail debate, then that I think, madam, is a poor show.

Some of the arguments proposed, we know what they are talking about. Basically, there is an argument that people are filibustering. I do not think I was being particularly accused of filibustering at the last debate, but we are all aware of the word that was not allowed to say its name. I would remind Deputy Rylatt that actually filibustering has a very august history, in fact. I am sure we all remember, in fact, and my apologies –

The Bailiff: A word of caution. I do not think you were there but, in fact, Deputy Montague did give us a history lesson on filibustering last time and its Guernsey origins.

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Deputy Sloan: Did he mention the Stackhouse Filibuster, madam – I cannot remember – because that was important?

The Bailiff: He did mention its Guernsey origins so –

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Deputy Sloan: He was able to speak, I imagine, because he was –

The Bailiff: I would be grateful, Deputy Sloan –

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Deputy Sloan: But –

The Bailiff: – if you would keep to the –

Deputy Sloan: – if the concerns, madam, are about –

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The Bailiff: Sorry, when I am talking, Deputy Sloan –

Deputy Sloan: Sorry, madam.

1070

The Bailiff: – you are supposed to stop speaking. (**A Member:** Hear, hear.) Can you please keep to the debate? Regardless of whether this motion passes or fails, we have a lot to get through, so please can you focus?

Deputy Sloan: Thank you, ma'am.

1075

If the concerns are genuinely about filibustering and if the people of P&R and others are supremely confident in their actions and they want to get a decision done – it is not any decision done, they want to get a decision done. Let us be clear about this. It is a specific decision they want to get done because they believe it is going to be the most pain-free way to do it if you do it quickly this week. If that is the case, may I suggest that they do invoke Rule 26(1) and they do it on absolutely every single amendment and have the courage of their convictions, rather than querying the Rules of this Chamber in order to facilitate a particular vote that they like.

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Therefore, I cannot, despite the fact I would prefer as a general rule speeches to only be two to five minutes. I will make the point also, madam, that the amendment which was passed that Deputy Munazza Malik proposed with regard to the family child tax allowance that was agreed by this Assembly in July took 1,350 words to deliver. I know that because I wrote it. My speech at five minutes is somewhere in the region of 140 to 150 words, and that is nearly 750 words. So effectively this amendment would have reduced my ability to explain that amendment and that allowance by half.

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It is not always the case that these speeches are done with the intent of filibustering, and in the proposal of an amendment I personally think in the context of the relative length of everybody else's speeches five minutes is too short; the right of reply, yes, two to three minutes for sure. In general terms, I do not agree with curtailing debate. We have plenty of time to get this debate done. We can convene a special session if it were so desired. There were lots of different alternatives available to us than doing something which I do not think the public will appreciate in the long run.

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Thank you very much, madam.

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The Bailiff: Thank you.
Deputy Van Katwyk.

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Deputy Van Katwyk: Ma'am, it has been pointed out by a number of people, including the proposer of this motion, that a few people in this Assembly could write a novella with their words inside one debate. Therefore, it seems to me that this motion is made to curtail just a few people but it will have serious effects to those who want to stand and talk more than they normally would on a very complex matter. Therefore, I will not be supporting this motion.

1105

Thank you.

The Bailiff: Deputy Bury.

Deputy Bury: Thank you, madam.

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Just briefly, while Deputy Sloan made very succinct, eloquent and valid points, he fundamentally missed the point that Deputy Kazantseva-Miller made, which is it is not just about this. We have so much other business (**A Member:** Hear, hear.) that is being impacted, other Committee policy letters. ESS is being impacted, I know DPA –

1115 **Deputy Sloan:** Point of correction, madam.

Deputy Bury: – and there is plenty of other business.

The Bailiff: What is your point of correction, Deputy Sloan?

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Deputy Sloan: I did not refer to any points that Deputy Kazantseva-Miller made. I just ignored them. I was debating a point that I was –

The Bailiff: That is not a point of correction.

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Deputy Bury, please continue.

Deputy Bury: Which is why I said the point was missed.

There is other business that needs to be addressed. It is backing up and this continued extension of this debate is impacting the bigger picture. So while there might be more time on this, that does not apply necessarily to all the other business that this Parliament needs to consider.

1130

Thank you, ma'am.

The Bailiff: Deputy Gabriel.

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Deputy Gabriel: Thank you, madam.

I will be as brief as I can. There are various arguments for or against supporting this motion to vary, but if it does fail I have a procedural question. Would you consider invoking Rule 17A(2)(b), which is your discretion to limit speech lengths?

Thank you.

1140

The Bailiff: Deputy Gabriel, I have previously been asked whether I would be willing to do this and in the previous session I decided I did not think it was appropriate for me to be the curtailer of debate. I think I will stand by that decision. However, if it is the will of this Chamber that they consider that it is appropriate for whatever reason, then obviously the motion will stand, but I am not going to limit debate on it.

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Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

I want to begin by saying I understand why Deputy Rylatt has brought this motion and why Deputy Humphreys has seconded this motion. I do not doubt for a moment that the pressure on this Assembly's time is very real. I will be voting against this motion, ma'am, and I want to explain to Members why. To me, this is not a procedural tidy-up. It is a question about what this Assembly is for, even.

1150

I want to put one question to this Assembly at the outset, through you, ma'am, because I am going to come back to it. Is a quicker answer really what we want from this debate? I do not think this Assembly needs this motion at all. We have already been here. In July, this Assembly was asked to lift the 15-minute limit for this very debate and, as I recall, we declined to do so, 11 to 28. So the question of how long Members should speak in this tax debate has already been put to this Assembly and the Assembly declined to change it. Now, a matter of weeks later, on the same debate and on the same subject matter, we are asked to answer the same question again in the other direction. Ma'am, is that what we want, to reopen the question we settled in July as the Order Paper has grown?

1155

Then there is what the rules already give us. I, of course, stand to be corrected by you, ma'am. As I understand it, Rule 17A, which was just discussed, already gives the Presiding Officer power to shorten the time limit and to do so for the whole of the debate or for any part of it. That power

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exists today without any motion from any of us to bring into being. On top of that, and again as I understand it, ma'am – please correct me if I am wrong – any Member who has not yet spoken can ask for a debate to be closed and the Assembly votes on whether to close it. That is not a theoretical power because we used it in July on the very motion to lift the limit when Deputy Inder rose and asked for the debate to be closed. As I recall, the Assembly agreed with him, 24 to 15. I am not complaining about that, ma'am. I am not complaining about Deputy Inder. *(Laughter)* I raise it because it shows the tools we already have to work with.

The Presiding Officer can shorten the limit where a debate needs it and any Member can move to close a debate that has run its course. The Assembly has shown us it will use both. Ma'am, if every one of those tools is already in our hands and we used them in this very debate, is a quick answer really what this motion adds or does it only take away the time from Members who have something to say and leave everything else as it was?

There is one point on the procedure where I will be honest with Members and say I do not know the answer. As I understand the Rules, a President speaking on a Proposition that concerns their own Committee is not held to a time limit at all. I believe this was discussed just before. In July, the Presiding Officer told us that whether that applies depends on the wording of the amendment. Again, ma'am, I stand to be corrected. I have not seen anything in what has been reported about this motion that changes that, so I put it as a question, through you, ma'am: if this motion passes, will Members find themselves limited to five minutes on an amendment while the President of the Committee concerned speaks without any limit at all? If I have that right, Members ought to know before they vote.

Now, ma'am, the 15 minutes itself, as I have come to think about it differently over the last few months than I did when I first arrived in this Chamber. When I was preparing for July I wrote speeches that were too long and I sat down and I cut them and I cut them and I cut them. I did not enjoy doing it because everything I cut was something I thought worthy of saying. But I found that having to fit 15 minutes made me actually ask myself again and again what actually mattered in what I was going to say and what I was including only because I had found it and was pleased with it. And once I asked that question honestly, a great deal of it went and my speeches were the better for it.

So being 15 minutes is a discipline and a good one and I am glad of it and I am thankful of it, and I would not want Members to think that in opposing this motion I am arguing for Members to speak for as long as they like because I am not. I am arguing for the discipline we already have and the 15 minutes is a limit and not a target. No Member has to use it and if the concern is that the debate is running long, the answer to that is in every Member's own hands already.

Five minutes, ma'am, is a different thing altogether and I do believe the same discipline will be applied a little harder. When I cut a speech to 15 minutes, I was cutting the padding and keeping the argument. Whereas, if I were to cut the same speech to five minutes, I would be cutting the argument itself because there is no padding left to cut and what would be left is the conclusion without my reasons for it.

I would stand up and tell the Assembly that I was for an amendment or I was against it and give perhaps one reason, maybe two, and sit down again and give the Member after me the same option and so would the Member after that and so on. That is not a debate of deliberation as we are called the States of Deliberation. This is a series of people announcing how they intend to vote and I have never known anyone in this Chamber to be persuaded by a summary or to change their mind because a colleague stood up and stated a position with no room left to explain it.

What we get instead is people who came in with a view leaving with the same view, having heard it contradicted but never actually argued against it, and that is not deliberation. It is entrenched people taking turns to say what they have already thought and when Members are not given the time to explain themselves, the temperature in here goes up rather than down. Ma'am, is that really what we want? A Chamber where each of us announces the conclusion and the reasons to stay in a folder, because that matters to me for what this place is.

We are the States of Deliberation. We are not here to rubberstamp what has been put in front of us and we are not here to descend into ill-tempered argument by summary conclusion. We are here to deliberate on the matters facing this Island, to hear the reasons, to test them and to be open to be moved by them and that takes time. And the 15 minutes we already have is the time this Assembly chose to keep in July.

So I put the question to the States of Deliberation, through you, ma'am, one last time and ask Members to answer it honestly before they vote. Is a quick answer really more than a democratic process? Because if we vote for this motion, that is what we will be saying, whether we mean to or not, that getting to the end of the Order Paper matters more than the very function of this Assembly. I do not believe it does.

Thank you, ma'am.

The Bailiff: Thank you.
Deputy St Pier.

Deputy St Pier: Ma'am, I would like to move a motion that we could continue this debate until we conclude it before rising for lunch.

The Bailiff: I will interrupt this debate on the hope that the motion is not necessary, but in case it is, we do continue this debate on this motion until it is concluded until we adjourn for lunch. Those who support the motion, please say pour; those against.

Members voted Pour.

The Bailiff: Yes, Deputy Falla.

Deputy Falla: Madam, I am a little bit rusty, but if I was asked to write a marketing slogan for the States, it would be 'Overthought, Overwritten, Overspoken'.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

I know there is no mechanism to bring a motion to curtail this debate but can I just ask Members if we can curtail this debate, vote on it, and move on to the substantive business, please?

Several Members: Hear, hear.

The Bailiff: Does anybody else wish to speak in this debate?
Yes, Deputy Le Brun.

Deputy Le Brun: Thank you, madam.

I support the amendment. We have an unprecedented number of amendments to get through and we need to show we have the capability to be agile and respond. We cut lunches short and we finish later but we have not shown the same discipline with speaking times. I do see our purpose as a debating chamber. We are supposed to be decision-makers.

If we cannot be concise, we will not reach decisions any time soon and we will be letting the public down who want us to focus on the issues affecting people's daily lives. We might not all like the outcome but we owe people a decision. We need to be disciplined and get on with our jobs.

The Bailiff: Thank you.
Does anybody else wish to speak in debate?
Deputy Goy.

1270 **Deputy Goy:** Thank you, ma'am.

Ma'am, I arise to oppose this motion and I want to be very clear about why. This is not just a debate about how long Members are allowed to speak. It is about whether we are going to give the Assembly enough time to properly scrutinise some of the biggest decisions we will be making in this term of Government.

1275 We are being asked to reduce open speeches to five minutes, debate speeches to five and closing speeches to seven and a half minutes. Ma'am, five minutes is not a lot of time when you are dealing with something as complicated and as important as a tax reform, and this is not just any tax reform. We are talking about GST, changes to social security, changes to transport taxes, changes to corporate taxation and dozens of amendments proposing completely different approaches to raising revenue.

1280 This is not something we should be rushing through because the clock is running out. It is something we should be getting right. The argument being made for this motion is that we have a huge number of amendments and that the Assembly needs to reach a decision. I understand that, but the answer to having too much work is not necessarily to give Members less time to scrutinise it, especially when the decision we are making is going to affect every household and every business in this Island. **(A Member:** Hear, hear.)

Ma'am, I have spent months working on my own amendments. I have spent day and night designing them, redesigning them, testing them and refining them, and I am not alone. Other Members have also put enormous amounts of work into their amendments. Some of my amendments are proposing completely different ways of raising revenue; some are proposing ways of reducing Government expenditure; some are proposing greater transparency and accountability. These are not amendments that can simply be rushed.

1290 Ma'am, I also want to address something that I think is very important. There is a very strong feeling among Members and the public about GST. We saw that very clearly when the tax debate began in July. Hundreds of Islanders gathered outside the States and there were further demonstrations during the debate even this morning. Whether some Members agree with the people or disagree with them, it is not the point. The point is that they care deeply about this issue. They believe it will affect their households, their businesses and their lives, and when people feel that strongly about an issue, I think the least we can do is give their electorate representatives enough time to properly debate it. We should not be telling them, 'We have heard you but we need to hurry things along'. This is not how we build confidence in this Assembly.

1300 Ma'am, I also do not accept the idea that we are facing such an immediate financial emergency that we have no choice but to rush this decision. There is a difference between saying that Guernsey has a long-term structural financial challenge and saying that the Island is in an immediate financial crisis requiring us to rush through a broad-based tax. There are already proposals before us to investigate and pursue alternative sources of revenue and savings. That is the work I believe we should be doing. Investigate, test measures, implement what works and exhaust the alternatives before we reach into the pockets of every household in Guernsey. That is not to say we do nothing. It is saying we do not rush. There is a very important difference.

1310 Ma'am, I have spent this summer trying to come up with alternatives, and not because I think Guernsey needs additional revenue, but because I believe there are other ways we should investigate first and ways that can make sure that before we ask ordinary households to contribute more, we have done everything reasonably possible to make Government itself more efficient. I do not think that is an unreasonable position. In fact, I think it is exactly what proper scrutiny is supposed to be about. I do not believe we should impose a straightjacket on every amendment to a tax reform package of this scale because once we have voted for a tax, we cannot simply undo the consequences because we later realise that we did not debate it properly.

1315 And that brings me to my final point. I believe the Assembly should be especially careful about restricting debate when there is a clear political disagreement about the direction of travel.

1320 Opposition voices are not an inconvenience to be managed. They are part of the scrutiny process, they are part of democracy, ladies and gentlemen, and sometimes –

The Bailiff: Deputy Goy, can I remind you again, your speech is to me? You focus it towards me.

1325 **Deputy Goy:** And sometimes the minority raises the question that the majority has not considered. Sometimes an amendment contains an idea that improves the final policy. Sometimes a proper debate exposes a problem before it becomes a very expensive mistake. That is why we debate, ma'am. We are not being asked to decide whether to change the colour of a government building. We are being asked to decide how this Island raises tens of millions of pounds from its
1330 population. That deserves time, it deserves scrutiny, it deserves proper consideration of the alternatives and it deserves to be done carefully and not quickly.

So I urge Members to reject this motion. Let us debate the tax reform package properly, let us hear the arguments, let us challenge each other, let us examine the alternatives and, when we finally vote, let us at least know that we have given this Assembly and the people we represent the full
1335 debate that this decision deserves.

Thank you, ma'am.

The Bailiff: Thank you, Deputy Goy.

If no one else wishes to speak on this motion, I will ask Deputy Rylatt to reply.

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Deputy Rylatt: Thank you, madam.

I am going to keep this brief in keeping with the motion. Deputy Vermeulen says that this is a bit like speed dating. Well, most speed dating I am aware of does not take almost 20 years. *(Laughter)* And he said it should not be Forward Guernsey limiting debate. Well, I can reassure him
1345 that, if this motion passes, it will be the Assembly limiting debate and not Forward Guernsey.

Deputy Kazantseva-Miller said, 'We are not talking about a new power' and of course we are not. The Assembly has quite a clear power to do this, should it see fit to do so. Deputy Camp said, 'The urgency just quite simply is not there anymore'. Well, I think that is a complete false comfort, and I think Deputy Parkinson articulated that well in his statement. She also said that *Hansard* is the
1350 only record of debate we have. Well, thankfully again – and I will allude to 20 years again – we have 20 years full of *Hansard* talking about tax debates.

When Deputy de Sausmarez set out the policy letter in 20 minutes at the start of this debate, I am sure that was not with the expectation that there will be circa 60 secondary Propositions following it. There was also a further point she made that P&R should not get five times of length
1355 of everyone else to speak in debate. Well, that is the case for any policy letter presented by any Committee and so this motion actually reduces the time that P&R have to contribute to that debate.

Deputy Matthews said, 'Five minutes is not a whole lot'. I would refer Deputy Matthews to the Gettysburg Address which was delivered in two minutes and 41 seconds, so I would struggle to make the case for my own amendment that mine deserved more time than that to be made. And
1360 Deputy Sloan came on to some argument as to whether we should be restricting general debate speeches to five minutes. Again, given this debate has consumed countless amendments, reviews, sub-committees and policy letters, I thought Deputy Sloan, as an economist, might appreciate that this is perhaps not an especially efficient allocation of resources.

Again, the motion is not designed to stifle debate. It is designed to create a far more focused
1365 debate than we have otherwise had so far, and he said in his speech his preferred speeches were normally between two to five minutes. Well, I assume I can take it that Deputy Sloan will be supporting the motion then. As Deputy Bury said, we do have lots of other business to get through and that is one of the primary drivers of this motion.

Deputy Goy also came on to the fact that he has put a lot of work into his amendments, and I
1370 do not diminish that for one second at all. I think everyone who has submitted secondary Propositions has put work into them and, of course, if he feels that five minutes is not enough time

to present his amendments. Well, of course, this will certainly not be the last opportunity he has to present ideas such as this over the course of this term.

1375 Deputy Curgenven had a good question. Could Deputy de Sausmarez, i.e. the President of the Committee that is the subject of the amendment, have unlimited time to reply to debate? In the motion, it says that it would also suspend Rule 17A(4) which provides that right to Presidents of a Committee so, no, Deputy de Sausmarez would not have that right to speak indefinitely. He also said, 'Is a quicker answer really what we need from this debate?' Well, yes, that is exactly what we need from this debate.

1380 So, madam, I am going to wrap it up there. This is not an attempt to stifle debate but create a more focused, relevant debate, and I hope Members are able to support the motion.

The Bailiff: Thank you.

1385 Members, you have on the screen before you the motion. I have asked the States' Greffier to go straight to SEV rather than *aux voix*. States' Greffier, would you kindly open the voting on the motion to vary Rule 17? Deputy Sloan, you owe me some money or for a charity, I should say. Can somebody assist Deputy Falla? Thank you. That is sorted. Thanks very much. States' Greffier, would you close the voting?

1390 *There was a recorded vote.*

Carried – Pour 26, Contre 13, Ne vote pas 1, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Camp, Haley	Blin, Chris	None	None
Bury, Tina	Collins, Garry			
Cameron, Andy	Curgenven, Rob			
de Sausmarez, Lindsay	Gabriel, Adrian			
Dorrity, David	Goy, David			
Falla, Steve	Helyar, Mark			
Gollop, John	Inder, Neil			
Hansmann Rouxel, Sarah	Leadbeater, Marc			
Hill, Edward	Matthews, Aidan			
Humphreys, Rhona	McKenna, Liam			
Kay-Mouat, Bruno	Sloan, Andy			
Kazantseva-Miller, Sasha	Van Katwyk, Lee			
Laine, Marc	Vermeulen, Simon			
Le Brun, Ross				
Malik, Munazza				
Montague, Paul				
Niles, Andrew				
Oswald, George				
Ozanne, Jayne				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
Snowdon, Alexander				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

1395 **The Bailiff:** There voted in relation to the motion to vary: pour 26, contre 13 and there was 1 abstention. I therefore declare that the motion to vary has been passed.

[Sursis Motivé](#)

To sursis the Propositions until such time that the Chief Financial Officer has provided the States with a comprehensive report on the States financial position or 31st July 2028, whichever is earlier

and to direct the Policy & Resources Committee to return the States with a tax reform package that does not include a goods and services tax.

1400 **The Bailiff:** Members, in the name of efficiency, we will immediately move on to the first item of debate, which is the sursis by Deputy McKenna. Yes, please, States' Greffier, when you are ready, please would you kindly read out the sursis?

A Member: Ma'am, just very quickly, could I have some clarity over the order of business now?

1405 **The Bailiff:** I am sorry.

A Member: Sorry, ma'am. Sorry to interrupt. Could I have some clarification over the order of business now, please?

1410 **The Bailiff:** Can I ask that we deal with the sursis first and then when we come back after lunch, we can deal with it? What I can say is we are dealing with the sursis first.

A Member: Thank you, ma'am.

1415 **The Bailiff:** Thank you.

The States' Greffier read out the sursis motivé.

The Bailiff: Deputy McKenna.

1420 **Deputy Hansmann Rouxel:** Ma'am, could I invoke Rule 24(4), please?

The Bailiff: Deputy Hansmann Rouxel has invoked Rule 24(4) which is immediately after the amendment has been proposed or formally seconded but, unfortunately, we do need to allow Deputy McKenna to make his speech. Yes, he needs to propose it first.

1425 Yes, Deputy McKenna, please continue.

Deputy McKenna: Thank you, ma'am.

1430 The fact that the sursis asks for the Chief Financial Officer to come back with up-to-date figures, look at what we had this morning. Wonderful news from Deputy Parkinson that we could have I believe, ma'am, up to £93 million from Pillar Two, which is wonderful news. So to ask the Chief Financial Officer to come back and maybe include that in 2028 I think is actually very reasonable because, first of all, I think Deputy Vermeulen and I should apologise to the Assembly because I think we claimed the last time when we laid a sursis that the Revenue Service was over 20,000 behind and of course that is not the case. It is 106,000 units behind.

1435 Of course the fact that we have before us over 8,000 of our community who have signed the petition to say they are unhappy with this tax package, the fact that there have been 273 businesses, and not all businesses, but 273 businesses they were able to get hold of to say they did not want this tax package. So to ask the Chief Financial Officer to come back in 2028 with up-to-date figures so we allow the Revenue Service to – and of course the problem for the Revenue Service is that everything has to be done manually, so there is no using a computer that can just whizz through it in a matter of minutes. It has to be done manually. Of course when I say, ma'am, the 'community', I do mean our mums our dads, aunts, uncles, families and friends. We owe it to them that we are doing our best for them.

1440 So before the guns get trained on me as usual and then shoot me, ma'am, when I got accused last time that all I say is 'No', where Deputy Falla sits, I proposed a wind farm that would bring in all the profits and none of the losses because we would lease out the seabed. The Chief Minister at the

time would have been happy to put a wind turbine in front of me and he believed the hot air would keep Guernsey going for four years (*Laughter*) and nobody disputed that. I also said a tidal farm, and I said that in front of my good friend Alderney Representative Roberts and my good friend Alderney Representative Snowdon that we could merge together as a team, Alderney and Guernsey together, and use that wonderful resource where the tides would ebb and flow for all of eternity.

I also said, ma'am, bring back States' loans for the first-time buyers. Why do we not all of a sudden start looking at taking away the tax cap where high-net individuals pay £325,000 a year? If a few leave, is it not better that they leave than a whole generation of children?

Deputy St Pier: Point of order, madam.

The Bailiff: Yes, Deputy St Pier.

Deputy St Pier: Deputy McKenna is not speaking to the motion. He is speaking well beyond it.

Deputy McKenna: Yes.

The Bailiff: I was presuming that Deputy McKenna was describing all the different ways that he was proposing that revenue be raised, but what he will know of course is he has only got one minute and 56 seconds to –

Deputy McKenna: Which is one minute 49 more than I need.

The Bailiff: So please do continue, Deputy McKenna, but do remember that it is on the issue of the sursis motivé.

Deputy McKenna: So before you, Members, 8,000 have signed a petition and 273 businesses saying, 'Please go back and re-look at this tax package'. That is all they are saying. They are not saying anything else. 'Please re-look at this tax package.' Deputy Parkinson has said he would be quite happy to bring it back in 2029. I am saying, well, get the Chief Financial Officer to come back in 2028. So who is kicking the can down the road? I am saying bring it back a year before in 2028. Let us do it again and not in 2029.

Thank you, ma'am.

The Bailiff: Thank you.

Deputy Vermeulen, do you second this?

Deputy Vermeulen: I do, ma'am, and I will explain –

The Bailiff: Sorry, Deputy Vermeulen, before you speak; Deputy Hansmann Rouxel, do you wish to renew your Rule 24(4) motion?

Deputy Hansmann Rouxel: No, I do not, ma'am.

The Bailiff: Okay.

Deputy Vermeulen.

Deputy Vermeulen: Thank you.

I will explain why, ma'am. Yes, Deputy McKenna is quite right. New information has come to light and this States is in danger of looking like it is rushing things. Now we need more speed but less haste so how you can draw up projections with 104,000 outstanding tax items and how you can still

even decide whether you need a GST given the windfall tax which has occurred is important and it is important to P&R.

1500 This is, for you, a lifeboat amendment and I would suggest you save face and vote for this because it buys you time. It buys you time for your new financial lead to sort this out properly and it buys you a bit of time. It is not as urgent the need to introduce GST and it also alleviates the impact this is going to have on growth. I did have to laugh this morning where we said, 'We are going to collect all this money and we are going to throw it at Economic Development and we are going to drive Economic Development'. But at the same time, guys, we are going to introduce the GST which is going to screw growth on the Island and it is going to lose jobs, it is going to cause inflation and it is going to do quite the opposite of what P&R want to try and achieve.

1505 So it is a really unique situation which we have found ourselves in, and I think that more work is needed, a bit like a budget. I certainly could not do any projections with the uncertainty of the figures which Deputy Parkinson has to deal with and I do not think it is accurate to say, 'It is okay. They are paying a standing order. Ninety per cent of them are so we know what we are doing but, hey, the high rollers, the other 10% of the Island, we have got no clue whether we are up to date or we have collected it or not'. But I would say to you that the majority of those people are complaining quite a bit to me that they have not even had tax forms sent to them.

1515 So we are in a bit of a mess. We are where we are, and this does afford the States the luxury to get those projections more evidence-based and more accurate. We often hear about making evidence-based decisions but quite what you are asking us to do, and now with a limit of five minutes, is not exactly that. We have not got all the evidence, have we? That is what we are affording this States and, on that, short of my five minutes, I am going to take my seat, if that is all right with you, Madam Bailiff.

The Bailiff: Thank you very much, Deputy Vermeulen.

As it is 12.58 and 45 seconds, we will adjourn for lunch and continue the debate on the sursis motivé after lunch starting at two o'clock, please.

1525

*The Assembly adjourned at 12.58 p.m.
and resumed its sitting at 2.01 p.m.*

Tax Reform 2026 – Debate continued

The Bailiff: Deputy St Pier.

Deputy St Pier: Madam, I would like to move 26(1) on this item, please.

1530

The Bailiff: Yes. Thank you, Advocate St Pier.

Advocate St Pier is seeking a motion under – what did I call you, advocate? I am sorry. I do not know if I should apologise or congratulate you. Take it as you will.

1535 **Deputy St Pier:** I will accept the apology, madam.

The Bailiff: Seeks the motion under 26(1) that, as Members will recall, is a guillotine motion. Those who still wish to stand and debate on the sursis motivé piece stand in their seats. Do you wish me to put the motion to the Chamber, Deputy St Pier?

1540

Deputy St Pier: Yes, please, madam.
Thank you.

1545 **The Bailiff:** The motion is that the debate on the sursis motiv   should be guillotined. Those who support the motion, please say pour; those against.

Some Members voted Pour, others voted Contre.

1550 **The Bailiff:** I think, States' Greffier, we will have an SEV vote on that. Thank you. Members, on your screens is the motion that the debate in relation to the sursis motiv   should be guillotined. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Carried – Pour 22, Contre 15, Ne vote pas 1, Did not vote 2, Absent 0

1555

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Camp, Haley	Leadbeater, Marc	Blin, Chris	None
Bury, Tina	Collins, Garry		Inder, Neil	
Cameron, Andy	Curgenvin, Rob			
de Sausmarez, Lindsay	Gabriel, Adrian			
Dorrity, David	Gollop, John			
Falla, Steve	Goy, David			
Hansmann Rouxel, Sarah	Hill, Edward			
Helyar, Mark	Kay-Mouat, Bruno			
Humphreys, Rhona	Matthews, Aidan			
Kazantseva-Miller, Sasha	McKenna, Liam			
Laine, Marc	Ozanne, Jayne			
Le Brun, Ross	Sloan, Andy			
Malik, Munazza	Snowdon, Alexander			
Montague, Paul	Van Katwyk, Lee			
Niles, Andrew	Vermeulen, Simon			
Oswald, George				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

The Bailiff: States' Greffier, unfortunately, my screen does not work at the moment, so I do not know the extent to which everybody has voted yet. Yes, would you kindly close the voting, please?

1560 In relation to the motion to guillotine debate on the sursis motiv  , there voted: pour 22, contre 15, there was 1 abstention and 2 Members were not in the Chamber at the time of the vote. I therefore declare that the motion has been passed.

Deputy Parkinson, are you going to respond on behalf of Policy & Resources?

1565 **Deputy Parkinson:** Yes, ma'am. Thank you.

Well, this is an exercise in can-kicking, if ever there was one. The sursis would delay any decision by a minimum of six months and potentially up to two years, and for what? The new States CFO will barely have his or her feet under the desk when they have to make a report on this.

1570 Is it likely that they would come to a conclusion that is different from that which has been reached by every expert who has looked at this over the last 10 years or so? I am minded of the comment made to me by Professor Peter Harris, who is one of the experts on the Tax Review Sub-Committee that I chaired, and which was quite influential in my thinking. And he was generally sympathetic to the idea that we should broaden the tax base and not have so much tax falling on residents of the Island and so on.

1575 But, having spent six months looking at the situation, he said, in the end, you are going to need a consumption tax. That weighed quite heavily on my mind, because obviously that group was

charged with looking at all the alternatives, and particularly the alternatives of Corporate Tax reform. Although I did not agree with all of their conclusions, the group was firmly of the view that we could not go further than the recommendations they made without taking Jersey and the Isle of Man with us. That was their advice. So, I cannot believe that waiting for a new CFO will add anything to our knowledge on these issues. They are very likely to come to the same conclusion.

Now, the revised Pillar Two revenues that we have just announced do give us a bit of breathing room and will enable us to make sure the systems are secure and everything is working before we launch any new taxes or major modifications to our Income Tax and our social security systems.

But this is not a panacea. I have tried to reassure people in my statement. This does not solve all of our problems. We cannot just sit back with our feet up and say, 'Well, that is it. We are okay now'. We are okay for a bit longer. That is the truth. And I honestly think the community outside this Chamber want us to make a decision. We have had letters from business organisations saying, 'Please, just make a decision', and I honestly think that is now an imperative. We have dithered over this long enough.

I do not think these several days of debate, whatever we are now facing, will change a single vote in terms of the final votes on whether we support the P&R tax package or not. Most people have come into this Chamber knowing where they sit on that issue and I do not think endless discussion, endless prevarication, endless delay, and, dare I say it, endless filibustering is going to improve the decision-making process.

So I would urge Members to reject this sursis motiv   and get on with making the decisions that the Island needs us to make.

Deputy McKenna: Thank you, ma'am.

I am disappointed that my friend Deputy Parkinson feels that I was can-kicking, because I spent years with Deputy Parkinson fighting no to GST, where we had nights at St Pierre Park, we did videos together, and that was before we brought in  93 million in Pillar Two. So how much do you need?

So to say can-kicking, no, no, no, I will not accept that, because, as much as you may look at me, unfortunately you do not see the 8,000 people standing behind me that are also of the same opinion. You do not see the 273 businesses that are behind me who are obviously of the same opinion. So to say can-kicking, no, we got told today, out of the blue, we are  93 million in Pillar Two. I would argue could it even be more, instead of saying it is going to be less, it is always decreasing; it may be more. We do not know.

But what we do know is we are  93 million better off when we fought campaigns for years saying no to GST. Now we need it when we have  93 million more. That blows my mind. So this you must remember. You all vote how you want, but the public who vote you in will remember what you do today. This gives an opportunity for the Chief Financial Officer to look at the current figures; this is  93 million more than before. If I may, ma'am, when I heard about the Revenue Service, about, 'Oh, we already know what is coming in because people pay their money, and it is called a returns creator, you pay it on a quarterly basis'. But of course what people are not saying about the 106,000 behind us, a lot of self-employed people take dividends. So they take their wage, but they take dividends. So if I take  10,000 out of my business, I pay  2,000 of the tax.

So, for people who are years behind in the 106,000, what dividends did they take? Maybe they did not take any. Maybe they took a lot. So surely we should see what, when everything is sorted out first, the 106,000 units that have to be progressed manually; not through a computer, that has to be manually done. We are near the end of September, ma'am. People will be sending in their returns again any time now for the new year.

So, I do not think, if anybody voted for the sursis, they have been unreasonable. I do not think they have been ideological. They have been very sensible, as business people, to see what is there before us, because we do not know. So, as I say, to me it is a very important vote, and I hope you will vote for the sursis.

The Bailiff: Thank you.

On your screens is the Proposition in relation to the sursis vote. States' Greffier, can you open the voting?

1630

There was a recorded vote.

Not carried – Pour 16, Contre 24, Ne vote pas 0, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Burford, Yvonne	None	None	None
Camp, Haley	Bury, Tina			
Collins, Garry	Cameron, Andy			
Curgenven, Rob	de Sausmarez, Lindsay			
Gabriel, Adrian	Dorrity, David			
Gollop, John	Falla, Steve			
Goy, David	Hansmann Rouxel, Sarah			
Hill, Edward	Helyar, Mark			
Kay-Mouat, Bruno	Humphreys, Rhona			
Matthews, Aidan	Inder, Neil			
McKenna, Liam	Kazantseva-Miller, Sasha			
Ozanne, Jayne	Laine, Marc			
Sloan, Andy	Le Brun, Ross			
Snowdon, Alexander	Leadbeater, Marc			
Van Katwyk, Lee	Malik, Munazza			
Vermeulen, Simon	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Parkinson, Charles			
	Rochester, Sally			
	Rylatt, Tom			
	St Pier, Gavin			
	Strachan, Jennifer			
	Williams, Steve			

1635

The Bailiff: There voted in relation to the sursis motivé: pour 16, contre 24. I therefore declare the Proposition has not been passed.

Amendment 57:

To delete the Propositions and substitute therefor:

"1. To direct the States Assembly & Constitution Committee to return to the States at its meeting on 17th March 2027 with arrangements for the holding (under the provisions of the relevant legislation) of a referendum on Tax reform.

2. To direct the Committee to agree that the question to be put to the electorate in the referendum shall be in a binary form along the following lines:

"Do you support the introduction of the tax reform package proposed by the Policy & Resources Committee? Yes or No."."

1640

The Bailiff: Let us turn to Amendment 57. States' Greffier, could you read out Amendment 57?

The States' Greffier read out Amendment 57.

The Bailiff: Deputy McKenna.

1645

Deputy McKenna: So, ma'am, I will be brief. I think I know which way the wind is blowing on this.

The reason why Deputy Vermeulen and I propose a referendum is it is obviously a very contentious issue here in the Assembly. I do not see how you can put a price on democracy. When I say that, and I thought about this, there are over 1,500 people at the Cenotaph at the top of Smith

1650 Street that gave their lives for democracy. So, to say a referendum to let the people, on what is the most important tax package since the Second World War, really, you want to put a price on that? Because there is such a huge percentage of our community that do not want this. If you want to be the one to decide it, okay, but I feel you should give it to the people; the people who elected us to be here. It is up to you.

1655

The Bailiff: Deputy Vermeulen, do you formally second this amendment?

Deputy Vermeulen: I absolutely do, ma'am, and I will explain why before some –

1660

Deputy Inder: Ma'am, I am going to move 24(4) then to 26(1).

The Bailiff: Motion 24(4), requested by Deputy Inder, which is immediately after an amendment has been proposed and formally seconded, but before the speech of any seconder or further debate, any Member may request the Presiding Officer to invite Members who support the debate to stand in their places, and if there are less than seven, the amendment will not be debated.

1665

Tose who support this amendment – debate on the amendment, rather, please stand in your places. Thank you very much. We have more than seven.

Yes, Deputy Vermeulen.

1670

Deputy Vermeulen: Can I just check; as an elected representative of this Island, I am free to impart my views without –

The Bailiff: Deputy Vermeulen, I am applying the rules.

1675

Deputy Vermeulen: Thank you.

The Bailiff: That is not helpful.

Deputy Vermeulen: Thank you.

1680

The Bailiff: All Deputy Inder was asking to do is exercising his right as a democratic Member to rely on the provisions of these rules which allow that motion to be made.

1685

Deputy Vermeulen: He did throw me off, ma'am. I was in the middle of the sentence as well. Anyway, we move forward together.

The Bailiff: Deputy Vermeulen, only a few minutes ago you complimented me for being strict, and I am going to hold you to that. It was entirely appropriate for Deputy Inder to make that motion.

1690

Deputy Vermeulen: Absolutely.

Well, it is a shame that here we are talking about democracy and we are trying to stymie or guillotine debate, and I am delighted that so many of you thought it would be quite wise to stand up and have a little chat about it. Somebody who I suspect, and I respect, or who I suspect is a pro-GST Deputy, was trying to tell me off a little bit, saying, 'This is absolutely ridiculous. Nothing has changed since last time'. Everything has changed. Everything has changed; the £90-odd million that Deputy Parkinson came out with, the size of the gap in Income Tax, the 104,000-106,000 outstanding, we do not know.

1695

Where we are as an Island and where we are as a States, we just do not know where we are financially. Those figures, Deputy Parkinson talked about experts coming over, and I met the experts, but they did not know about the size of those – the size of the problems. That is *à la minute*, that is news which has just come out today, and I do think that that changes everything.

1700

Initially I thought that P&R had not really communicated well enough with the Island, who is going to be having to pay this GST if it comes in. They had not done enough seminars, enough meetings, there had not been enough engagement. Hot on the back of that, there was an international convention centre in Guernsey known as the Fontaine Inn, which my grandfather used to run, by the way, and 15 people turned up to that one. I did not go. I did not go.

But I did go to two or three of the other meetings that P&R had with the population on the Island, and they were spoken to. Anybody that was challenging their findings, it came out that they were being spoken to – in a way, they were being spoken down to, which was a bit shameful really because I thought there are some very intelligent people here, it is worth hearing their point of view. That is what we are, we are People's Deputies, so let us try to hear it.

As I went in today, a chap with 50 years' experience of running a business gave me this. 'Listen to the people'. This poster, 'Listen to the people, do not dictate'. I could not agree more with him, and I have listened to the people, and I have listened to the businesses, and the business people that say, 'We are just going to close the business, this is just too. Too much'.

How the public will feel, now knowing the extra money, the windfall tax, as it is called, has come in, and knowing the size of the gap in the Income Tax collections, that certain elements of this Assembly are pushing to get GST done quickly, and you are – and I respect you, you have a different opinion to me. It is not right in my eyes, but how you can make a snap decision like that without measuring the size of the black hole you are trying to fill, I will never know. I will never know.

I do not think you can put a price on democracy, people have spoken about what it is going to cost –

The Bailiff: Thirty seconds left.

Deputy Vermeulen: Sorry?

The Bailiff: You have 30 seconds left.

Deputy Vermeulen: What it is going to cost, but you cannot put a price on democracy, and I would urge people to vote for this and support it if they can.

Deputy Inder: 26(1), please, ma'am.

The Bailiff: Deputy Inder has asked for a motion under 26(1), that is a guillotine motion. Those who wish to speak in this debate, please stand in your places.

Do you wish me to put the motion to the floor?

Deputy Inder: Yes.

The Bailiff: You can now sit down, thank you.

Members, those who support the guillotine motion, please say *pour*; those against?

Some Members voted Pour, others voted Contre.

The Bailiff: States' Greffier, would you have an SEV vote prepared, please? Members, on your screens is the motion to guillotine debate on Amendment 57. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Carried – Pour 24, Contre 15, Ne vote pas 1, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	Leadbeater, Marc	None	None
Bury, Tina	Camp, Haley			
Cameron, Andy	Collins, Garry			
de Sausmarez, Lindsay	Curgenven, Rob			
Dorrity, David	Gabriel, Adrian			
Falla, Steve	Gollop, John			
Hansmann Rouxel, Sarah	Goy, David			
Helyar, Mark	Kay-Mouat, Bruno			
Hill, Edward	Matthews, Aidan			
Humphreys, Rhona	McKenna, Liam			
Inder, Neil	Ozanne, Jayne			
Kazantseva-Miller, Sasha	Sloan, Andy			
Laine, Marc	Snowdon, Alexander			
Le Brun, Ross	Van Katwyk, Lee			
Malik, Munazza	Vermeulen, Simon			
Montague, Paul				
Niles, Andrew				
Oswald, George				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

1755

The Bailiff: There voted in relation to the guillotine motion: pour 24, contre 15, there was 1 abstention. I therefore declare that the guillotine motion has been passed.

Deputy Burford, I believe you are replying on behalf of P&R.

1760

Deputy Burford: Indeed, thank you, madam.

So, madam, Members were elected to the Assembly to make decisions on behalf of the electorate in the best interests of this Island. While there are perhaps legitimate occasions when we should ask the people of this Island to make a decision instead, those occasions are few and far between, and they are often matters of conscience, such as abortion or assisted death, or matters that concern the very mechanism for how we come to be in this Assembly, such as the electoral system.

1765

But matters of taxation should not, I believe, be decided by referendum. However difficult this decision is on tax, it is up to each Member here to weigh the overall benefit for this Island of future-proofing the tax base by reform. So, on that basis, I would ask Members to reject this amendment as comprehensively as the previous version laid in July and let us move on.

1770

But just before closing, I would also like to pick up on the £93 million figure, which is gaining some particular currency. That is the figure before any allowance at all for behavioural change. The behavioural change will increase as time goes out. But that figure also includes the previous estimate. So the amount that we are going to benefit by is that figure minus the behavioural estimate, which increases as time goes on, as I said, and minus the figure we had already budgeted for. So it is not a sudden windfall of £93 million this year and next year and the year after.

1775

The other thing I would just make on the point of reserves is that we are talking about our reserves getting to zero as if – as long as they have a pound in them – that is okay. What we need to understand is these reserves are substantially lower than where we have wanted them to be historically. At a point we looked to keep one year's revenue as reserve, which is well over half a billion pounds, and we are talking about it is all right if we still have a pound in there. That is a sentiment coming from some quarters.

1780

So, when Members are talking about sudden windfalls, we need to look at the big picture here; not only what we need to spend on infrastructure on our Islands, but also the possibility of building up reserves for rainy days as well.

Thank you.

The Bailiff: Thank you.
Deputy McKenna.

Deputy McKenna: Okay, ma'am, I have said plenty. You know where I stand. I stand with the 8,000 who happen to think they do not support this tax package. I stand by the 273 businesses that do not support the tax package. That is me. I stand – 9,000. My apologies. I have been told by Deputy McKenna it is 9,000.

Anyway, I stand with those people, and those are the people that have voted me in, and I am only relaying their wishes. (**Several Members:** Hear, hear.) But I agree with them.

But anyway, so I shall sit down, ma'am.

The Bailiff: States' Greffier, would you open the voting on Amendment 57?

There was a recorded vote.

Not carried – Pour 10, Contre 27, Ne vote pas 3, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Camp, Haley	Burford, Yvonne	Blin, Chris	None	None
Collins, Garry	Bury, Tina	Hill, Edward		
Curgenven, Rob	Cameron, Andy	Snowdon, Alexander		
Gollop, John	de Sausmarez, Lindsay			
Goy, David	Dorrity, David			
Matthews, Aidan	Falla, Steve			
McKenna, Liam	Gabriel, Adrian			
Ozanne, Jayne	Hansmann Rouxel, Sarah			
Van Katwyk, Lee	Helyar, Mark			
Vermeulen, Simon	Humphreys, Rhona			
	Inder, Neil			
	Kay-Mouat, Bruno			
	Kazantseva-Miller, Sasha			
	Laine, Marc			
	Le Brun, Ross			
	Leadbeater, Marc			
	Malik, Munazza			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Parkinson, Charles			
	Rochester, Sally			
	Rylatt, Tom			
	Sloan, Andy			
	St Pier, Gavin			
	Strachan, Jennifer			
	Williams, Steve			

The Bailiff: There voted in relation to Amendment 57: pour 10, contre 27, and there were 3 abstentions. I therefore declare that the Proposition has not been passed.

[Amendment 54:](#)

To delete all Propositions and insert:

1. To agree that consideration of the proposed Goods and Services Tax and the associated Income Tax and Social Security contribution reforms detailed in the Policy Letter shall be deferred until a further review of revenue-generation options has been conducted.

2. To direct the Policy & Resources Committee to investigate the introduction of a tax on insurance premiums.

3. To direct the Policy & Resources Committee to return to the States no later than March 2027 with its findings and proposals for the introduction of a tax on insurance premiums, alongside and as an alternative to the proposals for GST detailed in this Policy Letter.

1810 **The Bailiff:** We now move to Amendment 54. Deputy Blin, do you wish the States' Greffier to read your amendment?

Deputy Blin: Yes, please, ma'am.

The States' Greffier read out Amendment 54.

1815

The Bailiff: Deputy Blin.

Deputy Blin: Thank you, ma'am.

1820 Presiding Officer and Members, I begin by thanking Deputy Collins for seconding this amendment, although it was prepared partly remotely.

1825 The reason to support Amendment 54 is straightforward. Before Guernsey commits to a permanent broad-based GST, we should establish whether a viable and more targeted alternative can make a material contribution. This is not a vote to introduce Insurance Premium Tax (IPT) today. It directs P&R to investigate IPT and return by March 2027 with evidence-based proposals alongside GST. The Assembly retains the final decision.

1830 We have repeatedly been told there is no credible alternative. If that is correct, what is there to fear from a proper comparison? In a series of correspondence, Deputy Helyar says IPT was researched previously and rejected. So my question is the same as Deputy Curgenvin has done throughout the discussions on GST; then show us. Show Members the model, the premium figures, the assumed liability basis, the treatment of reinsurance and overseas risks, the legal advice and the OECD provision relied upon. An assertion that work was done is not a substitute for placing that work before this Assembly.

1835 P&R's statement today strengthens this amendment. Using early evidence from Jersey, it has revised its estimate of Pillar Two – thank you to Deputy Parkinson – next year to £79 million. P&R rightly says this remains provisional; it is not yet cash in the bank and is not therefore a permanent funding source.

1840 But P&R also says the improved outlook gives us a bit of extra time and thus creates a small delay, allowing implementation of the tax package to move from 2028 to 2029, while the Revenue Service recovers. The 2027 Budget published next week will contain these revised figures and we are being asked to close off an alternative immediately, before receiving important new financial information. If that breathing space permits safer implementation of GST, it surely permits a focused IPT investigation by March 2027. That is not banking a windfall or avoiding reform. It is using new evidence and the time it creates to compare our options before committing.

1845 Our initial sponsor modelling indicates that a 10% IPT could raise approximately £18 million annually, and I want to be candid, that is an illustrative estimate not a guaranteed forecast. Assumptions require validation because reliable aggregate data on Guernsey's domestic insurance premiums are not publicly available. The absence of official data is not a reason to dismiss IPT. It is the reason for investigation. Individual Members cannot compel anonymised premium information, consult the GFSC, or commission legal advice, but P&R can. The £18 million demonstrates potential scale.

1850

Why examine IPT rather than simply proceed with GST? GST reaches broadly across everyday consumption. IPT would only be confined to defined premiums. It is not painless but it is narrower and adjustable. Health insurance should be excluded and residential rental property insurance could be nil-rated to protect tenants.

1855 Those purchasing more cover or insuring more or higher-value assets would generally contribute more. IPT could be collected through insurers or intermediaries, potentially involving far fewer collecting entities than GST. Its costs and effects must be tested honestly against GST on a like-for-like basis.

1860 But I will also address directly the warning that IPT would endanger Guernsey's captives and international insurance sector, as has been raised. I would not support a tax imposed across Guernsey's international insurance and reinsurance business. This amendment does not propose to do that. The UK framework distinguishes taxable direct domestic insurance from genuine reinsurance and overseas risks.

1865 **The Bailiff:** Twenty seconds left, Deputy Blin.

Deputy Blin: The contracts and location. Okay, thank you, ma'am.

1870 P&R accepts that we have additional time. We use a small part of it to answer these questions before making a permanent decision. Do not close the door, please, before the evidence has been gathered.

Thank you ma'am.

The Bailiff: Deputy Collins, do you formally second this amendment?

1875 **Deputy Collins:** I do, ma'am, thank you.

The Bailiff: Who wishes to speak in debate on this?
Deputy Gollop.

1880 **Deputy Gollop:** Thank you.

1885 We have had contributions sent to us, and I know one of the gentlemen very well, who is a neighbour of mine at one stage, who has a lot of knowledge of insurance and international business, motoring and things, and he is not a fan of GST or tax-and-spend, but he is not against all new taxes and he certainly would give this the time of day. I believe that this is worth considering. Indeed, if Deputy Blin and Deputy Collins had not been so hard working, I would have put an amendment in myself, but I think they know more about the subject than I do.

1890 Deputy Blin has raised a theoretical £18 million. I do not know if that is the correct figure. I have been looking up the UK figure based upon 12% and 20% taxation in certain areas, and it was £9 billion a couple of years ago, £8 billion before that. It is 12% for most policies, 20% for travel insurance or insurance sold for cars or appliances.

Working on the basis Guernsey has more insurance than the UK and we are a bigger economy per capita, I would suspect that the figure is between £9 million and £18 million if you do the ratio. Therefore, it is a useful little earner, particularly when we have heard that we are not necessarily worse off.

1895 There are exemptions in the UK – life insurance, permanent health insurance, commercial aircraft and ship insurance and other risks – and that could include or should include captive and offshore mechanisms, because obviously we do not want to affect that.

1900 But we should surely have the courage to look at something like this. It is used in the United Kingdom. It is the kind of tax that the public will not directly pay, although it may be put up into your insurance policies. There is always a consumer element. This reflects innovative thinking and, whatever way we go, we should consider, in the next year or so, looking at all kinds of taxation with an open mind. I will give way.

The Bailiff: I am sorry, Deputy Gollop, you went to sit down, so you cannot just pop up because you saw Deputy Inder standing, who does have an ability to speak if he wishes to.

Who else wishes to speak in debate on this?

Deputy Inder.

Deputy Inder: What it was, ma'am, through you, ma'am, what I was going to ask Deputy Gollop and both Deputy Blin, when Deputy Blin obviously is going to finish or close the debate at some point. But what Deputy Gollop missed, through you, ma'am, is quite substantial.

He may get quite excited about the IPT, but I am relatively sure we are going to hear from Deputy Helyar at some point on this. But what he missed substantially is Proposition 1, and Deputy Blin, to be fair, did not really tell the whole story either. This is an effective sursis. This is to delete all Propositions and insert, until such time, and there is:

... a further review of revenue generation options have been conducted.

So, to be fair – I am not going to be fair to Deputy Blin at all actually – I think he should have spoken to the fact that this is an effective sursis. It is delete all Propositions.

To Deputy Gollop, as excited as he might be by that extra revenue stream, which may or may not be argued, voting for this means you are deleting all Propositions. We are looking at a fairly nebulous idea of further revenue generation options and there is a direction to look at IPT at some point in the future. That is all I wanted to say.

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

The policy letter has a section headed, 'Tax measures, alternatives to GST'. I read it because that is a section a man like me reads first. As far as I can find, it looks at Income Tax, property, capital, transport, and Corporate Tax. It does not mention a tax on insurance premiums. As far as I can find, neither does the February policy letter. If it is not there, the appraisal on which we are asked to settle a structural change has a gap in it, and that gap is an instrument that other jurisdictions use.

I want to borrow a test from the President of Policy & Resources. In October 2021, she said she would like to explore what a mosaic approach might look like and that a little more complexity might help deliver a fairer and more effective tax structure. I put this forward as a test, not a charge of inconsistency. Is a smaller tax worth exploring if it might make the structure fairer? The Committee will say the alternatives have since been explored at length.

Ma'am, that is my point. This one, as far as I can find, has not been on the list. The amendment imposes no tax. It sets no rate and no base and it names nobody as liable. The sponsor's own note calls it 10%, an initial illustrative model, and says reliable aggregate data and domestic premiums 'are not publicly available'. To an accountant, that settles the matter the other way. When the data are not public and the assumptions need validating, the answer is to direct an investigation and to give it a date.

Proposition 2 directs this investigation. Proposition 3 dates it; findings and proposals no later than March 2027. On the package's own timetable, GST would not start until 2028. An investigation that reports after the States has decided on GST is not a comparison; it is an appendix. The Assembly should see both before it chooses. Nor is this a sursis by another name. Deferral is not rejection. GST remains available if the premium tax does not measure up.

As I understand it, in the schedule adopted in February, domestic insurance is exempt from GST. A tax on premiums reaches something that this package leaves alone. It will be said that the insurers already pay the 10% company rate and that premiums would carry some embedded GST. Both may be so. Neither is a charge on the premium the policyholder pays. The bases are different and a different base is what an alternative is.

1955 The Policy Letter itself tells us that more than half of the Island's Corporate Tax receipts come from just 10 businesses and that Pillar Two revenues remain uncertain. A premium base does not rise and fall with 10 companies' profiles. Taxes of this kind are normally collected by insurers or intermediaries, not by every business over a registration threshold.

1960 Then who pays in cash? On the household expenditure survey, the lowest income fifth spends about £1,100 a year on insurance other than medical cover, and the top fifth about £3,700. At the sponsor's illustrative 10%, theirs, not mine, that is about £110 at the bottom and about £370 at the top. I do not claim this tax is progressive. Boat insurance, about £11 a year in the bottom fifth, over £1,100 in the top. Motor, which the law requires, about £395 at the bottom, £845 at the top. The investigation can weigh exempting the compulsory lines and still reach the cover that sits at the top.

1965 Ma'am, the list of alternatives has a gap in it. The gap is a base which reaches what GST does not, which falls in cash money heavily on those with more to insure, and which is normally collected by insurers rather than by every business over a threshold.

1970 This amendment asks the Committee for its findings by March 2027 and enacts nothing. If we decline to even ask, we will have chosen a new tax with one of the alternatives unread and we will have done it knowing it was unread. I, for one, would rather know. I support this amendment and I urge other Members to support it too.

Thank you, ma'am.

The Bailiff: Deputy Helyar.

1975 **Deputy Helyar:** Thank you, ma'am.

1980 I seem to have been encouraged to stand up and say something. Before I say anything substantive, I should perhaps declare – I do not think it is a special interest because this is a request for an investigation rather than any financial implication – but I am a director of several major insurers, including domestic insurers, in the Channel Islands and elsewhere.

1985 I have a great deal of experience in this sector. I do not like to blow my own trumpet but certainly considerably more than anybody in the Assembly. I was very keen on this particular idea myself when I led the tax review during the last States, and it was looked at in detail. We did speak to those advising us who were experts in international taxation as well. There are lots of really good reasons but the primary one, which I have already communicated to Members by email in response to some emails from a member of the public, is that this is not free. The insurance companies do not just pay this out. The increase in the tax that is paid on the premiums is paid by consumers.

1990 Every year I get asked by the International Insurance Association to do a pep talk for youngsters who might go into the insurance sector and I always base my presentation, to encourage them to think about what insurance is about, on looking at a particular item in the room and thinking about all of the components in it, all of the manufacturing, the transport and everything that went into it. You can think of the chandeliers in here, for example. You have the silica that has had to be mined to make the glass, the glass factories, the paint, the metal manufacturers, the mining, the transport of all those goods, putting them together in a factory. Every single one of those processes requires insurance. If you add 10% to the cost of that insurance, you add 10% to the cost of the item in the shop.

2000 It is exactly the same as GST. There is no difference whatsoever to it and there are lots of really quite important regulatory hurdles to bringing in something with this scope because a lot of the insurers that insure in Guernsey, they have to notify the GFSC that they are operating here and they are given equivalence, because they are regulated elsewhere. We have no idea what their underwriting is. We have no idea what their premium are. So the estimates, I am afraid to say, in this particular suggested amendment are completely without any substance. They are just guesswork.

2005 We asked Treasury officials to try to look at it themselves. In order to be able to do this, you need a completely different regulatory environment, so we would have to require insurers that were

insuring Guernsey risk, because the tax would be on Guernsey risk insured by premiums. You would have to have a completely new regulatory environment to do that. Doing it, consulting about it, and all the rest of it, could well take years and it could end up with absolutely nothing coming in. We have already looked at this. This is not something under a stone that we have found, so please, Members, I would urge you to take this with a pinch of salt.

This is certainly something which Treasury can continue to look at as the circumstances evolve. This is not an answer to our problem. I would urge you to reject this and move on.

The Bailiff: Deputy St Pier.

Deputy St Pier: Madam, briefly, I also have an interest to declare. I am the director of a general insurance business that might or might not be affected by this, as Deputy Helyar has indicated, depending on the outcome of whatever investigations were to arise.

However, the main point I wish to make is this would of course apply to domestic insurance premiums that the community would pay. Therefore, it will raise the cost of those for our community in a way that GST would not, because GST is not seeking to apply to those.

The feature of our insurance market is that it is quite limited and therefore we do not have the same competitiveness as we will now if we seek to buy policies as are available living in a larger jurisdiction, particularly to the north of us.

The consequences of this are largely unknown. The revenues at stake clearly are unknown. I think I rise really to endorse Deputy Helyar's comments based on his considerable knowledge and experience that the implications of this may deserve further investigation as part of the ongoing part and role of P&R and the Treasury function, but do not and should not form part of this Tax Reform debate.

The Bailiff: Deputy Collins.

Deputy Collins: Thank you, ma'am.

I have not spoken yet today and I am a bit groggy, so my apologies for that.

During the last debate, ma'am, we were asked to bring forward amendments, and I do thank my colleague for working tirelessly hard to bring this and we put it in front of Assembly today. It is an alternative and I felt a little bit this morning we were being kicked, but we have done exactly what we were asked to do, come up with some alternatives, lay them in front of Members. If you do not like them, absolutely vote against them.

I think all the arguments have been made, I am not going to say more because I know we are in a bit of a rush.

Thank you.

The Bailiff: Congratulations on your new arrival, Deputy Collins.

Deputy Collins: Thank you ma'am.

I did not really know if I had to update my interest but obviously, yes, the wife and I are expecting a little baby in March so I will be hopefully having two lots of the future child allowance or family allowance, whatever it is, ma'am, but thank you very much.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, ma'am.

This is a very well thought through and a good amendment. It is of course the case that the alternative to a broad-based consumption tax is a narrower-based consumption tax. I have noticed, over the several GST debates, that Treasury have been very implacably opposed to a narrower base

for GST, even to the extent of citing New Zealand as a case study example to be emulated as a reason not to, for example, exempt food from the collection of GST.

2060 But to an extent, although IPT is a consumption tax, it is treated as a separate tax to VAT in the UK. So it is a reasonable alternative on the surface as a form of consumption tax, but the thing that I think is most attractive about it is that – I know Deputy Helyar cited that insurance costs are embedded in costs of everything including chandeliers and we might increase the price of chandeliers perhaps by having IPT, but most of that is probably already embedded in manufactured goods from elsewhere.

2065 The real attraction of this is that it is not, to anything like the same extent as GST, inflationary on our local inflation figures. That is a really important attribute of IPT if it could be introduced at a time where we have a very high cost-of-living pressure, we know we have.

2070 I know that the counterargument is that this has already been looked at and rejected. To have a proper debate on this is really the only way that we can have assurance that all of the arguments have been debated amongst our community and had a public hearing and the various people, who have much more expertise than I have, have been able to contribute in an appropriate way. So, for this reason, I will be supporting the amendment.

Ma'am, thank you.

2075 **The Bailiff:** Deputy Sloan.

Deputy Sloan: Thank you, madam.

2080 I do not have an interest of being a member of a general insurer to declare, but I do understand a little bit about numbers and such. It is an interesting amendment, madam, because as Deputy Inder pointed out, Proposition 1 is effectively a six-month sursis. I cannot imagine what stones extra revenues could be unturned that we have not had over the course of this summer. But it would be a delay by the back door, not that I am not against being in favour of a delay.

2085 But with respect to the introduction of a tax on insurance premiums, I am quite surprised that this has never been considered and Treasury officials have not managed to do some of this work or analysis before. I cannot imagine they need to be directed by the States to review this option. I do not see why they could not just do this work themselves.

2090 But I do not think it is a panacea with respect to an alternative to GST. Having just done the maths, I assume it is an IPT for domestic insurance. There are 30,000 houses on the Island, there are 100,000 cars, let us say 60,000 of them are insured, let us give an annual premium of £300 to £400, let us give £1,000 for property insurance. You are talking in the range of between £2 million and £4 million for those two major items. Those two major items will make up the vast majority of your domestic insurance premiums. It is not of the scale as an alternative to GST is my point.

2095 So, in that respect, I am not going to support the amendment, but I cannot see why this is not progressed as a piece of work on its own by Treasury officials when they have a few moments to spare.

Thank you very much.

The Bailiff: Deputy Ozanne.

2100 **Deputy Ozanne:** Thank you, ma'am.

I feel in quite a quandary about this amendment, as indeed I do others that we will be looking at. On the one hand, those of us who are against GST have been constantly told to come up with alternatives, and I am very grateful to Deputies Collins, Blin and Camp, and others, for coming up with a raft of alternatives, and Deputy Goy.

2105 But, on the other hand, we have employed civil servants, many of them who have worked on a package for years, which our elected representatives on P&R have also been working on, and all that work can be thrown out by a Deputy if they want to, with the support of a Chamber, on an amendment. That is quite a quirk of our parliamentary system. It is one that raises a lot of eyebrows

when I have tried to explain it to friends on the other side of the water, but it is one of the quirks of our system, but it seems to me quite a chaotic quirk.

I was trying to look at what is really behind it and, for me, what is behind it is that there is quite a lack of trust and confidence in the financial projections that we have been given, with the baseline assumptions that we have been given, and frankly, if I can put it bluntly, with the independence of what can be seen as those in Treasury where many of us feel that there has been a desire to push GST through at any cost, and therefore every piece of finance that we see is viewed through that lens, and we have very little confidence in that.

That culture, because that is a cultural issue, and it is a trust issue, and it is that trust issue that permeates across the whole of the Island – there is a massive trust issue in us as a Chamber – needs a reset. Part of that reset will be the appointment of a new Chief Financial Officer. It will be the work of our Chief Executive. But that needs time and therefore I will be supporting this amendment, as I will others, because I do think we need that time, not just to build trust with the people, which I will come back to, but for me the real thing, especially with the news that we have from Deputy Parkinson this morning, is that we need to have trust in the figures that we are looking at and the staff and the competencies that we have to ensure that they are not politically motivated. Because I am afraid to say, and I am sorry if I get into trouble, I fear the whole thing has been shaped and shoehorned down a political alley and not independent figures.

So, for that reason, I will be supporting this amendment and I think it is important that we look at it.

The Bailiff: Who else wishes to speak on this amendment? In that case, I will turn to Deputy Niles who is responding on behalf of P&R.

Deputy Niles: Thank you, ma'am.

This is the first real debate we have had this afternoon and I am grateful for it. It gave me food for thought. If I think about what Deputy Ozanne said, that sometimes it can seem a little bit chaotic in that a lot of work goes into the preparation of what is a substantive Proposition that we are putting to the States. But where I disagree with her is that we are trying to push GST. I do not think we could be further from the truth. We are looking at a complete package. There is a rhetoric that only looks at the GST element of it, but it is a very broad package.

That really makes me think about this particular amendment, and I consider Deputy Inder's comments in relation to a sursis by any other name, in that all this does is it pauses everything until we have done the work, for another six months. It does not say anything else. It just says we pause it and we look at this. I do not think that that is where we are at the moment.

Equally, to think about some of the comments that Deputies St Pier and Helyar made in relation to this particular tax or levy, is that all that it does is that it narrows even further our tax system into a narrow band and it only makes it more fragile. It does not make it broader and more comprehensive, which is what we are trying to do.

While we consider this in that case, it is always very tempting to imagine somebody else paying for the public services that we enjoy. We are all here as representatives of the people who understand that they have a responsibility themselves collectively to determine their future. One of those determinations is ensuring that we can pay for the public services ourselves and not somebody else. Because this levy is a burden and it is a competitive factor that people will consider when they come to set up businesses here or not.

So, when Deputy Parkinson was asked about some of the measures that people will consider that may stop them paying tax here, well this is one of them. I would urge Members not to delay any further, not to vote for this Proposition, and to reject it resoundingly.

Thank you.

The Bailiff: Thank you.

Deputy Blin.

Deputy Blin: Thank you, ma'am.

I agree with Deputy Niles. It has been really interesting to have a debate on this. I am going to start off trying to use the time as efficiently as possible just going through the individuals. I thank Deputy Gollop for being open-minded to it.

I am going to speak to my friend Deputy Inder. He says it has come through; it is just a sursis veiled, a Trojan horse or whatever it could look like. But the reality is it was written very clearly; it is basically to replace, for a specific reason. It is not veiled; it is facts. It was there to be read.

Deputy Curgenvin, as usual the sleuth of detail, he just loves getting into all the nitty-gritty of it. It is from Deputy Curgenvin I stopped to ask why is it that we do not have the information given to us as an Assembly over this information. There are other things that have been laid out to Deputies over the past terms. There is one about bona vacantia, and I have expanded on that one too. I have two others, two other amendments I wanted to bring in, and these were all that. Time was restricted and also I did not want to add a whole load. So we have to look at each one on its own merit.

Now, Deputy Helyar, I have utmost respect, and in fact I have utmost respect for all our Deputies here who are bringing things forward on everything they do. It is with respect; it is not political; it is the best we can do. Deputy Helyar, I have always had trust in his ability not only in the law area but I do not need to add to his knowledge, but also on the insurance sector, etc.

But here we go. We have had the same situation over the GST where we have not received all the information and it is – I am going to repeat again I am afraid for poor Deputy Curgenvin – his insisting on wanting to get more and more information. That is all I am asking. If Deputy Helyar and P&R looked at it, why did that not expand further? Why did we not get papers on it? Why did we not get information to discuss? Because everywhere else has IPT. So, let us look at it from a different way. Let us not look at it as the veiled sursis, but it is a revenue.

Everywhere else has the IPT at different levels, varying from the UK 12% and other areas, and remember I made it very clear this is not to affect the finance sector. We all know it is our golden egg. Other businesses coming in, you talk about the example of all the lamp-maker and the candlestick-maker and the paint-maker and all the things there. All businesses have that.

But this one is narrower. This one is, if you have a big super yacht, and I am hoping that my colleague David Goy will support me here, because some of the wealth of the larger yachts, they are going to pay a bigger premium. Those with the small, little cars, etc., they are going to pay 10% of their small premium. So, it is fairer, it is narrower, and it is collected by the insurance, not collected by a department who cannot even collect our revenue services. So, this is easier, less costly and, yes, I agree, it does not fulfil covering all areas.

The £18 million you asked about, well I do have the calculation of the figures for that and the spreadsheets. Some of those figures have come from the States of Guernsey accounts. In fact, the figures came out higher from the States of Guernsey information we collected. But I still kept it to our calculations we had.

Moving on, it was also interesting to note, and it was again Deputy Helyar – I think it was mentioned by two other Deputies I did not note, maybe Deputy Sloan as well – that you are not against the fact that this should be investigated further by Treasury. So, if you are not against it, let us do it now while we have a little bit of grace time to go through there.

Deputy St Pier, look, I appreciate again, it is the knowledge of the historical things. I believe it was Deputy St Pier who also had the opportunity to look at this prior. But I am just saying, let us not just accept, because we did it before, it is not there. What is it going to cost us? It is going to cost us a few months. Those few months we have in any case because we have agreed, due to the trove we found, not saving us but gives us time. We are not wasting the time, but we are making sure. We are going to have a Budget coming through. Imagine a Budget on top of the GST, on top of everyone saying there is no other solution.

Deputy Matthews talked about it again, about the narrowness and about an alternative. That is what we would do. We were told there are no alternatives. I have seen lots of alternatives and there

are more to come, I am sure, but give us time. By the way, I appreciate from Deputy Matthews, it does not have that same inflationary effect immediately as the wider GST, which covers everything. That is going to have a direct impact.

When Deputy Parkinson spoke about the fact that their calculations in Pillar Two changes 5%, 10%, 15%, ask yourself what is going to happen when GST comes in. I have recently returned from Isle of Man; beautiful place. They did great elections, great Island. Their night economy and economy is a lot slower. They are hit with the equivalent of the VATs and other aspects. It is not a good place to be if you want to keep building your tourist economy and a hospitality economy.

I really appreciate Deputy Ozanne, because you are willing to give it that try to say let us investigate the others. You take on board the intelligent words of Deputy Helyar, Deputy St Pier, but you are also saying let us look at what we can do. Again, other places have IPT. This is not new. This is just applying it here.

Deputy Niles, I very much again respect Deputy Niles. He works in the finance sector. He has got that background experience, like the others there. But this is a little bit political. He is working with P&R to ensure that the GST package goes through, and he will state that no one wants GST but we have to go through. I accept that. I accept nothing is easy, but this one is easier. This one will go part of the way and give us time. It is not just cutting us and shutting us down.

Again, it was mentioned on the several aspects, and I believe Deputy Niles as well, it is something we should be looking at. Let us do it. Let us do it right now while we can because we do have time. It is thanks to the Statement of Deputy Parkinson, who by the way, during the hustings, I was supporting on his campaign there, and it was alternatives to GST. This is one of the options. We put our minds together. We make this succeed.

I am going to leave it there because either minds are made up or whatever it is, but I really urge you to please consider this. This is not a veiled sursis. It is to take an action and we know other aspects will be going on, whether it be from capital projects, whether it be from Pillar Two and other aspects. So please give the Guernsey people, who do not want GST, give them at least an alternative. It will delay and I am not saying no GST. I am just saying let us uncover this one properly with proper details and information.

Thank you, ma'am.

The Bailiff: Excellent. Perfectly on time. States Members, before you on your screens should be Amendment 54. States' Greffier, would you kindly open the voting on this amendment?

There was a recorded vote.

Not carried – Pour 13, Contre 27, Ne vote pas 0, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Burford, Yvonne	None	None	None
Collins, Garry	Bury, Tina			
Curgenven, Rob	Cameron, Andy			
Gollop, John	Camp, Haley			
Goy, David	de Sausmarez, Lindsay			
Hill, Edward	Dorrity, David			
Kay-Mouat, Bruno	Falla, Steve			
Matthews, Aidan	Gabriel, Adrian			
McKenna, Liam	Hansmann Rouxel, Sarah			
Ozanne, Jayne	Helyar, Mark			
Snowdon, Alexander	Humphreys, Rhona			
Van Katwyk, Lee	Inder, Neil			
Vermeulen, Simon	Kazantseva-Miller, Sasha			
	Laine, Marc			
	Le Brun, Ross			
	Leadbeater, Marc			
	Malik, Munazza			
	Montague, Paul			

Niles, Andrew
Oswald, George
Parkinson, Charles
Rochester, Sally
Rylatt, Tom
Sloan, Andy
St Pier, Gavin
Strachan, Jennifer
Williams, Steve

2250

The Bailiff: There voted in relation to Amendment 54: pour 13, contre 27. I therefore declare the Proposition has not been passed.

[Amendment 33:](#)

To delete Propositions 1, 2 and 3 and to substitute therefor:

"1. To agree that the individual standard rate for income tax should be 22% for 2027 and 2028 and at 20% for 2029 and onwards.

2. To direct the Policy & Resources Committee to investigate an increase to the Maximum liability on income for non-Guernsey sources (including Guernsey bank interest and income derived from Guernsey exempt investment schemes, which are non-resident for Guernsey tax purposes) and the maximum liability – worldwide income and to report back to the States via the Annual Budget for 2028."

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The Bailiff: We now move to Amendment 33. Deputy Gabriel, would you like States' Greffier to read the amendment?

Deputy Gabriel: Yes please, ma'am.

The States' Greffier read out Amendment 33.

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The Bailiff: Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

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Politicians are rightly held to account by the public and on occasion we are accused of not listening. Madam, I have been listening. Nearly everywhere I go, people have told me that GST will have a detrimental ruinous effect and if they are to be asked to pay more to contribute to the ever-growing costs of running our Island and providing all the services we are used to, then the sensible way to do that is to raise Income Tax.

2270

At its heart, this amendment is about choosing the most straightforward, fair and transparent option available to us at this time and offers a credible alternative for a limited time. The States are being asked to address the funding gap and to ensure the sustainability of public services. Most members of the public accept that the question before us is not whether revenue is required, but how that revenue should be raised.

2275

This amendment proposes a simple temporary increase to the standard rate of Income Tax from 20% to 22%, but only for the years 2027 and 2028, returning back down to 20% from 2029 onwards. It also asks the Policy & Resources Committee to examine whether the existing tax caps remain appropriate and to report back through the 2028 Budget process.

2280

There is nothing radical in this proposal. It does not create a new tax. It does not require a new administrative system. It does not place additional compliance burdens on businesses. It does not fundamentally alter the relationship between the taxpayer and the state. Instead, it makes use of a system that already exists. It is already understood and it is already functioning.

It is important to stress that, while the Revenue Service is in special measures, that is for assessments and codings, the Employees' Tax Instalment (ETI) function where employers collect and

submit those funds is entirely different and does not rely on the Revenue Service function as we know it.

Throughout this debate, many Members will have heard the same message from constituents, businesses and workers. They may not welcome paying more tax, but they would far rather see a modest increase in Income Tax than the introduction of a GST. A GST to them is perceived as an additional tax on everyday living, whether purchasing food, clothing, household goods or essential services, people see GST every time they open their wallets, tap their card or their watch.

In contrast, a temporary increase in Income Tax is transparent, predictable and proportionate to a person's income and ability to contribute. Those who earn more, contribute more. Those who earn less, contribute less. This is a principle most people understand and regard as fair.

In those circumstances, we have heard earlier, even with the 10(3) statement, there remains uncertainty around the full impact of both the development of the Pillar Two and also our measurement and reporting. This is not a permanent increase; it is only for two years. It allows us to stabilise revenues while evidence is gathered and future income streams become clearer.

Members may ask whether a temporary increase of this nature would generate sufficient revenue. The financial assessment from the States' own economist accompanying the amendment estimates additional Income Tax receipts of approximately £35 million extra per annum. This is a substantial contribution to addressing the fiscal challenge before us. Moreover, it is revenue that can be generated quickly and efficiently through mechanisms that already exist.

The second part of the amendment is equally important. Guernsey has attracted and continues to attract and retain high-net-worth individuals through a variety of tax arrangements, including provisions relating to capped liabilities on income. These arrangements have undoubtedly brought benefits to the Island. However, circumstances change. The fiscal pressures facing Guernsey today are very different from those faced when some of those capping arrangements were originally established.

So, I think it is entirely reasonable that P&R should investigate whether current caps continue to represent the correct balance between competitiveness and fairness. Surely that is a sensible and measured course of action. If we are asking ordinary working people to contribute more, it is entirely appropriate that we also examine whether those with access to special tax arrangements are contributing at the right level.

At a time when many households continue to experience cost-of-living pressures, introducing a GST being viewed as a burden on everyday life, regardless of mitigation measures that may be proposed, this amendment offers an alternative, a different path, a path that is familiar, understandable and can be implemented immediately.

Members, I will ask you a simple question. If additional revenue is required, is it better to raise that money through a temporary and transparent increase in an existing tax or through the creation of an entirely new tax that needs new systems and staffing regime that many Islanders neither want nor support?

Thank you.

The Bailiff: Deputy Collins, do you formally second that amendment?

Deputy Collins: I do, ma'am, thank you.

The Bailiff: Deputy Sloan.

Deputy Sloan: I can repeat some of the arguments that I made a couple of years back as a member of the public; I emailed to Deputies at the time when a similar proposal was on the table. I have gone back to my email to find it and I said the point about the Income Tax is that people do not appreciate just how more heavily taxed Guernsey workers are nowadays. If you compare the average Guernsey worker on an average wage compared to the average UK worker on an average UK wage, the tax burden is 20% higher for the Guernsey worker than it was in 2008 when Zero-10

was introduced. In 2008, it was the other way around. The UK worker, the tax burden was 10% higher than the Guernsey worker. So the positions have changed over those time periods, so adding more tax on to the workers is not a solution.

2340 But, madam, I would also like to quote John Maynard Keynes to some of you, obviously Deputy Inder, who was nobbling it with a Chicago school chap, might not remember who Keynes is. But when he was asked the question, he said, 'When the facts changed, I change my mind. What do you do, sir?' Because it was in answer to a male questioner.

2345 That is the point, in terms of this amendment itself, the facts have changed. You talk about a temporary arrangement for Income Tax over the next two years. Well, the facts changed this morning. We were told there is an extra £40 million per annum than we thought there was just last Friday apparently. I also made the point this morning that do not forget we are about £50 million better off than we were in February when we got that update. Also, the other bit of new information is, do not forget we are not going to be spending £120 million on a hospital over the next three to four years. My basic arithmetic is that is about £30 million per annum spare capital that will not be
2350 programmed into the Budget. So that makes an awful lot of difference in our fiscal position.

Our starting point today is very different to what it was, I do not know, 48 hours ago, as far as we are all aware. (**Several Members:** Hear, hear.) That, despite the Treasury Minister saying this was not a good idea, does require rethinking. Where we are now is a completely different point to where we were previously. I am saying that this amendment is not required because of the new
2355 information. It is not a temporary tax rise because it is only replacing income that apparently we have already got now.

Also my point is – my plea is that, in this, we have to change our minds, we have to rethink this position because otherwise we give the impression that P&R are dogmatically pursuing a GST at all costs. There is no necessity for this to be done today. There is no necessity given the new
2360 information. I implore the rest of the States to re-evaluate the situation based on new information.

While we are doing that, I am afraid, Deputy Gabriel, I suggest that I am going to be voting against that amendment for that particular reason. There is no need for a temporary Income Tax rise. Obviously, when England introduced the Income Tax as a temporary measure after the Napoleonic Wars, it is still with us. I do not like temporary tax rises.
2365

The Bailiff: Deputy Goy.

Deputy Goy: Thank you very much, ma'am.

Ma'am, asking the public to choose between an Income Tax hike and GST is like asking someone
2370 if they want a kick in the teeth or a punch in the nose. Members, if you are asked if you want a kick in the teeth or a punch in the nose, I suggest you say no to both. Very simply, GST and an Income Tax hike, like all broad-based taxes, should belong at the top end of the escalation ladder.

Now, there are many other rungs that one should get to first before one gets to that very top end of the escalation ladder. First of all, we have a lot of alternatives, as these 57 amendments are
2375 now showing.

Secondly, we also need to look at how to prevent Government waste. We have now heard multiple fiascos with the States and how the States have lost millions and millions and millions of pounds. All these things need to be sorted out first. We have a leaky boat. If you have a leaky boat, you fix the holes first before you ask the people to help you bail out water. So that belongs in the
2380 due diligence level, which is the lower rungs which we must step on first.

Then thirdly, after looking at alternatives, after looking at waste prevention measures, then there is the subject of economic growth. We have not looked at that. We should be focusing on that because not wasting money and bringing in money is as good. This is all I am trying to say.

2385 So, in conclusion, there are a lot of other alternatives that are not broad-based. These are the alternatives that we should look at first.

Let me address the question of tax cap. A lot of us know what a tax cap is. If you really want to tax the rich, the way to do it is to have a minimum tax floor, not a tax cap. There is a huge difference

between the two. A tax cap is a yearly election, meaning to say if, let us say, I am a very wealthy person and it so happens that this year I cannot minimise my tax sufficiently – normally I am able to minimise my taxable income to zero – say this year I have a great windfall and I have no way to minimise that, I then elect to have a tax cap, but that rarely happens. That rarely happens, ladies and gentlemen. Let me say this again.

The Bailiff: Deputy Goy, remember, address your comments through me.

Deputy Goy: Yes. Ma'am, that rarely happens. What usually happens is, if you really want to make sure that the wealthiest of our community pay their proportionate share, a tax floor should be the consideration, and not a tax cap. I consider this amendment, to be honest, is a virtue signalling amendment. First of all, again, it is asking people to choose between a kick in the teeth and a punch in the nose. This tax cap business is an insincere way of trying to raise money from the wealthiest, because, you know what, probably none of them are going to be affected anyway.

Thank you.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, I was going to say I agree with 90% of what Deputy Goy was saying, but I think I might agree with 75% of what he was saying; certainly how he started. Because this is just about the worst move we could be making today is to increase Income Tax. I am really surprised that Deputy Gabriel has brought this motion because we have had three debates on Income Tax in the last political term that Deputy Gabriel was part of. Two were through amendments that Deputy Trott brought to the two iterations of the tax debate and the third was around the 2025 Budget when Income Tax proposals came forward and were decisively defeated because the GST amendment that Deputy Roffey brought won the day.

And why is Income Tax literally just about the worst thing we can do? It is what Deputy Goy has just illustrated. Because it is continuing to make the problem that is the fundamental problem, is that pretty much all of our taxation, the majority of our taxation is focused on employment, on people. This is taxing people, workers. This is increasing the cost of employment, the cost of living directly. That tax, while you may not see it on your daily goods that you buy, is because you never see the income that has already been taxed because the Government has taken it away and it does not even reach your pocket.

To claim that this somehow improves the cost of living compared to GST is really entirely incorrect, because this is a much worse position for every person's cost of living than GST. With GST you have a choice of where you spend the money; you may be spending off-Island as well. In the case of Income Tax, that money is taken from your pocket every month before it even reaches you. You have no choice.

In the age when we are already an expensive jurisdiction to work, this will continue making employing people more expensive because what will happen is that will have to translate eventually into increasing higher wages, because the employees would not be able to sustain this level of taxation. So what we are doing, by increasing taxation on inputs into work, you are making employment more expensive.

What will happen? This will enable businesses to say, 'Do you know what, I am not going to employ people in Guernsey. I am going to employ machines. I am going to invest in AI'. In the world of when AI is potentially taking over the world and taking all our jobs, we should be doing exactly the opposite of trying to make employment even more difficult. We should be looking at alternative taxation systems which do not make employment more expensive. So, Members, this is literally just about the worst kind of Proposition we could be approving today.

Having said that, there are two Propositions here. There is the Income Tax and then there is a second Proposition about looking at the caps as well. There may be merit in the second and I think P&R is looking at caps and taxation already and this is the kind of Proposition that is probably best

2440 positioned to be reviewed as part of the Budget and annual cycles and Deputies de Sausmarez and Burford are nodding. So, let us reject this Proposition and get on with it.

The Bailiff: Deputy St Pier.

2445 **Deputy St Pier:** 26(1), ma'am.

The Bailiff: Deputy St Pier has asked – sorry, you just said 26(1) did you not?

Deputy St Pier: The guillotine whatever that was.

2450

The Bailiff: Yes, 26(1). Deputy St Pier wanted the guillotine motion. As we know that is 26(1).

Those who still wish to speak in debate, stand in your seats. Do you still wish me to – you cannot stand, Deputy Goy, you have already spoken. I mean you can stand, but I do not take you into account.

2455

Deputy Goy: Yes, ma'am.

The Bailiff: I will put the motion to the Chamber. Those who support the guillotine motion on Amendment 33 please say pour; those against.

2460

Some Members voted Pour, others voted Contre.

I am going to ask for an SEV vote. Thank you very much, States' Greffier. Members you have already on your screens the motion to guillotine Amendment 33. States' Greffier, would you please start the voting.

2465

There was a recorded vote.

Carried – Pour 25, Contre 15, Ne vote pas 0, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	None	None	None
Bury, Tina	Collins, Garry			
Cameron, Andy	Curgenvin, Rob			
Camp, Haley	Gabriel, Adrian			
de Sausmarez, Lindsay	Gollop, John			
Dorrity, David	Goy, David			
Falla, Steve	Hill, Edward			
Hansmann Rouxel, Sarah	Leadbeater, Marc			
Helyar, Mark	Matthews, Aidan			
Humphreys, Rhona	McKenna, Liam			
Inder, Neil	Ozanne, Jayne			
Kay-Mouat, Bruno	Sloan, Andy			
Kazantseva-Miller, Sasha	Snowdon, Alexander			
Laine, Marc	Van Katwyk, Lee			
Le Brun, Ross	Vermeulen, Simon			
Malik, Munazza				
Montague, Paul				
Niles, Andrew				
Oswald, George				
Parkinson, Charles				
Rochester, Sally				
Rylatt, Tom				
St Pier, Gavin				
Strachan, Jennifer				
Williams, Steve				

2470

The Bailiff: States' Greffier, would you kindly close the voting please?

There voted, in relation to article 33: pour 25, contre 15. I therefore declare that the Proposition has been passed.

2475

I will now recap on what I got completely wrong, and apologies to everybody. The guillotine motion has passed. Amendment 33 has not passed. I am terribly sorry about that. There is quite a lot of, as you can imagine, stuff going on in the background as well.

I will therefore ask – I thought it was Deputy de Sausmarez, but it is going to be Deputy Burford, who will reply on behalf of P&R.

2480

Deputy Burford: Thank you, madam.

This is a really curious amendment. It is a tax on work and the first part of this amendment is a repeat of the heavily-defeated proposal from last term, but albeit without the increase in the personal tax allowance that at least made that vaguely palatable at lower levels. So it is really going to make everyone worse off, but specifically the people who are really going to feel that are people who are on lower incomes, somebody on the median income is probably going to be around £50 a month worse off, and they are going to notice that.

2485

I understand what Deputy Gabriel is saying about what people are saying, but frankly, under our tax proposals, they are more likely to be £50 a month better off when all is taken into account and this is going to be £50 a month worse off. Why would you impose that on the people of this Island? I really do not know.

2490

I am not going to go into great detail on it because the only thing that was curious again was the fact that it does this for two years but does not then say what happens next. So it is let us have a bit of extra money for two years and let us not have any plan into the future. It is really not going to help anything.

2495

On the second part of the amendment, Deputy Kazantseva-Miller has already covered it really, but this is something that P&R considers every year as part of the Budget. If you were to bring it as an amendment it is an amendment much more appropriately brought to the Budget, not that I am trying to encourage that. So, overall, I would ask Members to vote against this amendment.

Thank you.

2500

The Bailiff: Thank you.

Deputy Gabriel.

Deputy Gabriel: Thank you, madam.

2505

Not much to add, only three people got to speak. But Deputy Sloan, thank you for your contribution. Minds do change. Facts change. I was nearly minded not to bring this when I heard that we have nearly a 100% increase in our forecast from £40 million up to £79 million, albeit that reduced down.

2510

I would ask Members to consider the facts in front of them, consider the limited debate we have had and, if they feel minded to support it, then please vote pour.

Thank you.

The Bailiff: Thank you.

2515

Members, you have before you Amendment 33. States' Greffier, would you open the voting on Amendment 33?

There was a recorded vote.

2520

Not carried – Pour 5, Contre 33, Ne vote pas 2, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Collins, Garry	Blin, Chris	Curgenven, Rob	None	None
Gabriel, Adrian	Burford, Yvonne	Matthews, Aidan		
Gollop, John	Bury, Tina			
Hill, Edward	Cameron, Andy			
Snowdon, Alexander	Camp, Haley			
	de Sausmarez, Lindsay			
	Dorrity, David			
	Falla, Steve			
	Goy, David			
	Hansmann Rouxel, Sarah			
	Helyar, Mark			
	Humphreys, Rhona			
	Inder, Neil			
	Kay-Mouat, Bruno			
	Kazantseva-Miller, Sasha			
	Laine, Marc			
	Le Brun, Ross			
	Leadbeater, Marc			
	Malik, Munazza			
	McKenna, Liam			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Ozanne, Jayne			
	Parkinson, Charles			
	Rochester, Sally			
	Rylatt, Tom			
	Sloan, Andy			
	St Pier, Gavin			
	Strachan, Jennifer			
	Van Katwyk, Lee			
	Vermeulen, Simon			
	Williams, Steve			

2525 **The Bailiff:** There voted in relation to Amendment 33: pour 5, contre 33, and there were 2 abstentions. I therefore declare Amendment 33 has not passed.

Just before we move on to the next amendment, which will be Amendment 58, which is the new amendment from P&R, I have been asked to put a motion, and I am willing to do so, moving Amendment 32, which is the amendment brought by Deputies Bury and Ozanne, further down the list in order that Deputy Bury can propose that. I would propose that it be moved below Amendment 52, so we may get to it today. It may in fact end up being tomorrow. So, moving Amendment 32 to below where Amendment 52 currently is.

2535 **Deputy Curgenven:** Ma'am, what is the reason for doing so, please?

The Bailiff: Deputy Bury needs to temporarily leave the Chamber and she wants to be able to put the amendment to the House. There are many amendments. Ultimately, the order is decided by me and Amendment 32 is within the block, if I can call it, of inserts. Therefore, that is why I suggest that it is put down there. So Amendment 32 to be moved to below Amendment 52.

2540 **Deputy Curgenven:** Thank you, ma'am.

The Bailiff: Those who support the motion please say pour; those against.

Members voted Pour.

**Procedural –
To sit until 6.30 p.m. this evening**

The Bailiff: While we are pausing for a moment, although we are going reasonably well and I feel very positive about the forward motion generally, I am going to propose a motion that we continue until 6.30 this evening in order to get the maximum amount of business done. If 6.30 is defeated, I will suggest six, but I will start with 6.30.

Yes, Deputy Sloan?

Deputy Sloan: I have family commitments to pick up children, so I cannot on an evening.

The Bailiff: I will put the first motion to the House, which is that we sit until 6.30. Those who support the motion; those against.

Some Members voted Pour, others voted Contre.

The Bailiff: I am going to have to do an SEV vote; I am terribly sorry. Members, there is before you on the screen the motion to sit until 6.30 p.m. this evening. States' Greffier, would you kindly open the voting on that?

There was a recorded vote.

Carried – Pour 21, Contre 19, Ne vote pas 0, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	None	None	None
Bury, Tina	Cameron, Andy			
Collins, Garry	Camp, Haley			
de Sausmarez, Lindsay	Curgenven, Rob			
Falla, Steve	Dorrity, David			
Gabriel, Adrian	Gollop, John			
Hansmann Rouxel, Sarah	Goy, David			
Humphreys, Rhona	Helyar, Mark			
Kay-Mouat, Bruno	Hill, Edward			
Kazantseva-Miller, Sasha	Inder, Neil			
Le Brun, Ross	Laine, Marc			
Malik, Munazza	Leadbeater, Marc			
Montague, Paul	Matthews, Aidan			
Niles, Andrew	McKenna, Liam			
Oswald, George	Ozanne, Jayne			
Parkinson, Charles	Sloan, Andy			
Rochester, Sally	Snowdon, Alexander			
Rylatt, Tom	Van Katwyk, Lee			
St Pier, Gavin	Vermeulen, Simon			
Strachan, Jennifer				
Williams, Steve				

The Bailiff: There voted, in relation to the motion to sit until 6.30: pour 21, contre 19. I therefore declare that the motion has been passed.

Deputy Van Katwyk: Ma'am, can I ask a question?

The Bailiff: Yes, you can, Deputy Van Katwyk.

2575 **Deputy Van Katwyk:** For those of us with family commitments and children, can we get any advance notice on tomorrow; is that possible?

The Bailiff: If you would like me to put some motions later, I am very happy to do so.

2580 **Deputy Van Katwyk:** That would be very helpful.
Thank you.

Amendment 58:

In Proposition 1, immediately after the words "Appendix 7" insert the following words:

"with the following clarifications:

1. subject to zero rating GST on the supply or importation of a motor vehicle where:

(a) the vehicle is designed or substantially and permanently adapted for the carriage of a person in a wheelchair or on a stretcher, or is designed or substantially and permanently adapted to enable a person who normally uses a wheelchair, or who must be carried on a stretcher, to enter and drive or be carried in that vehicle (including a mobility scooter supplied to such a person); and

(b) the supply or importation is to that person, or to a parent, guardian or carer acting for that person,

and the Policy & Resources Committee shall, in preparing the GST legislation, provide for a certificate of eligibility based on the model used in Jersey so that the zero-rating may be applied at the point of supply or importation.

2. subject to the following:

a person who constructs, or commissions the construction of, a residential property otherwise than in the course of a business shall be entitled to recover GST incurred on goods and services supplied for the purposes of that construction.

3. save that a "Lower Entitlement Limit" be established for employed and self-employed individuals at a level equivalent to the Lower Earnings Limit immediately

prior to implementation of the Social Security contributions allowance for employed and self-employed contributors; and that a person whose earnings in the relevant period are at or above the Lower Entitlement Limit but below the allowance shall be awarded a contribution credit for that period, so that such an individual's contribution record will be maintained without having to elect to pay a voluntary contribution.

4. save that, in relation to GST, no GST is chargeable on the importation of unaccompanied personal goods where the value of the consignment does not exceed a de minimis threshold, not being less than £280,

5. save that, in relation to GST, where a person supplies second-hand goods which that person acquired from a person who did not charge GST on that acquisition, GST is chargeable only on the amount by which the consideration for the supply exceeds the consideration for which the goods were acquired, whatever the description of the goods and whatever the trade of the person making the supply.

6. Subject to the following:

a) the Policy & Resources Committee, working with the Committee for Employment & Social Security, shall not bring GST into operation unless:

i. the associated personal income tax and social security contribution mitigations are in force and operational, and are being applied through the relevant deduction, collection and assessment arrangements, before GST becomes chargeable;

ii. the approved GST-related increases in the States Pension, income support and other benefits have taken effect, with payments at the increased rates commencing before GST becomes chargeable; and

iii. the Essential Costs Relief Payment arrangements are in force and operational.

for the purposes of this Proposition, an intention to apply relief retrospectively, make compensatory payments later or complete the necessary systems after GST has commenced shall not constitute implementation of the Mitigation Measures.

b) the Policy & Resources Committee:

i. shall defer the commencement of GST where any of the conditions in this Proposition 6(a) cannot be met;

ii. shall revise the implementation timetable so that those conditions are met, including any necessary alignment with the commencement of a tax or contribution year; and

iii. shall report promptly to the States on the reason for the delay, its financial implications and the revised timetable.

c) no Authority otherwise given under this item shall permit GST to commence in advance of compliance with those conditions.

d) the Policy & Resources Committee and the Committee for Employment & Social Security, before any instrument bringing GST into operation is made or submitted for approval, shall publish a joint implementation assurance report:

i. identifying each Mitigation Measure, its commencement date and the date from which its financial effect will be delivered;

ii. setting out the evidence that the necessary legislation, staffing, systems, payroll interfaces, assessment arrangements and payment processes are ready to deliver the measures in accordance with this Proposition; and

iii. identifying any outstanding implementation risks and explaining how those risks have been addressed, including the arrangements for receiving and determining Essential Costs Relief Payment claims.

e) where compliance depends upon an event occurring after publication of that report, the Committees shall publish confirmation that the event has occurred before GST becomes chargeable. If the conditions cannot be met, the terms under this Proposition at 6(b) shall apply notwithstanding any commencement date previously appointed.

f) The legislation and other measures implementing GST and the GST commencement preconditions shall come into force simultaneously and shall not include any power (whether by legislation, resolution or administrative decision) to derogate from them.

7. subject to introducing an Alderney Essentials Cost Relief Payment that is calculated based on the estimated annual GST incurred by a household on Income Support, the value of the payment being in line with the minimum income standard as priced for Alderney."

The Bailiff: The next amendment is Amendment 58, which is the new amendment which has been proposed by P&R.

Deputy de Sausmarez.

Deputy de Sausmarez: Thank you madam.

Just to explain this amendment. It is effectively a consolidating amendment. We noted when we went through the amendments that were submitted afresh in the last week or so, we were very supportive of some, many of them are helpful clarifications of things that were already intended. We are supportive of those, but we considered, as they are uncontentious, the Committee thinks they are helpful, we thought it would be more efficient to consolidate them into a single amendment because it is about inserting those clarifications into the Propositions.

Just in case anyone has not had the chance to read through Amendment 58, I am not intending to read it verbatim, but I will briefly summarise. Members will note that it inserts the following words immediately after the words 'Appendix 7 in Proposition 1' and then there is a seven-point numbered bullet list.

The first one relates to Amendment 31, which is Deputy Curgenven's and Deputy Ozanne's, I believe, which seeks to zero rate GST on disability vehicles.

2600 The second one is to insert a version of Amendment 34, which again is another of Deputy Curgenvén's on zero rating self-builds. I will come back to a slight modification that has been made to that and explain why in a moment.

The third one relates to Amendment 44, which is another of Deputy Curgenvén's, which is around protecting pension entitlement.

2605 Number 4 relates to Amendment 53, which is on the de minimis. Again, that is another of Deputy Curgenvén's and Deputy McKenna, I believe, is seconding.

Number 5 relates to Amendment 51, which is from Deputy Curgenvén and Deputy Collins, relating to second-hand goods.

Number 6 relates to Amendment 52, which is an amendment brought by Deputy Camp and Deputy Collins, relating to protections in relation to GST.

2610 Number 7 relates, I suppose, to Amendment 15, which is about the Alderney Essentials Cost Relief Payment.

2615 Many of them are verbatim, but I am just going to draw attention briefly to those that are not. Point 2 in this amendment, which relates to Amendment 34. In the original wording, Amendment 4 would have created a loophole because it would have enabled people to basically produce a certificate or something, which would have exempted them from GST, and basically it was a big invitation to maybe abuse that particular system. It potentially invites a compliance risk.

2620 The wording in this amendment tightens that up. It absolutely achieves the same thing as Amendment 34 would do, but it does it in a way that does not create that compliance risk. That is why the wording is slightly altered in our version compared with Amendment 34. In the original version, the suggestion is that we issue an exemption certificate, and then someone turns up at the builder's yard with a certificate and then that enables them to be exempted from GST. But obviously it is fairly clear that that would introduce some problems in relation to compliance.

2625 The second adjustment that we have made is about the de minimis and basically it makes sure that it is just in respect of unaccompanied personal imports. So again it is just tightening it up. So, hopefully Members can support.

Thank you.

The Bailiff: Deputy Parkinson, do you second that?

2630 **Deputy Parkinson:** Yes, ma'am.

The Bailiff: Deputy Ozanne.

2635 **Deputy Ozanne:** I would just like to understand, if this is voted down, does it mean that all the amendments, the singular ones, are also voted down, or we can still – I just want to make that clear?

The Bailiff: No, the Deputies would still be able to lay their amendments. They still would be able to lay them even if this is passed. It will be for them to decide whether or not they think they have purpose.

2640 Deputy Curgenvén.

Deputy Curgenvén: Ma'am, I do apologise, being a newbie and all, but I do not really understand this. The whole reason that I brought these amendments were in the –

2645 **The Bailiff:** Deputy Curgenvén, are you asking a question or are you speaking in debate?

Deputy Curgenvén: Can we speak in debate? No, I just do not really understand because these amendments were brought because P&R just paid them lip service.

2650 **The Bailiff:** Deputy Curgenvén, that is for you to make your argument in debate, if you are now speaking in debate, about whether or not you support or do not support this. The purpose of this place now is not for you to question why they are doing it unless you are going to say that is part of your argument to not support their amendment.

2655 **Deputy Curgenvén:** Well, as I am up, ma'am, and it is a bit painful to get down, may I speak?

The Bailiff: Yes. States' Greffier, can you start the five minutes again, please?

Deputy Curgenvén: Thank you ma'am.

2660 I have not prepared a speech for this because it has come at the last minute like a lot of things from P&R. We had the reshuffle this morning at the last minute. We have this at the last minute. We have been told there is a compliance risk but we have not been given any evidence. We have been told all these different things and we have not been given any chance to think about it.

2665 The reason that I put in these amendments were because P&R missed them in the first place. They are safeguards in the unfortunate event, if GST does come in, to protect low earners, to protect disabled people, to help out the lower earners that may fall through the cracks with the pension. I will not be supporting this and I really do hope that other Members, in the name of democracy, will not be supporting this too. Because the whole reason that I brought these amendments was to fill the gaps. I just do not see the point.

2670 I give way to Deputy Inder.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, Deputy Curgenvén.

2675 I know these are complicated and I have been round this block more than most people. I am just wondering, if he might agree that, as this is an insertion after Proposition 1, the effect of this was to assist his amendments and possibly curtail some of the debate.

As I understand it, and Deputy de Sausmarez may be able to confirm this, this is not –

2680 **The Bailiff:** You cannot give way on a give way, Deputy Niles.

Deputy Inder: This is not P&R trying to get rid of it. This is trying to insert the good stuff that they agree from the 4, 34, 44, 15, 53, 51 and 52 amendments. I know it is a bit complicated but I do not think it is entirely what he thinks it is. It is an assistance more than an attempt to dismiss it. I just thought that might be of use to him.

2685

The Bailiff: Deputy Curgenvén.

2690 **Deputy Curgenvén:** Then I would ask through you, ma'am, if Deputy Niles stood up before, so please do. I will just give way in one second. If you could answer whether I will be allowed to speak on these Propositions individually. I give way to Deputy Niles.

Deputy Niles: I am not that comfortable on that.

2695 **The Bailiff:** No, you cannot.

2700 **Deputy Niles:** But all that I can say is that, on behalf of Policy & Resources, we are really grateful for these amendments that did spot things perhaps that we had not. So that is why we thought that they were useful and that is why we brought this amendment that we are recommending that Members support, so that they can be integrated into the broader policy letter. So we would just like to say thank you very much.

The Bailiff: Deputy Curgenvén.

2705 **Deputy Curgenvén:** I was not expecting a thank you very much from Deputy Niles; I will take that, thank you.

Then maybe, Deputy, through you, ma'am, if Deputy de Sausmarez would like to reply to this, does it change the amendments materially at all?

2710 **The Bailiff:** Sorry, Deputy Curgenvén, perhaps I can help.

The amendments that you have brought still stand as your amendments. What P&R have effectively done is take what they think are the parts that they also agree with and put it in an amalgamated amendment and then it will be for you to decide whether or not you still wish to bring your amendment, given that perhaps the substance of them are already within the amended Proposition if it passes.

2715

Deputy Collins: That has answered my question, thank you, ma'am.

Deputy Collins: Point of order ma'am.

2720

The Bailiff: Yes, Deputy Collins.

Deputy Collins: 26(1).

2725 **The Bailiff:** Deputy Collins has asked for the guillotine motion on Amendment 58. Those who wish to still speak in debate, please stand in your places. Do you wish me to put the motion to the vote, Deputy Collins?

Those who support the motion by Deputy Collins to guillotine debate on Amendment 58, please say pour; those against.

2730

Members voted Pour.

The Bailiff: I therefore will guillotine debate and we will then turn to you, Deputy de Sausmarez, to reply.

2735 **Deputy de Sausmarez:** Madam, you have done much of my reply to debate for me, so to confirm to Deputy Curgenvén, what this amendment does is it effectively bundles up a number of different amendments that P&R is supportive of. As Deputy Niles has said, we are very grateful. We think these are really helpful clarifications.

2740 So we have, in the interests of more efficient working, rather than debate each one individually, we are effectively packaging them up and saying we think these are really helpful and what we would like to do is put them together en masse. So we support them, we are recommending that the Assembly also supports them, and we are pushing them to the Assembly to basically get straight to the point when they are already in the substantive Propositions. So that is the effect.

2745 It is a supportive amendment. This amendment is supportive of the amendments that it encapsulates, if that makes sense. So this is really a more direct and quicker way of achieving the same ends that those original amendments sought to achieve. That is why the – oh, I have lost my track now.

I give way to Deputy Kazantseva-Miller.

2750 **The Bailiff:** Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I just wanted to add for maybe Members' clarification that the amendments to the Propositions will be inserted in full into the original Propositions. But, if Members had any problems with any of the specific Propositions, I have some questions about, for example, the new Proposition 2, you could vote them down in the final debate if you chose to. But, right now, all the Propositions will be inserted as one into the general debate.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Yes, I would not want to cut your grass, madam, but that is something for you to rule on in relation to Deputy Kazantseva-Miller's question.

The Bailiff: Yes, if I was asked to separate up the Propositions in relation to this amendment, I would allow separate votes upon them.

Deputy Goy: Sorry, madam, can I ask questions?

The Bailiff: Sorry, can we let Deputy de Sausmarez – no, Deputy Goy, just ask your question please.

Deputy Goy: Thank you.

The Bailiff: Can I just say it is 1, 2, 3, 4 5, 6, it would not be, for example, 6(a)(i), it would be the substantive numbers of Propositions. I would not allow voting in subsections.

Sorry, yes, carry on, Deputy Goy.

Deputy Goy: Sorry, madam, I just have a question.

If this were to pass, if this were to carry, the Amendment 58 were to carry, will we still be debating the –

The Bailiff: That will be up to Deputy Curgenvén to decide whether or not he still wishes to lay his amendments. If he decided not to lay them, then we would not debate his amendments.

Deputy Goy: Okay, so it is still up to Deputy –

The Bailiff: Yes, it is still up to Deputy Curgenvén to decide whether or not to lay his amendments if this passes.

Deputy Goy: Okay, thank you.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you.

I appreciate that this is something, especially for Members who are relatively new to the Assembly, this is a difficult concept to maybe understand, so I hope that between us and, with the helpful interventions in terms of the questions and indeed the answers, it is now a little bit clearer.

But, essentially, what this does is it gets straight to the point of inserting the substance of the amendments that we are supportive of, that are encapsulated in this amendment, straight into the substantive Propositions.

It obviously will be the case, as the Presiding Officer has already ruled, that it will be up to individual Members whether they choose to bring their individual amendments or not. That will be entirely up to them, and it will also of course be the case that we will have an opportunity to discuss

all of these in general debate. So, if anyone would like to debate any particular element, that opportunity is there in general debate.

2805 I ask Members to support this amendment. We are very grateful to those who have brought these clarifications. We think they are very helpful and we would like to see them included in the substantive Propositions, so we ask Members to support.

Thank you.

2810 **The Bailiff:** Thank you.

Members, you have before you the Proposition for Amendment 58. I will now ask the States' Greffier to open the voting.

There was a recorded vote.

2815

Carried – Pour 33, Contre 6, Ne vote pas 1, Did not vote 0, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Camp, Haley	Blin, Chris	None	None
Bury, Tina	Goy, David			
Cameron, Andy	McKenna, Liam			
Collins, Garry	Rochester, Sally			
Curgenven, Rob	Sloan, Andy			
de Sausmarez, Lindsay	Vermeulen, Simon			
Dorrity, David				
Falla, Steve				
Gabriel, Adrian				
Gollop, John				
Hansmann Rouxel, Sarah				
Helyar, Mark				
Hill, Edward				
Humphreys, Rhona				
Inder, Neil				
Kay-Mouat, Bruno				
Kazantseva-Miller, Sasha				
Laine, Marc				
Le Brun, Ross				
Leadbeater, Marc				
Malik, Munazza				
Matthews, Aidan				
Montague, Paul				
Niles, Andrew				
Oswald, George				
Ozanne, Jayne				
Parkinson, Charles				
Rylatt, Tom				
Snowdon, Alexander				
St Pier, Gavin				
Strachan, Jennifer				
Van Katwyk, Lee				
Williams, Steve				

2820 **The Bailiff:** There voted, in relation to Amendment 58: pour 33, contre 6, there was 1 abstention. I therefore declare the Proposition has been passed.

[Amendment 48:](#)

In Proposition 1 after "Appendix 7" insert the following:

" , subject to replacing the proposed goods and services tax with an increase in the standard rate of income tax from 20% to a single rate at 22%, which increase is to be done as soon as practicable".

The Bailiff: Members, we will now move to Amendment 48, and once we have dealt with 48 or possibly partway through if it goes on for a very long time, we will have a comfort break given that we are sitting until 6.30.

Deputy Gollop, do you wish the States' Greffier to read Amendment 48

Deputy Gollop: Yes please, madam.

The States' Greffier read out Amendment 48.

The Bailiff: Deputy Gollop.

Deputy Gollop: I am glad, Madam Bailiff, if you have confidence it will not be too long a debate, I think it will be a very short debate somehow, as I was not too encouraged by the last vote on Deputy Gabriel's.

Although there are fundamental differences, personally he goes into the mysterious world of tax caps and money from non-Island sources and areas where people have perhaps avoided paying tax. I am glad to hear that in the Budget, because I will be thinking of tax capping budgets.

This could also go in the Budget. In fact, Deputy Kazantseva-Miller, in an excellent speech, pointed out we have had three goes at this; I make it four, because I did an additional amendment, seconded by Deputy Matthews, last term, which was 22% for higher earners, which perhaps is a bit fairer.

But you have to take this amendment in its spirit. It is not that detailed. Deputy Matthews, for example, with the benefit of hindsight, perhaps a standard rate of Income Tax which would perhaps be flexible whereby one might have a lower rate of 15% or 17% or 20%. I would say 22% would be the standard rate but not necessarily the only rate.

I also assume that at any Budget, or every Budget, a generous Policy & Resources Committee, especially given recent relatively good news, would consider higher personal allowances of at least £1,100 as was suggested by the Policy & Resources team, of which I am the last survivor politically, did when we unsuccessfully put the measure to the States in the Budget of 2024.

I believe this would raise at least £28 million, maybe £35 million, maybe more, depends upon the mitigations. I personally would like to see a degree of mitigation, I have certainly had much positive feedback, which is why I brought it at the last minute again, because although I accept we have had this debate before, I do not believe the public out there and the Members of this Assembly, of whom there is half anew, have debated 22% yet. That is important to report out.

I think it is a less painful route than the GST and it is more popular – not with everybody, we have had some heartfelt arguments from exactly the people Deputy de Sausmarez, Deputy Burford and Deputy Kazantseva-Miller are thinking about who are younger parents, younger professionals, who might see a reduction in their standard of living. But of course that equally applies to anything we might have from insurance premiums to GST.

But there is a lot of positive support, I would say, particularly from older members of the community, and perhaps more politically experienced members of the community who cynically think this is a cheaper route.

I am still uncertain in my mind, I am sure Deputy is even more uncertain of how much it will cost to implement GST, especially at a lower rate relative to returns. Because we were told initially £1 million and then £2 million, but we on Home Affairs know that there would be significant extra resource needed by Customs and Excise and Immigration training. So this, on the face of it, looks simpler.

I know we have had already a question-and-answer session and a presentation on why we have still got 106,000 tax returns to look at from 160,000, and that of course makes collecting any Income Tax, whether 20% or 22%, not as easy as it should be. But, in theory, this must be easier to apply. The number one reason for voting for this is not that it is fairer, but it raises more money for vital public services and capital projects, and it is easier to collect and it can be collected quicker.

I would not advocate it for next year. I do not think it is possible technically and it is unfair, as some members of the public have already said, to put the burden on them when they have only three months of planning. But from 2028 onwards, and permanently until we have better financial news or revenue raised in other ways or even more money from Pillar Two or whatever, to keep it going for the foreseeable future. The Isle of Man is 22%. Other communities would die to have as low as 22%.

The Bailiff: Twenty seconds left, Deputy Gollop.

Deputy Gollop: So, I say this is a simple one, a bit like speed dating, you either put a cross against my name or you do not. I am usually the loser there as well.

The Bailiff: Deputy Matthews, do you formally second that?

Deputy Matthews: Yes, madam, I would like to reserve my right to speak.

The Bailiff: Deputy Helyar.

Deputy Helyar: May I bring a motion under 24(4) please?

The Bailiff: You may. Motion under 24(4). Immediately after an amendment or sursis has been proposed and formally seconded, but before any speech by its seconder, any Member may request the Presiding Officer to invite Members who support debate on the amendment to stand in their places. If there are fewer than seven, the amendment will not be debated and there will be no vote. So, those who support debate on this amendment, please stand in your place. That is more than seven, so we carry on.

Deputy St Pier: Madam, may I bring a motion under 26(1)?

The Bailiff: Deputy St Pier has brought a guillotine motion. Those who wish to speak in debate, please stand in your places. Do you wish me to still put it to the Chamber?

Deputy St Pier: I do, madam.

The Bailiff: Members, Deputy St Pier has asked for a guillotine motion on Amendment 48. Those who support the debate being guillotined now, please say pour; those against.

Some Members voted Pour, others voted Contre.

States' Greffier. Members, you should now have on your screen the 26(1) motion to guillotine debate on Amendment 48. States' Greffier, would you kindly open the voting on this?

There was a recorded vote.

Carried – Pour 23, Contre 15, Ne vote pas 1, Did not vote 1, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Burford, Yvonne	Blin, Chris	Leadbeater, Marc	Bury, Tina	None
Cameron, Andy	Camp, Haley			
Collins, Garry	Curgenven, Rob			
de Sausmarez, Lindsay	Gabriel, Adrian			
Dorrity, David	Gollop, John			
Falla, Steve	Goy, David			
Hansmann Rouxel, Sarah	Hill, Edward			

Helyar, Mark	Kay-Mouat, Bruno
Humphreys, Rhona	Matthews, Aidan
Inder, Neil	McKenna, Liam
Kazantseva-Miller, Sasha	Ozanne, Jayne
Laine, Marc	Sloan, Andy
Le Brun, Ross	Snowdon, Alexander
Malik, Munazza	Van Katwyk, Lee
Montague, Paul	Vermeulen, Simon
Niles, Andrew	
Oswald, George	
Parkinson, Charles	
Rochester, Sally	
Rylatt, Tom	
St Pier, Gavin	
Strachan, Jennifer	
Williams, Steve	

2920 **The Bailiff:** There voted in relation to the guillotine motion: pour 23, contre 15, there was 1 abstention and 1 Member was not in the Chamber at the time of the vote. I therefore declare that the guillotine motion has been passed.

Deputy de Sausmarez, I believe you are – no, it has changed, Deputy Burford is replying.

2925 **Deputy Burford:** Thank you, madam.

Well, once again around the 22% Income Tax roundabout. I will not repeat what I said in the previous speech, I will just pick up on the point that Deputy Gollop indicated that he would have liked some mitigation to go along with this, but he did not put it in the amendment, madam, so that is not what we are voting on. We are simply voting on a regressive proposal and one that puts us out of step with Jersey. So I urge Members to dismiss it.

2930 Thank you.

The Bailiff: Deputy Gollop.

2935 **Deputy Gollop:** Yes, thank you.

I would imagine that the proposal would come with mitigation, because by definition, if we did vote for 22% today or some other occasion, it would inevitably have to be drawn out in a Budget in such a way that that would include mitigations, tax allowances, maximum cut-offs where allowances do not come in, and so on.

2940 But I take Deputy Burford's point. I do have some sympathy with maybe another amendment we will see a bit later from possibly Deputy Helyar, because we are in danger of losing our way with these mitigations. The whole purpose of revenue-raising is exactly that, it is to raise revenue for the public sector. It is to pay public servants, professionals, civil servants, finance, means-tested and universal services.

2945 My argument is that the 22% is not necessarily as fair as GST in some ways, but it is more popular with a substantial number of people in middle Guernsey. It is something they understand. It is deliverable through our taxation system, hopefully, given Deputy Parkinson's reassurance, quicker and more easier. It would, I think, gain £30 million.

I will give way to Deputy Ozanne.

2950

Deputy Ozanne: I am very grateful to Deputy Gollop giving way.

I am just wondering if he might agree with me, ma'am, the curtailing of debate, as we are currently seeing, does nothing to build the trust and understanding that the public need.

2955 **The Bailiff:** Deputy Ozanne, a give way really needs to be on the point of the debate and the motion that has passed in relation to the curtailing of debate. That ship has sailed, I am afraid.

2960 **Deputy Gollop:** Yes. Perhaps we are going relatively quickly, but that is not the point. The point of my speech is to say, given the choice between a punch in the nose and a kick in the teeth or a poke in the tummy, if we include higher social security in that, I think the electorate would prefer – I will give way to –

The Bailiff: Alderney Representative Snowdon.

2965 **Alderney Representative Snowdon:** Thank you very much.

I think you are making some very good points but I just wanted to point out, you may agree or you may not agree, that if GST fails, this is really the last-ditch attempt to get some money in, because we could see history repeating itself and come away with nothing again, where this would bring something in if the GST failed. Would you agree?

2970

Deputy Gollop: Mr Snowdon's comments are very helpful.

I believe that this approach is more popular in Alderney. I have certainly been advised by Alderney professional people they would prefer it to GST, of the two. The crucial point is this is the last chance saloon to raise, with mitigations or not, money; £28 million to £35 million more than GST, more efficiently, this does the job.

2975

The Bailiff: Deputy Camp.

Deputy Camp: Thank you to Deputy Gollop for giving way. I hope this is a give way point.

2980

Now, the amendment asked to replace the GST with an Income Tax, it does not ask to remove the mitigations that are in the policy letter. So I would like some clarification because this just appears to replace a tax for a tax and so the numbers and the clarification we are getting from Deputy Gollop are not very clear. Because I do wonder if he is talking about two completely different Propositions.

2985

Thank you.

The Bailiff: Thank you very much, Deputy Camp.
Deputy Gollop.

2990

Deputy Gollop: To me, it was clear. Inevitably, when you are drafting amendments, one tends to get advice, not just from colleagues but from people assisting with drafting the amendments. That can complicate matters because I know what I am trying to get across; I am trying to get across a clear alternative to the GST package. I allow in all the other taxes potentially about car taxes and corporate taxes and that kind of thing.

2995

Whether mitigations are applied to this would apply to specific budgetary matters, but this does not include mitigations, because by definition the 15% has disappeared. I would like to see a more generous States that gives mitigations for the lower and middle earners and raises 22% as a standard rate for incomes, let us say, above £35,000 a year, or even higher. But the standard rate would be 22% instead of 20%.

3000

You are voting for a direction of travel and I believe a more palatable alternative and an easier alternative and an administratively cheaper alternative than the GST. Although I can see arguments for GST as well, but you have to make choices and this choice would bring the community together more than the other. Although there would be opponents and there would be losers, but I think this has more winners than losers.

3005

Thank you, ma'am.

The Bailiff: Thank you.

Members, you have Amendment 48 before you on your screen. States' Greffier, would you kindly open the voting?

3010

There was a recorded vote.

Not carried – Pour 5, Contre 33, Ne vote pas 1, Did not vote 1, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Gabriel, Adrian	Blin, Chris	Curgenven, Rob	Bury, Tina	None
Gollop, John	Burford, Yvonne			
Hill, Edward	Cameron, Andy			
Matthews, Aidan	Camp, Haley			
Snowdon, Alexander	Collins, Garry			
	de Sausmarez, Lindsay			
	Dorrity, David			
	Falla, Steve			
	Goy, David			
	Hansmann Rouxel, Sarah			
	Helyar, Mark			
	Humphreys, Rhona			
	Inder, Neil			
	Kay-Mouat, Bruno			
	Kazantseva-Miller, Sasha			
	Laine, Marc			
	Le Brun, Ross			
	Leadbeater, Marc			
	Malik, Munazza			
	McKenna, Liam			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Ozanne, Jayne			
	Parkinson, Charles			
	Rochester, Sally			
	Rylatt, Tom			
	Sloan, Andy			
	St Pier, Gavin			
	Strachan, Jennifer			
	Van Katwyk, Lee			
	Vermeulen, Simon			
	Williams, Steve			

3015

The Bailiff: There voted in relation to Amendment 48: pour 5, contre 33, there was 1 abstention and 1 Member was no longer in the Chamber. I therefore declare that the Proposition was not carried.

3020

Members we will now have a comfort break until 25 past four. While you take your comfort, please consider the motions that I will be putting to the Chamber after the break, which is again having a one-hour break for lunch tomorrow from one until two, and also continue until 6.30 tomorrow evening as well. Again, if the 6.30 motion does not pass, I will then suggest a six o'clock end time. But you have some 15 minutes to think about that.

3025

We will be going on to Amendment 45 when we return.
Thank you.

*The Assembly adjourned at 4.10 p.m.
and resumed its sitting at 4.26 p.m.*

Procedural –

Motion for shorter lunch break and extend meeting until 6.30 p.m. at tomorrow's sitting

The Bailiff: Members, before we took our break, I left you with two motions that I was going to put to you in relation to tomorrow's business, that is again taking a short lunch break from one until two, and finishing at 6.30.

So, if I can put the lunchtime motion to you first. Those who support us having a lunch break from one until two, please say pour; those against.

Members voted Pour.

The Bailiff: So we will take again a shortened lunch break. Then, in relation to finishing at 6.30, those who support an extended meeting finishing at 6.30 please say pour; those against.

Members voted Pour.

The Bailiff: So please make arrangements accordingly if you can.

**Tax Reform 2026 –
Debate continued**

[Amendment 45:](#)

To substitute in Proposition 1 the word "and" for the full stop and to insert, immediately after Proposition 1, the following additional Proposition:

"1A. To direct, notwithstanding Proposition 1, the Policy & Resources Committee:

a) to continue not with "the Reserved Measures", so defined as:

- i. the introduction of a goods and services tax ("GST")*
 - ii. the proposed International Services Entity arrangements insofar as those arrangements are dependent upon, or form part of, the introduction of GST; and*
 - iii. any reductions or restructuring of personal income tax, any associated payments, allowances or mitigations, which are intended to offset or redistribute the effects of GST;*
- b) to continue with the development and implementation of the remainder of the tax reform package provided those measures are capable of proceeding independently of the Reserved Measures;*

c) to report to the States by October 2027 with regard to:

- i. the receipts from Pillar Two arrangements and the best available estimate of the recurring annual revenues arising from them;*
- ii. recurring expenditure reductions and efficiencies which have been implemented, including but not limited to progress against the approximate £20 million assumption incorporated within the financial forecasts;*
- iii. an updated assessment of the States' financial position, including the General Revenue Reserve, investment performance, infrastructure requirements, financing commitments and debt-repayment obligations;*
- iv. updated demographic, workforce and public service demand projections;*
- v. progress in addressing the outstanding operational, staffing, systems and administrative issues within the Revenue Services, together with an assessment of its readiness to implement and administer any additional taxes;*
- vi. updated implementation and administration costs associated with the Reserved Measures, including expenditure already incurred and any avoidable, unavoidable or abortive costs;*

and that the original Propositions of this report shall not seek approval for the Reserved Measures; d) put not before the States any proposals in relations to the Reserved Measures until after the report outlined in 1A(c) has been considered by the States.”.

The Bailiff: We now move to Amendment 45. Deputy Leadbeater, do you wish the States' Greffier to read the amendment?

3045 **Deputy Leadbeater:** Madam, I do not think I will put him through that, it is quite long. I am hoping everybody has read it. I am hoping everybody has read the explanatory note, which is quite comprehensive.

3050 The genesis of this amendment came at the end of the first round of this debate back in July. Running up to that debate, and during it, we all received so much contact from members of the public, hundreds or so that emailed us, those we had spoken to prior to the debate, and those who were outside the building voicing their opinions and sharing their concerns with us throughout the duration of that debate.

3055 Coupled with this, by that time we had had the benefit of having a debate, so far, and what the messages coming from Members in here were, madam. I started thinking about if there was any possible way to reconcile the wishes and concerns of the public, seemingly collectively had, which were and remain, I am paraphrasing, 'Get your own house in order before coming to us for a GST. Make the savings you are saying you are going to make, get the Revenue Service up to speed'.

3060 That position of mistrust in Government by a significant amount of people and the policy letter and its Propositions needed to somehow be reconciled. Moving forward seemed impossible with the status quo. So, looking at the Propositions in the strand that make up the whole Tax Reform proposal, it started to become clear to me that if we were to re-sequence the timing of the decisions we are being asked to make, not throw the baby out of the bathwater, re-sequence the decision making and reserve the GST-linked measures for a 12-month period, enabling P&R to report back
3065 on progress against the assumptions we are making on things like the £20 million annual savings, the recovery plan for the Revenue Service, and updates on its administrative and systems improvements, actual Pillar Two receipts, and a clearer picture of what any funding gap is, we may be able to reconcile those two positions.

3070 Government then, by reporting back in 12 months' time, prove to the public that its assumptions are right. It can prove to the public that it will keep its side of the bargain, it can prove savings will be made and prove that the Revenue Service is on top of its backlog and has the capacity, systems, and resources to administer a new tax if the States wishes to introduce one.

3075 I woke up, I think it was a Sunday morning after the debate had finished on the Friday, and took to my laptop and came up with the first draft of this amendment; the one that is before Members now, madam. The idea has not changed since that moment, but I would like to take this opportunity to thank His Majesty's Comptroller and the Deputy States' Greffier for all of their work in helping to make the idea work with the Propositions. It is very much appreciated.

3080 I have received a lot of support from Members inside this Chamber and members of the public that I have spoken to about this idea. It seems people on both sides of the fence seem to warm to it. Now, that has not changed right the way through the summer. Does not matter where I have been, in the café in the pub, in the supermarket, speaking to people of my opinions. I have shared the amendment that I was going to be bringing today and people on both sides of the fence have supported it. It does not really matter where you are, supporting this amendment is a sensible measure. I am not really asking anybody to make a decision now on if they support GST or not. It is
3085 about making the decisions in the right sequence.

Listening to the debate this morning, madam, Deputy Parkinson, before this debate on his statement, when he says, 'Tax reform still needs to happen. P&R are not fundamentally changing course'. Of course, this amendment does not ask them to do that. 'We see the clouds on the horizon', he said. I see them too.

3090 Pillar Two income is banked in the second half of next year, perfect for 27th October to be returning. The picture becomes clearer when we start banking cheques. Obviously, we would have banked cheques by then. This is why October 2027 to report back on the stuff we do not know, the assumptions and the projections that we are making, is totally acceptable and totally sensible.

3095 I know that the amendment appears confusing to some; a couple of Members have mentioned that to me. The overall intention is twofold: continue with revenue raising and reform measures that can proceed independently, including the transport taxes and separate Corporate Tax measures. Second, to use the intervening PEP (?4.32.51) theory to demonstrate what recurring revenue is being generated by Pillar Two and those measures, what sustainable recurring savings have been achieved, whether the revenue series is demonstrably ready, and what residual structural funding gap actually remains. Only after the States has considered that updated position would the Reserve Measures be capable of returning for further political consideration. This is a sensible and pragmatic way forward, madam, and I advise Members to support it.

3105 **The Bailiff:** Deputy Helyar, do you second this amendment?

Deputy Helyar: I do, ma'am.

The Bailiff: Deputy Laine.

3110 **Deputy Laine:** Ma'am, I am seeking clarification on one area of a) as it says –

The Bailiff: Sorry, Deputy Laine, a bit like with Deputy Curgenvén, are you saying this is part of your – well, who are you asking the question of?

3115 **Deputy Laine:** I am asking the question –

The Bailiff: Sorry, can you put your microphone on?

Deputy Laine: Sorry.

3120 **The Bailiff:** If you have got questions for the person who has put the amendment, then you should raise those questions as part of the amendment.

3125 **Deputy Laine:** It is a typo in the amendment, so it could also be a correction. I just wanted the opportunity to highlight it. Under a), it says:

... to continue not with 'the Reserved Measures', ...

I imagine it should be 'to not continue' and given that this is what we are voting on, you might want to amend that.

3130 **The Bailiff:** Thank you, Deputy Laine, you were right to press that point.

Deputy Leadbeater, could you confirm whether it should be 'to continue not with' or 'not to continue with'?

3135 **Deputy Leadbeater:** I think they both mean the same thing, madam.

The Bailiff: I suppose they do, but one is perhaps more –

3140 **Deputy Leadbeater:** To clarify, it is 'not to continue' with those measures.
Thank you. *(Laughter)*

The Bailiff: Thank you, Deputy Laine.

Who wishes to speak in debate on this amendment?

Deputy Cameron. *(Interjection)* I was told by Deputy Leadbeater it was now Deputy Helyar.
3145 *(Interjection)* I am sorry. I understood it was Amendment 45. Sorry. Deputy Helyar, do you second it? I do not mind. Who wants to second it?

Deputy Helyar: I am happy for Deputy Cameron to second it. His name is on the –

3150 **The Bailiff:** Amendment 45 is now seconded by Deputy Cameron. I am terribly sorry. I had understood the message was that Deputy Helyar was seconding the amendment, but I realise it was not.

Deputy Cameron: Thank you, ma'am.

3155 I agreed to second this amendment, which I hope offers a sensible bit of breathing space. It recognises Guernsey's financial challenges and preserves GST as an option. It pauses GST. The GST-dependent International Services Entity arrangements and the personal tax changes intended to compensate for GST. All other measures capable of proceeding independently can continue. The amendment requests that P&R report by October 2027 on Pillar Two receipts, savings delivered,
3160 finances readiness and implementation costs.

Deputy Parkinson has told us today the Pillar Two taxes for 2025 would be worth £93 million. That is welcome news and gives us breathing space, but we need to establish how much can reliably reoccur. Members of the public need updated figures. What is already forecast? What is additional and reoccurring and what funding gap remains?

3165 Social media has just been causing so much confusion with many of the media coverage amplifying the same confusion. I asked P&R to produce myth-busting material over the summer recess. Too little has been done. GST is a damaged brand. Many Islanders have switched off when they hear those letters, so the mitigations struggle to get a hearing.

As Deputy Leadbeater has said, we need progress against the £20 million annual savings targets
3170 for 2029: what has been delivered, what remains, and whether the timetable is credible. I see good merit with Deputy Bury's data Amendment 32 on wealth and asset-based taxation. When I asked the Tax Review Panel why this had not been explored, I was told it was out of scope. That leaves some sizable stones unturned. Independent analysis could test the options and the risks to Guernsey competitiveness.

3175 I spent most of my working life in IT. States' Digital and Technology already has hundreds of business case backed projects in its queue. Many could cut spending of future staffing needs, but delivery constraints hold them up. Uploading our new bus timetable to Google Maps has taken weeks. This is no criticism of officers, but it shows how dependencies can delay the most basic of tasks.

3180 The Electronic Patient Record is closing after a delayed phase one that exceeded its original budget. About £22 million has been spent with unfinished elements transferring to the Digital and Technology Department. The Revenue Service is still recovering from longstanding backlogs and system problems. Its planning assumption is that historic backlog will not be cleared until October 2028. With all that underway, can Members honestly be confident that the GST technology
3185 programme will be delivered on time and within budget?

We may be one of the relatively few jurisdictions without Goods and Services Tax but how many would press ahead with introducing one, or facing so many unresolved issues around revenue collection, IT capacity, and the underlying financial assumptions? We are also at the beginning of unprecedented change driven by artificial intelligence, which could reshape employment,
3190 productivity, public services, and ultimately the tax base itself. Some may call this 'can-kicking'. It is a defined pause. The amendment sets an October 2027 deadline and specifies the evidence P&R must provide before the GST proposals are in.

I understand that some Members may not vote for this amendment because they have amendments further down the Order Paper. Supporting this amendment does not dismiss their concerns. Many could inform P&R's report while independent measures can continue. Approving GST would be a substantial programme. We should understand the funding gap and know the States can actually deliver it.

Thank you, ma'am.

The Bailiff: Thank you. Deputy Ozanne.

Deputy Ozanne: Thank you, ma'am.

I stand to strongly support this amendment and really urge the Chamber to do the same. I have constantly said through this debate that I believe the biggest gap we face is our trust gap, not our funding gap; trust with the people we serve and trust in our processes, our civil servants and between ourselves. Unless we address that trust gap head on, I really fear for the next few years for this Island and all the difficulties we are going to face.

Trust has to be earned. I know that is probably teaching you all to suck eggs, but you only earn trust not by what you say, but by what you do. (**A Member:** Hear, hear.) Our record on what we do and how we implement major projects is appalling. I appreciate I have not been in the States as long as many of you in this Chamber, but I can think of no major project that this Chamber has delivered in recent years that we can be proud of. I can think of plenty of major projects that have spent a huge amount of money, extra time and have caused many of our Islanders to really believe that we are incapable of creating major innovative new systems like this new GST will require.

Added to which we have, as we well know, the failures in our Revenue Service, which we have been very transparent about, and I want to applaud the staff who gave us a presentation last week. The truth is there that nearly every Islander, or indeed every Islander I know, either is owed money or knows someone who is owed money, or more importantly, knows someone who owes the States thousands of pounds and yet has not paid it. That leads to a real sense of unfairness and distrust. Until we sort that out, I really do not believe we have every right at all to ask people to pay more.

Our financial forecasting is appalling. We have just learned that this morning. We saw that in the last Budget and, as you will see in November, there are even greater variances coming. Our own budget in ESS has a £20 million variance. £20 million, not £2 million or £20,000; £20 million. That leaves me with no trust in our abilities to financially forecast what is correct. We need time to get our house in order. We need time to build that trust. This amendment gives us that trust. It gives a clear set of stepping stones.

I give way to Deputy Inder.

The Bailiff: Deputy Inder.

Deputy Inder: Thank you, ma'am.

Deputy Ozanne talks about things Government has never done. If she would at least – I have to put on record what this Government has done. The narrative appears to be we have done nothing, everything has been a failure, but in my time, over the last far too many years, we have delivered a successful recycling facility, which I think came in on budget for about £32 million. (**A Member:** Hear, hear.) The digital rollout last term, £30 million, which is an infrastructure project, that is going to be completed. The very wise decision by the previous CCA to purchase the Islander, not technically infrastructure, but good luck if we did not have it. We managed Brexit while Deputy Ozanne was probably not in the Island, and we had a very successful MONEYVAL outcome.

Thank you.

The Bailiff: It is a give way.

3245 **Deputy Ozanne:** Thank you, Deputy Inder.

As you may recall, I did invite, and indeed I had you in mind when I invited people to tell me what I had got wrong there, but the truth is that is not what the Islanders remember or believe.

It is true that we have done some significant work. Each Committee has rolled out lots of important plans over the last few years. I sit on one and I have seen that, but that is not what
3250 Islanders remember or believe. What they see is overspends in hospital, in major capital programmes, so I stand by what I said. I think that has undermined trust and confidence, and until we have looked at a clear plan to rebuild that, which includes delivering on the Revenue Service, on our financial forecast and budgeting, I do not see how we can move forward.

Thank you.

3255 **The Bailiff:** Deputy Camp.

Deputy Camp: Thank you.

Nineteen thousand six hundred and eighty-six people voted in the 2025 election, and we listened
3260 to those voices, we had to. Four thousand seven hundred and fifty-nine voted in the 2026 by-election. Again, those voices were not ignored. Today, we have potentially up to 9,000 individual signatures and over 250 businesses asking this Government to reconsider this Tax Reform proposal (**A Member:** Hear, hear.), which howsoever pitched has GST as its core Proposition. Without that being true, the claims that this package broadens the tax base really falls away, unless a few EV
3265 owners are said to be doing the heavy lifting in that statement.

Today's petition is the work of a handful of people who cared enough to rally voices of Guernsey at a time when apathy is high, trust is low and engagement is declining. No mean feat, and I applaud those members of the public who cared enough to make it happen. It got me thinking. A decade or so ago, a few thousand said, 'Enough is enough', a movement which went some way to reversing
3270 the worst of the new traffic measures along the town seafront. Those voices were not ignored.

Four and a half thousand people petitioned for Education's pause and review. Whilst the powers that be may have chosen to ignore the will of those people ultimately, the protest and petition were not dismissed. Those voices were not ignored.

Anybody who claims GST was not an election issue is wrong. Having re-read the manifestos of those successfully elected, even if not explicit about GST, there is a majority message that – and I do
3275 paraphrase because we have been limited today – Government should get its own house in order before asking people to shoulder more tax burden. In fact, my tally, challenged heavily by two AI agents programmed to think without being influenced by me, says that of the 37 of us elected in 2025, 21 expressed views that could be construed as saying no to this tax reform.

I suggest that there is not one of us here who could hand on heart claim that in just 15 months we have got our house in order or even begun to deliver on meaningful savings. That number of 21 should still stand as a decent tally of how this Assembly ought to vote today, but it can also indicate an Assembly potentially split down the middle. That is why this amendment should, in my
3280 view, be approved. What it does is it recognises and allows some new money to be raised in our system. After all, I hear some talking about the concept of new services. I do not believe the tax reform funds new services, but for those who do believe that would be its outcome, there is money here for new services. That is exactly what I saw in manifestos.

Here we have potentially a win-win, at least 21 people keeping their election promises today, not by rejecting GST today, but by saying, 'Why do we not put our money where our mouths are and actually prove that we can do some of this work?' Let us know what we have got in terms of
3290 Pillar Two. I mean, goodness gracious me, we are told it is a magnitude of two times the amount at least that we can expect in than we knew at 9.30 this morning.

There are other things. Clearly, we know that HSC is in a position to be able to put money back into the capital, this sort of idea, this pot of money that we have spent. We know now that we have
3295 another big question mark over what that funding gap is because that funding gap has been

dramatically changed today, and none of us know that because P&R have not shared that new calculation with us.

This is a really attractive amendment. It allows new money to come into the system. It allows GST to continue rumbling on in the background. The report by October 2027, now that we know P&R wants to delay the implementation of this by a year anyway, this puts us in no different position in a year's time than we were when we walked in at 9.30 this morning before P&R dropped a bit of a bombshell on us. I see this as a win-win. We can all leave with our heads held high. We could all leave having said, 'We listened to the public', and we can all leave saying, 'What we can do is now spend the next year refining this, demonstrating we can deliver on savings', and that will be a really interesting discussion when we come to the budget, given the letter I think we have all received.

The Bailiff: I think you have only five seconds left, Deputy Camp.

Deputy Camp: Yes, and so – look, I commend this to you. I think it is a great amendment.

The Bailiff: Deputy Inder.

Deputy Inder: I was not going to speak. *(Laughter)* In fact, if anything, as you have probably worked out, I have been trying to stop debate. What I would like to hear from Deputy Leadbeater, and I think I know the answer to the question, I think I have said this before, we have got Presidents who sit on the very large Committees: Deputy Oswald, Deputy Bury, Deputy Montague, and of course, the proposer of this amendment, Deputy Leadbeater. Members, really, I think it is Economic Development will spend in a year what Health spends in two weeks. That is the difference in budget.

Now, little old DPA, we can find our 1%, little old Economic Development can find our 1% or 2%. We can do all that. We can punch the air and say, 'We have done it', but what does it matter in the scheme of things? In the scheme, it means that the big players, of which Deputy Leadbeater is second – maybe third or fourth largest spender. He wants us to, effectively, pause and review, but where he is actually – and I have got to say this, Deputy Leadbeater. Deputy Leadbeater is in the position to effect change in his current Committee.

We have had a year now and I just want to read something. The bit I would like to hear from him is, why is he not doing it now with the 11 or 12 services leads that he has got? I know what the answer is: they all want more training, they all want to modernise their kit, and they all want more staff. I do not really know what we, who are not on the Committee *for* Home, can do – and I think I have said this before – that he cannot, in his position as the lead proposer of this amendment.

It gets worse. Last week – rather this week, Deputy Oswald, and rightly so, has basically stopped the – what was it? Modernised Programme 2A, I believe it is, £273 million. What was not said in that, not only is that we would need another 60 members of staff, we have got no housing for it. In short, it would have been a half a billion-pound budget if you include revenue. That is what was stopped, but in that, what Deputy Oswald said is going forwards, this is a press release, 'We will consider options for a number of smaller, more –'. No, he did not say that. What he said was, 'Current projections indicate that continuing to provide service in the same way is financially unsustainable with –'

Deputy Leadbeater: Point of order, madam.

The Bailiff: Your point of order, Deputy Leadbeater.

Deputy Leadbeater: I really have no idea what the Our Hospital Modernisation (OHM) project has got to do with this amendment.

Deputy Inder: Quite a lot. You will find out in a minute, yes. *(Laughter)* This is what Deputy Oswald said:

The current projections indicate that continuing to provide services in the same way is financially unsustainable with underlying pressure increasing by approximately £5 million per year.

3350 The only one who can fix that is Deputy Oswald. We are told that – Deputy Oswald and his Committee, to be fair. I am not entirely just pointing at him. I am a bit. The health demand is continuing to rise at around rack rate or running run rate of about £6.5 million a year. It is in a policy vacuum. If you allow something to expand and just say, 'That is a demand', that is a vacuum. The real question to Deputy Leadbeater is, with all of that and all that I have said, I have no confidence
3355 that we are going to find those targets, those savings. I generally do not. The police will demand more kit, they will demand more training, and they will demand more services. Health demands will carry on, and no one will switch them off. That is the real problem that needs to be dealt with.

You can vote for this and run around pretending you are going to look for something. We have been through it before. Deputy Kazantseva-Miller will remember we had a – I think it was on her
3360 not very fair alternative. I cannot remember what it was called. It was the fair alternative where we went through a process looking for savings. That never saw the light of day.

I am the arch cynic here, but I am absolutely convinced that the problem with this is it will not happen. It simply will not happen. You will not find any savings because we do not have the system of Government, or with a small 'L', we have a culture that effectively is a socialist culture within a welfare system which will always stop, will always want more money and we have a population who
3365 want more services and none of the tax. That is one heck of a quandary, people.

I will not be supporting this because I think it is a waste of time. I do not think culturally, or by definition, or by type of politician, or by public, we are going to find it because as soon as you switch something off – you think GST will be bad. Go and switch something off in Health and you watch
3370 the next – I will give way to Deputy Vermeulen.

The Bailiff: Deputy Vermeulen.

Deputy Vermeulen: Before it gets too depressing (*Laughter*), does Deputy Inder think that there
3375 might possibly be any chance that we discover more income through Income Tax or Pillar Two or other collections? Just on another note, on Home we are making savings. We are recruiting locally. We are training local officers. That is a huge saving over what it costs to import people into the Island.

3380 **The Bailiff:** Deputy Inder in five seconds.

Deputy Inder: I will not be supporting this amendment for the reasons laid out previously.

3385 **The Bailiff:** Deputy Sloan.

Deputy Sloan: Madam, thank you very much.

I started off my working day by being on the radio saying I was so pleased that common sense had prevailed. That is after my first taxi run of the day. I was saying I was pleased that common sense had prevailed because obviously Health had said, 'We could not afford £270 million in a hospital. We are going to have to stop that'. I would like to see that common sense prevails twice
3390 in one day.

Why do we go for it? As I referred to earlier about Keynes, the facts changed today when the Treasury Minister said that we had £40-odd million more than what we thought we had last Friday, and actually that comes on top of the extra £50 million we had in February. I add that up to the
3395 £120 million that we are not spending because of the hospital. That is a fair amount of money over the next few years.

Personally, I believe this amendment comes at a propitious time. When I heard about it in the summer, I was – but actually, given the changed nature of today, where a spending decision has been cancelled and revenues are higher than were thought, I do not understand how anybody can rationally oppose this amendment. Personally, I think our problem is a spending issue. I will agree with the Deputy Inder on that. We have had a 30% real-terms increase in expenditure over the last 10 years. I do not believe that putting new taxes makes us more competitive. Reducing taxes is what will make us more competitive, not raising taxes and giving people money back.

I wanted to speak on the surus, but we could not because we did not have a debate. It was 20-whatever. It is 26 (1)'d. Because if we were delaying things until 2029, which apparently P&R if they get their way – I paraphrase the exact words, if P&R get their way, that was an Orwellian phrase – well, it was not Orwellian, but it was very didactic I heard this morning. We are not introducing the proposals until 2029 anyway. Quite frankly, that gives us time to work on a whole host of other options. In fact, we could work on my flat tax idea that we agreed to look at in July; 2029 is two and a half years away. We have got time. AI would do it before the end of the year for you. Again, to repeat Keynes, the facts change today, and so therefore, I implore people to change their minds.

Today, even more so, I would like common sense to prevail. We have had the panel with Scrutiny, with P&R, where we queried that the package – ‘the package’ – was all designed just to get GST over the line. All I have seen today is a dogmatic insistence on railroading through to get to the substantive vote to get GST over the line.

As has been pointed out by this amendment, as has been pointed out by the facts, there is a massive change, step change, in the level of our finances today to what we thought they were just last week. (**A Member:** Hear, hear.) The starting point for us now, I would like to see those projections as provided by this amendment. I want higher quality projections, I want degrees of uncertainty and a decent set of forecasts going forward to base a decision, not what we have today where even the policy letter we cannot take as read because there might be changes in it according to the whim of P&R.

The Bailiff: Deputy Gollop.

Deputy Gollop: Some of the interesting speeches by Deputy Leadbeater and Deputy Sloan just now, and indeed what Deputy Parkinson said, have probably pushed me to the line of supporting this. I sit on Home Affairs as well and I see how, frankly, a lot of our service chiefs are putting forward the arguments that they could achieve a lot more for the community with more training, more manpower, more kit. I agree with Deputy Inder there. We need it and we are not going to give up. (**A Member:** Hear, hear.) If what we have heard today is true, that the budget effectively, at least for two years' time, has more money, we will demand more and we will not give up whatever Policy & Resources say, so you can bear that in mind.

Deputy Vermeulen said he saw Members' faces light up with joy at the thought of more money, and now he is almost agreeing with them, having condemned that earlier, but that is the point. I would not say we have a socialist culture. I would say, in a way, I prefer a bit more socialism, actually. It is going to be one of my missions because I think we are not having enough redistribution of income and the universal public services for middle Guernsey and the less fortunate. We are becoming more of an unfair society.

We also fail in terms of being popular Conservatives because if we were popular Conservatives, we would listen to Deputy Sloan and maybe have a flatter tax structure and move, as Mrs Thatcher and many other Conservative governments did, towards consumption taxes instead of relatively high Income Taxes and disincentives. That is a different argument.

This amendment is a little bit uncertain, but given the information we have heard today, there is a stronger reason than there was before to have a pause and review. The point is it continues, as I understand it – Deputy Leadbeater can reassure me – that it includes the work on motor tax, although I think there are tweaks there that we should need, like not charging on classic cars. It

encourages the reform of Social Security, and that work will continue, and maybe higher personal allowances up to a point. It enables us to look at efficiencies.

Now, I am not a believer in the efficiencies. Of course, you can make efficiencies. I have been a lone voice for 15 or 20 years saying the States will not reduce their expenditure, and they cannot reduce their expenditure. That is not because we are socialist, it is because we pay some of our higher achievers arguably too much and we have too many senior managers, perhaps at the expense of workers. I do not know, but I do not think the savings can be delivered.

I think what we have heard on the hospital expenditure is proof that one day, for the sake of argument, we may need a new hospital. How much more expensive will it be then, half a billion? We cannot give up entirely on the need for more money and more revenue, but what this does is at least gives us the opportunities, and for me to be proved hopefully wrong, that efficiencies can be made. Not cuts, not reductions in public service, but genuine efficiencies. For all of those reasons, I will support the amendment.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: Madam, this is an elegant amendment, but I think it gives us the risk of looking at the trees rather than the bigger picture and the woods. I would like to remind Members that the policy letter we are looking at is called the Tax Reform package. It is not named a tax revenue raising package. I would draw Members' attention to the first paragraph of the Executive Summary, again in the policy letter:

The States have a funding gap – in other words, a shortfall between income and expenditure – since the introduction of Zero-10 in 2008. At the time the decision was taken –

Deputy Sloan: Point of correction?

The Bailiff: What is your point of correction, Deputy Sloan?

Deputy Sloan: That statement is actually false, madam. We pointed out at the Scrutiny hearing in 2008 the States ran a surplus.

The Bailiff: Deputy Kazantseva-Miller.

Deputy Kazantseva-Miller: I am reading from the policy letter:

At the time the decision was taken in 2006, a number of revenue raising and cost reduction measures were put in place, but it was agreed to plug the gap from reserves for no more than five years. The States agreed that in stage 2, having run a deficit for three to five years, and after taking into account economic performance, a balanced package would be developed that sustained the economic position and delivered a balanced budget.

Twenty years later, we still have not come up with that package, having looked and analysed throughout the many years the many measures we have got. I would like to remind Members about the bigger picture – I am not going to give way – of the structural underinvestment in our economy that we have had over that period of time that differentiates us fundamentally with the investment that Jersey has undertaken over the same period.

The scrutiny work, under two political terms ago, found that that underinvestment in our infrastructure was in the region of £300 million. That was in 2020, right? We know how the costs since COVID, Brexit, etc., have escalated in terms of the level of investment we continue to be needing. There is a criticism that the current package on the table is probably not still touching the sides of what is required to fulfil the gap, and that is probably true but that does not mean that what we should not be looking is that fundamental Tax Reform package. It is by diversifying our tax

3495 base away from employment taxes, which is fundamentally what delivers that diversification. Everything else is secondary.

We need to bring our focus back into we are looking at the longer-term picture of diversifying and putting our finances in a sustainable footing and achieving the level of revenue, reserves and investment that our economy actually needs. When we hear the issues around the hospital and all the costs of building that we are facing everywhere else, the knee-jerk reaction could be we can no longer afford to do it, but that is only just shooting ourselves in the foot for the future because that investment will be needed at some point.

3505 Members, please let us look at this from a perspective where we are continuing to look 20 years on at how we fundamentally reform our tax system. While the amendment is elegant, etc., but it does not solve that fundamental problem we are trying to solve. I would not be supporting this amendment.

The Bailiff: Deputy Niles.

3510 **Deputy Niles:** I wanted to build on that slightly very good argument made by Deputy Kazantseva-Miller. She brought us back to some sense in the room that we are talking fundamentally about tax reform and the long-term structure of that tax for our Island. One of the things I wanted to speak to when I stood up was Deputy Sloan's point that when our Treasury lead addressed the Assembly this morning, he did update us on some facts that had changed. It is very important that we do that because it is important that Members have the same information that P&R have at any given time. It was appropriate that we did so, but that change has not fundamentally changed any dynamic in relation to what we need to do for our Island in the future and the generations to come.

I give way to Deputy Leadbeater.

3520

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, madam, and I thank Deputy Niles for giving way.

3525 I would normally wait until the end, but we are time limited. *(Laughter)* The points made by Deputy Kazantseva-Miller and Deputy Niles are valid, but this amendment is not trying to completely derail tax reform. This amendment is simply resequencing the decision-making, allowing us to make the decisions in light of the evidence which we have not got at the moment. That is all it is doing. It is not asking to do anything other than resequencing the decisions that P&R are asking us to make.

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The Bailiff: Deputy Niles.

Deputy Niles: Thank you, and I will continue.

3535 The point that I wanted to make also was it is sometimes intoxicating when we talk about large numbers. Deputy Sloan has made this point that he brought in some capital numbers in relation to hospital decisions that have been made in relation to that project. Then he added to that by introducing some revenue numbers and adding them together, but they are slightly different things, our revenue on an annual basis versus our capital – I will give away.

3540 **The Bailiff:** Deputy Sloan.

3545 **Deputy Sloan:** I did the maths and basically £120 million for a hospital. I have annualised that over three to four years, so it is back to £20 million to £30 million, £50 million from February. I took £50 million from today. I have got about £120 million, £130 million overall net change. That to me is a substantial difference in a starting position.

The Bailiff: Deputy Niles.

Deputy Niles: Thank you.

3550 I think that we will be in a position – I am not sure ahead of the Budget whether we are able to give any projections as to the ongoing funding gap before the Budget. It would be nice to be able to do that, but I am not sure that we are able to update those numbers other than to say that I do not think it changes anything that we move from a deficit to a surplus position.

3555 I encourage Members not to re-sequence, not to vote for this amendment and to continue on the path that we are.

Thank you.

The Bailiff: Deputy Vermeulen.

3560 **Deputy Vermeulen:** I am going to be voting for this amendment and I welcome it. It seems I was not the only one listening to those voices out there that made their opinion so clear. Deputy Cameron, Deputy Leadbeater have listened to those voices, and that is very important. Of course, at the moment, those people feel like they are not being listened to and that is not right.

3565 Now, things have changed significantly. The cessation of the large hospital project, the money Deputy Parkinson has found down the back of the sofa, the £90-odd million that was there, which he knew was going to come along, but he did not realise it was quite as much as that. There you go. Things are changing and, of course, we have identified the problems at the Income Tax, the number of 106,000 outstanding forms.

3570 I think Deputy Leadbeater is right. We need to do the maths, we need to work out where we are, and we need to understand, given the new figures, which are substantial. It is not £50 or a couple of thousand. These are substantial sums and figures. To have any direction going forward, you need to have a sound basis. You need to know what the figures actually are and, dare I say, you also need to examine what has gone wrong with our construction costs. We know that if GST was put on board, that would be even more expensive, but fundamentally, we are not running things right within the States when it comes to large projects. The public have picked up on this and they are wanting those matters addressed promptly.

3575 This amendment, I welcome it and I am going to support it, even if it does upset Deputy Niles and one or two others. Sorry about that. (**Deputy Niles:** No problem.) (*Laughter*) But yes, that is where we are.

3580 Thank you, ma'am.

The Bailiff: Deputy Laine.

Deputy Laine: Thank you, ma'am.

3585 Deputy Leadbeater mentioned re-sequencing and providing evidence. What worries me is we appear to be seeking something that no Government has ever been able to obtain. In fact, Deputy Vermeulen spoke about a sound basis and what the figures actually are. The difficulty is no such evidence ever exists. There will always be another forecast. There will always be another economic development. Who knows, a pandemic. There will always be another set of figures to analyse. There will always be another forecast. There will always be uncertainty about global economic conditions and the continuing evolution of Pillar Two. The question before Members is not whether uncertainty exists, uncertainty will always exist, the real question is whether we have sufficient evidence to make a judgement today and that in the future we could possibly have more evidence than we have today. I am interested what the proposer has to say.

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The Bailiff: Deputy Helyar.

Deputy Helyar: Thank you, ma'am.

I am probably not one of the individuals that Deputy Camp's AI machine would have identified as an anti-GSTer in my manifesto. It was very clearly upfront saying, 'It is the best solution'. It still is, but not in this package which is being presented to us. I cannot vote for it. It is a benefits package and the Treasury lead said that today. The Chief Minister said it in the opening speech to this debate several weeks ago. It is not what we started off with. I do not think it will raise a penny of revenue.

I am completely on the other side of many people that have spoken and supported this, but I will support it because the numbers changed fundamentally this morning. They changed fundamentally and there are several occasions – I think I counted up it was 57 hours of debate that I ran on GST just before P&R was removed. Pretty much the week after that, Treasury came out with a different number on Pillar Two. It basically rendered all of those 57 hours completely pointless because P&R would never have brought the policy letter in that format if it had known that the projections were that far different. I am not speaking about this P&R, I am speaking about the P&R that I was a member of. The point is that we have fundamentally different numbers here now after a policy letter has been generated that tries to deal with it.

We have heard a lot about the Revenue Service, and Deputy Ozanne has spoken profoundly about lack of trust, which I absolutely support. I do believe that, and I do believe the public sees through a lot of it. I have heard stories about the Revenue Service. I fundamentally just do not believe them. I do not believe them. If I was a delivery driver, and I had a vehicle with a broken-down tyre, and I took it to Pitronnerie Road for that tyre to be replaced and the guy at the garage said to me, 'We will do it in 2028', what sort of reaction do you think you would get? This is not real world. We started really voraciously chasing these problems down in 2020. It is now 2026 and there has been no progress. This is not acceptable performance. (**A Member:** Hear, hear.)

I think what the biggest problem that I have with this is that we are missing an opportunity as Members to take control of the system which is running Government without our control of it. (**Several Members:** Hear, hear.) We need people to become accountable for their performance and across Government to improve that performance. That is the way in which we will get public trust. The public do not mind, in my experience, paying for public services if they think they are getting value for money and they do not, in my view, believe that they are at the moment. This gives us some breathing space to earn some of that trust, and I think we should take every possible step that we can to earn some more of that trust. (**Several Members:** Hear, hear.)

I would urge Members to support this amendment.

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma'am.

Some great speeches. I do not think I can – a patch on those. I start with what P&R has told us. In July, acknowledged in its own words still some significant uncertainty around some key elements of the States' finances, naming Pillar Two, artificial intelligence and offshore wind. Well, what a shock we had today. Pillar Two estimates of – what was it – £96 million before adjustments? The policy letter says:

The stronger than expected results for 2025 does allow time to introduce changes more gradually.

That is a verbatim quote, by the way. I take both at face value. I do not say the Committee's figures are wrong. Well, I have actually, have I not? I say the Committee has told us they are not yet settled and that there is time. This amendment acts on those two sentences consistently, keeping moving what does not depend on uncertainty and wait for the evidence on the one measure that does. Roughly £11 million of net new revenue still precedes mainly transport and corporate measures and the £20 million of savings sits in the baseline, whether or not GST does.

The figure I want to dwell on, though, is the £28 million a year of Income Tax, which I think Deputy Helyar was alluding to. That cut is permanent. It reoccurs every year and I doubt a future Assembly would find it easy to remove or reverse, sorry. The package commits it against a

3650 consumption tax whose yield is a forecast, a forecast that seems to be shrinking every month. I would not sign off a permanent reduction in a client's income against a receipt that has not yet arrived, and I do not think the States should either. This amendment also respects the Committee's own position that GST and its mitigations go together. It reserves the tax and its offsets as one. No household faces one without the other.

3655 Now, what is the wait for? The policy letter answers itself. The first Pillar Two filing deadline, and I quote:

... may not occur until June 2027.

and cash receipts are:

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... not expected to begin in any volume until mid-2027.

A report by October 2027 is the first point at which some actual filings, not just modelling estimates, could be put in front of us. The Committee's own Tax Review Sub-Committee recommended an interim update in 2028, and I quote:

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... once the first global minimum tax returns have been filed.

This amendment applies the same logic to that base decision.

On 18th October 2023, the official report records Deputy Parkinson saying that we should wait and see what the new Corporate Tax system brings in before introducing a GST, quote:

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... which ultimately we might not need.

He was not saying never. He was right then and that is this amendment's position. The corporate measures have since been counted and the gap remains. That is fair but then the first filings are not.

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Then there is the Revenue Service. The Committee's own appendix records some inevitable concern about the Revenue Service's capacity to manage an additional tax. As reported this month, the backlog stood at 106,444 items at the end of August, with a clearance expected around August 2028, after the package's own GST start date. Limb (c)(v) of this amendment asks for an assessment of concern the Committee has itself written down. Three quick replies. Is there no route back? Well, limb (d) makes a return conditional on the States considering the report. There is no automatic trigger either way, and that is not July's Amendment 2, it is the 2030 review.

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Sorry, I am getting there. Speeding it up. I have got to cut that down now. If we carry this amendment, the transport and corporate measures proceed, the savings proceed, and by October 2027, the States has in front of it what the Committee says it does not have. By the way, just on the note of broadening our tax base, this is actually what it does. Deputy Leadbeater's amendment does allow us to broaden our tax base. It is just the GST and the mitigations that go with it that we need to look at.

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Finally, ma'am, Deputy Leadbeater rightly talked about public sentiment, thus I would like to read out a comment made today in closing from a member of the public:

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One of the biggest issues facing Guernsey and the Assembly spends 50 minutes discussing whether to limit speeches to five minutes before breaking for lunch and they wonder why we have such little confidence in the States. I am going to make it a prediction that the actual vote on GST will fall broadly in line with the vote to limit speeches. My gut feeling is that most of those who voted pour have already made up their minds and would rather not have their predetermined view challenged.

Ma'am, through you, I urge the Assembly to make sure that is not an accurate prediction and support Deputy Leadbeater's amendment.

Thank you, and sorry about the rush.

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The Bailiff: Deputy Bury.

Deputy Bury: Thank you, ma'am.

3700 Just to be clear, I am speaking in my personal capacity, not as the President of ESS. This is not an amendment that we have reached a Committee position on, but some of my thoughts are informed by being President of that Committee.

3705 I am wrangling on this one because from a matter of principle, it appeals greatly. Contrary to popular belief, I have never said I am anti-GST. In fact, I have publicly said I think it is inevitable in the end, but what I have also said is that the right sequencing and fair sequencing is something that I would like to see, so all stones turned first and all that kind of thing. That remains my position while being concerned about potential impacts on services, etc., if we do not do something soon.

3710 For those reasons, this amendment very much appeals to me. However, there are a few parts of it that cause me concern as the President of ESS. I have been informed that the social security contribution reforms would proceed. That is the assumption, and that Deputy Leadbeater will or already has, when I was not here, confirmed that on the record.

3715 However, I am also informed that that potentially creates some negative impacts on the Guernsey Insurance Fund (GIF). Essentially, the GIF requires a fairly substantial sum to be transferred to it from general revenue on an annual basis and what this amendment will raise will not even cover that. That was it for me. I thought, 'Well, if we cannot cover the amount that needs to go to the GIF that is going to be raised from this then I probably cannot support it'. That was before I knew about £79 million of Pillar Two receipts. I find myself wrangling again and looking to those that will be summing up to persuade me accordingly.

Thank you, ma'am.

3720 **The Bailiff:** Alderney Representative Hill.

Alderney Representative Hill: Thank you, ma'am.

3725 I am taking a slightly different angle. As you are aware this morning, I asked the question when we were being told about the potential increase in Pillar Two payments and was there anything in the Tax Reform package that could potentially affect that income? The reason why I like this proposal is because of part two, the proposed International Services Entity arrangements, insofar as those arrangements are dependent upon or form part of the introduction of GST.

3730 Now, that is a very complex thing and indeed many corporates have very complex structures. It has been one of the biggest areas that I have really struggled with this whole Tax Reform package because of one major industry. It is in my opinion, okay, that that reason why I am not – I think this is a very good focus because I believe that the International Services Entity arrangements will affect two key industries and they could well choose not to make Pillar Two payments to Guernsey and go off to another jurisdiction. I am warning you that the ISE in the Tax Reform package will have an unintended aftereffect.

3735 Thank you.

The Bailiff: Deputy Matthews.

Deputy Matthews: Thank you, madam.

3740 I think Deputy Helyar hit the nail on the head when he talked about the issue here, because I think this amendment works equally well whether you are for, against or indifferent to the imposition of GST, in that there are really two areas where there is a great deal of uncertainty. The one I think that is the greatest at the moment and that you often hear about the most is just the mechanics of tax collection.

3745 We, as Deputies, were invited to a presentation by the Revenue Service. I understand the service, of course, is under an awful lot of pressure. They are making great strides to try and recover their

position, but it is going to be a long road to get back to normality for that service. We have received some assurances that the GST element of tax collection would be entirely separate. It would be in a separate box, and we would hire entirely new people, and it would not affect anything to do with the Revenue Service operations for Income Tax and for social security contribution collections.

I am sceptical, madam, myself. We know, for example, that the Revenue Service difficulties have had wide-ranging effects across Government. We heard about, for example, that our census figures on population to let us know about how many people are in the Island have been delayed substantially because of difficulties at the Revenue Service.

This idea that there is no link between it – we know Guernsey Civil Service and our administration is very small, and people move around and they do things. It is not a case that we have got an office in one town and another office in a completely different city that does something else. Issues at one service will have a wide-ranging effect across the board. To my mind, this would not be the best time to be looking at adding a significant additional administrative load on to a service that we know is already significantly underwater. (**A Member:** Hear, hear.)

Of course, the second issue that Deputy Leadbeater identifies is the uncertainty over the Pillar Two revenue, which this morning we heard slightly less uncertainty about, but we still do not have any cheques that have been written. This, I think, is something that we need to have much more clarity about. It does fundamentally change what we are trying to do. That is partly because – or what options are available to us. Those of us who have wanted to look at alternatives, either to entirely avoid the introduction of GST, or at least to mitigate the introduction of GST so that the rate could be much lower, have looked in many places for that.

I know that for myself, on HSC, I have been very keen to look at how we can make much greater use of private health insurance income, which we do not at the moment. We allow many people who have got insurance in place simply not to claim, and that is part of our sustainable healthcare workstream, which is very slowly but surely making some progress, and I hope we will make much more progress.

Madam, I also have, later on in this debate, if we ever get to it, Amendment 43, which looks at a reform of property tax. In those cases, and in many other cases, the argument against this has always been, 'Well, these do not generate revenue quickly enough', and we have heard various rhetorical flourishes from the Treasury over the many years of how we are up against a cliff edge and we are out of runway and we are one minute to midnight. This is why our only two options have really been either GST or Income Tax and they are both equally bad.

Having this extra buffer, I think, does make a really big difference and we really ought, to be responsible, to be making use of that. Many speakers have mentioned that really nothing has changed. Deputy Kazantseva-Miller mentioned about how that fundamentally we are still looking at a need to diversify our tax base, which I entirely agree with. I just disagree that GST is very effective at diversifying our tax base. Essentially, it is still part of the tax wedge on labour. It is still a sequential tax that is essentially just –

The Bailiff: Seconds left, Deputy Matthews.

Deputy Matthews: – taxing earnings in the greatest part and so for that reason I would urge Members to support the amendment, madam.

Thank you.

The Bailiff: Thank you.
Deputy Oswald.

Deputy Oswald: Thank you, madam.

I have remained quiet up until now while I listened to this very interesting debate and I had a chat with Deputy Leadbeater beforehand. First, I want to allude to some large figures which have been wandering around relating to the OHM programme.

Clearly, the fact that we stopped OHM 2A does not mean that we are suddenly going to return £273 million to the Exchequer. We would all be laughing all the way to the bank if we did. I would point out that what we might return to Exchequer may be only about £40 million because of the sums agreed in the policy letter originally for OHM 2A. It was about £130 million, of which £90 million comes from the Health Reserve Fund, which is banked and ready and available to us. It was an Al Brouard amendment which allowed us to access this for the building purposes.

I thought at the time that might be selling the family silver, but clearly at the time there was a big debate as to who was to get the money, whether it was going to be Education or HSC, and we still need that money for health uses.

Deputy Kazantseva-Miller has pointed out that we may be shooting our foot by not having a new hospital at this point. If we came back to the States in the future and asked for a new hospital building, yes, the sums would be very significant. What we have to try and do is pull out of the car wreckage, which Deputy Sloan has already described OHM 2A as being, as something which actually satisfies the needs of the public within the sums that we have available to us, i.e. in the Health Reserve Fund. Which brings me to how it relates to this particular amendment.

I am very much of the view that the bird in the hand is worth two in the bush. I have listened to the conversations about the Pillar Two, and I think that money should be banked into a reserve and we should consider in the future how best we use it. It also refers to the fact that we have a fundamental issue with the General Revenue Reserves, which actually finance quite a considerable amount of our unforeseen expenses on a regular basis, running down and we need to review that.

So having listened to – I am not going to give way – Deputy Leadbeater's comments, I actually feel that I cannot support this motion. I really do think that we need to stick to the guns of what we already decided, but I thank you for his work on that.

The Bailiff: Deputy Montague.

Deputy Montague: Thank you, Madam Bailiff.

As my colleague, Deputy Oswald, has just said, I have been quiet listening to this fascinating debate. I see why this amendment is very attractive. No one likes walking in in the morning and having, 'Traitor' shouted at you because you have got a particular view about what we should do in terms of broadening our tax base, but I am wary.

We heard some comments about Pillar Two this morning. We listened, but I think we all heard different things. I am with Deputy Oswald on this, ma'am. All the way through my adult life here, I heard Guernsey people talk about, 'We are cautious. We like to have reserves. We like to ensure that we are prepared for all sorts of eventualities in the future'.

Deputy Vermeulen said it, people had all dollar signs flashing in their eyes like some little cartoon character when they heard those numbers. In fact, over the course of the debate, those numbers have been increased somehow, I do not know how, so I am very cautious about it. I agree with Deputy Oswald, I think this is a delay. Deputy Laine said something very interesting: what is going to change in the future that suddenly in a year's time we will go, 'Do you know, we know this, we know that'?

The other final thing I want to say is this issue of trust. When Deputy Helyar sat down, I whispered rather too loudly – I have a bad habit of saying things out loud; sorry about that – that idea that magically in one year we are going to restore trust. We know what is going on in liberal democracies across the world: there is a massive trust deficit. We can do everything we want but that is not going to happen in a year.

I think those of us who support a broader-based tax base and who believe in a meaningful tax form have not done our job well enough to communicate to the public. I will take a responsibility for my little role in not being good enough there. I think it is really problematic when we constantly talk down Government. *(Interjection)*

Deputy Inder very wisely came out with some comments earlier I would have said if I had have been allowed to do my Update Statement, which by this system will probably take place sometime

in January or February. *(Laughter)* At the moment Les Ozouets Campus Phase 1 is on time and on budget. It is being managed incredibly well by incredibly skilful and experienced civil servants, so we do see good things taking place. If we keep concentrating on the negative we will reinforce that narrative and we will undermine what we are trying to do there.

3855 So I would just say that I am not minded to support this. I understand exactly where my colleagues are coming from, but I do not think this is an appropriate amendment. I think there are some other amendments later on in the Schedule that will make us think a little bit differently about how we might proceed.

Thank you.

3860 **The Bailiff:** Thank you.
Deputy Burford.

Deputy Burford: Thank you, madam.

3865 I am going to be very brief. First of all, I think that was an excellent speech by Deputy Montague. I have just been sitting here with something somebody said bothering me for a while, so I decided to get up and address it; it is the idea of framing the tax reform as a benefits package. I think it is unfortunate that in the last Assembly the word 'mitigations' was ever used. Because fundamentally I think where you could lay the claim of benefits is quite possibly on the Essential Costs Relief Payment; maybe on some slight adjustment of pensions.

3870 The fundamental part of this package is reducing where we take tax in one area, increasing where we take tax in the other area, and the balancing out of those things comes to £36 million. It is a tax reform, this is the whole thing about broadening the tax base. People seem to think that the GST is the broadening, but the broadening comes equally from charging less in Income Tax, from taking less social security from people, from incentivising work through those two things.

3875 So I really would push back against this idea that those changes to Income Tax and social security are there, I think to quote Deputy Curgenvin in the podcast, 'To stop people cutting and bleeding', which I thought was a slightly unfortunate turn of phrase. They are simply part of the broadening of our tax base.

3880 Thank you.

The Bailiff: Deputy Dorrity.

Deputy Dorrity: Thank you, madam.

3885 Madam, I cannot support this amendment. Here we are finally debating the Tax Reform package; it is happening here today. This is not the time to be choosing can-kicking. This amendment would delay tax reform yet again, GST and related measures, and require us to wait before bringing them back. That is not simply allowing more scrutiny, it is choosing more delay, it is choosing not to make a decision.

3890 Of course we need to keep expenditure under review. Of course we need proper information about Pillar Two, the Revenue Service, demographics and the States' financial position, but we can continue to do that while taking action. We have heard a lot today about some signatures that were presented on the steps earlier this morning, 9,000 people who do not want GST on the Island.

3895 While I am thankful for them for engaging in democracy and making their voice is heard, I must say that is not a majority of the Island's taxpayers, it is not even a majority of members of Guernsey People Have Your Say! Facebook group. The pressures on our public finances will not pause while we wait for another report, and delaying difficult decisions does not make the issues go away, it simply leaves them for another day, potentially with fewer options.

3900 Today we have the opportunity to debate the proposals, challenge them, amend them where necessary, and ultimately to decide to broaden our tax base away from reliance on an ever-narrowing Income Tax band. That is what this Assembly is here to do. This is not a time to

delay taking action yet again. We would simply be leaving the decision to the next Assembly, an Assembly with less money, fewer options, and an even bigger problem.

3905 **Deputy Leadbeater:** Point of correction, Madam.

The Bailiff: Deputy Leadbeater – Deputy Dorrity.

Deputy Dorrity: This is the time to finish this debate –

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The Bailiff: Deputy Dorrity. (*Interjections*)

Deputy Dorrity: – make a decision and –

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The Bailiff: Deputy Dorrity.

Deputy Dorrity: Go on, then.

The Bailiff: No, it is my choice whether or not –

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Deputy Dorrity: Sorry.

The Bailiff: Deputy Leadbeater, what is your point of correction?

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Deputy Leadbeater: Well the point of correction is that Deputy Dorrity just said that we are sending the decision on this back into the next Assembly when the amendment is not asking for that. It is coming back in 12 months with a report on the success or otherwise of the other measures that are not to be reserved. So we are not kicking the can into the next Assembly whatsoever.

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The Bailiff: Deputy Dorrity.

Deputy Dorrity: I believe that remains to be seen. By the time we have had a vote, legislation has been drawn up, another vote, another load of people on the steps, but anyway.

3935 As I was saying before I gave way, this is not the time to delay taking action yet again. We would simply be leaving the decision to the next Assembly, an Assembly with less money, fewer options and an even bigger problem. This is the time to finish this debate, make a decision, and then get on with implementing it. For those reasons, I do not support this amendment.

Thank you.

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The Bailiff: Thank you.
Deputy Collins.

Deputy Collins: Thank you, ma'am.

3945 I have heard quite a lot of Members talk about reserves. It is one of my favourite subjects, so I thought it would get me to my feet. As we know, currently we have £196 million in our core reserve. In our General Revenue Reserve we have £407 million and £91 million in our House reserve. These were the figures presented to us when the finance leads met. It also indicated as a group, as I have said before, we now have over £4 billion in reserves.

3950 If we were to take the fact that we are trading about £1.3 billion a year, we have three and a half years' worth of reserves. Or if you are looking at it from a general revenue point of view, we have three to six months' worth of reserves, which any good company would have at least three to six months. So there is no real urgency to really push through the GST package which will, in my

opinion, increase inflation at a time where we are trying to push forward a major housing development.

3955 As we have known, and people have reported recently in *The Press*, there are over 2,500 job vacancies in this Island, ma'am. If we had have built those 1,700 homes that were planned over the last period of five years, we would have many more people in this Island paying tax. It would be more workers in this Island paying tax.

3960 So for me, ma'am, again, I reiterate the fact, having done accounts and having done year-end adjustments, I know exactly what is going to happen. Projections are always going to be slightly better – it is better to come back to reserves. So I truly believe we will see more than £93 million a year, and I have been saying that for a little while.

3965 So for me, if we are bang on £93 million, I will buy Deputy Parkinson a case of champagne. (*Laughter*) If it is a penny more than that, I certainly believe it will be, I will be coming back here again and saying, 'Look, there was no need to rush through all this in a period where cost of living is really high, the effects of the war are really starting to impact'. We have heard through constructions industry, through the Housing Committee, just how much it is costing more to build and to do more, so no wonder these projects are overrunning, ma'am.

3970 So for me, we have got to keep inflation down, not bring in GST. Even with the Dorey modelling actually, the range could be up to 2.5% effect on GST Plus the other rounds of inflation. I am really a supporter of this. Anyone sitting on the fence, please vote for this. This is a really good option, so please do so.

Thank you.

3975 **The Bailiff:** Thank you.

Does anybody else wish to speak in general debate? In that case, I will ask Deputy de Sausmarez to reply on behalf of P&R.

Deputy de Sausmarez: Thank you, madam.

3980 I think this amendment made more sense when its core argument was, 'We need a bit more breathing space', but as Deputy Parkinson has explained, we now have that very breathing space. All the concerns around the speed of the timeline in terms of implementation, that has already been resolved, so those arguments fall away.

3985 The other core argument at the heart of this is, 'We need more info'. Well I think Deputy Laine did an excellent job of explaining that we will never have all of the perfect amount of information, there will always be more just over the horizon, and especially if we look at the kinds of information that this directs in this amendment.

3990 First of all, it is the kind of information that we will keep the Assembly updated on anyway, but much of it we are just not going to have the kind of information that I think Deputy Leadbeater is hoping is going to be super-helpful by October 2027. That would need to be submitted in presumably September 2027, so we will not have a full year's. We will not know what the savings are in terms of the savings. I think Deputy Leadbeater himself thinks we are not going to make those savings very much, as Deputy Inder has pointed out. I am not sure what he is expecting to hear from that, other than 'worse news'.

3995 For example, updated demographics. Well, yes, we might have updated demographic information but it is not going to be any different from the long-term trends. We have seen this, we have known about it. There is a report overseen by Deputy Sloan when he was in Treasury in 2011 which pointed all of this out. We know what the long-term trends are, and these issues are at the very heart of what we are trying to address for the Tax Reform package. I give way to
4000 Deputy Sloan.

The Bailiff: Deputy Sloan.

4005 **Deputy Sloan:** Yes, as I pointed out at the time of the Budget, madam, the healthcare expenditure is running at growth of more than twice the rate that was even projected back then. These are not purely demographics.

The Bailiff: Deputy de Sausmarez.

4010 **Deputy de Sausmarez:** Yes, but it is a worsening of the position and it is driven by that demographic trend. So again, even to Deputy Sloan's point, it is not going to be that we wake up in October 2027 and our problems have just vanished. I think the chances are, if anything, they might have worsened. The operational, I think Deputy Montague and others and Deputy Burford have spoken to this. We agree, we prioritise the operation on efficiency; it is turning a tanker.

4015 I am very conscious of time so I need to address this funding gap issue, especially in relation to Pillar Two. Just to be absolutely clear, we are not expecting £93 million; that is absolutely not the case. This is an increase of somewhere in the region of £30 million compared to what we were thinking. I have to stress that even once those Pillar Two, the increased – the revised estimate for Pillar Two has been taken into account, we are still anticipating a funding gap in the region of about
4020 £47 million for next year, and that is assuming that the Assembly supports the 1% reduction, so it could be higher than that. I really do have to put the news about the Pillar Two revenues into some perspective.

To Deputy Bury's point, even though this amendment would seek to continue the implementation of Corporate Tax and transport taxes, basically we are spending out more from the GIF every year than the income that comes to it, so there is a transfer in the region of £20 million.
4025 Because this amendment seeks to implement the Social Security restructure, it is a snake that is eating its own tail and it does not even cover its own costs, even taking into account the additional revenue streams.

So basically this means that either general revenue or the GIF are going to be worse off compared to not making this change. At the end of the day, this does not bring anything except more uncertainty. It is an issue, as we have heard earlier on today, that has been kicking around for the best part of 20 years. There is never going to be the perfect amount of information, there will always be a lag in terms of Pillar Two accruals, for example, so the only thing that this really adds, given that all of the information listed in the amendment is stuff that is going to come forward
4030 anyway, is uncertainty.

I was at a brilliant event last night. When the audience was asked about what their main takeout message was, a couple of them said that the main thing that struck them from a film they just watched was that delay costs. I will just leave on the words of Deputy Kazantseva-Miller, the Tax Reform package is ultimately about putting us on a much stronger and more sustainable footing.
4040 It is not about revenue raising, it is about a fundamental reform that is going to allow us to invest in the Island's future with certainty.

Thank you.

The Bailiff: Deputy Leadbeater.

4045 **Deputy Leadbeater:** Thank you, madam.

I would like to first of all start by thanking Deputy Cameron and Deputy Helyar for seconding the amendment. *(Laughter)*

4050 **The Bailiff:** That is a bit mean.

Deputy Leadbeater: I apologise, madam; I need to explain. I exchanged emails, madam, with you in the lunchtime and there was a bit of confusion about who was seconding what, so I will take responsibility for that.

I would like to start by thanking Deputy Ozanne. She talked about trust, and said that trust had to be earned. This is not what this is about. It is demonstrating that people can trust us, that people can trust what we are saying.

I am just going to go completely around now to the point – Deputy Inder I think made the best argument for the amendment, really. Because he was saying to you, ‘Oh, you are a big spender, you are not going to make any savings’. I have said that. Home Affairs are not going to make any savings. Well, Deputy de Sausmarez pointed that out as well; we are not going to make any savings. Well exactly, which drives the coach and horses right the way through their policy letter which attunes £20 million worth of savings.

Deputy Sloan grilled them at the Scrutiny hearing, ‘Where are these savings coming from?’ ‘Oh, we are just going to make them.’ That is not true, you cannot just say, ‘We are just going to make them’ and that does not happen. So this amendment is saying, ‘Okay, a bit confident we are going to make these savings’. If we are confident that we are going to get the Revenue Service back up and capable of administering a GST, let us prove it, because I do not think we are. I am not going to be coming here as President of Home Affairs in November and saying that we are going to generate savings. Not whatsoever, and I will articulate that when it comes to the debate in November.

I will move back on to Deputy Camp. I thank her for her input. I really thank her for the input on a previous draft of this amendment because I incorporated it into it, so the amendment you see before us today has had some input from Deputy Camp. Deputy Inder, I proved that point. He was really grumpy in pointing out that this amendment is actually a good idea because we need to demonstrate we can prove the savings, so I thank Deputy Inder for that.

Deputy Gollop, transport taxes and the social security change will go ahead unfettered, obviously. Deputy Kazantseva-Miller, this decision is not changing, the decisions we have been asked to make, it is just re-sequencing, ensuring that we are making decisions based on the best evidence that we can rather than just assumptions. No to re-sequencing from Deputy Niles. That is all it is asking, is re-sequencing. I will give way to Deputy Curgenvén.

The Bailiff: Deputy Curgenvén.

Deputy Curgenvén: Thank you, ma’am; thank you, Deputy Leadbeater.

I think Deputy de Sausmarez actually just proved Deputy Leadbeater’s point. We have just heard that even though we have had 93 or 79 or 53 or 43 or however much is coming in, we are still worse off than we were beforehand, which kind of does not make much sense. So I think all of these figures we have not had any evidence from, we do not really know what we are talking about, so it just really goes to reinforce exactly what Deputy Leadbeater is saying and exactly the point of this amendment. (**A Member:** Hear, hear.)

Thank you.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: I thank Deputy Curgenvén for his interjection.

Deputy Helyar – I am trying to read my scrawl of writing – along with Deputy Sloan, he has identified how the goalposts have moved and trust does need to be earned. I will give way to Deputy Kazantseva-Miller. Are we on the clock on this one?

The Bailiff: Yes, you are, but every time you stop for a give way, we have a two-minute break for the give way, who only has two minutes to speak.

Deputy Kazantseva-Miller: Madam, I am very grateful to Deputy Leadbeater.

I wanted to illustrate that the types of interjection that Deputy Curgenvén made – not sure about the figures being presented – exactly points to how this mistrust is being seeded by the political

Members, because actually the figures have been given to us exactly by Deputy Parkinson. I do not think there is any doubt about the figures that have been presented and no doubt about the funding gap that remains. If we keep saying, 'Oh, we do not know what it is. It is this figure, this'. Actually the figures have been quite concrete and this type of seeding all sorts of different numbers that we cannot trust is what creates the lack of trust with Government by political bodies.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, Madam Bailiff.

Deputy Bury, I understand her position re the GIF. On this amendment, the remainder of the proposals could come back here in 12 months' time. It is not a wrecking amendment, this is a reality-check amendment, that is all it is. It is not throwing the baby out with the bathwater, as I articulated when I opened.

I am sorry, Alderney Representative Hill, I was scribbling and I could not understand what you were saying from over here, so I apologise. If you were supporting it, I thank him for that. *(Laughter)* Deputy Matthews, he has always had ideas about property tax and compelling people to use their health insurance, and I agree with him on that, so that is a good few points to add into the mix. Deputy Oswald, I have just put, 'Fair enough, that is your position'.

Deputy Montague, this does not stop us building up reserves and says, 'What will change in the future?' Basically, what he is saying is what will change in 12 months' time? What is going to be different when we make decisions? It is not just about the figures available to us, it is about what we do. It is about what we demonstrate to the public. It is about what we are saying in this tax package that we will do. We need to demonstrate that we can do what we are going to do because I do not believe that we will.

So we will go ahead and we will impose a GST, we will impose all these other strands of the package, and then we will turn around and say, 'Well, sorry, we could not achieve the savings. Sorry, the Revenue Service is not up to speed yet, so we are going to be £106 million behind in returns' or whatever it may be. It is demonstrating that we can get our house in order first, as every single email that has come into us, everybody I have spoken to, 'Get your house in order before asking us for an extra tax'.

That is all I am asking. I am not saying, 'Okay, let us completely put a coach and horses through this policy letter' as Deputy de Sausmarez did when she admitted we were not going to make any savings. What I am saying is, the decisions we have been asked to make, we will stick to these decisions. We will just make them in a sensible sequence, make them when we are at the best position to make those decisions. We are not in the best position now to say that we are definitely going to achieve these savings. We are not going to achieve these savings, ma'am; in my opinion, we will not achieve £20 million savings. **(A Member:** Hear, hear.)

We know there is a recovery plan in process at the Revenue Service. That, I think we have been told, is supposed to be 2028, which is the anticipated outcome of that package. Whether they are going to achieve that or not, I do not know. I am not going to give way.

Deputy de Sausmarez: Point of correction.

The Bailiff: What is your point of correction, Deputy de Sausmarez?

Deputy de Sausmarez: I believe Deputy Leadbeater just said that I said that we were not going to make our savings. I said that Deputy Leadbeater thought that we were not going to make the savings. Just to point that out.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you.

Okay, well either way, yes, I am saying that. I think Deputy Inder was saying that as well. Opponents of this amendment are bringing that argument to the fore about the savings. I am saying I do not think we will make the savings. So I am not prepared to sit here and say, 'I am going to vote on all of this, assuming the £20 million savings' when I know we cannot make it. I know we are not going to make it. The goalposts keep moving, as we have heard this morning. Have I now got one minute, 30 left?

The Bailiff: Yes.

Deputy Leadbeater: As I said when I opened, I received a lot of support and also some useful feedback from Members. This amendment is not pro or anti-GST; it is neither. What it is, is pro good governance and evidence-based decision making and anti making decisions based on assumptions and inadequate information. It is pro listening to the public and anti ignoring the will of the people.

Madam, I ask Members, whatever side of the fence they are on, be that pro-GST, anti-GST, or somewhere in the middle, like a few of us are, to please support this amendment and give the people what they have been asking us for, but at the same time not derail this Tax Reform package. This is not going to derail this Tax Reform process. Allow the other measures which include revenue raising and savings and efficiency measures to progress independently of the GST-linked measures that can return in 12 months; only 12 months' time. Deputy Parkinson said himself that we have got some wriggle room for a couple of years (*Interjection*) now that we know a better indication about the Pillar Two receipts.

Twelve months' time, once we have got fuller information and we can demonstrate to the public where we are going to find these savings, we can demonstrate to the public the progress on the recovery plan at the Revenue Service. Once we have done that, then we can return to this Chamber and then we can decide if the reserve measures need to go ahead. I urge Members to support this amendment.

Thank you, ma'am.

The Bailiff: Thank you, Deputy Leadbeater.

Members, you have on your screens before you Amendment 45, which we have just been debating. States' Greffier, would you kindly open the voting?

There was a recorded vote.

Not carried – Pour 18, Contre 21, Ne vote pas 0, Did not vote 1, Absent 0

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Burford, Yvonne	None	Van Katwyk, Lee	None
Cameron, Andy	Bury, Tina			
Camp, Haley	de Sausmarez, Lindsay			
Collins, Garry	Dorrity, David			
Curgenven, Rob	Falla, Steve			
Gabriel, Adrian	Hansmann Rouxel, Sarah			
Gollop, John	Humphreys, Rhona			
Goy, David	Inder, Neil			
Helyar, Mark	Kazantseva-Miller, Sasha			
Hill, Edward	Laine, Marc			
Kay-Mouat, Bruno	Le Brun, Ross			
Leadbeater, Marc	Malik, Munazza			
Matthews, Aidan	Montague, Paul			
McKenna, Liam	Niles, Andrew			
Ozanne, Jayne	Oswald, George			
Sloan, Andy	Parkinson, Charles			
Snowdon, Alexander	Rochester, Sally			
Vermeulen, Simon	Rylatt, Tom			
	St Pier, Gavin			

Strachan, Jennifer
Williams, Steve

4195

The Bailiff: There voted in relation to Amendment 45: pour 18, contre 21, and 1 Member was no longer in the Chamber at the time of the vote. I therefore declare that the Proposition has not passed.

Amendment 55:

1. To substitute in Proposition 1 the word 'and' for the full stop and to insert, immediately after Proposition 1, the following additional Proposition:

'1A To agree, notwithstanding Proposition 1, the following:

i. to implement the package of tax reforms to make Guernsey and Alderney more financially sustainable as set out in sections 9 and 10 with the rates and thresholds as described in Appendix 7 in the first year of implementation SUBJECT TO the rates and thresholds progressing as follows: with effect from 24 months following the implementation of changes to Income Tax and Social Security contributions and the introduction of a GST:

- Social Security contributions allowance: £12,600 (provisional*);
- Higher rate of Income Tax threshold: £30,500 (provisional*);
- Pre-emptive increase in pensions and other benefits: 0.6%;
- Essentials Costs Relief Payment: set to reflect the estimated impact of a 4% GST on a basket of essential goods as described in Billet d'État No III of 2026;
- GST: 4%; and,

with effect from 48 months following the implementation of changes to Income Tax and Social Security contributions and the introduction of a GST:

- Social Security contributions allowance: £13,000 (provisional*);
- Higher rate of Income Tax threshold: £33,000 (provisional);
- Pre-emptive increase in pensions and other benefits: 0.6%;
- Essential Costs Relief Payment: set to reflect the estimated impact of a 5% GST on a basket of essential goods as described in Billet d'État No III of 2026;
- GST: 5%.

*monetary thresholds to be adjusted for inflation prior to implementation

ii. with the Committee for Employment & Social Security to recommend to the States of Deliberation annually updating:

- the personal Income Tax allowance;
 - the Social Security contributions allowance;
 - the Higher Rate of Income Tax threshold;
 - the Essentials Cost Relief Payment; and
 - the rates of the States' Pension, Income Support and any other impacted benefits
- by a minimum of RPIX to ensure that the real value after inflation of the protection incorporated in the package of reform is maintained.'

iii to include within the Fiscal Policy Framework a fiscal rule that GST shall not exceed 5%.'

2. To delete Proposition 3 and replace it with:

'To direct that before any increase in the rate of GST from 3% to 4%, or from 4% to 5% shall take effect, the Policy & Resources Committee shall publish an assurance review from the independent Fiscal Policy Panel affirming that in the Panel's opinion the increase is consistent with the Fiscal Policy Framework and is necessary and appropriate having regard to the Island's fiscal, economic and inflationary environment and the impact of economic conditions and the proposed increase on lower- and middle income households. In the event that the Fiscal Policy Panel's assurance review concludes that the scheduled increase in the rate of GST does not satisfy the requirements herein, the scheduled increase shall not take effect and shall instead be deferred for at least 12 months until the Panel concludes that the requirements have been met.'

3. In Proposition 4, to insert after the words 'to give effect to the above decisions' the following:

‘and to direct that such legislation include provision requiring that any resolution to approve legislation that seeks to vary or repeal the legislative protections referred to in paragraph 10.4, and outlined in Resolution I. 2 of Billet d’État No III of 2026 made on the 26th February 2026, shall be deemed to have carried only if not less than two-thirds of the Members present vote in favour.’

4. To insert an additional Proposition:

‘To direct the Policy & Resources Committee to take all such steps as are necessary to ensure that the States are provided with the opportunity to consider in the 2028 Budget Report options for an additional lifetime tax allowance (an Additional Earnings Allowance) in respect of otherwise taxable earned income to incentivise younger earners to remain, return or establish in the Island.’

5. To insert an additional Proposition:

‘To direct the Policy & Resources Committee and the Committee for Housing to take all such steps as are necessary to ensure that the States are provided with the opportunity to consider in the 2028 Budget Report options to introduce a tax-free Guernsey Property Savings Account (GPSA) to incentivise and better enable saving by first-time buyers for the purposes of buying a home in Guernsey or Alderney.’

6. To insert an additional Proposition:

‘To direct the inclusion within the scope of longer-term work (envisaged in Appendix 3 of the Tax Review Sub-committee’s report) an examination of the role of Social Security contributions in Guernsey’s revenue base.’

7. To replace the additional Proposition to be inserted by Amendment 24 with the following:

‘To direct the Policy & Resources Committee, in consultation with the Committee for Employment & Social Security, as part of the Government Work Plan Super Priority ‘Shape and Strengthen the Focus on Early Years and Families,’ to consider the re-introduction of child tax allowances or credits, alternative tax or Social Security measures, and existing measures including, but not limited to, Family Allowance, charge of child and dependent relative tax provisions, reporting as soon as practical to the States of Deliberation with recommendations which should include costed, targeted measures that most effectively support families with the costs of raising children.’

4200

The Bailiff: We now move to Amendment 55. Deputy St Pier, would you like the States’ Greffier to read your amendment?

Deputy St Pier: No, madam, I shall spare everyone that.

4205

Madam, this amendment to start with will avoid the necessity of laying the existing Amendments 10, 11 and 12. It also adds an additional Proposition and the Presiding Officer has kindly confirmed there can be separate votes on Propositions 1 and 1A. Deputy Parkinson’s statement, that does not impact on the premise of this amendment.

4210

Firstly, the amendment provides that the next stage increases of GST from 3% to 4% and then 4% to 5% will not happen until 24 months and then 48 months after implementation. So if the implementation is put back 12 months, or indeed more as a result of the information relayed by Deputy Parkinson today, then so will the further subsequent increases be put back as a result of that mechanism.

4215

Then drawing Members’ attention to paragraph 2 of the amendment, which is to replace the current Proposition 3 and it is:

To direct that before any increase in the rate of GST from 3% to 4%, or from 4% to 5% shall take effect, the Policy & Resources Committee shall publish an assurance review from the independent Fiscal Policy Panel affirming that in the Panel’s opinion the increase is consistent with the Fiscal Policy Framework and is necessary and appropriate having regard to the Island’s fiscal, economic and inflationary environment.

4220

So if Pillar Two and the Pillar Two revenues lead the Fiscal Policy Panel to conclude that further increases are no longer needed, then they will not happen, so that protection is already baked in there.

The provisions of the proposed new Proposition 1A, and indeed paragraph 3 of the amendment on page 2, ensure that the progressive and redistributed income and social security measures in the policy letter are protected from inflation unless two thirds of the States' vote to overturn that policy. Also the amendment inserts a cap of 5% on GST which will then go into the Fiscal Policy Framework and that will obviously drive future policy making.

Then the amendment adds three new Propositions and, importantly, Members will be able to vote for them or against them as standalone Propositions at the end of the main debate. So in other words, if this amendment is approved by Members, those additional Propositions will not of themselves then be approved, they will still be subject to the normal voting process at the end. So Members can have that reassurance they do not need to necessarily support all the additional Propositions, they will still have the opportunity to vote them down at the end.

Critically, those additional Propositions do not change the Tax Reform package but simply direct the Policy & Resources Committee, working as appropriate with both Housing and the Committee for Employment & Social Security as appropriate, to look at various options which may improve our long-term competitiveness, particularly for young people and for first-time buyers.

Madam, there is a lot effectively in this consolidated amendment. No doubt it will trigger some debate. I look forward to responding to that debate at the end.

The Bailiff: Thank you.

Deputy Rochester, do you second that amendment?

Deputy Rochester: Yes, I do.

The Bailiff: Thank you.

Deputy Sloan: A point of order, ma'am.

Deputy Collins: A point of order.

The Bailiff: Sorry, I heard Deputy Collins. I will go to Deputy Sloan and then Deputy Collins.

Deputy Sloan: I do not know the Rules well enough myself, Rule 17 something-or-other, I think it is, where the amendment goes further than the original Proposition. I cannot really see; it invokes a – 17(4).

The Bailiff: 24(6).

Deputy Sloan: 24(6), is it? I am not very good at numbers, clearly. *(Laughter)*

It goes much further than the original Proposition. We are bringing in a Fiscal Policy Panel where –

The Bailiff: It is my ruling as to whether or not it goes beyond.

Deputy Sloan: But I am asking for – yes.

The Bailiff: Yes, I do consider it goes beyond the original Proposition. That of course does not mean that it cannot be voted on, but what it does mean under 24(6) is that if you are saying that you think the motion should not be debated on that basis – I presume that is why you have raised it.

Deputy Sloan: I am, ma'am.

4275 **The Bailiff:** That we should put that to the vote. I do believe it goes beyond, so the vote that Deputy Sloan is seeking is that we should not debate this Proposition because it goes beyond the original motion. So those who support the motion by Deputy Sloan, please say pour; those against.

Members voted Contre.

A Member: Can we have a counted one, ma'am?

4280 **The Bailiff:** Do you mean an SEV vote?

A Member: Yes.

4285 **The Bailiff:** Yes, we can.
Members, you have before you the Motion 24(6), that is that we should not continue to debate or vote on Amendment 55 on the basis that it goes beyond the original Proposition. States' Greffier, would you open the voting?

There was a recorded vote.

4290 *Not carried – Pour 15, Contre 24, Ne vote pas 0, Did not vote 1, Absent 0*

Pour	Contre	Ne vote pas	Did not vote	Absent
Blin, Chris	Burford, Yvonne	None	Van Katwyk, Lee	None
Cameron, Andy	Bury, Tina			
Camp, Haley	de Sausmarez, Lindsay			
Collins, Garry	Dorrity, David			
Curgenven, Rob	Falla, Steve			
Hill, Edward	Gabriel, Adrian			
Kay-Mouat, Bruno	Gollop, John			
Leadbeater, Marc	Goy, David			
Malik, Munazza	Hansmann Rouxel, Sarah			
McKenna, Liam	Helyar, Mark			
Ozanne, Jayne	Humphreys, Rhona			
Parkinson, Charles	Inder, Neil			
Sloan, Andy	Kazantseva-Miller, Sasha			
Snowdon, Alexander	Laine, Marc			
Vermeulen, Simon	Le Brun, Ross			
	Matthews, Aidan			
	Montague, Paul			
	Niles, Andrew			
	Oswald, George			
	Rochester, Sally			
	Rylatt, Tom			
	St Pier, Gavin			
	Strachan, Jennifer			
	Williams, Steve			

4295 **The Bailiff:** There voted pour 15, contre 24. I therefore declare that we will continue to debate this Proposition.
Who else wishes – Deputy Collins.

Deputy Collins: Point of order, Ma'am; 24(4), please.

4300 **The Bailiff:** Deputy Collins is seeking a vote on 24(4). I remind you what that means. That is that those who wish to support the debate stand in their places and, if there are fewer than seven that do so, there will be no debate or vote. So if you support the debate, please now stand in your places. Well I think we have got more than seven, Deputy Collins. I am afraid that has not passed.

We will now continue to debate. Who wishes to speak on this amendment?

4305 Deputy Gollop.

Deputy Gollop: I am not particularly keen on majority clauses because I think that they could lead to not just a theoretical issue of one States binding another or even itself, but perhaps more significantly you could get a very anomalous situation. I think we used to have this, when people
4310 would vote to a minority whether to have debates on by-elections, for a minority to come back. You could get a minority dominating prospectively. So if you have 40 of us, and 25 want to go one way and 15 do not, the majority would not win because of the 15; you need the two thirds majority.

That said, I will support this amendment for many other reasons. I think we need to focus more on economic development. I have a lot of time for what Deputy Helyar says, as I invariably do,
4315 because he has made the point that when the GST argument started, which Deputy St Pier to a degree kicked off in 2020, the whole point was to raise revenue in a sustainable way for the demographic challenge that Deputy Parkinson outlined for capital projects and for reserves, and we need money to improve our Government and our society; the mitigations came along separately.

Generally, I welcome mitigations if possible, but perhaps I would not go as far as Deputy Helyar
4320 in saying the current proposals are too much full of mitigations, but I certainly think they are less efficient. By definition, a 3% GST has a higher overhead cost in relation to what it brings in than a 4% or a 5%, and it brings in a lot.

If you really believe, as Deputy Burford and many other Members have said, Deputy de Sausmarez and Deputy Bury and others, that one of the good elements of GST is that it
4325 redistributes income and allows a lower 15% band, all those areas become much stronger if you have a higher rate of GST; it does more work.

I had the pleasure of being on Deputy St Pier's team as one of the Deputies representing, in my case, Home Affairs, and a lot of work had been done on the 5%. Then suddenly at the last minute
4330 really we had the new economic analysis that inflation was the big evil and that we had to go down to 3%. That I had not heard from advisers and other stakeholders until April or May of this year and I do think that was a little bit awkward. I will give way to Deputy St Pier.

Deputy St Pier: It is actually a point of correction, madam.

Yes, when Deputy Gollop started he referred to my having perhaps been an initiator of the GST
4335 debate in 2020. It actually was 2015 and at that time it was not intended to raise additional revenue, it was even then a redistributive package.

The Bailiff: Thank you.

4340 Deputy Gollop.

Deputy Gollop: I stand corrected. There was a revival a bit in late 2019/early 2020.

Deputy St Pier is quite right, indeed, I was part of that working party and we disappointingly came to a view that we were not prepared to look at consumption taxes when I think there was a
better time in terms of public spending and inflation.

4345 The point is, Deputy St Pier has hit the nail on the head, the original intention was far more linked to diversification of the taxation base and not being overly reliant on employment. Indeed, some of the letters, less flattering ones, I received from my ill-thought-out perhaps 2% rise in taxation that did not quite land today, was very much that we already are uncompetitive in the amount we tax lower and middle earners in employment terms, even compared to Jersey and the Isle of Man.

4350 So if you put all that together, it does seem paradoxical that the Policy & Resources are very much behind a P&R package which involves GST but only involves 60% of its value. Therefore, that put a lot more pressure on everything else and potentially leads to less savings and us being overly reliant on the uncertainties of Pillar Two and savings which, as Deputy Leadbeater has rightly observed, probably will not occur in many of our higher spending Committees. So for those reasons
4355 I think I will support this. Deputy St Pier and Forward Guernsey have had the courage to put the

amendment that none of us have. I did a draft of it a few months ago. This is where the real debate should be, what level of taxation –

The Bailiff: Ten seconds, Deputy Gollop.

Deputy Gollop: – do we wish and how do we do it?

The Bailiff: Deputy Inder.

Deputy Inder: Yes, I do not entirely agree with Deputy Gollop, as it will come as no surprise. Deputy St Pier, I think your political career you have warned Guernsey that it will eventually need GST. You voted against it twice, as far as I remember. You have been on Treasury & Resources and wanted 5%, left Treasury and Resources and a day later it became 3%.

This amendment proposes a 5% GST and by doing so it is doing it in stages. I think it is identifying net benefits of around £43 million after 22 years and £50 million after 48 months. All good stuff. If Deputy St Pier and his party believe that a 5% GST rate, together with those financial benefits, is the right strategy, why not bring forward a proposal for 5% as part of this original strategy? Why not do it today and have that debate? Or at least insert it as a possible option. This is a genuine question.

Why wait for two or four years to get to a position when we all know that the Island will have changed, position will have changed, we would have all changed. We have been here many times before and we have added amendments, punched the air as we walked out the door, and three years later they get burnt in a bonfire of amendments, of which I think I saw four of mine go last time, so a genuine question to him.

I know he knows that 5% is the rate to go. I would generally like to understand, as a former Treasury lead, what has changed in the thinking and why the benefits identified in this amendment could not have been incorporated into this original package by an amendment to have that debate today?

Thank you.

The Bailiff: Thank you.
Deputy Matthews.

Deputy Matthews: Thank you, madam.

Reading this amendment, this looks almost as if it may have been an early draft of what P&R might have brought originally. It looks a little bit like the thinking was that it would start off at 3% and would step up over time to a higher rate. In many ways I think that highlights really what the proposals from P&R are.

The criticism is sometimes that it is an introductory rate, and it very much is. The rate would have to rise over time in order to meet the anticipated expenditures. Or at least it would have done were it not for the announcement from Deputy Parkinson this morning that there was a higher predicted rate from the Pillar Two Corporate Tax receipts. That I think does change the picture because if the Corporate Tax receipts are increasing at a higher rate, then would you necessarily need or want to be increasing the GST rates, that the timing is not here, is it?

It leaves me in a bit of a quandary. Because on the one hand, if you are going to bring in GST, this is probably the sort of thing that you are going to need to do. On the other, my own view is I do not think that there is as strong a case for GST at the moment as there had been a few hours ago earlier this morning. I also have the difficulty where part of my manifesto commitment was to say, 'Well, not only do I think that we could look for alternatives to GST, but we should look for alternatives that, at the very least, look to lower the rate of GST'.

In many ways, whilst I appreciate the thinking behind it, I can see the thought process that you would want to have a higher rate of GST, I think there are other factors where you might want to

reduce the rate of GST. This is, I think, fundamentally the problem with the P&R proposal as it is: it does not really achieve very much.

4410 It brings in some revenue, it redistributes some revenue, but my real problem with the mechanism for this is that – normally I have no issue at all with the idea, madam, of bringing in revenue from one part and distributing it in another way. That is a normal part of how governments work and it is an acceptable way that governments work. If you increase tax some way, you refund it somewhere else and that is entirely reasonable.

4415 The issue with GST is that it causes inflation doing it. Any other tax does not do that but GST does, and that I think is the problem I have with using GST as a method of redistribution. Use Income Tax as a method of redistribution. If you use property tax or use any other duties as a method of redistribution, there is a left/right argument about whether you should or not, but in terms of its technical ability, that is an acceptable way to do it.

4420 When you do it with consumption tax, when you do it with GST, as you do it you are increasing RPI. That I think is a much bigger problem than we are recognising, madam. For that reason, I really would struggle with this mechanism. I do give way to Deputy Niles.

The Bailiff: Deputy Niles.

4425 **Deputy Niles:** Very quickly, and thank you very much for giving way.

I rose just purely because the points around inflation and it being restricted to a consumption tax, that is not quite right. If you introduce an increase in any taxation that inflates the cost of production of anything, it might be rates on your factory floor, it might be Income Tax on your workers, anything that impacts the output will create inflation.

4430

The Bailiff: Deputy Matthews.

4435 **Deputy Matthews:** I am not sure I entirely agree. In fact, it concerns me actually that Deputy Niles would suggest that in that way. Income Tax is not inflationary in the way that GST is. There may be a larger argument that if you looked at a very large economy you could increase the cost of manufactured goods. We are importing our manufactured goods. I do not think that you can really make the argument that if you increase the duty on cigarettes and alcohol that it somehow – well, actually duty is a consumption tax, sorry. If you increase Income Tax or if you increase another tax rate, you may, but it is a very circuitous route and it is not the same as the very direct –

4440

The Bailiff: You have got seven seconds left, Deputy.

Deputy Matthews: – increase that GST causes.

4445 Thank you, madam. I think I will have to consider this very carefully.

The Bailiff: Thank you.
Deputy Oswald.

4450 **Deputy Oswald:** Thank you, madam.

I will be supporting this amendment. I think it is a realistic appreciation of the situation we are in with a funding gap, which has not yet been addressed. Many of us have felt, were surprised, as indeed Deputy Gollop said, when the rate of GST was proposed at 3% because we all thought eventually it is going to have to go to 5%. This is a realistic appreciation of the situation, and I think this is cemented in.

4455

At the same time, the mitigations to protect the lower paid is cemented in as well. I also think it introduced constructive and well-conceived Propositions to include help for first-time house buyers, incentivising young earners to stay on Island and also a savings product which may help people

4460 save for a mortgage. So I think this is an innovative and novel way of addressing the situation which
we have been grappling in. Paradoxically, I think, Deputy Matthews, although I appreciate that he
has issues about the inflation, has made a good argument for actually supporting this amendment.
Thank you.

The Bailiff: Deputy Sloan.

4465 **Deputy Sloan:** The reason I tried to bring Rule 20, whatever it was, about going further, is
because of the Propositions at the back. When Deputy St Pier was first Treasury Minister, I used to
have a nickname for him; I used to call him 'Claudio'. Anyone that knows their Chelsea manager's
4470 nicknames would understand the reason why for that. Because this is just tinkering about absolutely
everything, the resistance to, 'Well I will make a change there, and I will make a change there'. These
are Propositions that are way beyond what we are talking about.

Quite frankly, Proposition 2, to delete Proposition 3 and replace it with – this reference to the Fiscal
Policy Panel of making some judgement about whether the GST is going to be raised, and is
4475 necessary and appropriate, and having regard to the Island's fiscal, economic and inflationary
environment, honestly, I am not joking, that is just nonsense. It really is absolute garbage, in my
view.

The Bailiff: Deputy Sloan, you are not using parliamentary language. I think you need –

4480 **Deputy Sloan:** Even with the Americanism, madam?

The Bailiff: Pardon?

Deputy Sloan: Even with using the Americanism to tone it down?

4485 **The Bailiff:** Well we are not in America. (*Interjections and Laughter*)

Deputy Sloan: But the real objection to this – and I agree with Deputy Oswald – in terms of the
5% figure, yes, we made the point at the hearing that P&R's numbers did not really stack up on first
4490 blush because actually when it is 3% it is not really high enough. By their own projections they were
making earlier this year, by 2030 the problem had resurfaced, if you fast-forward a few years, the
gap had not been closed. So, yes, the 5% number makes more sense on that and I agree with
George.

The problem is the mitigation package. This just makes the size of the States and drives States'
4495 spending ever higher upwards. It is not a good design of tax to drive spending higher because you
are increasing taxes. (**A Member:** Hear, hear.) I have made the point, and I agree with
Deputy Matthews about doing distribution through the income tax system.

What we are doing is we are introducing tax, taking money off people, administering it, and then
giving it back to them. That is not good public policy, it is poor fiscal design. This embeds that in
4500 our system going forward. It doubles down on this, it will drive spending upwards and spending is
our problem. I implore you to reject this amendment.

The Bailiff: Deputy Camp. This will be last speech for the day.

4505 **Deputy Camp:** I am not going to support this amendment. I think probably anybody who is
minded to support P&R's Tax Reform package ought to because it is a bit of a guaranteed money
grab for Committees and it pretty much guarantees that we can kick the can down the road for ever
on the concept of spending within our means, having any kind of fiscal discipline, and making
anything better. This will just propel us to much more difficult decisions at the point where the
4510 money has gone and there is nothing left to tax.

So this is absolutely a wonderful way to pretend that a spending problem does not exist. I might as well have just emptied my bank account, given all my money to my child and said, 'Have at it, love' and hoped I had a great life with that. This really is what this proposal does. Then there is a warm and fuzzy feeling that comes from locking in the mitigations, but I think we will probably find down the road that is not worth the paper it is written on.

I am sorry, I would love to think that a couple of crafted pages in the amendment will suddenly make this a utopia for our children to return to, but it reads like virtue signalling to me. I do not think any of this can happen, will happen, because this is not creating the economic environment for our children to come back into; it is pretending to do that, so I am sure people will love it. I do not like it, I will not be voting for it. If you like the idea of GST and taxing our population more while we continue to spend with abandon, then go for it. *(Interjection and Laughter)*

The Bailiff: On that *(Laughter)* thank you, Deputy Camp.

Before we close, I owe Deputy Bury an apology, because I said that if she wanted to move her amendment down – and in fact I said the same to Deputy Leadbeater – it was necessary for her to put a motion to the Assembly. It is of course entirely up to me what orders the amendments are in. She did not need to do it, so I am glad it was successful because it was up to me anyway. It is important that I acknowledge where I have gone wrong and that I tell you. If there is a suggestion about movements of amendments tomorrow, it is ultimately my decision. I will not be putting it to the vote of the Chamber.

On that, thank you very much, everybody, for your contributions today. I will ask States' Greffier to kindly close the meeting.

The Assembly adjourned at 6.28 p.m.